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Corporate Tax - Romania

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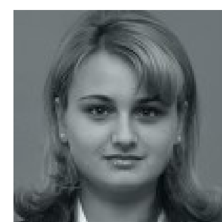

Introduction

In December 2003, in order to consolidate the number of legislative instruments and amendments, the Fiscal Code and the Fiscal Proceedings Code were enacted as unifying instruments of legislation.

The Fiscal Code includes stabilisation provisions which stipulate that it can be amended and supplemented only by law. As a rule, such changes must be promulgated at least six months before they enter into force. Moreover, any amendment to the code will enter into force on the first day of the year following that in which the law was adopted. Nonetheless, the code has already been subject to amendments.

Romania's main tax legislation and regulations are:

- the Fiscal Code (approved by Law 571/2003, as amended);
- the Fiscal Proceedings Code (approved by Government Order 92/2003, as amended);
- the Modernised Customs Code (as amended);
- the Law on Judicial Stamp Duties (146/1997, as amended);
- the Law on Non-judicial Stamp Duties (117/1999, as amended); and
- the Law on Contentious Administrative Matters (554/2004).

Direct taxes are divided into two broad groups, depending on the taxpayer: corporate income taxes (ie, profit tax, representative office tax and turnover tax) and individual income tax.

Profit tax

The current profit tax rate is 16%. Taxpayers that operate bars, nightclubs, discotheques, casinos or sports betting establishments for which the profit tax owed is less than 5% of the relevant income are required to pay 5% tax on the revenue obtained from such activities.

Taxable entities
Under Romanian law, tax may be levied as follows:

- Romanian legal entities may be taxed on profits obtained from any source, in Romania and abroad;
- Foreign legal entities that carry out activities through a permanent establishment in Romania may be taxed on the related income;
- Non-resident legal entities or individuals carrying out activities in Romania as partners of a Romanian legal entity, in an association without a distinct legal personality, may be taxed on the share of the association's taxable profit that is attributable to each party;
- Foreign legal entities that obtain income from or in connection with immovable property located in Romania, or from the sale or assignment of shares in a Romanian legal entity, may be taxed on the taxable profit of such income; and
- Romanian legal entities and resident individuals in receipt of income, both in Romania and abroad, from associations without distinct legal personality are liable

for the taxable profit of the association that is attributable to the resident individuals.

A number of entities are exempt from profit tax, including:

- the State Treasury and other public institutions;
- the National Bank of Romania;
- accredited and certified private education institutions (in respect of income allocated for financing higher education);
- tenants' or real estate owners' associations (in respect of certain categories of income);
- the Romanian banking system's deposit guarantee fund;
- the investment compensation fund; and
- the private pension guarantee fund.

Romanian not-for-profit organisations, trade unions or employers' associations are exempt from profit tax on certain revenue (eg, membership fees, supporters' contributions and donations and the interest on such moneys). If such entities earn income from economic activities, they are exempt to a limit of €15,000 per fiscal year, but this may not represent more than 10% of the total non-taxable income.

Calculation of profit tax
Taxable profit is calculated as the difference between income obtained from any source and expenses incurred for the purpose of obtaining such income within a fiscal year. Non-taxable income is deducted and non-deductible expenses are added.

Non-taxable income
The Fiscal Code identifies as non-taxable income:

- dividends received by a Romanian legal entity from another Romanian legal entity. In addition, dividends received from a foreign legal entity that is resident in an EU member state are tax exempt if the Romanian entity has held at least 10% of the shares or other titles in the foreign entity in question for at least two years before the date of the dividend payment;
- gains in the value of such titles as a result of the incorporation of reserves, benefits or issuance premiums by the legal entities in question, as well as differences arising from revaluation of long-term financial investments. Such differences are taxable on the date of transfer, assignment or withdrawal of the titles, as well as on the date of withdrawal of the share capital of the entity in which the titles are held;
- income resulting from the cancellation of non-deductible expenses, as well as income obtained:
  - from the reduction or cancellation of provisions for which no deduction has been granted;
  - from the recovery of non-deductible expenses;
  - from the restitution or cancellation of interest or delay penalties for which no deduction has been granted; and
  - as revenues representing the cancellation of the reserve registered further to the in-kind contribution to the share capital of another entity; and
- income that is expressly stated to be non-taxable in agreements and memoranda approved through legal enactments.

Deductible expenses
As a rule, when calculating taxable income, expenses are deductible for tax purposes if they were incurred with the purpose of generating taxable revenue.

According to the Fiscal Code, the following expenses (among others) are deemed to be incurred for the purpose of obtaining income and are tax deductible:

- expenses in connection with the safety and protection of an employer's workforce and the prevention of occupational illness and accidents in the workplace;
- contributions to insurance against labour accidents and occupational illness, as well as insurance premiums paid to cover professional risks;
- advertising and publicity expenses incurred under the terms of a written agreement;
- transport and accommodation expenses incurred by employees and directors (as well as by other persons performing similar functions in certain circumstances);
- professional training expenses;
- expenses related to marketing, market research, promotion and participation in fairs and exhibitions;
- research expenses, as well as development expenses which are not considered intangible assets;
- expenses for the improvement of management, IT and quality control systems, as

well as certification of quality standards;
- environmental protection expenses; and
- losses incurred as a result of writing off non-cashed receivables where:
  - the bankruptcy procedure has been closed on the basis of a court decision;
  - the debtor is deceased and the receivables cannot be claimed from his or her successors;
  - the debtor is a limited liability company with a sole associate and has been dissolved or the debtor has been liquidated without the appointment of a successor; or
  - the debtor encounters major financial difficulties which affect its entire assets.

Certain expenses, including those below, have limited deductibility, in accordance with the Fiscal Code:

- protocol expenses within 2% of the difference between total taxable revenues and deductible expenses, less protocol expenses and profit tax;
- daily travel allowances for employees, capped at 2.5 times the legal amount established for public institutions;
- social expenses to a value of up to 2% of the salary fund;
- perishables within the limits established by specialised entities of the central administration, together with specialised institutions, subject to endorsement by the Ministry of Public Finance;
- luncheon vouchers issued by employers;
- certain reserves and provisions;(1)
- interest expenses, which are fully deductible if the debt-to-equity ratio is no greater than 3:1. The debt-to-equity ratio is calculated as the ratio between the average of the borrowed capital (ie, the aggregate amount of loans with a maturity of more than one year) at the beginning and the end of the fiscal year, and the average of the owned capital at the beginning and the end of the fiscal year. If the debt-to-capital ratio is 3:1 or greater, interest expenses and net losses from differences in exchange rates, related to loans included in the calculation of the indebtedness ratio, are non-deductible. If interest expenses and net losses from differences in exchange rates are non-deductible, they must be carried forward to the subsequent period, on the same conditions, until fully deducted. Moreover, in the case of loans from parties other than financial institutions, expenses may be deducted up to a limit of 6% for foreign currency loans, and at the National Bank of Romania's rate for loans denominated in lei;
- expenses related to the depreciation of tangible and intangible assets, as limited by fiscal depreciation; and
- sponsorship expenses are normally non-deductible, but are available to be deducted from the profit tax due to a limit of 3% of turnover, provided that they do not exceed 20% of the profit tax amount.

Non-deductible expenses
The expenses that the code identifies as non-deductible include:

- profit tax expenses, including expenses arising from taxes paid abroad;
- fines, surcharges and delay penalties owed to the authorities;
- value added tax (VAT) relating to goods granted to employees (ie, in-kind benefits), if no individual tax has been levied on their value;
- any expenses incurred for the benefit of shareholders or associates, other than those generated by payments for goods delivered or services supplied to the taxpayer, at the market price for such goods or services;
- expenses not recorded in supporting documentation;
- insurance premiums paid by an employer on an employee's behalf, except those subject to individual tax;
- salary expenses (or expenses for the same purpose) that are not taxed to the individual; and
- expenses for management or consultancy services (or assistance with such services) where no contracts have been concluded and the beneficiaries cannot justify the provision of the service. The Fiscal Code provides that such service agreements should specify the terms of execution and the services to be rendered, as well as the tariffs collected, the total value of the contract and a breakdown of expenses for the duration of the contract (or as long as the services are performed). Moreover, service performance must be backed by work acceptance protocols, working reports, feasibility studies and other supporting information.

Fiscal depreciation
Expenses related to the acquisition, production, construction, assembly, installation or improvement of depreciable fixed assets are recovered by deducting fiscal depreciation

expenses. The fiscal depreciation regime is subject to the following rules:

- Constructions, as well as certain IP rights and other assets that are deemed intangible from an accounting perspective,(2) are subject to the straight-line method of depreciation.
- Technological equipment (including machines, tools and installations, as well as computers and related equipment) may be subject to the straight-line method, the declining balance method or the accelerated depreciation method. This also applies to patent rights.
- Any other depreciable fixed asset may be subject to the straight-line depreciation method or the declining balance depreciation method.

When using the straight-line depreciation method, the depreciation is to be determined by applying the straight-line rate of depreciation to the entry value of the depreciable fixed asset. The straight-line rate of depreciation is calculated by dividing a base value of 100 by the normal use period of the fixed asset.

When using the declining balance depreciation method, the depreciation is to be calculated by multiplying the straight-line rates of depreciation by one of the following coefficients:

- If the normal use period of the depreciable fixed asset is between two and five years, the coefficient is 1.5;
- If the normal use period is between five and 10 years, the coefficient is 2; and
- If the normal use period is more than 10 years, the coefficient is 2.5.

In the case of the accelerated depreciation method, the depreciation is calculated as follows:

- For the first year of use, depreciation cannot exceed 50% of the value of the fixed asset on the date on which it became part of the taxpayer's assets; and
- For subsequent years of use, depreciation is to be calculated by dividing the remaining depreciable value of the fixed asset by the remaining normal use period of the asset.

Fiscal depreciation applies:

- with effect from the month after the depreciable fixed asset is put into operation;
- for investment expenses from own sources to fixed assets from the public domain, during the normal use period, the remaining normal use period or the period of the concession or rental contract, as the case may be;
- for investment expenses in fixed assets under concession, rental or under the administration of the person that effected the investment, during the period of the contract or during the normal use period, as the case may be;
- for investment expenses effected for the improvement of land, on a straight-line basis for a 10-year period; and
- in respect of certain mining buildings and constructions, by unit of production, depending on the exploitable resource.(3)

Payment and carry-forward of losses
Profit tax is due quarterly, with anticipated payments, on the 25th day of the first month following the end of the quarter for which the profit is calculated. Annual corporate income tax liability is finalised at year-end, by March 25 of the year following the reporting year. Romanian banks and Romanian branches of banks representing foreign legal entities must pay the tax annually, with quarterly anticipated payments, calculated on the basis of the corporate income tax liabilities of the previous year.

An annual loss, as established by the profit tax return, is recoverable from taxable profits accruing over the following five years. The fiscal losses recorded from 2009 are to be recovered from the taxable profits obtained during the following seven years.

Transfer pricing
Romania generally follows the transfer pricing methods recommended by the Organisation for Economic Cooperation and Development guidelines.

According to the Fiscal Code, when determining the amount of a tax or fee, the tax authorities may disregard a transaction that has no economic purpose or may reclassify the transaction to reflect its economic substance. In a transaction between affiliated persons, the tax authorities may adjust the amount of income or expense of either person as necessary in order to reflect the market price of the goods or services provided.

If the tax authorities disagree with the valuation criteria applied, expenses that are related to services provided by the parent company and are deemed to exceed the

market price will be considered non-deductible. As a result, the taxpayer will be liable for delay penalties.

Permanent establishments
Foreign legal entities that carry out activities through a permanent establishment in Romania are subject to tax on the profits attributable to the establishment. The taxable profit is determined in accordance with the rules for Romanian legal entities on the following conditions:

- Only income attributable to the permanent establishment is included in its taxable income.
- Only expenses incurred for the purpose of obtaining such income are included in its deductible expenses.

The taxable profit of a permanent establishment is to be determined by treating the permanent establishment as a separate person and by using the transfer pricing rules to establish the market price for transfers between the foreign legal entity and its permanent establishment.

Capital gains
Romanian and foreign legal entities that rent, sell or assign immovable property located in Romania or titles in a Romanian legal entity are subject to profit tax on the relevant gains at 16%.

The responsibility for completing and submitting the tax return form on behalf of the foreign legal entity, as well as for computing, withholding and paying the tax, rests with the payer of the relevant amounts (ie, the resident legal entity or the intermediary company or financial investment company). Nevertheless, any applicable double tax treaties prevail over these provisions.

Dividend tax
A Romanian legal entity that pays dividends (including amounts distributed to investment funds) to a Romanian legal entity is required to withhold and pay dividend tax.

Dividend tax is determined by applying a tax rate of 16% to the gross dividend paid to a Romanian legal entity (with the exception of dividends paid to a Romanian legal entity which - for an uninterrupted period of two years - holds at least 10% of the capital of the company that distributes the dividends).

The tax to be withheld must be paid on or before the 25th day of the month following that in which the dividend is paid. When the allotted dividends are not paid by the end of the year for which the annual financial statement has been approved, the tax on dividends is to be paid by January 25th of the following year.

Dividends received from a company within the European Union are non-taxable revenue if the Romanian legal entity holds at least 10% of the capital of the company that distributes dividends for a minimum of two years (ending on the date of dividend payment).

Representative office tax and turnover tax
The representative offices of non-resident companies are required to pay an annual flat tax of €4,000, payable in lei. This tax is payable in two equal instalments, by June 25 and December 25. If the representative office is established or closed during the fiscal year, the tax for the year is calculated *pro rata*.

Companies with an annual turnover of up to €100,000 and up to nine employees are taxed at 3% on their total income. The tax is payable quarterly by the 25th day of the month after the quarter for which the tax is paid.

Taxation of non-residents
According to the Fiscal Code, non-residents obtaining income from Romania are required to pay tax. Income is subject to taxation if it arises from activities performed in Romania or from operations carried out with:

- Romanian legal entities;
- other entities authorised to operate in Romania; or
- Romanian individuals authorised to perform income-generating activities in their own name.

Such tax liability applies regardless of whether the amounts are collected in Romania or abroad, if it falls into one of the following categories. A 16% tax rate applies to various types of income, such as:

- interest, royalties or commission;
- income derived from management or consultancy services;

- remuneration received as an administrator of a Romanian entity; or
- proceeds of the liquidation of a Romanian company.

Some of these categories of income may qualify for tax exemption under the conditions stated below.

The following types of income are exempt:

- interest related to public debt instruments, in lei or another currency, and income obtained from trading state titles and bonds issued by territorial administrative units;
- interest related to instruments issued by the National Bank of Romania in order to achieve monetary policy objectives, and income obtained by trading securities issued by the National Bank of Romania;
- income from foreign legal entities performing consultancy activities in Romania within the framework of a free financing contract entered into by the Romanian government with other governments or with international governmental or non-governmental organisations; and
- dividends paid by an undertaking, a Romanian legal entity or a legal entity headquartered in Romania, incorporated under EU legislation, to a legal entity resident within an EU or EFTA member state if the individual beneficiary of the dividends:
  - is incorporated in one of the legal forms prescribed for foreign entities in the Fiscal Code;
  - is resident in an EU or EFTA member state and is not deemed to be resident outside that area pursuant to a double tax treaty concluded with a third state;
  - pays profit tax or a similar tax, without the possibility of exemption, in accordance with the legislation of the member state in question; and
  - has owned a minimum of 10% of the share capital of the undertaking for an uninterrupted period of at least two years up to the date of the dividend payment.

For the purposes of this exemption, the Romanian legal entity must be a company incorporated under Romanian law and must pay profit tax without the possibility of exemption.

With effect from January 1 2011, income from interest or royalties obtained in Romania by EU or EFTA residents or by a permanent headquarters of an undertaking of an EU or EFTA member state is exempt if the beneficiary owns at least 25% of the participation titles in the Romanian legal entity for an uninterrupted period of more than two years.

The tax owed by non-residents on taxable income obtained from Romania must be calculated, withheld and remitted by the party that pays the income. The tax thus withheld must be paid into the state budget on or before the 25th day of the month following that in which the income is paid, at the exchange rate indicated by the National Bank of Romania for the withholding of non-residents' tax.

Under Romanian law, taxation is in many cases subject to certain adjustments resulting from bilateral treaties for the avoidance of double taxation concluded between Romania and other countries. So far, Romania has concluded over 80 such treaties.

If the taxpayer is a resident of a country with which Romania has concluded a double tax treaty, the provisions of the treaty prevail. In order for the provisions to apply, the non-resident is required to submit a certificate of fiscal residence to the party that pays the income.

Value added tax

Taxable operations
Pursuant to the code, operations are subject to VAT if:

- they represent a supply of goods or services in return for payment;
- Romania is deemed to be the place of delivery of goods or supply of services;
- the delivery of goods or supply of services is made by a taxable person; and
- the delivery of goods or supply of services is the result of economic activities.

Imports of goods are also included in the scope of application of VAT.

Any transfer of property in exchange for a certain sum is considered a delivery of goods. This includes, for example, the transfer into the public domain of private assets or a compulsory transfer of property. Any activity that is not a delivery of goods is considered to be performance of a service. The latter category includes construction work, transport, post and telecommunications services, agency and commission, repair work, assignment or concession of IP rights, consultancy work and leasing operations. The following are also classified as taxable operations:

- intra-community acquisitions of goods (except for new modes of transportation or excisable products) made by a taxable person subsequent to another intra-community supply of goods for which the place of delivery is an EU state other than Romania;
- the intra-community acquisitions of new modes of transportation; and
- the intra-community acquisitions of excisable products, by a taxable or non-taxable person.

Territoriality
Operations relating to the transfer of ownership rights over assets located in the Romanian territory are subject to VAT. Imported goods are taxable in Romania upon registration of the customs declaration. As a general rule, the rendering of services is taxable in Romania if Romania is considered to be the place of performance. In principle the place of performance of services is deemed to be:

- the place where the beneficiary of such services is established from a VAT perspective, if the services are rendered for the benefit of a taxable person acting as such; or
- the place where the supplier of such services is established from a VAT perspective, if the services are rendered for the benefit of a non-taxable person.

However, there are several exceptions to these principles, such as:

- the location of the building in the case of services rendered in relation to the building;
- the place of transportation – depending on the distances covered – for passenger transportation services; and
- the place where means of transportation are made available and put at the disposal of clients for short rental periods.

Payers
The Fiscal Code identifies as a VAT payer any person performing economic activities. For VAT purposes, these include:

- activities carried out by producers, traders or services suppliers, including the extraction of natural resources;
- agricultural activities;
- independent commercial activities or those qualifying as such; and
- the exploitation of tangible or intangible assets in order to obtain ongoing revenue.

Where the entity or person carrying out taxable operations is required to register for VAT purposes in Romania and does not have its headquarters or permanent residence in the European Union, that entity or person must appoint a fiscal representative residing in Romania in order to fulfil the related VAT obligations; where the headquarters are outside Romania, but within the European Union, the entity may register directly or appoint a fiscal representative residing in Romania in order to fulfil the related VAT obligations.

Place of supply of goods
As a general rule, the place of delivery of goods is the place where:

- goods are located at the moment when the dispatch or transport begins;
- installation or assembly is performed;
- goods are made available to the purchaser (if the relevant goods are not transported or dispatched);
- a mode of passenger transport departs (if delivery is performed by aircraft, ship or train); or
- the taxpayer is headquartered (in the case of gas or other energy supply to a trading entity).

In principle, the place of intra-EU acquisition of goods is considered to be the place where the goods are located when the transport or dispatch ends.

As regards imports of goods, the place of import is the territory of the EU member state in which the goods are located on entry into EU territory.

Rates and regimes
The standard rate of VAT is 24% and applies to all supplies of goods and services that do not qualify for an exemption or reduction.

A reduced rate of 9% applies to:

- admission fees for museums, historical monuments, zoos, fairs and exhibitions;

- the supply of school manuals, books, newspapers and periodicals;
- the supply of orthopaedic products, as well as medicinal products for human and veterinarian use; and
- accommodation in hotels or in places with a similar function.

A reduced rate of 5% applies to buildings (including the land on which they stand) that fulfil a certain social policy function,(4) subject to certain conditions.

Exports of goods and services and international transport are exempt from VAT (on a credit basis). The exemption also extends to operations relating to the international transportation and exchange of goods, such as:

- the export of goods, transport and related services, as well as goods sold through duty-free shops;
- the international transportation of passengers (and directly related services);
- certain operations performed in free trade zones and free harbours;
- services provided in connection with goods placed under customs suspensive regimes;
- the supply of goods and services under projects financed by grants; and
- supplies to diplomatic missions.

A range of operations are exempt from VAT outside the credit system, including banking, financial, insurance, medical, social assistance and educational organisation activities.

Administration
Invoices for the supply of goods or services must be issued no later than the 15th day of the month after that in which the tax became chargeable. VAT payers must keep complete and detailed records for the calculation of VAT liability. The relevant fiscal period is the calendar month. An exception to this general rule applies to VAT payers that have not exceeded a turnover of €100,000 at the end of the previous year – in this case, the fiscal period is the calendar quarter.

VAT returns should be submitted to the tax authorities by the 25th day of the month following the fiscal period; the VAT is due from the same date. If a company is eligible for a VAT reimbursement, it may request this by ticking the refund box in the VAT return.

Local taxes and duties

Local taxes and duties are income payable to local budgets, which are established according to the local autonomy principle by the local councils, the county councils and the General Council of the Municipality of Bucharest.

The categories of local tax include:

- buildings tax;
- land tax and duties;
- transportation tax;
- taxes on the issuance of certificates, approvals and authorisations;
- taxes for publicity and advertising;
- taxes on shows and performances; and
- hotel tax.

Tax on publicity and advertising
Taxpayers that benefit from advertising and publicity services (other than in newspapers or on radio and television advertising) must pay a local tax of between 1% and 3% of the value of the contract. Billboards and other advertising media are subject to tax depending on the size of the advertisement.

Tax on shows and performances
Taxpayers organising artistic performances, sports contests and similar events must pay a tax calculated on the collected revenue from ticket sales and subscriptions (at between 2% and 5%), or a fixed amount calculated on the size of the premises. Of the moneys collected from performances, contractually payable amounts assigned for humanitarian purposes are exempt.

Hotel tax
Local councils may decide to levy a hotel accommodation tax on individuals over 18 years of age. The tax is set at 1% of the accommodation tariffs (exclusive of VAT).

Fiscal procedure

The Fiscal Procedure Code, which entered into force on January 1 2004, unified the existing legislation on tax audits and the collection of budget receivables, as well as tax

returns and assessments and tax jurisdiction. It applies to taxes and duties payable to the state budget and local budgets, as well as to customs duties and sums payable as contributions, fines and other amounts that are classed as revenue to the state or local budget.

According to the code, the burden of proof lies with taxpayers: they must be able to produce evidence to support the facts of their tax returns. The tax authorities must ensure that their decisions have a sound factual and legal basis.

Collection of tax debts
The Fiscal Procedure Code comprises detailed rules in respect of payment methods and deadlines and the enforcement procedure for collection of tax debts. In certain circumstances a taxpayer's receivables may be offset against a tax debt.

Interest accrues on overdue budgetary liabilities (ie, taxes, duties and other contributions). The interest rate is 0.04% for each day of delay. Interest is due for the period during which taxes are deferred or rescheduled (although delay penalties are not due, provided that the debtor fully observes the conditions of deferral or rescheduling).

The statute of limitations for collecting budgetary debts is five years, beginning with the year immediately following that in which the right to collect the relevant debt arose.

Fiscal acts challenging means
The code sets out administrative and judicial procedures for requesting the reduction or cancellation of taxes, duties, customs duties, contributions to special funds, surcharges or penalties for delay and other amounts, as well as other measures imposed by bodies authorised by the Ministry of Finance to monitor or receive tax payments.

A taxpayer which considers that the tax set by a fiscal authority through an act of monitoring or control is incorrect or illegal may launch an administrative appeal.

Alternatively, it may seek judicial remedy, filing a legal action with a tribunal (if the complaint relates to the county's fiscal administration) or an appeal court. The decision of the court or tribunal is subject to appeal before either the relevant appeal court or the Supreme Court of Justice.

Before applying to the courts, the taxpayer must follow the prescribed administrative procedures. Failure to do so within the legally prescribed term will result in the loss of the right of appeal to the courts. Filings with the court are exempt from stamp duties.

Payment incentives
The code states that on a well-grounded request from a debtor, the competent fiscal authority may grant:

- deferral or rescheduling of payment of taxes, duties, contributions and other budgetary liabilities;
- rescheduling of payment of delay penalties or any other kind of penalty;
- deferred payment, exemption or reduction in the rate of penalty surcharges (except for charges owed for the deferral period of the principal); and
- exemptions or reductions of local taxes and duties under the terms stated by the law.

Payment incentives may be granted both before initiating the forced execution procedure and at any point during such procedure. When payment incentives are granted, the tax creditors will request the debtor to provide collateral.

For further information on this topic please contact Ionut Bohalteanu, Bogdan Voinescu or Alina Badea at Musat & Asociatii by telephone (+40 21 202 5900), fax (+40 21 223 3957) or email (ionut.bohalteanu@musat.ro, bogdan.voinescu@musat.ro or alina.badea@musat.ro). The Musat & Asociatii website can be accessed at www.musat.ro.

Endnotes

(1) Such as legal reserves within 5% of the accounting profit, provisions for the execution of collateral, provisions and reserves established by banking institutions in accordance with specific enactments, and client provisions related to unsecured receivables outstanding for at least 270 days against non-affiliated persons (up to a limit of 30% of client receivables).

(2) Copyright, trademarks, software copyright and similar IP rights (excluding patent rights).

(3) Including salt mines operating by extraction in solution from wells, quarries, current exploitations for solid mineral substances and oil extraction operations for which the use period is limited to the life of the reserve and which may not be adapted to other

uses when the reserve is exhausted.

(4) For example, care homes and orphanages.

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