

THE TAX EXEMPTION FOR THE IT SECTOR WILL BE EASIER TO APPLY

The requirements for application of the fiscal facility consisting in the income tax exemption for salary incomes and assimilated derived by individuals performing computer creation activities¹ have recently been amended, in accordance with an order published in the Official Gazette on January 9th, 2017².

The most important amendments set forth by the newly-enacted provisions aim at simplifying the requirements for application of the income tax exemption, by measures including:

- the abolishment of the threshold establishing the value of the annual revenues derived by the employer through the activity of creation of computer programs during the previous fiscal year. In this regard, according to the new rules, it is only required that the employer has derived revenues as a result of creation of software during the previous fiscal year, regardless of the value of such revenues.
- the extension of the category of economic operators which are entitled to apply the exemption for their own employees, by including economic operators incorporated during the fiscal year. For such entities, the requirement regarding revenues being derived during the previous fiscal year is not applicable neither for the initial fiscal year, nor for the following fiscal year. Similar rules are regulated for economic operators which undergo a reorganization procedure during the fiscal year, which are exempted from the observance of the same requirement for the year when reorganization is finalised.

As regards the relevant documentation to justify the application of the tax exemption, the formalities required in view of compilation of the files have been partially simplified. Thus, it will no longer be mandatory to compile and preserve legalised copies of certain documents (e.g. study documents, individual employment agreements) in the relevant document files, as a certified true copy will suffice. On a related topic, a possibility to record the relevant file in an electronic format is introduced, should relevant supporting documents be signed by extended electronic signature.

Notwithstanding the above, the application of the exemption will be limited to private sector employees.

The new provisions will enter into force on February 1st, 2017 and will be applied to incomes corresponding to month February 2017.

¹ This fiscal facility is regulated by the provisions of art. 60 pt. 2 of Law no. 227/2015 on the Fiscal Code.

² The joint Order of the Ministry for Communication and Information Society, Ministry of Education and Scientific Research, Ministry of Labour, Family, Social Protection and Elderly and Ministry of Public Finances no. 872/5.932/2.284/2.903/2016 has been published in the Official Gazette, Part I, no. 22, dated January 9th, 2017.

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