

LEGAL & TAX ALERT, 27 March 2018**New amendments to the fiscal code**

New taxation rules implemented by a substantial amendment of certain provisions of the Fiscal Code¹ have recently entered into force. Among these, the most important amendments include:

- Limitation of tax deduction of debts assignment

The losses resulting from a sale of outstanding debts are no longer fully deductible from the income tax perspective, but only within the threshold of 30% of the value of alienated debts. In case of credit institutions, the situation in which the assigned debts are covered, in part or in whole, with adjustments for the envisaged losses, as well as in case the debts are deregistered with accounts outside the balance sheet and then assigned, 70% of the difference between the value of the alienated debt and the assignment price represent elements similar to incomes.

- Amendments regarding the medical services subscriptions

The value of the medical services subscriptions is considered as deductible expense for the individuals performing independent activities, within a threshold of EUR 400.

The medical services subscriptions paid by the employer for its own employees or for other beneficiaries of salary income and assimilated incomes are no longer included in the computation basis for the social security contributions, within a threshold of EUR 400.

- Amendments regarding the registration for VAT purposes

Starting April 1st, 2018, the threshold from which the small enterprises shall be obliged to register for VAT purposes is significantly increased from lei 220,000 to lei 300,000.

The new rules also refer to the situation of small enterprises which are established prior to January 1st, 2018 and which requested the registration for VAT purposes, as well as to the enterprises which will be established between January 1st, 2018 and April 1st, 2018.

The small enterprises registered for VAT purposes prior to year 2018, have the possibility to request, starting April 1st, 2018, to be deregistered for VAT purposes, provided that such enterprises did not exceed the new exemption threshold, at the time of the request.

¹ Law no. 72/2018 on the approval of Government Ordinance no. 25/2017 for the amendment and supplementation of the Fiscal Code (the "Law") has been published in the Official Gazette no. 260 dated March 23rd, 2018 and has entered into force on March 23rd 2018, except the amendments regarding the registration for VAT purposes which shall enter into force as of April 1st, 2018.

Should you require any further information, please feel free to contact us:

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