

**LEGAL & TAX ALERT, April 2<sup>nd</sup>, 2018**

### **The microenterprises tax system becomes again optional**

Starting on April 1<sup>st</sup>, 2018<sup>1</sup>, the alternative for certain entities to opt out of the microenterprises income tax system and, thus, to apply the rules on declaration and payment of corporate tax is reinstated.

The alternative to opt as such is conditional upon certain conditions regarding share capital and employed personnel being cumulatively met, as follows:

- the subscribed share capital of relevant taxpayer shall be of at least lei 45,000;
- the respective taxpayer shall employ at least 2 individuals, based on full-time employment contracts.

This condition shall also be deemed as met in case aggregated working hours as provided in the part-time employment contracts entered into by the respective taxpayer represent the equivalent of at least two full-time contracts. In addition, concluded management or mandate agreements shall also be taken into account when determining whether this requirement is met or not, conditional upon the value of provided remuneration amounting to at least the national gross minimum wage.

This option is final and may be selected once, becoming applicable starting on the quarter in which both above listed conditions are met. The option shall be notified to competent fiscal authorities.

Should any of these requirements cease to be met following such notification, the taxpayer shall generally re-commence to apply the specific microenterprises income tax system, starting on the fiscal year following the one during which such event occurs. However, the requirement regarding number of employed individuals may be fulfilled within a 60-day term, which may be prolonged during the following fiscal year.

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<sup>1</sup>*This alternative is provided by Government Emergency Ordinance no. 25/2018 on the amendment and supplementation of certain laws, as well as on the approval on certain fiscal-budgetary actions, as published in Official Gazette no. 291 dated March 30<sup>th</sup>, 2018, which has entered into force on the same date, except for the amendments concerning the microenterprises income tax system, which have entered into force on April 1<sup>st</sup>, 2018.*

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

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