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STAFF BENEFITS DIVISION

GOVERNMENT OF ROMANIA

**ORDINANCE**  
**Income Tax**

On the basis of Art. 107, letters (1) and (2) of the Constitution of Romania and Law 140/1999, Art. 1.letter D item 13 as concerns qualification of Government to issue ordinances,

**The Government of Romania issues the following Ordinance:**

**CHAPTER I**  
**General Provisions**

*Section I*  
**Definitions**

**Art.1** - For the purposes of this law, the terms and phrases hereinafter should be understood as follows:

- a) *Tax on aggregate annual income* is the amount due by a natural person for income achieved in a fiscal year, determined by applying the assessment rates on taxable aggregate annual income established under the Ordinance terms.
- b) *Taxable aggregate annual income* is the amount of net income achieved from self employment, salaries, assignment of user rights, from agriculture and forestry as well as of the same nature income made abroad and earned by the Romanian natural persons, out of which there are deducted the carried forward fiscal losses and personal deductions;
- c) *Gross income* related to each income type include the collected amounts and the equivalent sum in lei of the in-kind income;
- d) *Net income loss for each income category* is the differential between gross income and deductible related expenses;
- e) *Deductible related expenses* are those expenses made for activities aiming to earn income, under the terms of legislation in force.
- f) *Personal deduction* is a non-taxable sum granted to taxpayer, including the basic personal deduction and additional personal deductions, subject to the personal rate of affairs and individuals under care.
- g) *Foreign fiscal credit* is the amount paid abroad and recognized as tax deed in Romania, that is deducted from income tax owed in Romania;
- h) *Final tax* is the tax established on income categories, separately assessed, not included in the taxable aggregate annual income, pursuant to this Ordinance.

2

Section 2  
Tax Payers

Art.2 - (41) One is liable to income taxation pursuant to this Ordinance the resident natural person referred to as taxpayer hereinafter if one is:

- a) a Romanian resident natural person, for income made both in Romania and abroad;
- b) a Romanian non-resident person, income based in Romania or made in Romania during more than 183 days in any 12 month period beginning or ending in the calendar year concerned;
- c) a foreign natural person, for income based in Romania or made in Romania during more than 183 days in any 12-month period beginning or ending in the calendar year concerned.

(2) Pursuant to this Ordinance, there are also taxpayers the Romanian non-resident natural persons as well as the foreign natural persons who make income in Romania under any other circumstances than the ones provided under the terms of agreement related to avoidance of double assessment.

Art.3 - For the purpose of this Ordinance, Romania means the territory of the state of Romania, including its territorial sea and air space above its territory and territorial sea over which Romania has sovereign control as well as the contiguous zone, the continental shelf and exclusive economic zone over which Romania has sovereign rights and jurisdiction with its legislation and the rules and principles of international law.

Section 3  
Scope of the Ordinance

Art.4 - (1) The following is taxable income;

- a) income from self employment;
- b) salaried income;
- c) income from the assignment of user rights
- d) ~~agricultural and forestry income;~~
- e) ~~pension income for the amount exceeding lei 1.200.000/month;~~
- f) income from dividends and interests;
- g) other income

(2) The income specified in paragraph (1) includes both cash and in-kind income.

Art.5 - The following is main taxable income, hence income not liable to taxation:

- a) special allowances and benefits paid from the state budget, the social insurance budget and special funds, local budget and other public funds or

received from third parties excepting the temporary disability benefits, maternity benefits and child-care leave allowances for mothers up to two-year olds that are salary-type income;

b) compensation received from property insurance, from taking cover against accident risk occupational hazard and the like for damage sustained;

c) compensation received for damages sustained for natural disasters and for disability or death as a result of military actions, as per law;

d) fixed amounts for pensioners care who are within the 1<sup>st</sup> degree of disability, I.O.V.R. pension as well as the care pension granted as per Family Code;

e) vouchers distributed for free to natural persons subject to the legal provisions in force;

f) the value of technological equipment, individual working and safety gear, food and health protection supplies under the labor safety legislation;

g) cash and in-kind gifts from sponsors, charity;

h) the individual food allowance in food tickets the cost of which is fully paid by the employer, provided it stays within the range envisaged by the food tickets law;

i) income made from transfer of ownership rights on real estate and movables belonging to personal patrimony, excluding the one made from transfer of ownership on exchange securities and shares;

j) amounts received to cover costs such as transport, accommodation, benefit or daily allowance given for the period of field trips or temporary transfer in another place, in the country or abroad, as well as when traveling in the same locality on job purpose, including amounts to cover transfer on job purpose;

k) cash and in-kind benefits received by conscripted military, military on short conscription, military students and school boys of the military and civil educational institutions;

l) tuition grants to anyone enrolled in institutionalized school or training programs;

m) cash and in-kind inheritance and grants;

n) income from agriculture and forestry.

Art.6 - The following income is tax-exempt pursuant to this Ordinance:

a) subject to reciprocity, the income to diplomatic missions or consular offices, under the general rules of international law or the provisions of special agreements Romania is part of, as well as the net income in foreign currency paid to Romanian diplomatic missions abroad, as per law;

b) the income of foreign natural persons providing consultancy in Romania under grant agreements between the Government of Romania and other governments or international organizations-governmental or non-governmental;

c) the income made by foreign press correspondents subject to reciprocity;

d) cash or in-kind prizes received by students at local and foreign contests and competitions;

e) compensation amounts, calculated on the net average salaries per unit, received by people whose contracts are terminated as a result of invoice lay-offs, granted in compliance with the law.

f) compensation amounts, calculated on the net monthly pays, given to the military to become reservists pursuant to the needs of reduction or restructuring, and the allowances established subject to their net monthly pays, given to them when become reservists or directly under retirement entitled to pension or those military who do not meet the retirement terms;

g) the amounts representing differences to subsidized interests to credits, subsidies received to procure goods and compulsory uniforms and outfit rights, pursuant to law in force;

h) income representing benefits in cash or in-kind granted to disabled people, war veterans, invalids and war widows, to injured during the war not under combat services, to persons persecuted for political reasons by the dictatorship established after March 6<sup>th</sup>, 1945 and persons deported abroad or established as prisoners, descendants of martyr heroes, wounded, fighters for victory of Revolution in December 1989;

i) other income, referred to in Articles ~~39, 44 and 48.~~ *35 and 39*

#### Section 4

#### Tax Period and Tax Rates

Art7 - (1) The tax period is the fiscal year which coincides with the calendar year.

(2) The taxable income made during a fraction of year should be considered as an annual taxable income.

Art.8 - (1) The rates of taxation for the aggregate annual taxable income are as follows:

Total annual taxable income - lei -	Annual tax - lei -
Up to 11,000,000	18%
11,000,001 - 27,000,000	1,980,000 + 23% for income in excess of lei 11,000,000
27,000,001 - 43,000,000	5,660,000 + 28% for income in excess of lei 27,000,000
43,000,001 - 60,000,000	10,140,000 + 34% for income in excess of lei 43,000,000
Over 60,000,000	15,920,000 + 40% for income in excess of lei 60,000,000

(2) The Ministry of Finance, for the year 2000, shall determine the monthly taxable income brackets applicable to salaried and pension incomes, that is 1/12 of annual bracket referred to in paragraph (1).

(3) Half yearly, by government decision shall be up-dated the monthly bracket, subject to inflation ratio during the last 6 months, given by the Statistics National Commission.

(4) The Government shall approve the monthly bracket applicable during the second Term at the same time with the annual average bracket used to determine tax on the total achieve annual income.

(5) The Government decisions approving monthly bracket and annual average bracket should be published in the Official Gazette of Romania until June 25<sup>th</sup> and December 25<sup>th</sup> of each year, respectively.

## CHAPTER II Income Determination

### SUBCHAPTER I Common Rules for Every Income Category

**Art.9** - For the purpose of this Ordinance income also includes any cash and/or in-kind benefit given to a natural person for free at a fraction of its cost, as well as personal use of assets and interests related to work. The benefits include the use for personal benefit of any kind of vehicles, food, accommodation, household help, the differential between preferential and non-preferential lending interests rates of one and the same bank, goods or services provided at lower prices or for free including recreation allowances, and the like

**Art.10** - (1) For the net income to be determined as gross income from which the expenses related to it have been deducted, the following rules shall apply:

a) income related expenses are expenses incurred in earning the income and supported by documents.

b) the money or goods used by taxpayer for himself and his family are not income-related expenses.

c) expenses acknowledged as deductible are income-related within the range provided by the legislation in force, as the case may be. The perishability, advertising and publicity costs are deductible under the terms and limits established by legislation in force for legal entities. Depreciation costs are deductible, provided depreciation is calculated according to the applicable legislation.

d) the expenses related to non-taxable or tax-exempt income the source of which is in the territory of Romania or abroad are not deductible.

e) the income tax as defined herein and the tax on income earned abroad are non-deductible expenses.

f) expenses related to business patrimony, used also for personal benefit, and expenses for the tax payer own patrimony or belonging to associates, utilized for business are deductible within the limits established by decision of Government.

(2) Income and expenses in-kind are assessed in accordance with the methods established in application norms of this Ordinance.

Art.11 - The income made from any kind of ownership and interests are considered to be proportional with the property, user or other lawful rights that the owners, users or other lawful holders may have. + - - - -

Art.12 - (1) taxpayers as defined in Art. 2-paragraph (1) letter a) are entitled to personal allowances for each month of the tax period; there are basic personal allowances and additional personal allowances.

(2) The basic personal allowance is set at lei 800,000 per month as of January 2000.

(3) The additional personal allowances is calculated in terms of the basic personal allowances as shown below:

- a) 0.6 times the basic personal allowance for a dependent spouse;
- b) 0.35 times the basic personal allowance for any of the first two children and 0.20 times the basic personal allowance for every other dependent family child.
- c) 0.20 times the basic personal allowance for every other dependent family member.

(4) In addition, the taxpayers benefit by extra basic personal allowance subject to his personal condition and of his dependent members, but the amounts specified under paragraph (2) and (3) as follows:

- a) 1.0 times the basic personal allowance for individuals with the 1<sup>st</sup> degree disability or a comparable handicap;
- b) 0.5 times the basic personal allowance for individuals with a 2<sup>nd</sup> degree disability or a comparable handicap.

(5) One is not a dependent if one's income (taxable, non-taxable and tax-exempt) exceeds the personal allowance as provided in paragraphs (3) and (4). Should an individual be dependent on several taxpayers as shown in paragraph (3) letter c), the personal allowance to which this individual is entitled shall be divided equally among tax payers, unless they do not agree otherwise. The tax payer's children who have not attained majority shall always be considered dependent and the additional personal allowance for every dependent child is entirely given to one of the parents/tutors, subject to their agreements. Taxpayers are entitled to an additional personal allowance for the specific tax period of the tax year during which they provided support to dependents. The period is provided off to a full month in favor of the taxpayer.

(6) Other family members as provided by paragraph (3) letter c) are relatives of husband / wife, up the fourth degree included.

(7) Personal allowances as provided by in paragraphs (2) (3) and (4) shall be summated. The amount of personal allowances should not exceed 2.5 times the basic personal allowance and is given within the limits of the achieved income.

(8) The basic personal allowance provided in this article should not be given to ~~those taxpayers who get income from pensions and benefit by non-taxation of 1,200,00 monthly bracket as well as to~~ personnel on permanent mission abroad, as per law.

Art.13 (1) The lump sums denominated in lei as provided herein shall be adjusted to the half-yearly inflation index, as provided by Art. 8, paragraph (3).

(2) The sums denominated in foreign currency should be converted to lei at the money market exchange rate announced by the NBR, as per application norms for this Ordinance.

Art.14 (1) Taxpayers who are under the statutory obligation of keeping single-entry books of accounts shall keep Receipts and Payments Book and an Inventory Book. + - - - -

(2) The taxpayers whose net income is determined on the net bases of income standards are not under the obligation of keeping single-entry books of accounting.

(3) The taxpayers whose net income is determined by the deduction of a lump sum expenditure from the gross income are under the obligation of keeping only the Receipts and Payments Book.

(4) Every business-related asset and interest shall be written in the Inventory Book.

**SUBCHAPTER II  
Special Rules for Income Determination**

*Section 1*  
**Income from Self-Employment**

**1. Definition of Income**

Art.15 - (1) For the purpose of this Ordinance, income from self-employment includes commercial income. income from liberal professions and from intellectual property rights made either directly and/or in partnership, including related activities.

(2) Commercial income is income made by taxpayers from acts of trade and from the provision of services other than those specified under paragraph (3) as well as from practicing a profession.

(3) Income from liberal professions is income made from statutory self-employment by professional medical doctors, lawyers, notaries, auditors, certified



accountants, investment securities advisers, architects, and the like, performed independently, in accordance with the related law.

(4) Income from intellectual property rights includes income from inventions patents, models and drawings, samples, trade and registered marks, technical processes, know-how including royalties and related rights, and the like.

### 2. Determination

Art.16. (1) Net income from self-employment is determined from single-entry book keeping data.

(2) Net income from self-employment is determined by deducting income-related (incurred?) expenses from gross income.

(3) Gross income includes cash and in-kind income. Loan disbursements shall not be entered as gross income.

(4) The following is non-deductible expenditure:

(a) fines, late-pay charges and penalties of other than a contractual nature;

(b) grants of any kind;

(c) sponsorship expenses and charities beyond the limits provided by the law applied to the net income from which sponsorship expenses were deducted;

(d) representation expenses beyond 0.25% limit supplied on base, calculated as per paragraph (5);

(e) loan repayments;

(f) interest on loans contracted for the purchase of tangible fixed assets when interest is included in the input value of the tangible assets; as per legal provisions;

(g) expenditure incurred by the procurement or manufacture of goods and services entered in the Inventory Book;

(h) expenditure related to unaccountable missing or damaged assets

(i) assets seized for law breaking;

(j) the gap between actual and allowable margins for perishability

(k) tax on income born by income payer to the account of income beneficiaries;

(l) amounts received to cover expenses such as daily benefits and allowance for delegation and transfer period in another locality, in the country or abroad, on job purpose, exceeding the limits established by Government;

m) other amounts exceeding limits of expenses provided by legislation in force

(5) The calculation basis the expenditure limits are applied to, as referred to in paragraph (4) letters c) and d), shall be determined by deducting the deductible related-expenses from the gross income, excluding those for bracket calculation

(6) The net income of the self-employed workers doing business as an informal partnership is calculated at partnership level, as provided by this article and according to the rules in Chapter IV.

Art.17. (1) Taxpayers who make an income from a mobile or fixed-based stand-alone self-employment shall have their net income determined on the basis of annual income standards. The Ministry of Finance shall compile a list of self-employed activities for which the net income is to be determined on the basis of annual income standards

(2) Income standards are determined by the general directorates of public finance and regional state finance control, of the Ministry of Finance sanctioned by a decision of the local public finance or of the General Council of Bucharest City before January 31 of the fiscal year.

(3) By April 15<sup>th</sup> of the fiscal year, the competent fiscal authority should communicate to taxpayer the amount representing the net income and the level of advance payments on the account of annual tax.

(4) For taxpayers whose net income is determined on income standard and perform activities on periods shorter than a year, the income standards shall be proportionally reduced with the period actually worked.

Art.18 (1) Gross income from intellectual property rights means all cash and in-kind receipts from intellectual property rights.

(2) Net income is derived by deducting a 25% flat rate of expenditure from gross income.

(3) The net income made from copyrights for fine and monumental works of art is determined by deducting a 40% flat rate of expenditure from gross income.

Art.19. In cases of inherited intellectual property rights and in cases of secondary remuneration from the exercise of intestacy rights (?) and compensatory private copy, net income is determined by deducting a fee charged by the collective management or similar employers from the gross income, not the flat rate of expenditure as provided by Art. 18 paragraphs (2) and (3).

Art.20 (1) Self-employed workers who are taxed by income standards as well as taxpayers that make an income from intellectual property rights may opt to have their net income determined as provided in Art. 16.

(2) To exercise the option, they shall apply to the competent tax body before the start of the tax year; the option is mandatory for the taxpayer for at least two years. The option is automatically renewable for another two-year term unless the taxpayer files an application to drop the option for net income determination pursuant to Art. 16, before the end of the second year.

Art.21 (1) Beneficiaries of income from intellectual property owe during one year a tax of 15% from gross income received representing payments in advance on the account of annual tax.

(2) Payers of income (proceeds?) from intellectual property rights shall calculate and withhold the tax provided in paragraph (1) and transfer it to the state budget by the 10<sup>th</sup> of the next month.

## SECTION 2

### Salaried Income

#### 1. Definition of Salaried Income

**Art.22** Salaried income, hereinafter referred to as salaries means all cash and/or in-kind income made by working natural person with a work contract, whatever its period, the specific name of the income or its form, including the benefits for a temporary disability to work, for maternity, and child-care leave allowances for mothers of up to two year olds.

**Art.23** The following are defined as salaries for taxation purposes:

a). fees for activities discharged in an elected public office, as determined by the law;

b) monthly pays, allowances, premiums, additions and other benefits of the military as determined by the law;

c) gross monthly allowance and the amount out of net profit, due to the managers of those national establishments/companies, commercial companies where the state or an authority of the local public administration is the stockholder, and of the autonomous regies.

d) the amounts received by the founding members of the commercial companies set up by public contribution.

e) fees from employment on the basis of a civil-law agreement for service provision;

f) fees paid to members of the General Meeting of Shareholders, Management Board and Audit Commissions

g) the amounts received by representatives in tripartite entities, as determined by the law;

h) other benefits as salary type income.

#### 1. Salaried Income Determination

**Art. 24.** (1) Gross salaried income means total income made by an employee by every income-making place.

(2) The net salaried income is determined by deducting the following expenditure from the gross income as defined in paragraph (1), as the case stands;

a). the contributions to the supplementary pension fund, the unemployment benefit fund and the social health insurance system;

b). a 15% flat rate of the basic personal allowance along with the basic on-the-job allowance in occupational expenses.

(3) The salaried income beneficiaries owe a monthly tax representing payments in advance, calculated and withheld by the income payers.

(4) The monthly tax referred to in paragraph (3) should be determined as follows;

a) at the main job place, by applying the monthly bracket, provided in Art.8 paragraph (2), on the calculation basis determined as differential between the net income from monthly-related salaries wherefrom the personal allowances are deducted and granted for the related month.

b) for the income earned in the other cases, by applying the monthly bracket, referred to in Art.8, paragraph (2), on the calculation basis, determined as differential between the gross income and the contribution to health social insurance, on every place where it is achieved.

(5) The tax calculated on income referred to in Art.23, letter g) is final when the tax payer who earned it can justify, with documents, the income transfer to trade unions represented by him.

(6) In the case of salaries differentials as concerns periods previous to paying month, within the fiscal year, and granted on the basis of some final court decisions, these should be broken down aiming assessment on the month related to.

(7) In case of differentials to salaries concerning the previous years as against the paying one, granted on the basis of some final court decisions, the tax recalculation should be made by the income payer or the competent fiscal authority on the basis of documentation supplied by the income payer, as the case stands.

### 3. Duties of Income Payers and Taxpayers

Art. 25. Payers of salaries and income defined as salaries shall calculate and withhold the tax due for the monthly income when the income is paid, and transfer it to the state budget by the deadline for the last salary payment of every month but not later than the 15<sup>th</sup> of the month.

Art. 26. (1) Tax on salaried income is calculated on the basis of the *fiscal form* data.

(2) The income payers should make an application to the authority, latest by the 30<sup>th</sup> of November of each year for the next year to receive the fiscal forms for his staff and for natural persons earning salary-related benefits.

(3) The employer shall fill the fiscal form with the taxpayer's personal data, the personal allowances, the salaried income made, and the tax withheld and transferred during the year as well as the adjustments to the payments in annual salaried income taxation. Until the fiscal form is filled with the personal data for

additional personal allowances, employees are eligible for the basic personal allowance: salaried incomes are to be adjusted eventually by employers.

(4) Employers shall fill the forms provided in paragraph (1) as long as they pay salaries, when recalculate them and after annual adjustment of tax on salaries.

(5) Employers shall keep a fiscal form for the term of employment and send every year copies thereof to the relevant tax authority and the employee by the last day of February of the current year for the previous fiscal year.

(6) The personal data for the fiscal forms should be filled in on only the basis of justifying document. The additional personal allowances for the dependent persons are given in exchange for a statement on tax payer's own responsibility, accompanied by justifying documents.

**Art.27 -** (1) The employers, excepting the ones specified in paragraph

(2), should determine the annual taxable salaried income, calculate the annual tax and adjust the amounts representing the differential between the tax calculated at the level of the year and the monthly tax calculated and withheld in advance, during the fiscal year, for natural persons meeting jointly the following conditions:

- a) they were permanent employees of the payer, during the whole year;
- b) do not have other income sources to be included in the taxable aggregate annual income.

(2) The employers, who recruited up to 10 permanent employees, by the 31<sup>st</sup> of December of the fiscal year, may calculate the annual income, tax and its adjustment.

(3) In the case of employees, the employer has not performed for, the annual adjustment of tax on salaries, the determination of the taxable annual salaried income, calculation of annual tax as well as the adjustment of the sums representing the differential between the tax calculated per year and the tax calculated and monthly withheld in advance, may be done, on request, by the competent fiscal authority.

(4) The operations provided to be performed by the employer and respectively by the fiscal authority, for the natural persons earning salaried income, should be accomplished until the last day of February of the next fiscal year.

**Art.28 -** (1) The taxpayers who perform their activity in Romania and earn salaried income abroad, as well as the Romanian natural persons, employees of the diplomatic and consular missions accredited in Romania, should calculate, personally or through a fiscal representative, the tax, as per Art.24, declare and pay it within 15 days after the end of the month he was paid for.

(2) Within 15 days, the legal entity or natural person the taxpayer works for, should notice the competent fiscal authority when the employee activity started and ended.

*SECTION 3*  
**Income from the Assignment of User Property Rights**

**1. Definition of Income**

**Art. 29.** Income derived from the assignment of user property rights is cash or in-kind income made by the owner, user or other lawful holder of the rights to movable and immovable assets.

**Art.30** The income derived from the assignment of user property rights is established on the basis of a contract concluded between the parts, registered to the competent fiscal authority, within 15 days after its conclusion.

**2. Determining the Net Income from the Assignment of User Property Rights**

**Art. 31.** (1) Gross income is all cash and in-kind income made by the owner, user or other lawful (rights) holder.

(2) The receipts shall be increased by the size of the expenses which, by law, should be borne by the owner, user or another lawful holder if the other contracting party incurs them.

**Art. 32.** The net income from the assignment of assets and user property rights is determined by deducting a 30% flat-rate in expenditure from the gross income.

*SECTION 4*  
**Agricultural and Forestry Income**

**1. Definition of Income**

**Art. 33.** For the purpose of this Ordinance, agricultural income is income made from farmland use, forestry, animal farming, sericulture, fish farming and bee keeping.

**2. Determination**

**Art. 34.** (1) Agricultural net income is determined from single-entry bookkeeping data for the following activities: commercial farming of flowers and vegetables in greenhouses, on plastic sheet-covered and irrigated areas, of decorative plants and shrubs, and of mushrooms; and the operation of grape vine and tree nurseries as well as fish farming.

(2) Agricultural net income is determined as provided in Art. 16

Art. 35. (1) For agricultural income other than provided in Art. 34-paragraph (1), the net income is determined on the basis of an annual income standard per hectare and animal head by fertility zone, opportunity area and land use class or animal group and age, as the case may be. Classification by fertility zone and opportunity area is made by local administrations of the Ministry of Agriculture and Food.

(2) For forestry income, the net income is determined against income norms established on specific measuring unit on various fertility zones, the use of lands, species and age. The income norms for forestry income are established on the standing wooden mass, proceeding according to forestry law, from main product feelings as well as from Christmas trees.

Classification on fertility zones, ways to use the lands, on species and age should be done by the specialized unit of the Ministry of Water Sources, Forestry and Environmental Protection.

(3) The income norms are approved by Government decision before the beginning of the fiscal year, at the proposal of the Ministry of Agriculture, Ministry of water Sources, Forestry and Environmental Protection and the Ministry of Finance and should be updated subject to the annual inflation index.

(4) The net income from agriculture and forestry is determined by multiplying the number of hectares or the number of specific measuring units with the income norms established as provided in paragraph (3). With the view to determine the agricultural net income, the local public administration units should supply the required data to the competent final authority, latest by March 31<sup>st</sup> of the current fiscal year.

(5) When operating against a leasing contract, the net income incumbent upon the land agent shall be determined by deducting the leasing price from income norm.

(6) The net agricultural income determined from annual income norms may be changed:

- a) when the land area has been acquired or disposed of;
- b) when animal number have changed;
- c) when ceased the periods provided in Art. 39, letters a), and c);
- d) when the way of land utilization has been changed.

(7) The net income may be re-determined if the taxpayer files an application:

a). for the cases provided in paragraph 6 letters a). and c).- after the first day of the next month when the event that brought the change occurred;

b). for the cases provided in paragraph 6 b., - once in a year only, after July 1 of the year when the change occurred, on the basis of the records as on June 30 of the same year.

(8) The competent fiscal authority should communicate to the taxpayer the amount representing the net income, latest by April 15<sup>th</sup> of the fiscal year.

(9) the agricultural income achieved by natural persons working within informal associations shall be calculated at the association level, taking into account the way the net income is determined and observing. The rules provided in Art. 59 and Articles 61-63.

**Art. 36.** (1) In the event of natural disasters, the reduction in the annual agricultural income determined from income standards is proportional with crop damage.

(2) Crop damage is assessed by hectare of land by referring the damaged production to the average production effectively achieved in that place in the past three years.

(3) Should crop damage assessed as provided in paragraph (2) exceed 50 per cent, a 100% reduction shall be granted.

(4) The reduction is granted on the basis of an application filed to the local public authority within five days of occurrence.

(5) Within ten days of registration of the application, a purposefully established commission shall assess the damage in the field, in the presence of the owner or holder of the damaged agricultural asset.

(6) Should a disaster happen and its damage not be assessable within ten days, the representatives of the authorities provided by the law shall set the deadline for the assessment in respect of possibilities but not later than thirty days and not after crop harvesting, as provided in the law.

(7) For the wooden mass proceeding from damaged brush assimilated to main products, the forestry income norms shall be reduced by 50%.

**Art. 37.** For arable lands where two or more crops are grown during one year that fall in separate classes, the annual agricultural net income is determined in respect of the use class that takes the longest time of the year.

**Art. 38.** Should there be more than one holder of one and the same agricultural or forestry asset, the agricultural net income of every holder shall be proportional with the holder's rights. Should the operator not be the lawful holder (?) (maybe owner?) (leaseholder or other special cases) the agricultural net income shall be assigned to that natural person.

**Art. 39.** When the agricultural net income is assessed, the following shall not be considered:

a). deteriorated and polluted land included in a land-improvement area, as long as land improvement operations are under way. The Ministry of Agriculture



shall decide which land is not fit for farming by (their present condition) nature, by use;

b). land lying within the confines of localities to which the Law of local taxes and ducs applies;

c). young vineyards and orchards that do not bear fruit yet;

d). young animals.

e) the wooden mass used for constructions within the household of the forest owner and other places subject to preliminary approval.

f) income from sericulture; capitalization of fruit and forest mushrooms, medicinal herbs, spontaneous flora and others produces of nature.

g) the maximum number of specific units for animals, that will be approved by Government decision at the same time with the income norms for agriculture and forestry.

## SECTION 5 Pension income

**Art. 40** - (1) It is taxable all net income, received by tax-payers as pension that is paid from funds, set up from compulsory contribution to a social insurance system, as well as the net income received as title of pension that is financed from state budget, according to law, and for that part that does not exceed lei 1,200,000/month.

(2) The pension net income is the differential between the net income, proceeding from pension and the contribution to the health social insurance.

(3) The pension monthly taxable income is determined by deducting a monthly non-taxable lump sum of lei 1,200,000 from the total amount of the pension net income as provided in paragraph (2).

**Art.41** - (1) The pension income tax is calculated monthly by the income paying units, by applying the monthly bracket provided in Art. 8. paragraph (2) on the pension monthly taxable income determined a stipulated in Art. 40 paragraph (3).

(2) The tax so calculated should be withheld at the date the pension is paid and transferred to the state budget until the 25<sup>th</sup> of the next month, the tax being final.

## SECTION 6

### 1. Income from dividends and interests

**Art. 42** - (1) A dividend is any distribution of profits in cash or in kind by a legal entity to shareholders or partners on the basis of the annual balance sheet and the profit and loss accounts.

(2) Falling in the same income class for taxation purposes are the amounts received by the holders of certificates for participation to the closed end investment funds

Art. 43. <sup>34</sup> Income in interest is income from claims or any payments for the use of loan money as well as from certificates or securities issued by open-end investment funds the redemption price of which is higher than their purchase price. Also classified, as interest is that part of the life assurance sum of money provided by products that are simply a means of saving.

Art. 44. <sup>35</sup> Pursuant to this law, interest on government bonds, sight deposits and National Housing Agency bonds is tax exempt.

2. Determination

Art. 45. <sup>36</sup> (1) Income made in dividends and the payments provided by Art. 42 paragraph (2) shall be taxed at a rate of ten per cent, even if the payment was ~~not made.~~ <sup>5</sup>

(2) Income in interests shall be taxed at a rate of one per cent.

Art. 46. <sup>37</sup> (1) It is the duty of legal entities to calculate, withhold and transfer the tax on income in dividends when dividends are paid to shareholders or partners. In the case of dividends distributed but not paid to shareholders or partners before the end of the year for which the balance sheet was approved, the tax on dividends shall be paid by December 31 of that year.

(2) The tax on income in interests shall be calculated and withheld by the payers who shall transfer it on a monthly basis by the 25<sup>th</sup> of the next month.

(3) The tax withheld as described herein is final.

SECTION <sup>5</sup>  
Other Income

1. Definition of Income

Art. 47. <sup>38</sup> Falling in this category is income from gambling, prize-winning and bonuses in cash and/or in kind, other than provided by Art. 6 and Art. 22 and Art. 23 from the assignment of property rights to securities. + - - - -

Art. 48. <sup>39</sup> Income as defined in Art. 47 of less than Lei 3 million shall be tax exempt. + - - - -

## 2. Determination

<sup>40</sup> Art. 49. (1) Income made from gambling from the assignment of property rights to securities and shares as well as income in cash and/or in-kind prizes and bonuses provided in Art. 47 shall be taxed at a rate of ten per cent of the gross income and withheld.

(2) It is the duty of the income payers to calculate, withhold and transfer the tax, which is final.

<sup>41</sup> Art. 50. In cases of assignment of the property rights to securities, the tax shall be calculated at a rate of one per cent of the transaction in terms of value less the intermediation fee and withheld. So determined, paid and transferred by the intermediary the tax is final. + - - - -

Art. 51. Tax assessed and withheld upon payment as provided by Art. 49 and Art. 50 shall be transferred to the budget by the 25<sup>th</sup> of the next month. <sup>40</sup>

<sup>41</sup> Art. 52. Income that does not explicitly fall in any of the income categories specified herein shall be taxed at a rate of ten per cent of gross income and the tax is final.

## CHAPTER III

### International Fiscal Aspects

<sup>42</sup> Art. 53. For the purpose of this law, the source of income is Romania if:

the place of origin of the natural person's income or the location the natural person makes his/her income from is in the territory of Romania, no matter if it is paid in Romania, from abroad, or abroad.

<sup>43</sup> Art. 54. An income which does not have its source in Romania is income from abroad.

<sup>44</sup> Art. 55. (1) (1) The tax paid abroad by taxpayers as they are defined in Art. 1, letter a) who, for the same income and the same tax period, are liable to taxation both in Romania and abroad, is deductible from their income tax liabilities in Romania within the limits provided by this ordinance, denominated hereinafter as foreign tax credit.

(2) Income paid abroad is deductible from tax liabilities in Romania if all the following conditionalities are met:

a). the tax on the income made abroad was paid directly or withheld, and supported by payment documents confirmed by the foreign tax authorities;

b). the tax liabilities paid abroad are of the same nature as the income tax liabilities in Romania.

~~47~~  
Art. 56. (1) Foreign tax credit is granted at the level of the tax paid abroad for the income made from the foreign source; however, it cannot be higher than the income tax fraction due in Romania for the income made abroad.

(2) Tax credit is calculated separately by income made in every country, subject to the provisions of paragraph (3).

(3) For incomes on which the tax is final in Romania, the foreign tax credit is granted for every similar income the source of which is in Romania, as provided in this Ordinance.

(4) For the purpose of tax credit computation, foreign currency-denominated amounts shall be converted at the foreign exchange market rate announced by the National Bank of Romania annual average of the year when the income was made.

~~48~~  
Art. 57. (1) For income made by the taxpayers provided in Art. 2, paragraph (1) letters b) and c) and Art. 2-paragraph (2) the provisions of Chapter II shall apply adequately and this income is not cumulated for the purpose of taxation in Romania.

(2) The taxpayers provided in Art. 2, paragraph (2) who made income in Romania as show artists, such as actors, singers, sportsmen as well as the ones making income from intellectual property rights, a flat rate of 15% should be applied to the gross income, the tax being final. The tax withheld should be transferred to the state budget in the same day when is paid the income subject to taxation.

(3) The taxpayers provided in Art. 2 paragraph (1) letters b) and c) and in Art. 2., paragraph (2) shall appoint a Romanian resident fiscal representative to fulfill their obligations, while they are not in Romania.

(4) For the purpose of applying the provisions of the agreements as concerns the avoidance of double taxation, the income beneficiary should submit to the fiscal authorities in Romania the original of a fiscal residence certificate, issued by the fiscal authority in the residence country, certifying that he is a resident of that country and that the provisions of the agreement as concerns the avoidance of double taxation are applicable to him.

~~49~~  
Art. 58. (1) The provisions on the agreements on avoiding double taxation shall prevail over the provisions of this Ordinance.

(2) When the taxation rates of home legislation are more favorable than the ones provided in the agreements on avoiding double taxation, the more favorable rates should be applied.

## CHAPTER IV

## Rules for Informal Partnerships (That Are Not Legal Entities)

Art. 59. <sup>50</sup> (1) For the purpose of this law, the partners shall make written partnership agreements providing information on:

- a). the contracting parties;
- b). the purpose and head office of the partnership;
- c). the partners' contribution in terms of assets and rights;
- d). individual quota of the partnership's income (profit?) or loss;
- e). appointment of a partnership's representative accountable for the partnership's duties to public authorities;
- f). the provisions for the termination of partnership.

(2) A partnership agreement shall be registered at the tax authority with jurisdiction over the area where the head office is located within 15 days. When contracts do not include the data provided in paragraph (1), the tax authority may refuse its registration.

Art. 60. <sup>51</sup> Should partners be related up to the fourth degree included, every party shall provide evidence of contributing to income-making assets or interests they hold exclusive property or user rights to (?) (Literally, the Romanian text says: assets or rights they have exclusive property rights to). Natural persons with limited practice capability (skills) may also be partners (?) (Lit.: natural persons who acquired restricted capacity of exercise (?) may also be partners).

Art. 61. <sup>52</sup> Partnerships shall file annual income statements that will include distribution of net/loss income on each partner the format of which is determined by the Ministry of Finance at the competent tax authority by February 15 of the next year. *March*

Art. 62. <sup>53</sup> The annual net income (profit?) or annual net loss made by a partnership shall be distributed among partners proportional with their participation quota as provided in the partnership agreement.

Art. 63. <sup>54</sup> The partners' contributions under the partnership agreement shall not be considered partnership income.

Art. 64. <sup>55</sup> The provisions of this chapter are not applicable in the case of:

- a) the investment funds set up as informal partnership;
- b) the partnership set up between a natural person and a legal entity.

**CHAPTER V**  
**The Procedure of Income Aggregation,**  
**Income Tax Assessment and Payment, and Penalties**

*Section 1*

**Determining the Total Taxable Income** *and Treatment of losses.*

*56*  
 Art. 65. - (1) A taxpayer's total taxable income is a summation of separate net income categories provided in Art 4. letters a) ~~and b)~~, determined as provided in Chapter II herein, adding to which is the income made by a Romanian natural person abroad, after the deduction of loss carry-overs and personal allowances.

*57*  
 Art. 66 - (1) The annual loss from self-employment and agriculture, may be offset by the good performance (gains?) in income categories other than salaries or ~~pensions~~. The loss that can not be set off, within the same fiscal year, becomes a carry-over loss. *limitat*

(2) Losses made by Romanian natural persons abroad are offset by income of the same kind by separate country during the year or in the next five consecutive years.

*58*  
 Art. 67 - Loss carry-overs are subject to the following rules:

- a). the carry-over is chronological, in respect of how old the loss is, and is made within the next five years.
- b). the carry-over is a personal right which cannot be assigned;
- c). a loss that was carried over but not offset when the time of the carry-over was up is a final loss to the taxpayer.
- d) the offset of carry-over loss shall be made only from the income provided in Art. 4, letters a), c) ~~and d)~~.

*Section 2*

**Statement Duties**

*59*  
 Art. 68. (1) Taxpayers shall fill total income tax returns and make special statements which they shall file to the competent tax authority by March 31 of the next year.

(2) Special statements shall be made for every income category and every place of income making. ~~The special statement for agricultural income determined against income from~~ should be submitted to the tax authority latest by March 31<sup>st</sup> of the next year. \_ \_ \_

(3) Government approves the criteria for spreading the deadlines for filing total income tax returns and special statements, at the proposal of the Ministry of Finance.

(4) Taxpayers who make their income in salary ~~or pension~~ from one source only may not file special statements. Also, income that attracts final tax does not require special statements.

~~(5) Local Administration authorities will ensure elaboration and updating of fiscal records and agricultural register.~~

*as well as informal partnerships*  
 Art. 69 <sup>60</sup> (1) Taxpayers who start an activity during the fiscal year shall file a statement of income and expenditure estimates with the competent tax authority within 15 days of the start of the activity. Taxpayers whose income tax is withheld are excepted from the requirements of this paragraph.

(2) Taxpayers who cease to be Romanian residents shall file a statement of the taxable income made until they became non-residents with the competent tax authority.

Art. 70 <sup>61</sup> The statements ~~and returns~~ provided in Art. <sup>52</sup> 61 and Art. <sup>60</sup> 69 paragraph (1) are subject to the rules in force for statement-making and filing.

### Section 3

#### Income Tax Assessment

Art. 71 <sup>62</sup> - (1) The income tax liability is calculated by the tax authority which applies the taxation brackets for the taxable total income determined as provided herein to the total income statement filed by a taxpayer.

(2) The tax authority assesses the annual tax and issues a tax notice., within the time established every year by order of the Ministry of Finance

(3) The notice also specifies the gap or excess in annual tax which is arrived at by subtracting prepaid tax, tax withheld and external tax credits for every income category from the annual tax dues. The tax notice shall also state any prepaid tax for the current fiscal year.

(4) Should anything occur that may lead to an adjustment of the tax liabilities, another tax notice shall be sent by the tax authority.

### Section 4

#### Income Tax Payment

Art. 72 <sup>63</sup> - (1) Taxpayers who make their income from self-employment and assignment of property and user rights, ~~from agriculture and forestry~~ shall pay their tax liabilities in advance on the basis of the tax notice issued by the competent tax authority unless the tax is withheld.

(2) Advance payments shall be assessed by the competent tax authority on the basis of annual income estimates or of the income tax notice for the previous fiscal year. Should the final tax be determined after the expiry of the payment

deadlines provided in paragraph (3), the taxpayer shall make an advance payment equal to the tax for the fourth quarter, of the previous year.

(3) Advance payments shall be made ~~as follows:~~

~~a) in four quarter-year instalments, by the 15<sup>th</sup> of the third month of the quarter-year, for income from self-employment and assignment of property and user rights.~~

~~b) in two instalments; by the 15<sup>th</sup> of the last month of the third and fourth quarters, from income from agriculture;~~

~~c) within the five days the income was made but no later than 90 days from the date of felling license for forestry.~~

(4) The tax authority may assess ex-officio payments in any of the following cases:

a). when a taxpayer did not file the tax return for the outgoing fiscal year;

b). when a taxpayer does not keep the books of accounts, or the bookkeeping data are uncertain;

c). when a taxpayer did not provide income estimates.

(5) The tax authority may change an advance payment notice issued as provided in paragraph (1) and determine other advance payments either as a result of a subsequent inspection or of the availability of data on the taxpayer's activities.

(6) A taxpayer who supplies new income-making evidence may apply to the tax authority for another tax notice for advance payment in tax once a year only, during the second half of the year and only if the change of income is more than 20 per cent from the income level for which the advance payment in tax was set on the basis of the latest tax notice.

<sup>64</sup>  
~~Art. 73~~ (1) The balance due in tax according to the tax notice shall be paid within thirty days of notification, for amounts up to lei 1,000,000 and within 60 days in at most two monthly instalments for amounts exceeding 1,000,000 lei. ---

(2) When the tax notice shows the difference to be returned from state budget the amounts paid over shall be offset with duties not paid on time during the current fiscal year and the balance should be paid back within maximum 60 days from the date of assessment decision.



*Section 5*  
**Duties and Responsibilities of Fiscal Representatives and of the Income  
 Payers That Withhold Tax**

<sup>65</sup> Art. ~~74~~ - Income payers that withhold tax shall file a tax assessment and withholding statement with the competent tax authority within the period established by the Ministry of Finance.

<sup>66</sup> Art. ~~75~~ - Income payers that withhold tax are liable for the tax they must withhold and transfer to the budget, as provided in this Ordinance.

<sup>67</sup> Art. ~~76~~ - Income payers that withhold tax shall provide data to the competent tax authority on how the tax withheld from each income maker was assessed, as provided in the Ministry of Finance form. The data shall be provided by next March 31. For salaried income such data are included in the tax form and the laying down date is provided in Art. 26. Paragraph (3).

<sup>68</sup> Art. ~~77~~ - Fiscal representatives appointed as provided herein and the taxpayer are jointly liable for non-fulfillment of their income statement and tax payment obligations.

*Section 6*  
**Penalties**

<sup>69</sup> Art. ~~78~~ - (1) The following are offences unless their circumstances are such as to make them crimes punishable by the criminal law:

- a) non-compliance by the payers of salaries and incomes in the nature of salaries and by the pension payers of their obligations to fill and keep fiscal forms;
- b). failure to send the fiscal forms and the form provided in Art.76 to the competent tax authority by the deadline specified herein.

(2) The offences provided in paragraph (1) are punishable with fines that range from lei 10,000,000 to lei 50,000,000.

(3) To the provisions of this article should be added the stipulations of Law 32/1968 as concerns setting and punishing of offences and subsequent modifications, excepting Art.25-27.

## CHAPTER VI

## Final and Transitory Dispositions

<sup>70</sup>  
 Art. 79 - This Ordinance is effective as of January 1, 2000 and applies to income made as of that date.

Art. 80 (1) to determine income tax of the natural persons, the Ministry of Finance is entitled to have free access to all, information and data basis as concerns natural persons, hold by:

- control and local public administration authorities, public institutions or of public interest;
- public or private institutions managing population records or registering, in any way, contracts for facts, user rights, development of properties or the line;
- natural persons and legal entities holding custody or administering goods, user rights or amounts of money belonging to taxpayers or being in business with them.

(2) The access to data basis of the natural entities provide in paragraph (1) as permanent with the view to update the data basis of Ministry of Finance

(3) The other data and information related to taxpayers shall be supplied on request of Ministry of Finance and to subordinated units.

(4) According to paragraphs (2) and (3) al data received are subject to fiscal secret.

<sup>71</sup>  
 Art. 81 - (1) The following facilities enjoyed by natural persons and family associations are valid until their expiry subject to the conditions on which they were given:

a). income tax exemptions, as provided by regulatory acts on protection for massive lay-offs, for the personnel whose individual work contracts were terminated; provided that the individuals should continue to work for 2 more years after expiry of exemption period.

b). non-taxation of income made by tourist service providers in rural area, as specified in Art.3 letter j), of Government Emergency Ordinance 85/1997 on the taxation of natural persons' income made into Law No.246/1998.

(2) Losses recorded, within the exemption period, by the taxpayers who benefit by the provisions of paragraphs (1) should not be offset with the income made from other income categories and are not carried over, being irrevocable losses of the tax payers.

<sup>72</sup>  
 Art. 82. Informal partnerships, which started their activity prior to January 1, 2000, shall comply with the provisions of Art. 59, by February 1, 2000.

<sup>73</sup>  
 Art. 83. Advance payments for FY 2000 shall be assessed in respect of the tax for FY 1999.

~~75~~  
Art. 84 - Provisions of Art. 8, paragraph (3), (4) and (5) are applicable beginning from 2001.

~~76~~  
Art. 85 - The Fiscal Forms for 2000 fiscal year should be requested latest by January 31, 2000

~~77~~  
Art. 86 - Natural persons and informal partnerships that are loss-making by December 31, 1999 shall, in addition to the tax statement for FY 1999, file also a statement of the income estimated for FY 2000 so that advance payments may be assessed.

~~78~~  
Art. 87 - The income made before this law takes effect shall be taxed as provided by the legislation in effect at that time.

~~79~~  
Art. 88 - Stateless persons shall enjoy the same treatment as taxpayers for income made in Romania.

~~80~~  
Art. 89 - Tax as regulated herein shall be state budget income.

~~81~~  
Art. 90 - (1) When the Inventory Book is started on January 1, 2000, all assets and interests shall be included in the value recorded therein.  
(2) Depreciation is to be calculated only for the assets and interests that are acquired after this law becomes effective before January 1, 2000.

~~82~~  
Art. 91 - For the implementation of this Ordinance, normative acts for its application shall be passed as government decisions, within 90 days after publishing day of this Ordinance in the Official Gazette of Romania.

~~83~~  
Art. 92 - The promotion of legislative regulations on taxation of the natural persons income shall be made with the observance of the principles herein and only by special acts.

~~84~~  
Art. 93 - The legal provisions for the resolution of objections, appeals or complaints, for statement making and filing, the fiscal inspection and enforcement of claims, as well as those for tax evasion shall apply to the income tax, too.

~~85~~  
Art. 94 - (1) Subject to the performance of the new taxation of the income made by natural persons, Government - upon the proposal of the Ministry of Finance - may take action by December 31, 2000, to (better?) manage, apply and improve the technicalities of the system, leaving the tax rates provided herein unchanged.

(2) For the purpose of unitary implementation of this Ordinance, a Central Commission of the Taxes should be set up by M.O.F. and coordinated by the

Ministry of Finance - the members of the Commission are to be approved by Order of the Minister of finance

Art. 95 When this Ordinance takes effect, the following are repealed:

86 - Law No. 32/1991 on the tax on salaries, republished in the Official Gazette of Romania, Part I, No.185 dated August 12, 1996 modified and completed by the Government Ordinance No. 62/1997, Law No.57/1998 published in the Official Gazette of Romania, Part I, No.144 dated April 9, 1998 published in The Official Gazette of Romania, part I No.27 dated January 27/1998.

- Law No. 34/1994 regarding the tax on agricultural income, published in the Official Gazette of Romania part I, No. 140 dated June 2, 1994 modified by the Government ordinance No.27/1995 as concerns the modification and completion of some regulations regarding the tax on agricultural income and the local taxes and duties, republished in the Official Gazette of Romania, by the Law No. 114/1995, published in the official gazette of Romania, Part I, No. 282 dated December 5, 1995.

-The Government Emergency Ordinance No. 85/1997 regarding taxation of income made by natural persons, published in The Official Gazette of Romania Part I, No. 378 dated December 29, 1997, approved by Law No. 246/1998 published in the Official Gazette of Romania, Part I, No. 495 dated December 22, 1998

-provisions of Art. 7 as concerns taxation in Law No.3/1997 regarding the state social insurance pensions and social assistance, published in the official Gazette of Romania, Part i, No. 82 dated August 6, 1997 with the subsequent modification;

-provisions of Art. 11, paragraph (2) a concerns reduction of tax salaries from law No. 42/1990 concerning the honoring of martyr heroes and granting of some rights to the descendents the wounded ones as well as to the fighters for the victory of the revolution from December 1989, republished in the Official Gazette of Romania, Part I, No. 198 dated August 23, 1996 modified by the Government Emergency ordinance No.17/1999, published in the Official Gazette of Romania, Part I, No.102 dated March 10, 1999.

- provisions of Art. 6, paragraph (1) regarding the tax exemption on salary provided in Law- Decree No. 118/1990 regarding the granting of some rights to the persons persecuted for political reasons by the 6<sup>th</sup> of March 1945, as well as of those deported abroad or set up as prisoners, republished in the Official Gazette of Romania, Part I, No. 118 date March 18/1998, modified by Government Emergency Ordinance No. 9./1999 published in the Official Gazette of Romania, Part I, No. 70 dated February 22, 1999.

para (1)

- provisions of Art. 109 as regards reduction of tax on income from Law No.92/1992 for magistrature organizing republished in the Official Gazette of Romania, Part I, No. 259 dated September 1997;

- provisions of Art. 5 regarding taxes exemption from Law No, 103/1992 as concerns the exclusive right of religious cults to make cult object, published in the Official Gazette of Romania, Part I, No. 244 dated October 1, 1997;

- provisions concerning taxation of dividends incumbent natural persons from Governmental Ordinances No. 26/1995 regarding tax on dividends in The Official Gazette, Part I, No. 201 dated August 30, 1996, approved by Law No. 101/1996, published in Th Official Gazette of Romania, Part I, No. 270 dated November 21/1995;

- provision of Art. 2 regarding the tax exemption on salaries from Government Ordinances No. 28/1995 as regards granting of fiscal facilities for functioning of "American Investment fund" published in The Official Gazette of Romania, Part I, No. 196 dated August 29, 1995, approved by Law No. 98/1995, published in Th Official Gazette of Romania, Part, No. 257 dated November 8, 1995;

- provision of Art.9 letter c) as regards income tax reduction or exemption and of Art. 10 concerning income tax reduction from Law No. 80/1995 concerning the status of military, published in The Official Gazette of Romania, Part I, No. 155 dated July 20, 1995;

- provisions of Art. 63 of the houses Law No. 114/1996, republished in the official Gazette of Romania, Part I, No. 393 dated December 31, 1998;

- provisions of Art, 52, paragraph (3), of Law No. 145'1997 as regards the health social insurance, published in The Official Gazette of Romania, Part I, No. 178 dated July 31, 1997, modified and completed by Governmental Emergency Ordinance No. 30/1998, published in The Official Gazette of Romania, Part I, No. 421 dated November 6, 1998;

- provision of paragraph (4) of Art.23 from Governmental Ordinance No. 8/1997 regarding the stimulation of research development and innovation, published in The Official Gazette of Romania, Part I, No.14 dated January 31, 1997, approved by Law No. 95/1998, published in The Official Gazette of Romania, Part I, No.179 dated May 14, 1998;

- provisions of letter f) of Art.2 from The Governmental Ordinance No.63 /1997 as regards the establishment of some facilities for the development of rural tourism, published in The Official Gazette of Romania, Part I, No.226 dated August 30, 1997, approved by Law No.187/1998, published in The Official Gazette of Romania, Part I, No.394, dated October 16, 1998 ✓

-The Government Emergency Ordinance No. ~~64/1997~~ concerning the tax exemption as salaries and/or income made by foreign consultants from activities performed in Romania within some loan agreements, published in The Official Gazette of Romania, Part, No. 297 dated October 29, 1997; ✓

- provisions of Art 17 of Agriculture Law No. 89/1998 published in The Official Gazette of Romania, Part I, No. 170 dated April 30, 1998

PRIME MINISTER  
RADU VASILE

Signed also By  
Ministry of Finance  
Decebal Traian Remes

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- provision of Art 8, and 11, as regards the non-taxation of the amounts received as compensation payments, as well as the provisions of letter a) of Art 23 from the Government Ordinance No. 7/1998 regarding some measures and civil personnel that are to be applied during the restructuring of the large units, belonging to the Ministry of National Defense, published in the Official Gazette of Romania, Part I, No. 34 dated January 27, 1998;

- provisions of Art. 8 from the Governmental Ordinance No. <sup>116</sup>150/1998 regarding the setting up of the special regime for international sea transport activity, published in the Official Gazette of Romania, Part I, No.326 dated August 29, 1998; ~~1998~~

- provisions of Art. 9, paragraph (2) as regards expenses for investments, endowments and other utilities required for the setting up and association of the medical offices, from Governmental Ordinance no. 124/1998 regarding the organizing and functioning of the medical offices, published in the Official Gazette of Romania, Part I, No.328 dated August 29, 1998 modified and completed by the Governmental Emergency Ordinance No.312 dated June 30, 1999. *published in Official Gazette Part I no 312 (June 30, 1999) 116/1999*

- provisions of Art 27 as regards the lump-sum taxation system established subject to turnover for the income of natural persons and family associations from Law No. 133/1999 as concerns stimulating of the private entrepreneurs set up and develop small and medium size companies, published in the Official Gazette of Romania, Part I, No. 349, dated July 23, 1999.

- provision of Art.44 letter b) of the Government Ordinance No.102/1999 regarding the social protection and employment of handicap of people, published in the Official Gazette of Romania, Part I No. 310, dated June 30, 1999;

- provisions on taxation <sup>art 6</sup> of Ordinance No. 52/1999 regarding the insurance of an military frame work for the management of the products financed by the foreign loans contracted or guaranteed by state, unfavorable or non-refundable including the payment of Romanian specialists who perform their activity within the Project Management Units, published in the Official gazette of Romania, Part I no. 126 dated April <sup>29</sup> 1999;

<sup>186</sup>provisions of paragraph (1) and (3) of Art. 36 as concerns income tax exemption from the Governmental Emergency Ordinance No. 98/1999 regarding the social protection of those persons whose contracts will be terminated as result of the massive lay-offs, published in the Official Gazette of Romania, Part I, No. 303 dated June 29, 1999

provisions of Art. 7 <sup>para (1)</sup> as regards non-taxation of the amounts received as compensation payments, as well as the provisions of letter a) of Art 21 from the Governmental Emergency Ordinance No. 100/1999 regarding some measures for the social protection of the military and civil servants, that will be applied during the restructuring of the central management, headquarters, general inspectorates large units and belonging to the Ministry of Interior, published in the Official Gazette of Romania Part I, No. 309, Dated June 30, 1999- and any other contrary provisions.

*- other legal provisions  
Ordinance*