



**BIRIŞ·GORAN**  
Legal + Tax

# How NOT to increase taxes in 2009

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December 9, 2008

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## Labor market – reasonable social contributions

### STEP 1:

- Introduction of a maximum cap for calculation of social contributions (e.g. 5 average wages);
- Increase of the minimum legal wage (e.g. RON 1,000).

### STEP 2:

- Analysis of the budgetary impact of Step 1 (e.g. after 1-2 years);
- Decrease of the social contribution rates, based on the principle that the social contributions collected should ensure the functionality of the system without generating surpluses.





## Labor market - Anti-abuse measures

Aim to discourage abusive alternative payment methods (e.g. use of micro-companies, payments for IP rights, use of civil contracts)

- Definition of “dependent working relationship” in the Fiscal Code;
- Definition of civil contracts in the Fiscal Code;
- Introduction of transfer pricing between payers of profit tax and micro-companies;
- Unification of the taxable basis for all social contributions.





## Holding legislation

- Introduction into the Fiscal Code of the “holding” concept;
- Corporate tax exemption for dividend income, irrespective of the source;
- Definition of capital gains in the Fiscal Code;
- Specific rules for taxation of capital gains derived from sale of participations; participation exemptions.





## Repatriation of income. New-declared income

INCOME TAX AND PROFIT TAX - lower taxation rate (e.g. 5% in the first **six** months, 10% in the following months) for:

- Repatriated income (from off-shore accounts and/or companies);
- New-declared income (realized from commercial activities rendered without registration).

### VAT

- uniform definition of the “economic activities” in all titles of the Fiscal Code, in line with the Commercial legislation;
- Setting up of a .....





## Real estate market

- Calculation of gain from sale of assets, with reference to an adjusted entry value, excluding any subsequent revaluations;
- Introduction of the VAT simplification measures for taxable supplies of immovable property.

