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REPORT

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
Subject:	Code of Conduct Group (Business Taxation) - Report to the Council = Approval

Romania's reduction of the corporate income tax due (RO009)¹

1. Background

In its notification, Romania raised that in the context created by the COVID-19 virus, in 2020 it has introduced some tax measures to support taxpayers who pay corporate income tax². The measures have been beneficial for the business environment, given that fighting the COVID-19 pandemic caused financial difficulties for most economic operators, who suffered a severe lack of funds.

¹ OUG 33/2020 and OUG 99/2020.

Ordonanța de urgență a Guvernului Nr. 33/2020 privind unele măsuri fiscale și modificarea unor acte normative, cu modificările și completările ulterioare, *publicată în Monitorul Oficial al României, Partea I, nr. 260 din 30 martie 2020;*

Ordonanța de urgență a Guvernului nr. 99/2020 , *PUBLICATĂ ÎN: MONITORUL OFICIAL NR. 551 din 25 iunie 2020.*

² Or tax on the income of microenterprises, as well as the specific tax paid by the taxpayers who carry out activity in the HORECA field: hotels, restaurants, cafes.

Two types of measures can be distinguished, one of them is RO009: Reductions of the corporate income tax due.

2. Summary of the measure

1) The measure (RO009) consists in a **reduction of the corporate income tax calculated**³ for:

- Large taxpayers:
 - 5% of the CIT owed / or CIT pre-payments in the Q1 2020 made by the due date; and
 - 10% of the CIT owed / or CIT pre-payments in the Q2 and Q3 2020 made by the due date.
- Other taxpayers, including microenterprises: 10% of the CIT owed/ or CIT pre-payments in Q1, Q2 and Q3 2020 made by the due date.

2) The measure applied:

- generally, to all taxpayers subject to corporate tax [or a substitute tax]; and
- temporary, only in respect of the tax liabilities for Q1 to Q3 of 2020.

3) In light of its general application, the **measure RO009 would fall outside the scope** of the Code of Conduct. In addition, it is not applicable any more.

3. Follow-up

The COCG agreed that measure RO009 falls outside the scope of the Code of Conduct.

³ And tax on the income of microenterprises.