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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 exemption from payment of the tax for the taxpayers carrying out specific activities in the HORECA¹ sector² (RO010)

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 tax³. The measures

¹ Tax specific to certain activities who carry out activity in the hospitality field: hotels, restaurants, cafes (HORECA), for the period during which they totally or partially interrupted their activity throughout the declared state of emergency.

² OUG 48/2020, OUG 99/2020, and OUG 181/2020

Ordonanța de urgență a Guvernului Nr. 48/2020 privind unele măsuri financiar-fiscale, cu modificările și completările ulterioare, *publicată în Monitorul Oficial al României, Partea I, nr. 319 din 16 aprilie 2020*

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

Ordonanța de urgență a Guvernului nr. 181/2020, *PUBLICATĂ ÎN: MONITORUL OFICIAL NR. 988 din 26 octombrie 2020*

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.

Two types of measures can be distinguished, one of them is RO010: Exemption from payment of the tax for the taxpayers carrying out specific activities in the HORECA sector.

2. Summary of the measure

1) Such measure was introduced to address the fact that hotels, restaurants, cafes were constrained to interrupt totally or partly their activity because of the state of alert.

2) The exemption for the payment of the tax covers, through the adoption of subsequent acts, almost the entire period of 2020.

3) Such measure applied:

- specifically to the HORECA⁴ sector, given the necessity to suspend the business activity due to the state of alert; and
- temporary, as the tax exemption applied only until the end of 2020.

4) In light of their specific application, to a determined business sector, this **measure would fall within the scope of the Code of Conduct.**

5) Moreover, the measure **would pass the gateway criterion** because it provide for an exemption from HORECA tax (a substitute tax for CIT to which businesses in HORECA sector are subject) in comparison to the level of taxation which generally applies in Romania.

6) This measure, which **falls within the scope** of the Code of Conduct, **does not need to be assessed, as it is no longer in force.**

³ 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.

⁴ Hotels, restaurants, cafes.

7) Moreover, the measure only applied:

- i. to specific and determined taxpayers (sector of activity) with the aim of addressing the difficult economic situation that this particular sector suffered during the COVID-19 crisis and
- ii. temporary, covering only 2020.

3. Follow-up

The COCG agreed that such measure falls within the scope of the Code of Conduct, but does not need to be assessed because it is not in force anymore.
