



**STATE AID**  
**Funding opportunities**  
Budapest, February, 2021

# The Romanian tax system

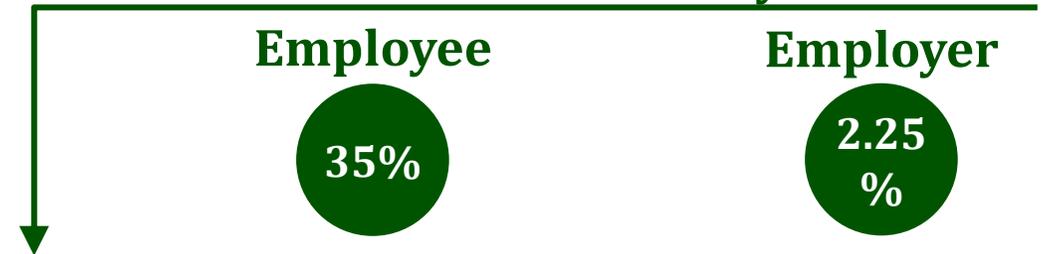
## VAT



- 9% - foodstuffs, pharmaceutical products, water supplies, some agricultural supplies
- 5% - hotel accommodation, restaurants & catering services

## Tax System

## Social Security



## Personal Income Tax



## Reinvested Profit tax



## Corporate Tax\*



## Dividend Tax Rate



Dividends are distributed to shareholders each trimester based on interim financial statements and annually

## IT&C - 0 % income tax for employees

- BA - 6 technical specializations available
- Employee is hired on a software engineer/programmer/software analyst position
- Annual revenue per exempted employee must be over USD 10,000

## R&D - 0 % income tax for employees

Deduction of R&D eligible expenses:

- depreciation of R&D equipment, salaries for R&D personnel; 50% of these expenses can be deducted from the taxable income

\* from taxable profit

# STATE AID GOVERNMENT MANAGING THE COVID-19 PANDEMIC

- Sustainable and responsible measures supporting all economic sectors.
- Among the most important measures with fiscal impact:
  - ✓ supporting small and medium enterprises, by launching the programme SME INVEST ROMANIA;
  - ✓ extending the payment term for the building tax, the land tax, respectively the tax on means of transport for 3 months;
  - ✓ no interest and late payment penalties for the fiscal obligations due during the state of emergency and for another 30 days from its termination;
  - ✓ bonus for companies that pay profit tax or income tax on micro-enterprises;
  - ✓ technical unemployment benefit for the period of suspension of the employment contract;
  - ✓ allowance for authorized individuals or other professionals who do not have the quality of employers and interrupt their activity;
  - ✓ postponement of VAT customs duties on imports of medicines, protective equipment, other medical devices or equipment and medical devices that may be used in the prevention, limitation, treatment and control of COVID-19;
  - ✓ extending the VAT refund with subsequent control, in order to make available to taxpayers the money that the state owed, so as to support their business during this period;
  - ✓ bonuses for corporate taxpayers who have paid the tax due for the first quarter of 2020 until the due date of April 25, 2020 included.

# MAIN STATE AID SCHEMES

**G.D. no. 332/2014**

## **INCENTIVISING INVESTMENT**

**with major impact on the economy  
(investment in tangible and intangible assets)**

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## **SUPPORT FOR INVESTMENT**

**promoting regional development by creating jobs**

**G.D. no. 807/2014**

# CURRENT MAP OF INTENSITIES (2014-2020)

## Intensity

percentage of financing from eligible  
expenditure incurred within a project

- 10 % Bucharest
- 35 % Western Region and Ilfov
- 50% Other Regions



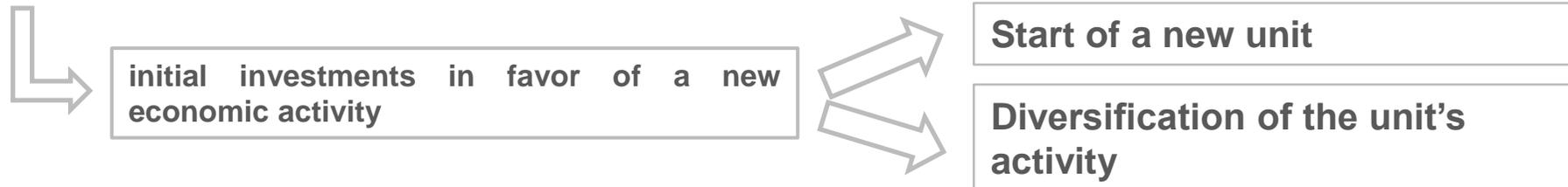
# REFORM OF THE STATE AID SCHEMES

## Revision of the Government Decisions:

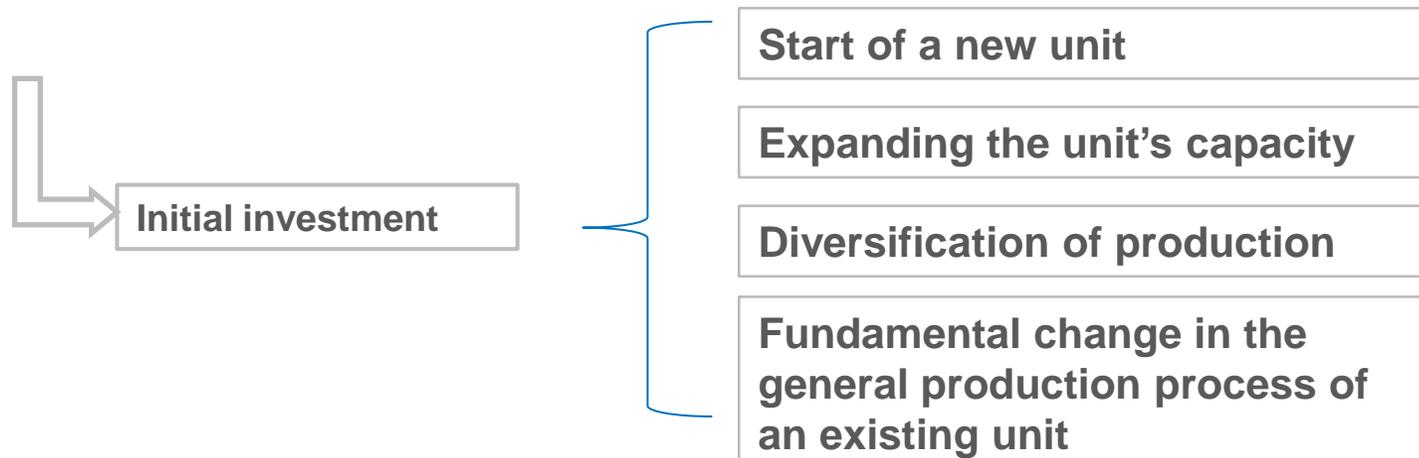
- No. 807/2014 on the establishment of certain State aid schemes to stimulate investments with major impact on the economy &
- No. 332/2014 on the establishment of a State aid scheme to support investments that promotes regional development by creating jobs

The investment should be considered initial investment, respectively initial investment in favor of a new economic activity as follows:

- For enterprises located in Bucharest or Ilfov County



- For the enterprises in other regions



# OTHER ELIGIBILITY CRITERIA AND REQUIREMENTS FOR ENTERPRISES AND INVESTMENTS

Operating enterprises	Newly incorporated enterprises
✓ They are established in accordance with the Companies law no. 31/1990	
✓ They have not benefited of other regional State aid for eligible costs of the type of salary costs within the same single investment project	
✓ The total value of an investment project must be of at least 4.5 million Lei (aproxi. 1 mil. euro) for the revised GD no. 807/2014 and creating at least 100 jobs for the revised GD no. 332/2014	
✓ They prove the economic efficiency and the viability of the investment project (for revised GD no. 807/2014) & tangible and intangible assets related to the investment must be new as well as to be viable and determine the economic efficiency of the enterprise, according to the business plan (for the revised GD no. 332/2014)	
✓ They generate contribution to the regional development , by payment of taxes and charges to the State consolidated budget;	
✓ They must generate a multiplier effect quantifiable in the economy by engaging other related investments and developing local suppliers of goods and services;	
✓ Their turnover profitability is bigger than zero in one of the last three financial years ended	✓ shared capital subscribed and paid-up of at least 100,000 Lei (for revised GD no. 807/2014) and ≥30.000 LEI (for revised GD no. 332/2014)
✓ Equity > 0	✓ they do not belong to shareholders which hold or have held in the last 2 years prior to the date of registration of the request for financing agreement another enterprise which performs or has performed the activity for which they request financing.

# PROCEDURE FOR AWARDING OF STATE AID

Interested enterprises send the application to the Ministry of Finance

↓ Sending applications is a continuous exercise

The applications are analyzed by order of registration

↓ The applications for financing agreements are solved when the documents are complete by:

Financing agreements

Letter of rejection

Draft financing agreement

For applications that do not fit in the allocated budget, but meet all the eligibility criteria and conditions

↓ They are approved in the order in which they were issued, after supplementing the budget allocated to the scheme



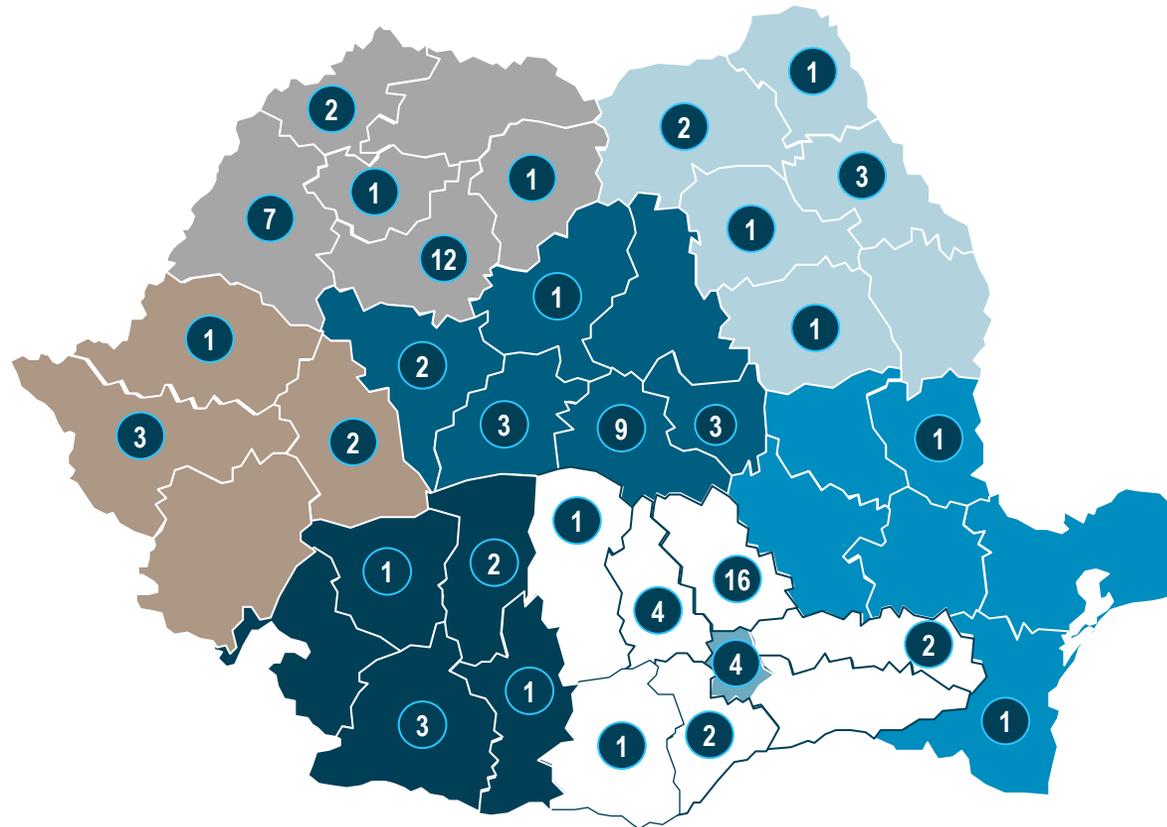
# OBLIGATION TO MAINTAIN INVESTMENT

The enterprise shall be required to maintain the initial investment in state of operation for a period of at least 5 years as of the date of completion. Otherwise, the financing agreement is revoked and the state aid paid by MoF is recovered entirely.

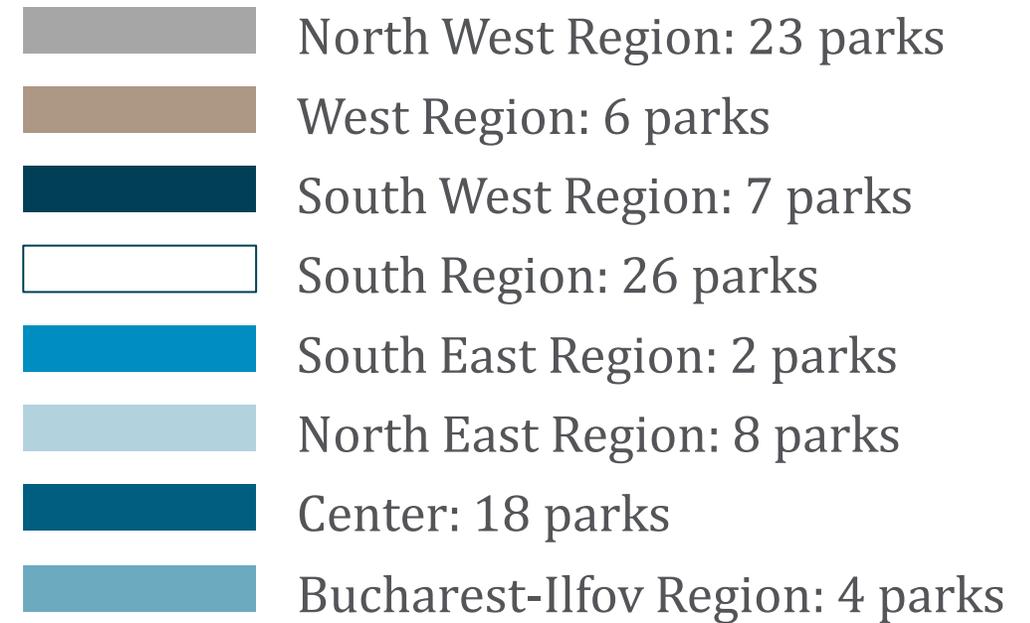
For the revised GD no.807: At the request of the enterprise, submitted until 31.12.2021, the mandatory minimum maintenance period can be extended by up to a maximum of 2 years.

For the revised GD no.332: If a job has not been held for more than 6 consecutive months, the job is considered not to have been maintained.

# Industrial Parks



## Status at regional level (June, 2020)



(Source: Ministry for the Public Works, Development and Administration)

- 94 industrial parks spread across Romania - both private and public ownership, totaled 3280 ha
- Access to utilities & benefits packages according to their focus
- Exemption on land, building and urban planning taxes

# Key facts for top tech oriented industries in Romania (2019)

## INDUSTRY SIZE

## KEY PLAYERS

## KEY PROJECTS

### AUTOMOTIVE



30 B €



- **Continental** EUR 175M investment in 2017
- **Daimler** EUR 250M in 2018 investment for gear boxes
- **Ford** EUR 200M investment for production of new model

### IT&C



4.5 B €



- **Siemens** software dev. worked on the Mars Rover
- **Deutsche Bank** EUR 40M investment
- LiveRail was acquired by **Facebook** for EUR 600M

### AEROSPACE



626 M €



- **Premium Aerotec** EUR 100M investment
- **Sonaca** EUR 100M investment
- **Airbus Helicopters** EUR 15M investment
- **UAC Europe** 100M investment



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