

Romania transposes regulations for EU VAT “quick fixes” and hybrid tax mismatches

Through the passage of Ordinance 6/2020 that entered into force on 3 February 2020, Romania implemented two important EU laws in field of VAT and direct taxation. The Ordinance was published in Romania's Official Gazette no. 72 on 31 January 2020.

VAT “quick fixes”

The Ordinance implemented EU-mandated simplifications to VAT on EU goods in cross-border transactions. Specifically, these VAT quick fixes include:

- Justification of VAT exemption for intra-Community supplies of goods by the introduction of the VAT identification number (already provided by the Tax Code) and the listing requirement (the EC Sales and Purchases List, Form 390)
- Standardised and harmonised rules regarding documentary proof of intra-Community transport, which is required for the goods to be VAT exempt;
- Simplification of successive transactions (i.e. chain supplies) to enhance legal certainty by establishing uniform criteria for determining the VAT treatment applicable when an intermediary operator is responsible for arranging the transport of the goods. As a general rule, the supply made to the intermediary operator is considered VAT exempt and a local supply in the member state where the goods arrive;
- Call-off stock transactions where the relevant rules are aligned at the EU level in order to ensure reciprocity between all EU member states. The transfer of goods in another EU member state as a call-off stock will be regarded as a VAT non-transfer at the moment of dispatch, which will require VAT registration in the destination member state. The transaction will be reported as an intra-Community supply or acquisition when the client receives the goods. Note that for this regime to apply, certain conditions must be met.

Hybrid tax mismatches

The Ordinance also implements Council Directive 2017/952/EU amending Directive (EU) 2016/1164 regarding hybrid mismatches with third countries.

In broad terms, this amends the Romanian Tax Code for operating with hybrid transactions or hybrid entities by:

- Introducing new categories of corporate income taxpayers (e.g. entities established in other states that are considered transparent for tax purposes); and
- Providing specific definitions (e.g. an associated entity) or introducing new concepts, such as hybrid tax mismatches, double deduction, deductions without inclusion, double inclusion-income or structured agreements.

For more information on this Ordinance and how to best comply, contact CMS experts [Roxana Popel](#) and [Andrei Tercu](#).