

CMS România: Tax debt restructuring and cancellation of accessory tax liabilities still available

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The debt restructuring measures are aimed at legal entity taxpayers with outstanding tax liabilities as of 31 December 2020. Measures for the cancellation of accessory liabilities include interest and late payment penalties and other accessory liabilities pertaining to principal tax liabilities outstanding as of 31 March 2020.

Debt restructuring

Through this measure, the government is attempting to help financially burdened taxpayers avoid insolvency.

Debt restructuring measures are applicable for outstanding tax liabilities to the state budget as of 31 December 2020 as evidenced by enforceable tax decisions issued by the tax authority. The measures also apply to tax liabilities assessed by taxpayers or by the tax authority after 1 January 2021, relating to the periods until 31 December 2020 and tax liabilities for the period 21 March and 31 December 2020.

Taxpayers can benefit from one or more debt restructuring measures, including delayed settlement of both the principal and accessory liabilities, transfer of real estate to the state in compensation of the stated debts or annulment of up to 50% of outstanding tax liabilities.

In order to apply for debt-restructuring measures, the taxpayer must observe a number of conditions including: possessing a restructuring plan and a prudent private-creditor test prepared by an independent expert; fulfilling all tax declarative obligations to date; ensuring that all tax liabilities due starting 1 January 2021 are paid; and the taxpayer cannot be under insolvency procedure.

Taxpayers interested in benefitting from this measure must notify the competent tax authority in writing by 31 March 2021 and submit the request for debt restructuring by 30 June 2021. In addition, taxpayers that already submitted requests for debt restructuring during previous extensions of the deadline can update their initial restructuring plan by including outstanding tax liabilities as of 31 December 2020.

Cancellation of accessory liabilities

A second tax-relief measure consists of the annulment of interest, late payment penalties and other accessory liabilities related to principal tax liabilities outstanding as at 31 March 2020. Although initially in place until 15 December 2020, this measure has been prolonged until 31 March 2021.

Before submitting the cancellation request, taxpayers must cumulatively fulfil certain conditions, such as full settlement of the outstanding principal tax liabilities pertaining to periods until 31 March 2020. Also, tax compliance filings should be up-to date and any tax liabilities arising after 1 April 2020, either principal or accessory, should be settled in full before submitting the cancellation request.

The request for cancellation of the accessory liabilities must be submitted by 31 March 2021. In certain cases, taxpayers should notify the tax authority on their intention to benefit from this tax amnesty, prior to submitting the cancellation request.

*For more information on these measures, contact your regular CMS partner or local CMS experts **Roxana Popel, Andrei Tercu and Ramona Tudor.***