

## CMS: Romania changes the conditions for submission of ultimate beneficial owner statement

**On 27 April 2021, Law no 101/2021 approving and amending Government Emergency Ordinance no. 111/2020 was published in the Romanian Official Gazette, amending Law no 129/2019 on money laundering and terrorist financing and other specific legislation. Law 101/2020 came into force on 30 April 2021.**

### **Reinstatement of the annual UBO statement**

One of the most important amendments provided by Law 101/2020 is the reinstatement of the previous obligation to submit the ultimate beneficial owner (UBO) statement annually. This provision was contained in the initial version of Law 129/2019, but was subsequently repealed. It has now been reintroduced in Law 101/2020.

As a result, companies are obliged to submit the UBO statement in the following cases: on incorporation, annually, or whenever a modification of the company's ultimate beneficial owner occurs.

Also, for companies that are already incorporated the obligation to submit the UBO statement within 12 months as of the date when Law 129/2019 entered into force was preserved. Thus, due to the pandemic situation the UBO statement for existing companies must be submitted a maximum of 90 days as of the date the current state of alert ends.

However, given that the obligation to submit the annual UBO statement has been reinstated, existing companies will be obliged to submit the annual statement, irrespective of the abovementioned delay of the term.

Law 101/2020 does not change the form of the UBO statement or the submission procedure to the Trade Registry.

The annual UBO statement, as executed by the legal representative of the company, containing the identification information of the ultimate beneficial owner, and the ways that control over the company is conducted, must be submitted with the Trade Registry within 15 days as of the approval of the annual financial statements. The deadline for submitting the 2021 financial statements (including the approval of the financial statements) is the end of May. Hence, the annual UBO statement for 2021 needs be submitted by mid-May at the latest.

If a change regarding the identification data of the ultimate beneficiary occurs, the UBO statement must be submitted to the Trade Registry within 15 days as of the date when this change happened.

Non-compliance with these obligations will result in a fine of between RON 5,000 and RON 10,000 (EUR 1,000 and EUR 2,000) and repeated non-compliance for more than 30 days after the sanction is imposed can result in the dissolution of the company.

### **Repealing certain exceptions from the submission of the UBO statement**

Another major amendment brought about by Law 101/2020 refers to repealing the exemptions for the submission of UBO statements by companies completely owned by natural persons if they are the only ultimate beneficial owners. Companies completely owned by natural persons will also have to comply with the requirements for submission of the UBO statement.

Reintroducing this obligation for the companies fully owned by natural persons will lead to an increased number of companies that must submit the UBO statement to the Romanian Trade Registry.

*For more information on this law, contact your regular CMS advisor or local CMS experts: **Rodica Manea** and **Elena Andrei**.*