

CERHA HEMPEL

Legal Alert

State of Emergency in Romania III

Legislative Measures Applied During the State of Emergency, in the Context of COVID-19 Outbreak

In the context of the crisis generated by COVID-19 outbreak, the Romanian authorities have taken further measures, several enactments and amendments to existing laws being adopted in this respect:

- Government Emergency Ordinance no. 32/2020 amending GEO 30/2020, with main implication in the social protection area ("GEO 32/2020");
- Government Emergency Ordinance no. 33/2020 regarding certain fiscal measures with main implication in the economic and fiscal-budgetary area ("GEO 33/2020");
- Government Emergency Ordinance no. 37/2020 regarding financial and banking measures, which introduces certain facilities for loans granted by credit institutions and non-banking financial institutions to certain categories of debtors ("GEO 37/2020");

In addition to the measures recently presented in the first and second issue of our newsletter, under such enactments, the Romanian authorities adopted, among other, also the following:

Economic and Social Measures:

1. measures in relation to employees, such as:

- the simplifying of the formalities and eliminating some conditions required for employers to access the technical unemployment indemnification (in Romanian: *indemnizatia de somaj tehnic*):
 - removing of the percentage limit for employees for which the indemnification can be accessed;
 - removing of the requirement to hold a certificate of emergency situations and replacing such with the requirement to issue only an

affidavit regarding the reduction or temporarily interruption of the activity as a direct or indirect effect of the COVID-19 crisis;

- shortening of the timeframe in which the indemnification becomes available to 15 days from submitting the documentation;
 - obligation of the employer to pay the indemnification to the employees within 3 days as of receiving the amounts from the state.
- the exemption of professional activities from the free circulation prohibition, by extending the meaning of such professional activities also to: (i) movement for professional purposes, to more than one places of professional activity; (ii) movement for rendering agricultural activities; (iii) movement of farmers for the sale of agri-food products.
- ##### **2. measures in relation to small and medium enterprises (SMEs) with regard to supplier and other type contracts, such as:**
- the clarification that the Emergency Situation Certificate will certify (i) the reduction of the income or of the revenues with at least 25%; and (ii) the reduction or temporarily interruption of the activity as a direct or indirect effect of the authorities' decisions during the emergency state, based on the affidavit of the applicant;

3. measures regarding financing:

- the suspension for up to 9 months of the obligation to pay the due instalments related to the loans (capital rates, interest and commissions) granted to the borrowers such as natural person (authorized natural persons included), individual and family enterprises, liberal professions, provided that:
 - no arrears exist at the date of the establishment of the state of emergency in the territory of Romania or the respective arrears were paid until the date of requesting the suspension of the payment obligation;



- the incomes of the debtors requesting such facility have been directly or indirectly affected by the serious situation generated by the COVID-19 pandemic; and
- the request of such facility is submitted by the debtor no later than 45 days as of the entry into force of GEO 37/2020.
- the application of a 0% interest rate to the interest accrued during the suspension of the loan facilities with an attached immovable mortgage (in Romanian: *credit ipotecar*) and the payment by the debtor of the respective interest in 60 equal monthly instalments, starting with the month immediately following the end of the deferral period.
- the possibility to renew the documents expired during the state of emergency, within a 90-day term as of the ceasing of the state of emergency.
- the exemption from the temporary suspension of trade activity within shopping centres of: (i) the sale of electronic and home appliances provided that the delivery at the end-customer's home / office is ensured; and (ii) the sale of medical optics products and services;
- the capping of the prices for electricity and heat, gas, water supply, sanitation and fuels to the existing level as of March 30, 2020 for the duration of the state of emergency;
- the regulation of two types of Emergency Situation Certificates ("ESC") for entities affected by COVID-19 pandemic, as follows, whereas an applicant is entitled to only one ESC type:
 - type 1 ESC (BLUE) – issued based on an affidavit (in the template provided by law) attesting the total or partial interruption of the activity, as an effect of the decisions issued by the competent state authorities, during the state of emergency period.
 - type 2 ESC (YELLOW) – issued based on an affidavit (in the template provided by law) attesting the decrease of the incomes or revenues by at least 25% in comparison to the average income of January and February 2020.

Fiscal-budgetary and Other Measures in Relation to Authorities:

- the granting of a bonification to the payers of tax on earnings (in Romanian: *taxa pe profit*) on their profits due for the first quarter of 2020, as follows: (i) 5% for large taxpayers, (ii) 10% for medium-sized taxpayers, and (iii) 15% for other taxpayers), provided the income tax is paid by April 25, 2020;
- the granting of a 10% bonification to micro-enterprises (i.e. companies which, among others, employ up to ten employees and obtain a net turnover below EUR 2 million), provided the income tax is paid by April 25, 2020.
- the exemption from VAT payment for imports of certain products, mainly healthcare related products which can be used in the prevention, limitation, treatment and control of COVID-19, starting with March 16, 2020 until 30 days after the ceasing of the state of emergency;

For more information

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