

The main accounting regulations in Romania

In recent years, the Romanian Accounting System has seen continuous changes designed to improve, simplify and increase the accuracy of accounting transactions by aligning Romanian accounting regulations to European Union standards.

The main normative act governing the accounting system is Accounting Law 82/1991. This law has been continuously amended since first being issued through various orders of the Ministry of Public Finance (MoPF) aimed at aligning Romanian accounting standards with European Union Directives and International Accounting Standards. The first such order was Order 94/1991 regarding the approval of accounting regulations in compliance with the 4th Directive of the European Community and International Accounting Standards. A further order, Order 1752/2005 was subsequently repealed by Order 3055/2009 regarding the approval of accounting regulations in compliance with the 4th EU Directive (for standalone financial statements) and 7th EU Directive (for consolidated financial statements).

In terms of the administration of expert accountants and chartered accountants Government Ordinance 65/1994 as further amended applies.

Which entities apply accounting regulations

- Regie autonomes
- National companies
- Commercial companies
- National Research and Development Institutions
- Public Institutions
- Cooperative enterprises
- Associations and other legal entities
- Individuals carrying out income generating activities in accordance with the provisions of Government Emergency Ordinance 44/2008 concerning the activity of freelancers, as amended through enactment of Government Emergency Ordinance 46/2011
- Subsidiaries or branches registered abroad by Romanian legal entities
- Permanent establishment in Romania of foreign legal entities

Types of Accounting

The above mentioned legal entities must establish and conduct double entry accounting, whereas individuals who obtain income must conduct single entry accounting and maintain a Journal Ledger for collections and payments as well as an Inventory Ledger.

Legal entities that registered a turnover and total assets of below the equivalent of EUR 35,000 during the previous financial year may opt for the simplified accounting system.

Responsibility for accounting

Special sets of rules are applied to the accounting systems of credit and other financial institutions, publicly owned companies, insurance companies, pension funds and state institutions.

Legal entities must keep accounting records via distinct, specialised departments managed by the business director or administrator (holder of a university degree) and the chief accountant, or by outsourcing these services to an accounting company. If the legal entity's activity does not require the creation of a specialised accounting department, authorised legal entities or expert or chartered accountants may also keep and sign accounting records.

The responsibility for accounting records rests with the legal entity's director/administrator or any other person responsible for the management of the legal entity. Where the accounting is performed by accounting companies or expert or chartered accountants, these legal entities/individuals will be responsible for the accounting in accordance with legal the contractual provisions.

Main accounting reports: format, language, currency

Accounting reports must be prepared on a monthly basis or when certain tax returns occur, in the Romanian language, in a certain format and in the Romanian currency (RON).

Accounting transactions in foreign currencies must be recorded both in RON and foreign currencies. For managerial purposes, accounting operations can be documented in any currency, without constituting a basis for statutory reporting.

The following reports and documentation apply for bookkeeping purposes:

- On a daily basis:
 - Petty cash register is to be maintained including petty cash payments and collections during the day
 - Transactions are to be carried out in the accounting system on a daily basis and in chronological order

- On a monthly basis:
 - Trial balance
 - Sale and purchase ledgers
 - Journal ledger (registru jurnal)
 - General ledger (cartea mare)
 - VAT return
 - Payroll statement and returns
 - VIES statement (if applicable)
 - Intrastat statement (if applicable)

- On a quarterly basis:
 - Corporate income tax computation
 - VAT return (if the legal entity opts for quarterly submission of VAT returns)

Main accounting reports: format, language, currency

- On a biannual basis:
 - Abridged (simplified) financial statements prepared in accordance with MoPF Order 3055
 - biannual VAT statement of local transactions (for VAT purposes)
- On an annual basis:
 - Financial statements prepared in accordance with MoPF Order 3055, submitted to the Tax Authorities (including auditor's report, if applicable) within 15 days after the annual General Shareholders Meeting that is to be held within 5 months of the previous financial year-end (4 months for listed companies)
 - Inventory journal for accounts (registru inventar)
 - Corporate income tax return
 - Employee fiscal statements (fișe fiscale)
 - Annual fiscal statements regarding the withholding tax return in respect of revenues paid to non-residents, due by end of February for the next year
 - Annual statement regarding computation and withholding of taxes corresponding to non-salary revenues paid to Romanian individuals

Accounting ledgers

- Journal Ledger – a record of all the legal entity's operations in chronological order
- Inventory Ledger – a record of all immovable and movable assets
- General Ledger – a summary of the company's accounts

Fiscal Ledger a record of corporate income tax computation

These ledgers must be stored for 10 years in the archives of the aforementioned legal entities (in certain cases for 5 years).

The role of these ledgers is to allow for the identification and verification of accounting operations.

Main tax returns, accounting reports and due dates

As of 1 July 2011, tax returns can be digitally signed and submitted electronically to the relevant authorities. The individual or representative of the accounting company preparing the tax returns must be empowered by the administrator of the legal entity to obtain the digital signature.

Monthly, by 25th of the following month:

1. VAT return
2. Payroll statement and salary returns
3. Intrastate statement
4. VIES statement (if applicable)

Main tax returns, accounting reports and due dates

Quarterly, by 25th of the month following the corresponding quarter:

1. Corporate Income Tax return
2. VAT return (if the legal entity qualifies and has opted for quarterly submission of VAT returns)

Biannually, by 15 August

1. Simplified financial statements prepared in accordance with MoPF Order 3055
2. Biannual VAT statement of local transactions for VAT purposes.

Annually

By 25 January

1. Turnover statement for VAT purposes

By 28 February

1. Annual fiscal statement regarding the withholding tax return in the case of revenues paid to non-residents
2. Employee fiscal statements (fișe fiscale)
3. Annual Statement regarding the computation and withholding of taxes corresponding to non-salary revenues paid to Romanian individuals (for certain incomes the deadline is 30 June of the following financial year)

By 25 March

Corporate Income Tax return for the previous year-end

By 31 May

1. Annual financial statements prepared in accordance with MoPF Order 3055 for the previous year-end submitted to the Trade Registry (including auditor's report if applicable). For listed companies, the deadline is end of April of the next financial year.

For specific activities there are special tax statements with different deadlines:

1. Constraint declaration for local tax purposes – deadline: 30 days from acquisition/valuation date or every time changes to the legal entity's data occur
2. Excises statement – monthly
3. Withholding tax statement – monthly

Financial Statements

Financial statements (FS) are prepared twice yearly, in June and December, and are subject to annual approval by the General Shareholders' Meeting. They also constitute a basis for annual dividend distribution.

Based on certain criteria, all Romanian legal entities must prepare either a full or an abridged (simplified) set of FS.

The criteria for the different types of FS are:

- Turnover: minimum EUR 7.3 million
- Total assets at year-end: minimum EUR 3.65 million
- Average number of employees for the period: minimum 50

If a legal entity fulfils at least two of the three above criteria for two consecutive years (current and previous year), or is a listed legal entity, it is required to prepare a full set of FS. Those do not will prepare an abridged (simplified) set of FS.

A full set of FS under MoPF Order 3055 comprises the following:

- Balance Sheet
- Income Statement
- Statement of Changes in Equity
- Cash Flow Statement
- Explanatory Notes

An administrator report must be completed in addition to the annual financial statements.

An abridged (simplified) set of FS comprises:

- Abridged Balance Sheet
- Income Statement
- Explanatory Notes on the simplified FS

Legal entities falling below the size criteria may choose to prepare cash flow statements and statements of changes in equity.

Consolidated Financial Statements

Consolidated FS are prepared in addition to the individual financial statements by each group of entities in accordance with MoPF Order 3055.

The requirements to prepare consolidated FS applies listed legal entities where two out of three of the criteria indicated below are met based on the latest annual FS:

- Turnover: minimum EUR 35.04 million
- Total assets at year-end: minimum EUR 17.52 million
- Average number of employees for the period: minimum 250

In the event the group required to prepare consolidated FS is part of a larger group, either in Romania or another EU member state, an exemption will be made from the obligation to draw up consolidated FS provided there is a minimum 90% shareholding in this group and the minority shareholders agree not to prepare consolidated financial statements.

Consolidated financial statements must be accompanied by the Administrator's Report and the Auditors' Report.

Simplified Accounting System

With effect from 31 December 2011, according to MoPF Order 2239/June 2011 legal entities may opt for the simplified accounting system provided they meet two conditions:

- Turnover for the financial year is below EUR 35,000
- Total assets as of 31 December 2011 are below EUR 35,000

The legal entities exempted from application of the simplified accounting system are:

- listed legal entities
- legal entities that are members of a group in Romania and subject to consolidated financial statements
- national and state-owned companies, national institutes
- Regie autonomes
- Legal entities regulated by the CNVM (National Securities Commission), CSA (Insurance Supervisory Commission), CSSPP (Private Pension System Supervisory Commission) and BNR (National Bank of Romania)

Legal entities that have opted for the simplified accounting system use a simplified chart of accounts and simplified accounting regulations. The simplified financial statements are comprised only of the simplified balance sheet and simplified income statement.

IFRS Financial Statements

Ministry of Public Finance orders 907/2005 and 1121/2006 require credit institutions and public interest entities to prepare annual financial statements in accordance with the International Financial Reporting Standards (IFRS) as of the year ending 31 December 2006, in addition to the statutory financial statements. Further, the National Bank of Romania requires credit institutions to issue standalone FS for the years 2009, 2010 and 2011 by restatement of the statutory financial statements.

From 2012 on, in accordance with National Bank of Romania Order 9/2010, the IFRS financial statements will become the only accounting system used by credit institutions.

CECCAR

The Body of Expert and Chartered Accountants in Romania, CECCAR, is a professional organisation operating on a national level that includes chartered and expert accountants with responsibilities related to the accounting profession in Romania.

The responsibilities of chartered and expert accountants:

Chartered Accountants:

- To keep accounting records of economic and financial transactions
- To perform the preliminary work in the preparation of financial statements

Expert accountants:

- To draft, check and certify financial statements
- To perform financial analysis, draft financial reports and evaluate a legal entity's assets and liabilities
- To perform accounting verifications
- To perform any other related accounting activity of a financial, fiscal or administrative nature