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**REPORT**

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| From: | General Secretariat of the Council |
| To: | Permanent Representatives Committee |
| Subject: | Code of Conduct Group (Business Taxation)<br>- Report to the Council<br>= Approval |

**Romania's exemption from payment of the tax specific to certain activities for the taxpayers in the field of HORECA (RO012)**

**I. Background**

1. Romania notified one measure in the 2021 Standstill notification exercise, which is a COVID-19 related measure: RO012 - Exemption from payment of the tax specific to certain activities for the taxpayers in the field of HORECA[1].

2. RO012 is the prolongation of a measure notified in the 2020 Standstill exercise, measure RO010 [2] (see WK 1526/2021 in annex).

[1] HORECA tax: tax specific to certain activities for the taxpayers required to pay the specific tax in accordance with
Law no. 170/2016 on the tax specific to certain activities who carry out activity in the hospitality field: hotels,
restaurants, cafes (HORECA). Ndlr: **HORECA tax** is a substitute for corporate tax for taxpayers in the restaurant,
hotel, catering sector.

[2] RO exemption from payment of the tax for the taxpayers carrying out specific activities in the HORECA sector.

3. As in the previous notification, the Romanian authorities stress that in the context created by the COVID-19 virus, Romania introduced certain tax measures for the year 2021 to support taxpayers who carry out activities in the hospitality field: hotels, restaurants, cafes (HORECA). The regimes have been beneficial for the business environment given that the measures for fighting the COVID-19 pandemic have caused financial difficulties for most economic operators.

4. The exemption from payment of the HORECA tax applied for the period during which such taxpayers totally or partially interrupted their business activity throughout the state of alert. It started in 2020 and was progressively prolonged until the end of June 2021[3]. The measure does not apply any more.

## II. Conclusion

5. The measure RO012 at stake is in fact a prolongation of the measure RO010 notified in the 2020 Standstill exercise.

6. The prolongation of the exemption from the specific Horeca tax for the first six months in 2021 is a direct consequence of the total or partial interruption of business activity for the taxpayers concerned. Thus, the measure only applied to a business sector that was particularly affected during the CoVID-19 crisis and is not in force any more.

7. In 2021, the Group agreed that the measure RO010 did not need to be assessed[4].

8. The reasons underpinning the Group's decision in 2021 regarding measure RO010 remain valid. It therefore remains the Commission Services' view that – although the measure RO012 falls within the scope of the Code of Conduct - it does not need to be assessed, as it was a temporary measure to support the Horeca sector during the interruption of business activity in the COVID-19 crisis and it is not in force any more.

[3] By way of Emergency ordinance 226/2020 for : a period of 90 days calculated from 1 January 2021; and then by way of Emergency ordinance 19/2021 for a period of 90 days calculated from 1 April 2021.

O.U.G nr. 226/2020 regarding some fiscal-budgetary measures and for the modification and completion of some normative acts and the extension of some terms, published in the Official Gazette of Romania, Part I, no. 1332 of December 31, 2020; and

O.U.G. nr. 19/2021 regarding some fiscal measures, as well as for the modification and completion of some normative acts in the fiscal field, published in the Official Gazette of Romania, Part I, no. 315 of March 29, 2021.

[4] Report to Council ST 9341/2021

## III. Follow-up

9. The COCG agreed that this measure does not need to be assessed.