

Employers' Confederation Alliance to attack ordinance on lump tax under contentious procedure

In brief

The Romanian Employers' Confederation Alliance will attack under contentious procedure the emergency ordinance that introduces the lump sum tax applied to companies, said Laurențiu Plosceanu, co-chairman of the alliance and president of the association of construction contractors.

The decision was taken unanimously in the general meeting of the Romanian Employers' Confederation Alliance (ACPR) held Tuesday, at the proposal of the National Council for Private Small and Medium Enterprises in Romania (CNIPMMR), said Plosceanu.

He mentioned that the proposal reflected the disagreement of the alliance members against the provisions of the ordinance and its negative impact on the business environment.

Plosceanu is also President of the Romanian Association of Construction Entrepreneurs (ARACO), member of the ACPR.

The government approved an emergency ordinance on Saturday, which provides that, as of 1 May, the companies will pay, a minimum annual tax of between 2,200 lei (around 500 euros), if they have a total income of up to 52,000 lei, and 43,000 lei (about 10,000 euros) for an income of more than 129 million lei.

The companies that register profits will continue to pay a tax of 16%, but not less than the minimum limit of the income range they fall into.

Thus, companies that, on the date of 31 December, register incomes between 52,001 and 215,000 lei will pay a minimum annual tax of 4,300 lei (about 1,000 euros), while those with incomes of up to 430,000 lei (about 100,000 euros) will pay at least 6,500 lei annually.

A minimum annual tax of 8,600 lei (about 2,000 euros) will be due on income between 430,001 and 4.3 million lei (one million euros), while the companies with incomes above this range, but less than 21.5 million lei (5 million euros), will pay at least 11,000 lei (2,500 euros).

The companies whose annual income falls between 21.5 million and 129 million lei (30 million euros) will pay a tax on profit of at least 22,000 lei (5,000 euros).

The Government estimates it will collect 350 million lei this year by introducing the lump tax applied to companies.

ACPR is headed by businessman George Constantin Păunescu and includes nine employers' confederations representative at national level, including ARACO, CNIPMMR, the General Union of Romanian Industrialists - UGIR or the Romanian Employers' Confederation of Industry, Services and Commerce (CPISC) and several associate members, such as Romanian Association of Banks (ARB). On Tuesday, the number of members of the alliance was increased with the National Union of Employers with Private Capital in Romania (UNPCPR) and the "Concordia" Employers' Confederation.