

# Tax & Legal Alert

ROMANIA 14 August 2007

## Grants to support investments made by small and medium-sized enterprises

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Order No. 586/2007 ("the Order") has approved the procedure for implementing the National Multi-Annual Programme for 2002 – 2009 to support investments made by newly incorporated enterprises and micro-companies. Small and medium-sized enterprises ("SMEs") may also benefit from the Programme for investments in modernisation and retooling.

### The objectives of the Programme

- To support investments made by newly incorporated enterprises and small and medium-sized enterprises ("SMEs") operating in certain industries (e.g. textile and leather industry, manufacturing wood, chemicals, paper, electrical equipment, automotive industry, etc.);
- Increase activity and competitiveness of SMEs.

### Eligible beneficiaries

The Order enumerates the following cumulative conditions to be eligible:

- observance of the definition provided by Law No. 346/ 2004 regarding the stimulation of SMEs set-up and development;
- perform activities in Romania;
- share capital is 100% private;
- payment in due time of all tax liabilities to the state budget, special budgets and local budgets;
- no outstanding debts;

- not be undergoing bankruptcy or liquidation proceedings;
- an annual turnover of up to the equivalent in RON of EUR 50 million or total assets of up to the equivalent in RON of EUR 43 million;
- an average number of employees of up to 249;
- having obtained at least 12 points in the evaluation of the pre-selection form;
- fulfilment of the conditions stipulated by the bank's crediting norms for obtaining the related credit;
- no difficulties as defined by the terms of the European Commission Instructions on State aid for the recovery and reorganisation of the enterprises in difficulty.

The Order also defines the terms of newly incorporated enterprise, micro-company, small sized enterprise and medium sized enterprise.

### Programme implementation

The Programme is to be administered by the Ministry for SMEs, Commerce, Tourism and Liberal Professions ("the Ministry") and carried out through credit institutions which will be published at [www.animmc.ro](http://www.animmc.ro).

### Available funds and conditions of the Programme

The Programme allocates:

- grants:
  - up to EUR 10,000 for newly incorporated enterprises and

- micro - companies, but not exceeding 60% of the value of the investment project;
- up to EUR 50,000 for existing SMEs, but not exceeding 60% of the value of the investment project.
- financing credit:
  - granted by credit institutions for a minimum of 25% of the value of the investment project.

The eligible beneficiary has to contribute at least 15% of the value of the investment project, in cash.

#### **Eligible investments**

Grants can be used for purchasing new tangible and non-tangible assets e.g. industrial buildings, machinery and equipment (including related software), means of transport for goods, patents, licences. Grants cannot be allocated for construction, enlargement or modernisation of industrial buildings.

#### **Restrictions**

- grants are not allocated for purchasing second-hand machinery, equipment or means of transport of goods;
- expenses incurred (including invoices issued) before concluding the credit and granting contract with one of the authorised credit institutions are not eligible;
- for any eligible payment, the three financing sources (i.e., minimum 15% own funds, minimum 25% bank credit and maximum 60% grant) should be used proportionally;
- an enterprise can only benefit from this Programme once.

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