

Tax & Legal Alert

ROMANIA 24 August 2007

Amendments to the Accounting Law

Contacts:

Peter de Ruiters
Partner
E-mail: Peter.deRuiters@ro.pwc.com

Mihaela Mitroi
Partner
E-mail: Mihaela.Mitroi@ro.pwc.com

Ionut Simion
Partner
E-mail: Ionut.Simion@ro.pwc.com

PricewaterhouseCoopers Romania
Opera Center
1-5 Costache Negri Street
5th District, Bucharest
Tel: + 40212028500

This Tax & Legal Alert is produced by
PricewaterhouseCoopers' tax department

Law No. 259/2007, amending and clarifying Accounting Law No. 82/1991, has been published.

Main changes:

- The National Bank of Romania and the Surveillance Commission of Private Pension System are authorised to issue the norms and accounting regulations applicable to non-banking financial institutions, to the Bank Deposit Guarantee Fund and to entities authorised and regulated by the Surveillance Commission of Private Pension System.
- The valuation of monetary items in foreign currency, as well as in local currency but settled based on a foreign exchange rate must be performed in accordance with accounting regulations.
- The revaluation of assets and liabilities as a result of restructuring must be performed in accordance with accounting regulations. In general, such revaluations should be performed by certified evaluators.
- The rule under which the smaller companies (annual turnover < 50,000 EUR) are not required to have a separate accounting department or externalisation of accounting services has been abolished.
- Share premiums can be used to offset accounting losses carried forward.
- The Minister of Economy and Finance can establish by Order the compulsory accounting registers and the supporting documents to be archived for five years, by exception to the general rule of ten / fifty years.
- Branches / consolidated subsidiaries / subsidiaries of the subsidiaries of non-banking financial institutions, insurance-reinsurance and reinsurance companies, and private pension companies are included in the entities which cannot have a financial year different from the calendar year.
- The law introduces the requirement for parent companies to prepare consolidated financial statements as required by accounting regulations.
- Consolidated financial statements must be accompanied by a written statement from the parent company's administrator stating their responsibility and confirming the following:
 - the accounting policies used when preparing the consolidated financial statements are in accordance with accounting regulations;
 - the annual financial statements reflect accurately the financial position and performance, and the other information at the group level.
- The members of the administrative, management and supervisory boards must ensure that both the financial statements and the consolidated financial statements, as well as the related administrator's reports, are prepared and published in compliance with the applicable legislation.

Tax & Legal Alert

ROMANIA .24. August 2007

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2007 PricewaterhouseCoopers Romania. All rights reserved. "PricewaterhouseCoopers" refers to the Romanian firm of PricewaterhouseCoopers or, as the context requires, the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

- The consolidated financial statements must be concluded within eight months after the end of the parent company's financial year.
- The following entities are required to have their financial statements audited:
 - entities for which this requirement is provided under specific legislation;
 - entities defined as companies of public interest (e.g. credit institutions, non-banking financial institutions, insurance, insurance-reinsurance companies and reinsurance companies, companies listed on a regulated market, state-owned companies, companies from groups for which the parent company submits consolidated financial statements;
- The period for which the annual financial statements must be archived has been reduced to 10 years.
- The due dates for concluding the annual financial statements are the following:
 - 150 days for economic operators, state-owned companies; independent public corporations ("regii autonome"); research and development institutions;
 - 120 days for public institutions, associations, freelancers and non-profit companies.
- The due dates for submitting the financial statements are the following:
 - 150 days for state-owned companies; independent public corporations ("regii autonome"); research and development institutions
 - 120 days for public institutions, associations, freelancers and non-profit companies.
- Companies must submit an annual report, the content of which is established by order of the Minister of Finance and Economy. This annual report must be submitted within 150 days after the end of the financial year, together with proof that the company has submitted the annual financial statements to the Commercial Register.

[Source: Official Gazette no. 506 of 27 July 2007]

For more information, please contact Peter de Ruiter, Mihaela Mitroi or Ionut Simion.

