



PRIME **ADVISORY**
NETWORK

COUNTRY REPORT ROMANIA



**YOUR WEEKLY REPORT
ON BUSINESS OPPORTUNITIES
ACROSS THE GLOBE**
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Prime Advisory Network Ltd of London



Prime Advisory Network is an international and highly professional network, made up of expert accountants, auditors and lawyers qualified to provide a complete consultancy service to companies and groups operating in several fields.

Thanks to a completely innovative communication technology for the management of the client, Prime Advisory Network represents the first “digital” global network of the accountant offices in the world.

Professionals can cooperate worldwide with each other in an integrated way, by managing their clients all over the world and expanding their services and of course growing the number of their customers.

ROMANIA IN A NUTSHELL

Tourism

Romania's territory features splendid mountains, beautiful rolling hills, fertile plains and numerous rivers and lakes.

The Carpathian Mountains traverse the centre of the country. Forests cover over one quarter of the country and the fauna is one of the richest in Europe including bears, deer, lynx, chamois and wolves.

The legendary Danube River ends its eight-country journey at the Black Sea, after forming one of the largest and most biodiverse wetlands in the world, the Danube Delta. (romaniaturism.com)

Politics

Romania is a semi-presidential democracy based on a bicameral Parliament: the Chamber of Representatives or "Chamber of Deputies" and the Senate.

All members of the legislature are directly elected from Romania's 41 counties.

Legal system: Based on European models and Constitution of 1991.

Demographics

19,334,000 (October 2016)

About 89.4% of the people of Romania are ethnic Romanians, whose language, Romanian, is an Eastern Romance language, descended from Latin with some Bulgarian, Serbian, German, Greek, Hungarian and Turkish borrowings. Romanians are by far the most numerous group of speakers of an Eastern Romance language today.

GENERAL INFORMATION

Romania is a sovereign state located in Southeastern Europe. It borders the Black Sea, Bulgaria, Ukraine, Hungary, Serbia, and Moldova. It has an area of 238,397 square kilometers.

With almost 20 million inhabitants, the country is the seventh most populous member state of the European Union. Its capital and largest city, Bucharest, is the sixth-largest city in the EU.

It has been a member of NATO since 2004, and part of the European Union since 2007. Most of the population is Eastern Orthodox Christians.



ECONOMIC OVERVIEW

Romania, as part of the European Union single market, is a fast developing, with a very high Human Development Index and a skilled labor force. It's ranked as 16th largest in the European Union by total nominal GDP and the 13th largest based on purchasing power parity.

Romania is the largest electronics producer in Central and Eastern Europe. Electronics manufacturing and research are among the main drivers of innovation and economic growth in the country. In the past 20 years Romania has also grown into a major center for mobile technology, information security, and related hardware research Dacia automobiles.

The country is rich in iron ore, oil, salt, uranium, nickel, copper and natural gas and is a regional leader in multiple fields, such as IT and motor vehicle production. Bucharest, the capital city, is one of the largest financial and industrial centers in Eastern Europe.

The **top 10 exports** of Romania are vehicles, machinery, chemical goods, electronic products, electrical equipment, pharmaceuticals, transport equipment, basic metals, food products, and rubber and plastics.

For many centuries Romania's economy was based on agriculture. In the 1930s Romania was one of the main European producers of wheat, corn and meats and it used to be called "the bread basket of Europe." In the 1950s the communist leader of Romania, Gheorghe Gheorghiu Dej, began developing heavy industry. The employees of the agriculture field are the one-third of the workforce.

THE ROMANIAN TAX SYSTEM

Romanian employers are required to withhold tax at source on salaries paid to employees on their payroll and to pay such tax to the Romanian government on a monthly basis.

Romanian residents who derive rental income in foreign currency, self-employment income, capital gains from sale of securities or income from intellectual property rights must file an annual tax return by 25 May of each year for the previous year.

Individuals who receive taxable remuneration from a non-Romanian payroll are taxed from the moment of their arrival in Romania irrespective of the assignment duration in Romania, unless they can claim protection under the relevant tax treaty.

Tax on profits

Tax on profits applies at a rate of 16%. In the case of bars, nightclubs, casinos and sports betting will be applied a 5% as a tax rate.

As regards the representative offices of foreign companies, they will pay the taxes equal to the fixed sum for the tax year in euros. In general, the current exchange rate is communicated by the National Bank of Romania and is valid on the tax payment date.

The following companies have to pay tax on profits:

- Romanian companies
- foreign companies having offices in Romania
- foreign companies receiving revenue from real estate transactions or from shares of a Romanian company
- physical residents associated to Romanian legal persons when income is received in Romania as well as from abroad in associations without legal personalities
- legal persons having an office in Romania in accordance with European laws.

The following are exempt from tax on profits:

- State institutions involved in a particular activity
- micro-enterprises
- religious organizations
- teaching institutions and professionals
- owners associations
- guarantee funds in bank deposits, for economic activities limited to € 15,000 per year or 10% of total exempt income.

Tax on dividends

- Tax on dividends is levied at source at a rate of 16% on dividends paid by a Romanian company to another. For an accomplished two years period, till the dividends' payment date, tax does not apply to dividends paid by a legal person to another if the beneficiary has at least 10% of the other legal person's equity securities.

VAT

- Value added tax (VAT) applies at a standard rate of 24% in Romania. It is reduced to 9% for some good and services and to 5% on the sale of buildings under certain conditions.

INVEST IN ROMANIA

Strong Points:

- A large domestic market
- A skilled and inexpensive workforce
- It's a member of the European Union

Weak Points:

- Its infrastructure (highways, railroads, air)
- Allegations of corruption
- limited purchasing power

Government Measures to Motivate or Restrict FDI:

Romania actively seeks:

- Foreign direct investment and
- Has taken steps to strengthen tax administration,
- Enhance transparency,
- Create legal means to resolve contract disputes expeditiously.

Romania produces:

- Coal,
- Natural gas,
- Iron ore and petroleum

But actually most raw material for the country's large industrial capacity potential are imported.

Prominent industries include:

- Chemical (petrochemical, paints and varnishes),
- Metal processing,
- Machine manufacturing,
- Industrial and transport equipment,
- Textiles,
- Manufactured consumer goods,
- Lumbering and furniture.

39.2% of Romania's territory is arable land, 28% forests, 21% pastures, hayfields and orchards and 2.5% vineyards. Corn, wheat, vegetable oil seeds, vegetables, apples and grapes for wine are the main crops and sheep and pigs the main livestock. Forestry and fisheries are being developed under long-term programs. * romaniaturism.com

Investment Opportunities

Romania welcomes foreign investment, both direct and portfolio. The government provides national treatment for foreign investors. Romania's strategic location, membership in the European Union, well-educated workforce, competitive wages, and abundant natural resources make it a desirable location for firms seeking to access European, Central Asian and near East markets. U.S. investors have found opportunities in the information technology, energy, services, manufacturing, and consumer products sectors.

The distribution of foreign direct investment by sector shows a lead of the industrial sector (more than one-third of the total), with the metallurgy industry standing out.

Other sectors have attracted investors:

- Banking and insurance,
- Wholesale and retail,
- Energy,
- Construction
- Telecommunications.

The regions that attract the most foreign Investors:

- Bucharest (more than 60% of the total),
- The center of the country
- South of Romania.

Romania has numerous advantages. For example:

- The country has a strong industrial tradition,
- Very low cost of labor.

This has been the reason for the development of a significant industrial sector, particularly car making, but also services.

The right partners for you in Romania

Meet our members!

1. Studio Schiro & Partners S.r.l.

STUDIO SCHIRO & PARTNERS has been an independent “financial advisor” working for Italian enterprises in Italy and abroad since 2000. Its “mission” is to offer innovative solutions to enterprises, especially SMEs, acting as an independent and qualified partner.

The challenge for STUDIO SCHIRO & PARTNERS consists in the collaboration with entrepreneurs and/or managers of small and/or medium-sized enterprises during the decision-making processes aimed at defining the best strategic choices and/or the optimal financial paths, from the earliest steps up to glocal expansion, without excluding any possible option of business reorganization.

In its – brief – life, STUDIO SCHIRO & PARTNERS has also developed a proven track record in raising capital for the development of enterprises and SMEs, specializing in the organization and syndication of operations of extraordinary finance.

It also boasts expertise in the sponsoring of complex operations and in corporate restructuring through its international partners and the market of capitals. In periods of scarce liquidity and difficulty in obtaining steady or long-term financial means, the alternative provided by the venture capital or private equity as well as by the issuing of obligations can be discriminating for the life and growth of SMEs.

Since the beginning, STUDIO SCHIRO & PARTNERS has understood that a distinctive factor of success for the development of SMEs is the expansion of their horizons, not only in terms of markets, but also of the positioning of business in a territorial perspective going beyond national borders: in a word, “internationalization.”

This explains the focus on operating towards a specific close area providing several business opportunities, such as that of the Eastern-European markets, and especially the Balkans. This strategic approach has allowed for the development of international collaborations which generate development opportunities for Italian enterprises.

The right partners for you in Romania

Meet our members!

2. SCI Servici Contabile Internationale Srl

Company in Bucarest, Romania.

The company offers various services like:

- Company Formation
- Budget and social statements
- Individual fiscal position
- Accountancy
- Director- Secretary
- Opening bank account
- Permit of stay
- annual duties of the employer
- Processing payroll (for each paycheck processed)
- Consultancy (Legal, Fiscal, Tax, Employment)
- Indemnity and expenses (out of office on behalf of the client)
- Advisory e due diligence

Help us create a bigger community!

By joining Prime Advisory Network, you open to the world your own studio. It means choosing to operate globally. Without distinction of flag, religion or culture.

Together with accountants and lawyers from around the world can help create a more united world.

If you have colleagues interested to expand internationally, send us their contact details and we will explain them how Prime Advisory Network can be a powerful tool for their growth.

CONNECTED



Our Growth

Our network is growing rapidly. Coverage shown is from October 2017.



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