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Legal & Tax

Legal and Tax Highlights

for investing in

R O M A N I A

2019

Legal and Tax Highlights for investing in ROMANIA

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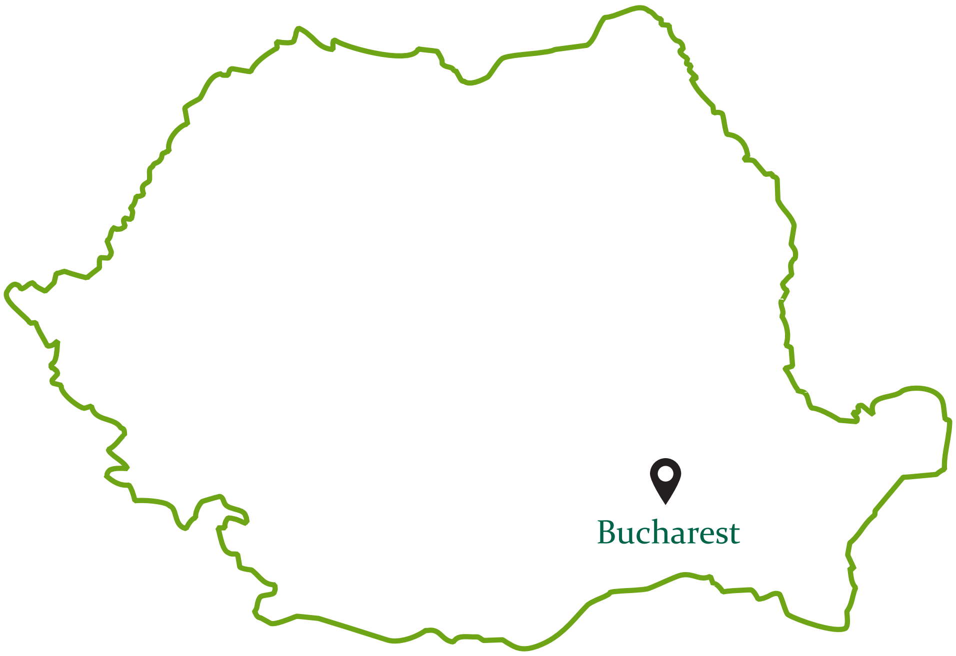
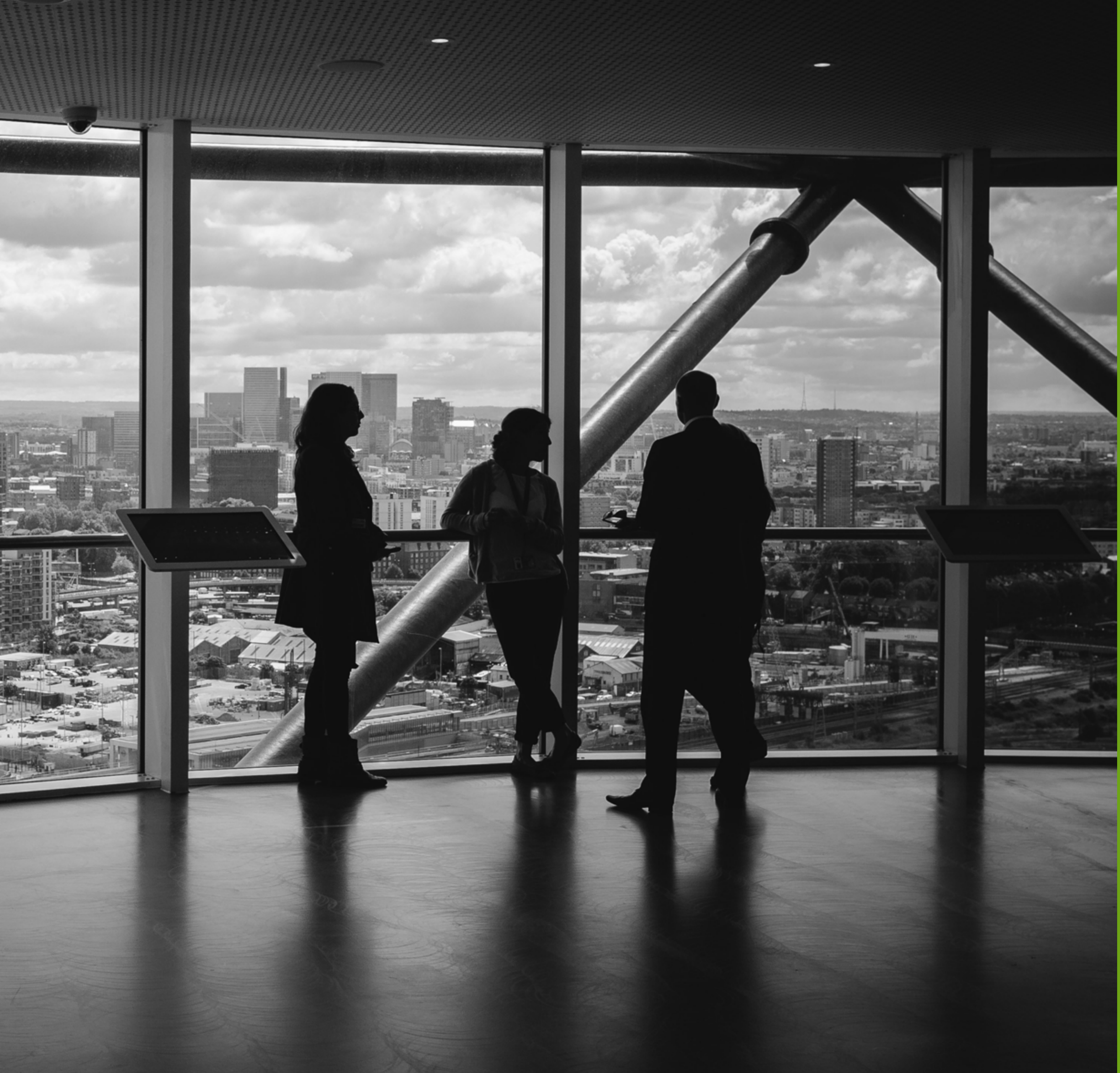


Key Facts:

- **Population: 19,5 million**
  (as of 1 January 2018) ** according to the Romanian National Institute of Statistics*
  (place in Europe by population: 9)
- **Size: 238,391 square kilometers**
  (approximatively the same size as the United Kingdom)
  (place in Europe by size: 12)
- **Geographic location:** South East Europe, bordering the Black Sea
- **Official language:** Romanian
  (a latin/romance language, such as French, Spanish, Italian or Portuguese)
- **Capital:** Bucharest
- **Major seaport:** Constanta
- **Regime:** Semi-presidential republic
- **EU membership:** EU member state since 2007
- **NATO membership:** NATO member since 2004
- **Climate:** Temperate continental
- **Standard Time:** GMT + 2 hours (East European Zone Time)
- **Legal system:** civil law system



Corporate

CHAPTER 1

If you, as foreign investor, are considering or have already decided to invest in Romania or to set up a business in this country, here you may find some general guidelines pertaining to corporate related matters that might be of help.

One of the most attractive alternative provided by the law and available for you, as foreign investor, is to set up a Romanian legal entity having its own legal personality. Among the five main types of company provided by the law (general partnerships, limited partnerships, limited partnerships by shares, limited liability companies and joint stock companies), the limited liability company and the joint stock company are the most common forms used in practice.

5 main types of companies

- General Partnerships
- Limited Partnerships
- Limited Partnerships by shares
- Limited Liability Companies
- Joint Stock Companies

The main difference is that the joint stock company requires more formalities to be fulfilled during the functioning of the company and certain corporate actions require closer monitoring by the corporate registry. On the other hand, due to this more elaborated regulatory framework and more restrictive conditions for functioning, the joint stock company is generally considered more trustful and sound but, in practice, many investors opt for limited liability company which tends to be more flexible and easy to manage.

The incorporation process and costs do not materially differ, noting however that the minimum share capital of a limited liability company is RON 200 (approx. EUR 40 / USD 50), while the minimum share capital of a joint stock company is RON 90,000 (approx. EUR 19,200 / USD 22,500). Contributions in cash are mandatory when setting up companies of any kind.

In case you merely desire to not pursue the incorporation of a legal entity in Romania with legal personality, you have the option to incorporate a branch or representative office of your foreign company in Romania. Both forms will act in the name and on behalf of the parent company and they will contract with third parties from this position, but they will also require registration formalities similar with the ones mentioned below (the representative office will be registered Minister of Economy and not the Trade Registry).

	Limited Liability Company	Joint Stock Company
SHAREHOLDER STRUCTURE	***Minimum one (1) shareholder, maximum 50 shareholders.*** *In case of a limited liability company with sole shareholder, the following restrictions apply:* • *a company or an individual cannot be a sole shareholder in more than one limited liability company;* • *a limited liability company cannot have as sole shareholder another limited liability company which, at its turn, is controlled by a sole shareholder.*	***Minimum two (2) shareholders required without a limitation on maximum number. Joint stock company may be also constituted via public subscription.***
SHARE CAPITAL AND SHARES	***Minimum share capital: RON 200*** *(shall be entirely paid upon the moment of incorporation of the company).*	***Minimum share capital: RON 90,000*** *(at least 30% of the subscribed share capital shall be paid at the moment of registration of the company).*
	Minimum value of shares: RON 10.	***Minimum value of shares: RON 0,1.***
	The limited liability company cannot issue shares represented by negotiated financial instruments.	*The shares of a joint stock company may be listed and therefore traded on regulated markets.*
	The shares issued by a limited liability companies cannot be bearer or preferential. The limited liability company cannot issue bonds.	*Joint stock companies may issue nominative shares, bearer shares or preferential shares. Joint stock companies may issue bonds (for increasing their funds).*

	Limited Liability Company	Joint Stock Company
TRANSFER OF SHARES	***Shares can be freely transferred between the shareholders.*** *Transfer of shares to third parties outside the company must be approved by the shareholders representing at least 3/4 of the share capital. Such transfer triggers a standstill period of 30-day for possible opposition from the company's creditors.*	*Unless provided otherwise in the Articles of Incorporation, shares are freely transferable between shareholders and to third parties in a straightforward approach (registration with the shareholders register held by the company).*
LIABILITY	***Liability of shareholders of limited liability companies derived from the normal course of business conducted by a company is limited to their contribution to the share capital of the respective company.*** ***Main cases for piercing the corporate veil:*** • *The shareholders which make abuse of its limited liability and of the distinct legal personality of the company, to the fraud of creditors shall be liable for the unpaid debts of the dissoluted or liquidated company.* • *The shareholders who contributed to the insolvency of the company under certain circumstances provided by the legislation in the insolvency field.* • *In certain cases provided by the fiscal regulations where the shareholders are jointly liable with the company (e.g. the shareholder provoked the insolvability of the company)*	***Liability of the shareholders in joint stock companies is limited to the contribution to the share capital.*** ***Main cases for piercing the corporate veil:*** • *The shareholders which make abuse of its limited liability and of the distinct legal personality of the company, to the fraud of creditors shall be liable for the unpaid debts of the dissoluted or liquidated company.* • *The shareholders who contributed to the insolvency of the company under certain circumstances provided by the legislation in the insolvency field.* • *In certain cases provided by the fiscal regulations where the shareholders are jointly liable with the company (e.g. the shareholder provoked the insolvability of the company)*

	Limited Liability Company	Joint Stock Company
LIABILITY	• *The shareholder who is deemed to have used the company in view of hiding a fraud, committing an abuse or breaching public order*	• *The shareholder who is deemed to have used the company in view of hiding a fraud, committing an abuse or breaching public order*
MANAGEMENT	***Limited liability company may be managed by one or several directors (Romanian:*** *administratori* ***).***	***Joint stock company may choose between two systems of management, namely: (i) unitary system composed out of Board of Directors and, if so decided, by a General Manager and (ii) two tier corporate system composed out of Directorate and Supervision Board.***
DIVIDENDS	*Dividends may be distributed after the approval of the annual financial statements of the company by its shareholders.* *However, the shareholders may decide to distribute them on quarterly basis based upon the interim financial statements*	*Dividends may be distributed after the approval of the annual financial statements of the company by its shareholders.* *However, the shareholders may decide to distribute them on quarterly basis based upon the interim financial statements*

When starting a company in Romania, irrespective of its form, certain steps need to be undertaken, as follows:

1. ***Deciding on the essential elements of the company*** – such as name, registered office, value of the share capital and the method of contribution, scope of business of the new company, persons involved in the functioning of the company: (i) shareholders, having decisional power in the company, (ii) directors, having as main duties to represent the company and to fulfil all necessary acts in order to accomplish the main scope of business of the company, by observing the shareholders' decisions and (iii) censors or auditors, responsible with checking the accounting and financial status of the company;

2. ***Reserving the name of the company with the Trade Registry – valid for 3 months;***

3. ***Preparing the file to be submitted with the relevant Trade Registry:***

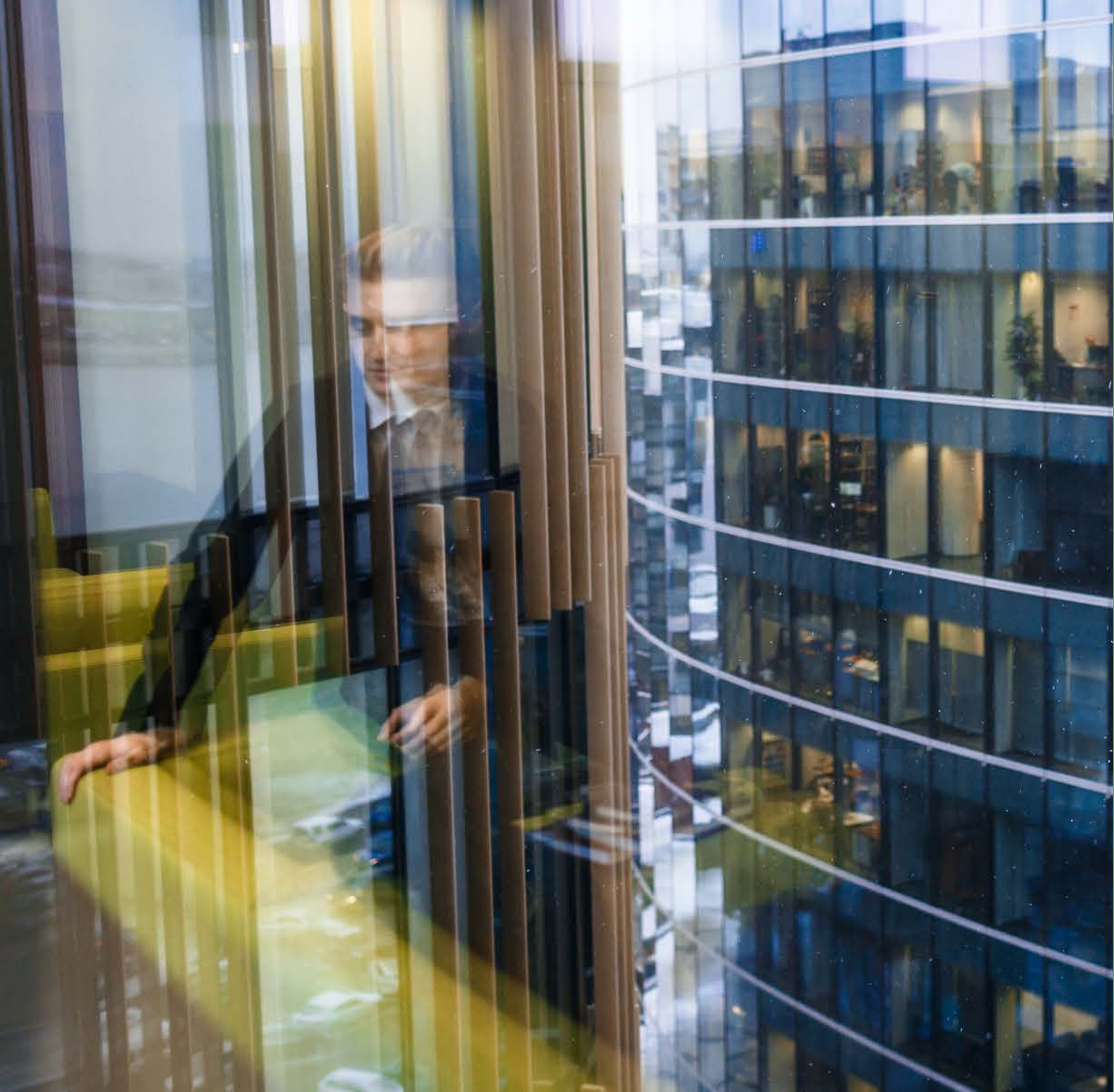
a. ***Preparing and signing the drafts of the required documents*** – constitutive act of the company, corporate resolution of the shareholders approving the establishment of the new company in Romania, certain statements of the shareholders and of the directors and signature samples for the directors, copies of IDs/passports and certificate of incorporation from the country of home jurisdiction of the shareholder legal persons or excerpts from the Secretary of State/Trade Registry/Chamber of Commerce (some of the documents shall be submitted in original form and for others the notarized and apostilled form is required, if issued abroad);

b. ***Performing the formalities for establishing the headquarters of the company*** – which implies the execution of an agreement which grants the company under process of establishment the right to use the location representing the company's registered headquarters; other documents may be required depending on the particularities of the situation;

4. ***Opening the bank account of the company*** – for depositing the relevant cash contributions by the shareholders; the evidence of the share capital transfer and bank account excerpts confirming the payment must be provided;

5. ***Submission of the registration file with the Trade Registry*** – consisting of the documents mentioned above;

6. ***Incorporation and registration of the company*** – the Trade Registry will analyze the submitted documents and it will issue a registration certificate within three (3) business days as of the submission of the file.



Employment/ Labor Law

2 CHAPTER

General overview

- Under the Romanian law, a natural person may perform work based on an individual employment agreement, such a contractual relationship being governed by the labor legislation. Following the conclusion of an individual employment agreement, the natural person, called employee, undertakes to perform work for and under the authority of an employer, natural or legal person, in return of a remuneration called salary.

- In comparison with the contractual relationship specific to the Civil Code, the employment relationship is characterized by certain limitations, restrictions and by a high protection set up by the legislator in favor of the employee.

Individual Employment Agreement

- Under the Romanian law, the individual employment agreement must be concluded in writing, based on the parties' consent, in Romanian language.

- The employers are required to register the individual employment agreement with the General Registry of Employees, which shall be submitted to the Territorial Labor Inspectorate having jurisdiction over the territory where the employer is headquartered, the day before the commencement date of the activity by the employee, at the latest.

- The law requires for the individual employment agreement to comprise the elements provided by the framework model. However, by negotiation between the parties, the individual employment agreement may also include specific clauses, according to the law.

- As a rule, the individual employment agreement is concluded for an indefinite term. Fixed-term individual employment agreement could be concluded as an exception and only in the cases expressly provided by the Labor Code.

- By reference to working time, the individual employment agreement can be concluded for a full time schedule or for a part-time schedule. A full time individual employment agreement corresponds to a schedule consisting in 8 working hours per day and 40 working hours per week while a part-time individual employment agreement corresponds to a schedule consisting in a number of working hours lower than the number of working hours of a similar full time individual employment agreement.

Collective Bargaining Agreement

- Under the Romanian law, a collective bargaining agreement may be concluded at different levels: company, group of companies and industry sectors.

- Collective bargaining agreements concluded at lower level cannot establish rights inferior to those set forth by collective bargaining agreements concluded at higher level.

- The collective bargaining agreement can be concluded for at least 12 months and for maximum 24 months. Still, the duration of the collective bargaining agreement may be extended once, with no more than 12 months.

- The collective bargaining agreement concluded at company level produces legal effects for all the company's employees, irrespective of their membership in a trade union.

- The law imposes the obligation to perform collective negotiation at unit level, except for the case where the employer has less than 21 employees, however, the legislation does not impose the obligation to conclude a collective bargaining agreement.

General conditions for hiring

- As a general rule, the individual employment agreement is concluded after the prior verification of the professional and personal skills of the person applying for employment. The Labor Code states that the information requested, in any form, by the employer, from the person applying for employment, shall have no other objective than to assess the ability to fill in the concerned position and the professional skills.

- The person to be employed must possess a valid medical certificate, attesting his/her ability to perform the respective activity. The lack of such certificate shall trigger the nullity of the individual employment agreement.

- Prior to concluding the individual employment agreement, the employer is required to inform the employee on the essential clauses to be included in the agreement. Such obligation is considered to be fulfilled by the employer upon the signing of the individual employment agreement.

- The foreign nationals and the stateless persons can be employed on the basis of a work permit or a residence permit for work purposes, issued according to the law.

General rules regarding the termination of the individual employment agreement

- The individual employment agreement can only be terminated in the specific and limited cases regulated by, and in full compliance with the procedural requirements established by the Labor Code. Employer's failure to comply with the legal requirements may trigger the annulment of the dismissal decisions in court. The same sanction shall apply if the employers cannot prove that the dismissal reasons are real and fall within the categories recognised by the Labor Code as entitling employers to perform dismissals.

- The main categories of dismissals regulated under the Labor Code are dismissal for reasons not related to the employees' person (i.e., dismissal for restructuring – depending on the total number of employees to be dismissed, restructuring could entail collective or individual dismissal) and dismissal for reasons related to the employees' person (e.g., dismissals for poor performance or for disciplinary reasons, etc.).

- There are some categories of employees (e.g. pregnant employees, employees who are in maternity leave, employees who are in child raising leave, etc.) who benefit by protection against dismissal.

Employees' representatives

- The employees' interests may be represented by trade unions or by the elected employees' representatives.

- A number of at least 15 employees in the same unit is required to set up a trade union.

- A person may only be part of a single trade union organization with the same employer at the same time.

- In case of employers with more than 20 employees, where no representative trade union is established under the law, the employees' interests may be promoted and defended by their representatives. The employees' representatives are elected by the general meeting of employees, with the vote of at least half of the total number of employees.

Transfer of employees

- In case of a transfer of an undertaking, the rights and obligations of the transferor arising from the individual employment agreements and the applicable collective bargaining agreement, existing at the transfer date, shall be transferred to the transferee in full. Such a transfer is performed by virtue of law, no further action on the transfer being required.

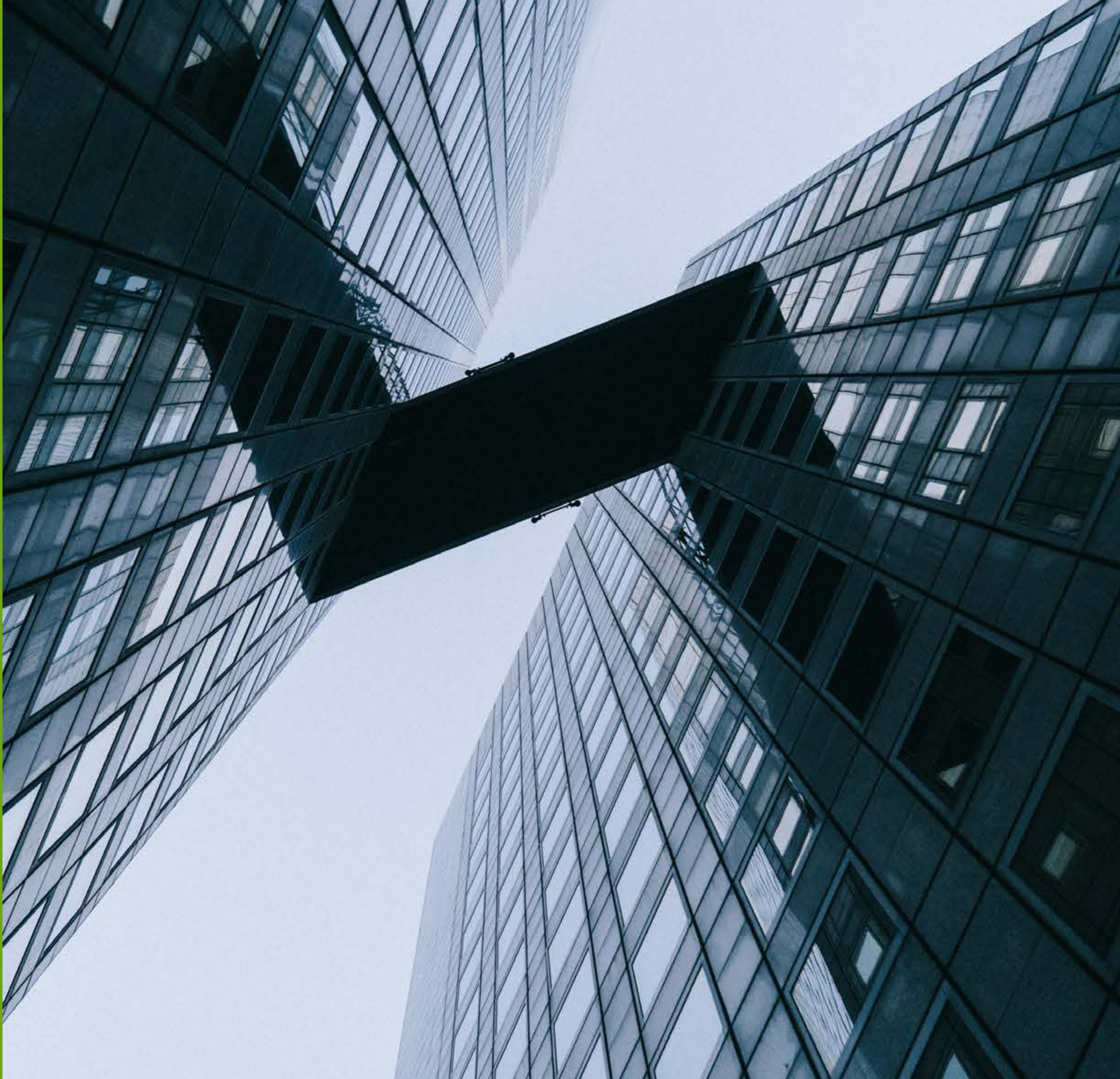
- The law requires for the transferee to comply with the provisions of the collective bargaining agreement applicable at the date of transfer, until the date of its cancellation or expiration. Still, based on an agreement between the transferee and the employees' representatives, the collective bargaining agreement valid at the time of the transfer may be renegotiated, but not earlier than one year after the transfer date.

- A written information regarding the transfer and having the content required by law must be sent by the transferee and by the transferor in attention of their employees' representatives or employees, as the case may be, at least 30 days before the date of the transfer.

- The change of the employer within the employment relationship may trigger, in principle, the application of the “transfer of undertaking” rules. The main enactments regulating the “transfer of undertaking, business or part of an undertaking or business” are the Labor Code and the Law No. 67/2006 on safeguarding employees’ rights in cases of transfer of undertakings, businesses or parts of undertakings or businesses (the latter has transposed the Council Directive 2001/23/EC of 12 March 2001 on the approximation of laws of the Member States relating to the safeguarding of employees’ rights in the event of transfer of undertakings, businesses or parts of undertakings or businesses). The above legislation provides protection for employees.

- The transferee employer is liable to observe the rights, which the transferred employee had with the transferor employer under their individual employment agreement and the applicable collective bargaining agreement. Both the transferor and the transferee shall be under the obligation to consult their employees about the transfer and to inform them on specific issues.

- For the purpose of the transfer, no consent from the employees is required. However, the transfer of undertakings, businesses or parts of undertakings or businesses shall not be used as grounds for the transferor or the transferee to perform individual or collective dismissal of employees. If a transfer involves a substantial change in working conditions to the detriment of the employee, the transferee is liable for the termination of the individual employment agreement.



3 CHAPTER

Tax

Corporate income tax („CIT"):

- **CIT rate – 16%.** Taxable basis assessed based on the accounting result which is subject to tax adjustments (e.g. non-deductible expenses, non-taxable income).

- Tax losses may be carried forward for 7 years. Loss carry back is not allowed.

- Exceeding borrowing costs (as defined in ATAD) are deductible within an annual threshold of EUR 1,000,000. The costs above this level are deductible within the limit of 30% of EBITDA. Standalone entities (as defined in ATAD) have the right to fully deduct the exceeding borrowing costs.

- CFC rules and exit taxation apply according to ATAD. There is no group taxation regime for CIT purposes.

- Entities with an annual turnover of less than EUR 1 mln are subject to microenteprise income tax – 1% or 3% on income, depending on whether the entity employs at least 1 person or has no employees. If the company's share capital is of at least RON 45,000 and it has at least 2 employees, it may opt for CIT regime.

Dividends:

- Dividend payments between resident companies are subject to a 5% withholding tax. Such rate is cut down to 0% in case of a shareholding of minimum 10% maintained for at least 1 uninterrupted year. Dividends are tax exempt in the hands of the recipient.

- Dividends received by a Romanian company from a foreign entity are taxed as ordinary income. However, dividends received from a subsidiary located in another EU country or a non-EU country with which Romania has concluded a double tax treaty, are exempt from tax if the minimum shareholding quota and period are met (10%, 1 year).

- Outbound dividends paid by Romanian companies are subject to withholding tax of 5%, unless the EU Parent-Subsidiary Directive or a lower treaty rate applies.

Capital gains:

- Capital gains obtained by a Romanian/foreign company from the sale of shares held in a Romanian entity are exempt from CIT, if the minimum shareholding quota and period are met (10%, 1 year) – otherwise, 16% CIT is levied. The same applies to capital gains obtained by a Romanian company from the sale of shares held in an entity established in a state with which Romania has concluded a double tax treaty.

- Capital gains derived by a non-resident company from the sale of immovable property located in Romania are taxable at the general CIT rate.

Interest and royalties:

- Interest and royalties payable by a Romanian company to a foreign entity are subject to 16% withholding tax, unless a lower tax treaty rate applies.

- Under the EU Interest&Royalties Directive, such amounts are not taxable in Romania if their foreign beneficial owner owns at least 25% in the Romanian payer's share capital, for a minimum continous period of 2 years.

Liquidation proceeds:

- Income obtained by a Romanian company from the liquidation of another Romanian legal person or of a foreign legal entity established in a state with which Romania has concluded a double tax treaty are exempt from CIT provided that it has held at least 10% of the liquidated entity' share capital for an uninterrupted period of one year. Otherwise, such income is subject to the general 16% CIT.

- In case the income derived by a non-resident from the liquidation of a Romanian company is higher than the paid-in capital, the difference is subject to 16% withholding tax. Under most of tax treaties, such income would fall under the „Business Profits" article, hence being non-taxable in Romania.

Double tax treaties:

The provisions of double tax treaties prevail over the domestic legislation, based on tax residency certificates.

Incentives:

No significant tax incentives are currently provided under Romanian law.
The main tax incentives are the following:

- The profit reinvested in technological equipment is exempt from CIT, under certain conditions.
- A supplementary deduction may be claimed, for CIT purposes, amounting to 50% of R&D expenses. The accelerated depreciation method may also be applied for machinery and equipment used for R&D activities.
- Taxpayers have the possibility to reschedule the payment of tax liabilities for a maximum period of 5 years, under certain conditions.
- Taxpayers performing exclusively innovation, R&D activities are exempt from corporate tax in the first 10 years of activity.
- The salary income obtained by software developers and persons working in the field of construction benefit of income tax and social contributions exemptions/reductions.

The Romanian legislation also contains a general framework for stimulating investments in certain fields of activity and provides for certain regional state aid schemes.

Personal income tax

The general income tax rate is of 10%; dividends are subject to 5% tax. Social security contributions owed by the employee are due to the pension fund (25%) and health fund (10%). The employer owes a 4%/8% pension fund contribution for employees working under particular/special conditions and a 2.25% contribution for work insurance. For other revenues than salaries, the type of applicable social security contribution and the related computation basis depend on the nature of income.

Value Added Tax („VAT”):

- General framework: Romanian VAT is charged for all taxable operations performed in Romania. A company is deemed to require the VAT registration if the turnover of its VAT-able operations exceeds RON 300,000 annually. For VAT-able transactions performed below the turnover, the VAT registration is optional. For transactions subject to VAT in Romania performed by a non-resident, the VAT liability stays with the Romanian client, the VAT being recorded under the so-called reverse-charge mechanism (record the VAT as both input and output VAT having thus a neutral effect).

- Non-resident companies are required to register for VAT purposes in Romania if they perform intra-Community trade in goods / services or VAT-able operations for which they are the person liable to pay the VAT. However, for specific structures performed by non-resident companies in Romania, such as: sale of goods under consignment, call-off stock, goods sent for testing purposes, bi-lateral work on movable tangible property (e.g. lohn contracts), specific simplification measures apply. The goal is that the EU contractor is not required to register for VAT purposes in Romania.

The **VAT** rates applicable are the following:

- standard rate **19%;**
- reduced rates **5** and **9%.**

Special mechanisms:

- Simplification measures are applicable, namely the VAT reverse-charge is applicable for certain transactions (e.g. the sale of scrap wastes and wood, under certain circumstances, taxable sale of immovable goods, supply of energy towards comerciants) if the transactions are performed between two Romanian VAT payers.

- The import of goods is subject to VAT in Romania (unless an exemption could be achieved) if the goods, being dispatched from a non-EU country, are released into free circulation in Romania, according to the EU Customs rules. The VAT is payable by the importer of record in customs and may be subsequently deducted through the VAT return. Importers who achieve a turnover of Romanian imports exceeding RON 100 million (approximately EUR 21.4 million) in the previous 12 calendar months can benefit of the so-called VAT deferment (i.e. account the import under the reverse-charge mechanism without making any effective payment in customs). To this end, the importer of record has to hold a VAT deferment certificate issued by the Romanian competent authority.

International trade

- The goods brought from an EU Member State to Romania give rise to an intra-Community operation, while the goods brought from a non-EU country will give rise to an import of goods in Romania. The dispatch of goods outside Romania will give rise to an intra-Community supply of goods if the goods are transported to an EU Member States, whereas the transport of the goods from Romania to a non-EU country gives rise to an export of goods – normally such operations are VAT exempt with deduction right, provided the necessary supporting evidence required by law is secured.

- The intra-Community acquisition of goods is subject to VAT. The client will normally account the VAT under the reverse-charge mechanism.

VAT exemptions

- The VAT exemptions without deduction right are mandatory and are applicable for a series of social oriented economic activities (such as education, health etc), as well as for: financial services, insurance, sale and lease of real estate. However, the sale and lease of real estate can be subject to VAT if the supplier opts for the taxation regime and submits a special notification with the tax authority in this respect.

- The VAT exemptions with deduction right apply for a series of transactions involving international traffic of goods or services, as well as other special situations and are conditioned by the necessary proof required specifically by law.

VAT deduction

- A company is entitled to deduct the input VAT incurred on the acquisitions of goods and services performed with a view of rendering VAT-able operations. The VAT deduction right can be achieved if the client holds an original valid invoice issued by the supplier, or the customs import declaration for imports.

- Companies rendering operations deemed as VAT exempt without deduction right cannot deduct the input VAT incurred on the acquisitions. Companies performing both taxable and VAT exempt without credit operations are deemed mixed VAT payers and they will deduct the input VAT incurred on acquisitions depending on the destination for which the acquisitions were made. For those acquisitions, for which the destination cannot be determined, the VAT is deducted on a pro-rata basis.

VAT reporting

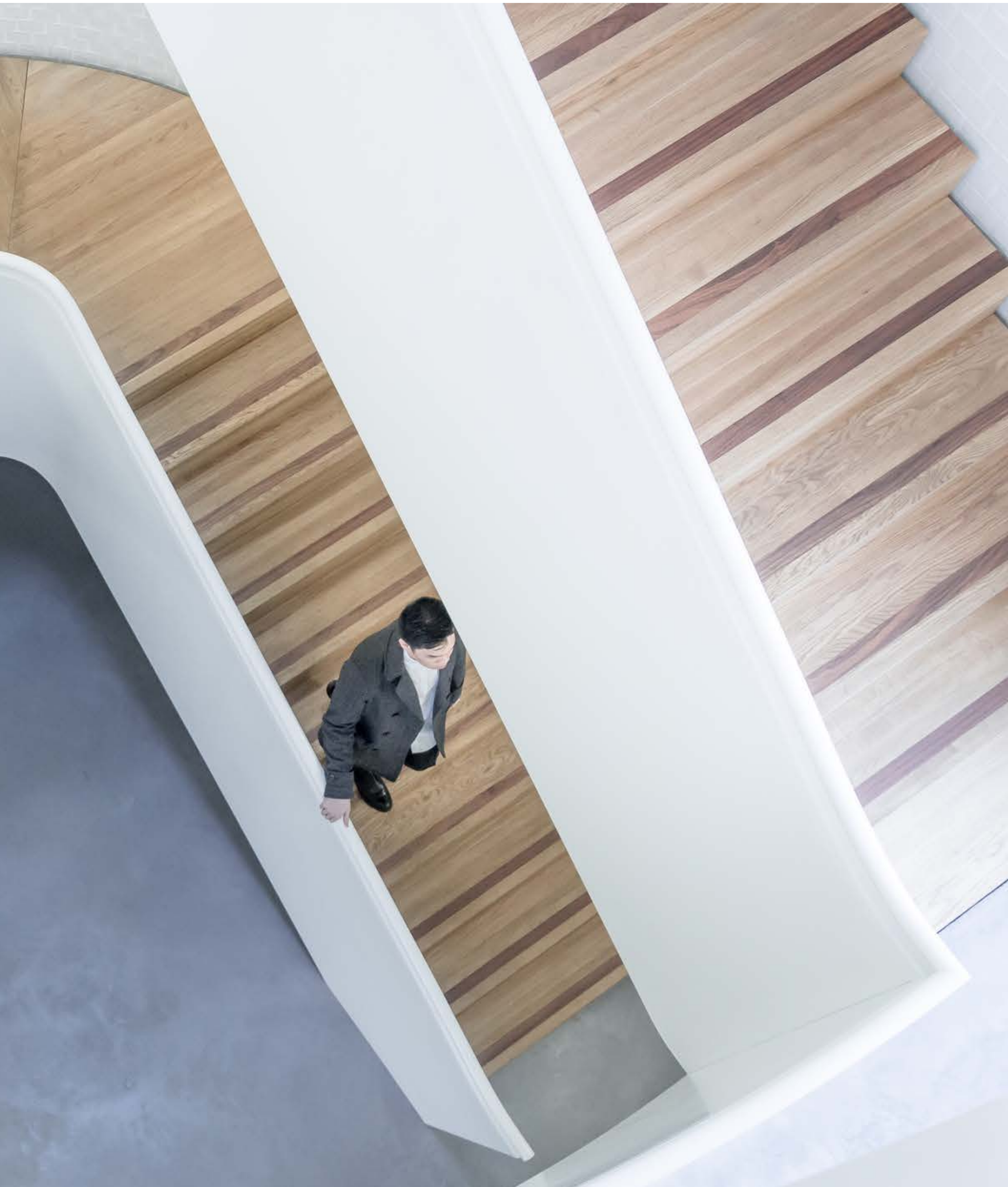
The main mandatory VAT statements to be submitted in Romania are as follows:

- *Monthly VAT return* – to be submitted until the 25th day of the following month if the annual turnover of VAT-able transactions exceeds EUR 100,000; otherwise the VAT return must be submitted (and the VAT liability paid) on a quarterly basis, by the 25th of the month following the last month of the preceding quarter;

- *Monthly EC sales and acquisitions list* – to be submitted until the 25th day of the following month;

- *Local sales and acquisition list* – to be submitted by the 30th day of the the following month;

- *Monthly Intrastat Statement* – to be submitted by the 15th day of the following month, for phisical movement of goods between Member States.



Matters of concern when investing

4 CHAPTER

GDPR

- The General Data Protection Regulation (EU) 2016/679 ("GDPR") became applicable as of 25 May 2018 and currently represents the framework law in the data protection field. The GDPR applies, amongst others, to the data controllers (i.e., entities setting means and purposes of the data processing) located in EU or located outside EU but processing the personal data of individuals located in EU.
- The GDPR sets the rules and principles of collecting, storing, disclosing and of other processing of information which relate to identified or identifiable natural persons. Moreover, the Romanian Parliament has recently enacted the Law 190/2018 which covers the aspects which were left by GDPR to the competence of national legislators.
- Therefore, the rules set forth under GDPR, under the Law 190/2018 as well as under the other incident data protection-related legislation must be considered when assessing the conformity of data processing activities.

Competition/ State Aid

- Romanian legislation instates a similar level of compliance with competition and state aid rules as in the case of other EU Members States, the Competition Council being an active watchdog in this regard.
- First, any M&A transaction concerning the Romanian market should instinctively include a review in reference to the merger control requirements in order to asses whether, subject to severe fines, clearance from the competition authority is needed before implementation.
- Second, bear in mind that any economic activity/ contracts/ commercial mechanism might fall under scrutiny from the Competition Council, since the authority is interested to maintain a level playing field for all undertakings irrespective of the industry in which they are active, and will indiscriminately sanction any breach of competition rules, whether it is the case of any agreements or practices restricting competition (agreeing with competitors or commercial partners to restrict competition or unilaterally abusing strong market power).

- Third, state aid rules should also be taken into account both when discussing of the support needed for investment projects as well as when analyzing various forms of state aid involvement/ intervention which might grant a selective advantage.

Real Estate

- As a general rule, foreign entities or individuals (with certain exceptions applicable for EU countries) cannot acquire direct ownership over land in Romania but such lands may be acquired through a Romanian legal entity;

- In case of direct real estate acquisition, as a general rule, acquisition agreements must be authenticated by a notary public and registered with the relevant land book (usually such leads to taxes and fees of approximately 1% of the acquisition price); this rule does not apply in case of purchase of the shares of an entity holding the real estate;

- VAT and other tax implications must be taken into account upon direct or indirect real estate acquisition;

- Legal due dilligence on title is market practice and always advisable (such is requested also by financing entities in case of leveraged acquisitions for example)

Transfer pricing

- The transactions between related parties must be carried on at arm's length. The taxpayers are obliged to prepare a transfer pricing file either annually or upon the tax authorities' request, depending on their category (large, medium or small taxpayer) and the amount of related-party transactions. Country by country reporting applies acccording to the EU Directive 2016/881.

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