

Hammond Bogaru & Associates

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Romanian President Traian Basescu passed the law on the “small reform” in the justice system, which implements a series of measures to speed up trials.

The new law meets Romanians’ demands and expectations to have trials speeded up. The law also allows more people and bodies to file appeals, under the law, such as the Ombudsman and the Coordinating Council of the Supreme Court.

The adoption of the law was saluted by the Justice Ministry, which said it is an important step towards implementing Romania’s revised Civil and Criminal Codes and their Civil and Criminal Procedural Codes.

The Romanian Government approved a draft act which introduces a highway toll system alongside the existing road toll system.

The reason is that the sums allocated from the state budget and from the country’s public roads authority CNADNR are not enough for the upkeep of the highways to be constructed with funds from the European Union. Romania currently has 320 kilometers of highway and should receive cohesion funds to build another 373 kilometers of highway.

Analyses made by the European Commission showed the state budget and CNADNR cannot ensure the necessary funds needed to keep up the highways. The European Commission has said that highway construction projects co-financed by the European Union will be approved only if Romania pledges to introduce a highway toll system.

Romania currently levies several road infrastructure taxes which include car taxes, import duties, the rovignette, fuel excises, and tolls charged for the use of bridges over the Danube. The money collected is not used entirely for road maintenance. The draft act was also approved by the Transport Ministry and the Finance Ministry.

The Romanian Chamber of Deputies adopted the draft law ratifying the Government’s letter of intent to the International Monetary Fund, signed in June 2010.

The draft law will be forwarded to the Senate, which has the final say on the matter.

Romania has received around EUR 11.5 billion in IMF money and EUR 3.6 billion from the EU. According to the terms of the IMF arrangement, the country should receive mid-December the seventh installment worth some EUR 870 million.

Romania’s energy regulatory authority ANRE expects the European Commission to approve by year end the law on supporting investments in the production of energy from renewable resources.

ANRE will complete the secondary legislation necessary to apply the provisions of the law. The law was initially adopted in 2006, but was never applied because of the lack of the secondary provisions.

Romania's Government stays in office after surviving the opposition's no-confidence motion, which received 220 votes but required 236 votes to pass.

The motion was filed by the opposition social democrats and liberals to derail Prime Minister Emil Boc's plan to cut public wages and increase taxes to meet budget-deficit targets set by the International Monetary Fund as a condition for a EUR 20 billion bailout.

Romania has implemented harsh cost-cutting measures to meet the demands of the EUR 20 billion loan agreed last year. The measures, include a 25% cut in public salaries, a controversial pension reform, public sector layoffs and tax rises.

Romanian lenders are likely to lose hundreds of millions in Euros unless the current version of the consumer credit law is amended.

The head of the IMF mission to Bucharest, said the European directive, which was transposed into Romanian legislation via a government ordinance was aimed at new loans and should not be applied retroactively.

The IMF and the Romanian central bank have requested local lenders to send data on potential losses following the introduction of the consumer loan law in its current form. The banks are required to calculate the impact of adjusting their loan fees to the new norms included in the ordinance, as well as the cost of replacing internal interests while keeping the fixed margins unchanged.

The Romanian Government adopted an emergency ordinance whereby people who have not contributed to the public pension system over the past five years will be able to pay contributions retroactively for the period.

According to the decree, people who are not retired can pay contributions to the public pension system for those periods in the past five years when they did not contribute to the system. The amount which is considered when calculating retroactive contributions to the public pension system is the gross minimum salary corresponding to the period for which the contributions were paid.

Contributors must pay 27.5% to 31.5% of the gross minimum wages set by the law starting 2005, and the sum will be adjusted to the inflation rate. Contributions will go into the pension budget and must be paid by December 31, 2010.

Romania's Government will begin fighting illicit work by enabling "interested people" to report anonymously through mailboxes specially placed in local labour inspectorates, as well as requiring employers to sign individual labour contracts and running checks on more companies.

These actions are provided by the national strategy against the occurrence of illicit work for 2010-2012, recently approved by the Government. Some other steps include keeping permanent contact with the local media, in order to establish "a responsible civic attitude" against illicit work, as well as setting up an illegal employment hotline.

In carrying out its controls, the Labor Inspection institution will be assisted by the Police, Authority for Foreigners, Financial Guard, State Inspectorate for Constructions, National Trade Registry Office, Romanian Immigration Office, National Fiscal Administration Agency and Romanian Gendarmerie. The Government believes the efficient control to identify employers using illicit work should be

borne out by an increase in the number of registered individual labor contracts and in the volume of contributions to the state's social security systems.

Factors responsible for the illegal employment are amongst others: high taxes and required contributions, the single-minded pursuit of profit by certain employers, as well as some employees in desperate need to augment their income, limited regulation of certain work categories (such as day laborers used mainly in agricultural and seasonal work), excessive red tape hampering document registration and the low number of available jobs.

The Romanian Senate adopted a draft act which proposes that fortune-telling and witchcraft should be included amongst freelance activities and taxed.

The act also aims to protect people who see fortune-tellers from being deceived. The draft law reads that people who gain money from fortune-telling and other witchcraft activities must have authorization and pay VAT. The draft act has to be adopted by the Chamber of Deputies to become law.

Romania and the Republic of Moldova on Monday signed the treaty on the border regime, collaboration and mutual assistance in border issues.

The document was signed by Romanian Foreign Minister Teodor Baconschi and Moldovan Prime Minister Vlad Filat. European Commission President Jose Manuel Barroso welcomed the signing of the treaty as an excellent example of things that can be achieved when there is mutual interest.

Hammond, Bogaru and Associates are an international law firm based in Bucharest, Romania. We can be contacted on +40 21 326 6053 and more information regarding the Firm can be found on our web site www.hbalaw.eu

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