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From 18th March 2011 the national cash-for-clunkers program will be open to public bodies, which were forbidden from buying new cars in 2010.

Romanians scrapped 190,000 old cars and bought 63,000 new cars through the clunkers program last year, nearly half of which were locally made

Romania's Government has transferred funds for infrastructure development projects and the construction of sports centres in rural areas, to units administered by the ruling Democratic Liberal Party (PDL).

The money comes from VAT collections and aims to fund "eligible" investment applications. Such decisions have been approved by the Government before – in 2010 and in 2009 – when VAT collections were transferred to a number of local authorities, mostly run by PDL, to finance current and capital expenses.

In 2009, the Social Democratic Party-PDL allotted 662 million lei to town halls run by the two parties, for infrastructure development and sports center construction projects. In 2008, the Liberal Party government distributed funds from VAT collections to units administered by the Liberal Party and Social Democratic Party. A study published in June last year by the Institute for Public Policy (IPP) said more than 70% of the mayor who received money from the Government's budget reserve fund in 2009 were PDL members.

The Romanian Government has decided to grant EUR7 million in annual financial aid to beekeepers to increase the number of bee colonies.

The program will be financed with European funds (50%) and state budget money (50%).

The state budget will make available 14.7 million lei for the program this year. The amount of EU funds to be granted to beekeepers annually is estimated at over EUR3 million. The program aims to offer technical assistance to beekeepers, increase the number of bee colonies and support local production. According to data released by the Agriculture Ministry, the number of bee colonies in Romania exceeded 1.4 million last year and the production of apicultural products stood at 21,000 tons.

The Government has amended the law on public-private partnerships (PPP), after the European Commission warned that the normative act breaches EU legislation.

The law on public-private partnership, which entered force in October 2010, has been amended through an emergency ordinance approved by the Government.

The emergency decree states that the Government will have the right to bar companies with debts to the state budget from public-private partnership contract auctions and will evaluate the offers according to the share of the contract that the investor pledges to cede to SMEs. Apart from companies which have not paid their taxes and social security contributions to the budget, the

Government may reject the offers made by firms that have been declared bankrupt, or have been subject to similar procedures according to the laws of other countries, as well as sentenced in accordance with the Criminal Code in the last five years. The Government may reject bids if the respective offers are “unusually low” and if data shows that the investors will not be able to meet requirements.

Companies will no longer have to provide a 2% guarantee, but a guarantee of 1% of the contract's estimated value will be a condition for participation. Investors will be selected through open procedures or competitive dialog.

These changes are needed as the European Commission warned the Romanian authorities that the current law on public-private partnership violates EU norms. Romania had until April 15 to amend the law.

Romanian train and subway ticket prices will be changed through an order of the minister of Transport.

The minister's power to change the prices charged by railway passenger carrier CFR Calatori and Bucharest subway operator Metrorex is stipulated in a draft emergency ordinance drawn up by the Transport Ministry.

CFR Calatori's debts to suppliers and infrastructure administrator CFR SA have increased year after year, amounting to around 550 million lei at the end of 2010. Over the last three years, state subsidies covered 64% of the company's needs.

The state covered 75-80% of Metrorex's requested funds, over the past four years. A number of projects had to be delayed, because of the lack of resources, which increased wear and decreased the system's performance.

The number of subway passengers grew by around 60% in the last five years, up to about 600,000 people per day.

Romania's Government has designed stricter rules for the issue of long-term residency visas to foreign shareholders of Romanian companies.

According to the document, foreigners who are shareholders or associates of Romanian companies, having management or administrator rights, are issued long-term residency visas, if authorized by the Romanian Center for Trade and Foreign Investment Promotion, subject to certain conditions.

The foreign nationals must prove they have at least EUR150,000 (increased from EUR100,000) for the company's activity, if they are shareholders in a public limited company, or at least EUR100,000 (up from EUR70,000), if they are associates in a limited liability company.

The investors must also present a business plan designed for at least three years, attesting a minimum investment, which must be carried out within one year of obtaining the visa, and not "in the future" as per current rules. This investment must create at least 10 new jobs in a limited-liability company, or at least 15 jobs in a public limited company, within one year. In companies with two or more associates/shareholders seeking the long-term residency visa, these requirements will be evaluated separately for each applicant.

Transport Ministry has asked the Government to close 1474 km of unessential railway lines.

A draft Government decisions, says certain railroad segments are to be closed and sold. The savings could be directed to the development and modernization of the segments which see the most passenger and cargo traffic.

In the letter of intent agreed upon with the International Monetary Fund, the Romanian Government has pledged to close 20% of the country's railroad network, about 4,000 kilometers of railway lines, unless it finds investors to ensure their maintenance. The railroad network is 20,210 km long, including 17,691 km in public management and 2,519 km in private management.

EU Council of Transport Ministers adopted a convention regarding the rights of ship passengers which obliges carriers to sign insurance policies.

The convention states norms regarding carriers' liability for the death or injury of passengers caused by sea incidents. Ships must have insurance policies or other types of financial guarantees to cover passenger injury or death. European Union member states must ratify the convention by the end of 2011.

Romanian government will pay the owners of land with energy installations a fee for the duration of construction.

Land owners will sign a convention with the operator looking to build the installation. The fee will be agreed through negotiations, but it may not be higher than the minimum rent per square meter set by the local public administrations for a plot of land in the same category. It will be calculated considering only the area to be occupied by the energy installation. Owners of land already hosting energy installations can also sign a convention with the operator, for the duration of work associated with maintenance, repairs and interventions. The fee again may not be higher than the minimum rent for a similar plot. In case the local administration does not provide a minimum rent level for a plot in the respective category, the maximum fee will be determined by an authorized evaluator, chosen by the two parties by consensus. The evaluation costs will be borne by the energy installation operator.

Romania's car pollution tax is contrary to European Union law,

The pollution tax introduced by Romanian legislation, levied on vehicles on first registration in Romania, is contrary to EU law. It has the effect of discouraging the import and placing in circulation of second-hand vehicles purchased in other Member States," says a Court of Justice (ECJ) press release.

The ECJ judgment was issued at the request of the Court in Sibiu, which is hearing the case of a Romanian national who has taken the state to court, as he considers the "first registration" pollution tax illegal. The Sibiu Court has asked the ECJ about the tax's compatibility with EU law.

The ECJ replied that "European Union law prohibits all Member States from imposing on products of the other Member States internal taxation in excess of that imposed on similar domestic products. That prohibition seeks to guarantee the complete neutrality of internal taxation as regards competition between products already on the domestic market and imported products. Although the Court notes that the taxation system introduced by Romania "does not distinguish between vehicles according to their origin or between the owners of those vehicles according to their nationality," the tax may be indirectly discriminatory, given its effects.

The Court finds that "the Romanian legislation has the effect that imported second-hand vehicles of considerable age and wear are – despite the application of a large reduction in tax to take account of depreciation – subject to a tax which may approach 30% of their market value, while similar vehicles offered for sale on the domestic second-hand vehicle market are not burdened by such a tax charge. In those circumstances, the legislation has the effect of discouraging the import and placing in circulation in Romania of second-hand vehicles purchased in other Member States," says the ECJ.

Although the EU does not prevent member states from introducing new taxes, community legislation does require the members to select and arrange their taxation system so that it does not promote the sale of domestic second-hand vehicles, thereby discouraging the import of similar vehicles, says the Court. In the press release, the ECJ says the case heard by the Court of Sibiu was brought by a Romanian national named Tatu, who in July 2008 bought a used car in Germany, for EUR 6,600: "The vehicle had a cylinder capacity of 2 155 cm³ and complied with pollution standard Euro 2. It was manufactured in 1997 and registered in Germany in that year."

To register his car in Romania, Tatu was required to pay 7,595 lei (about EUR 2,200) as pollution tax. "As he considered the tax to be contrary to European Union law, he sought reimbursement of the amount paid. His argument is that the tax is incompatible with European Union law because it is charged on all second-hand vehicles imported into Romania from other Member States and registered for the first time in Romania, whereas it is not charged on similar vehicles already registered in Romania when they are resold as second-hand vehicles," says the press release.

Romania's Government has decided not to require companies to certify their yearly tax statements until January 1, 2013.

The decision to suspend this obligation until 2013 was taken by the Government through a recently adopted emergency ordinance. According to the Fiscal Procedure Code, companies' yearly tax statements must be certified by a fiscal consultant before being filed with the government revenue service, except in the case of firms for which auditing is mandatory. This rule was introduced in August 2007, through an ordinance amending the Fiscal Procedure Code. It was later suspended until January 1, 2010.

Companies will no longer have to provide a 2% guarantee in order to contest a Romanian auction for a public-private partnership contract.

This rule amends the Law on public-private partnerships (PPP), after the European Commission warned Romanian authorities that the law violates community legislation.

Under current law, investors challenging a PPP contract auction must provide a guarantee of 2% of its value, to "facilitate unhindered access to justice." If their complaint is dismissed, the investors must concede a fixed amount of the participation guarantee to the state. The complaint must be filed with a court's administrative and fiscal dispute department; a copy must be sent to the public body running the auction. The public body may not award the PPP contract before the complaint is resolved by the court. It may, however, order corrective measures, which the investor may accept by withdrawing the complaint.

This change is needed because the European Commission's Internal Market and Services Directorate General has warned Romanian authorities that the current PPP law, which entered force in October 2010, is contrary to EU norms.

Romania's Government plans to close every illegal building, whether completed or under construction, on the Black Sea Coast.

An emergency ordinance amending Law 597/2001 on authorization of buildings on the Black Sea Coast will enter force ten days after being published in the Official Journal. The amendments provide exemptions from the provisions of an older law on building authorization, thereby allowing authorities to instantly shut down an illegal construction project. The Government will also increase the value of fines for illegal buildings to 10,000-50,000 lei from the current RON1000-5000. The ordinance explains there are "alarming signals" that authorization rules are not observed, given the large number of illegal buildings in the Black Sea Coast area. Its urgency is prompted by the need to stop the spread of unauthorized buildings on the coast, which seriously affect protected natural zones, areas with tourist potential and resorts.

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