



**Public Country by Country
reporting and publishing**



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The Romanian Authorities formally introduced the EU public country-by-country (CbC) requirements, transposing into the national legislation the provisions of EU Directive 2021/2101, through Order 2048/2022.

The legislation is effective starting January 1, 2023, and applies to financial years beginning on or after January 1, 2023 - earlier than the deadline set by the EU Directive- June 22, 2024.

Romania is the first EU Member State that officially introduced public CbC reporting obligations, with a deadline for the CbC preparation and public disclosure significantly earlier than the one set by the EU Directive.



Who needs to report?



Ultimate parent entities

Standalone companies

Medium and Large Subsidiaries*

controlled by a final parent company that does not fall under the legislation of an EU member state;

Branches of entities that are not governed by the law of an EU member state, which exceeds the turnover of 35 mln RON for the last two consecutive financial years.

*Medium and large subsidiaries are entities that, at the balance sheet date, exceed the limits of at least two of the following three criteria:

1. total assets: 17,500,000 lei (the equivalent of 3,946,953 EUR);
2. net turnover: 35,000,000 lei (the equivalent of 7,893,906 EUR);
3. the average number of employees during the financial year: 50.)



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Who needs to report?

additional clarification brought via order 1730/2023.



Order 1730/2023 introduces crucial clarifications and changes to the reporting obligations for medium and large subsidiaries in Romania.

Previously, under Order 2048/2022, all medium and large subsidiaries were required to report, regardless of the location of the final parent company. However, the new provisions in Order 1730/2023 exclude reporting obligations for medium and large subsidiaries controlled by a final parent company from an EU member state. This new piece of legislation defines “EU entities” as those registered in the European Economic Area, with information in the CbC public reports presented at the state level within the EEA.

The reporting requirements now only apply to entities in Romania controlled by a final parent company located in a third country or to ultimate parent entities and standalone companies located in Romania.

Furthermore, the order clarifies that medium and large subsidiaries controlled by a final parent company located in a third country can fulfill the publication obligation through any affiliated entity within the group. If the final parent company has several medium and large subsidiaries in Romania following the same accounting regulations, any one of them can publish the report on profit tax information. However, if the group has affiliated entities in Romania following different Romanian accounting regulations, at least one entity under each specific accounting regulation must publish the report.



When to publish?



The new legislation introduces provisions to determine the first reporting year for entities subject to Public Country-by-Country Reporting (CBCR) in Romania.

The reporting requirements differ based on whether the final parent company's financial year aligns with the calendar year or is different from it.

Final Parent Company with Calendar Year Financial Year:

- The first reporting year for a final parent company whose financial year coincides with the calendar year is 2023.
- The deadline for publishing the report on profit tax information is December 31, 2024.
- The final parent company is obligated to report for the year 2023 if it exceeds the consolidated revenue threshold for both 2022 and 2023.

Final Parent Company with Non-Calendar Year Financial Year:

- If the final parent company's financial year is different from the calendar year (e.g., April 1, 2023 - March 31, 2024), the first reporting year is the period ending on March 31, 2024.
- The deadline for publishing the report on profit tax information is March 31, 2025.
- The final parent company must report for the year ended on March 31, 2024, if it exceeds the consolidated revenue threshold for both the financial year ended on March 31, 2023, and the financial year ended on March 31, 2024.

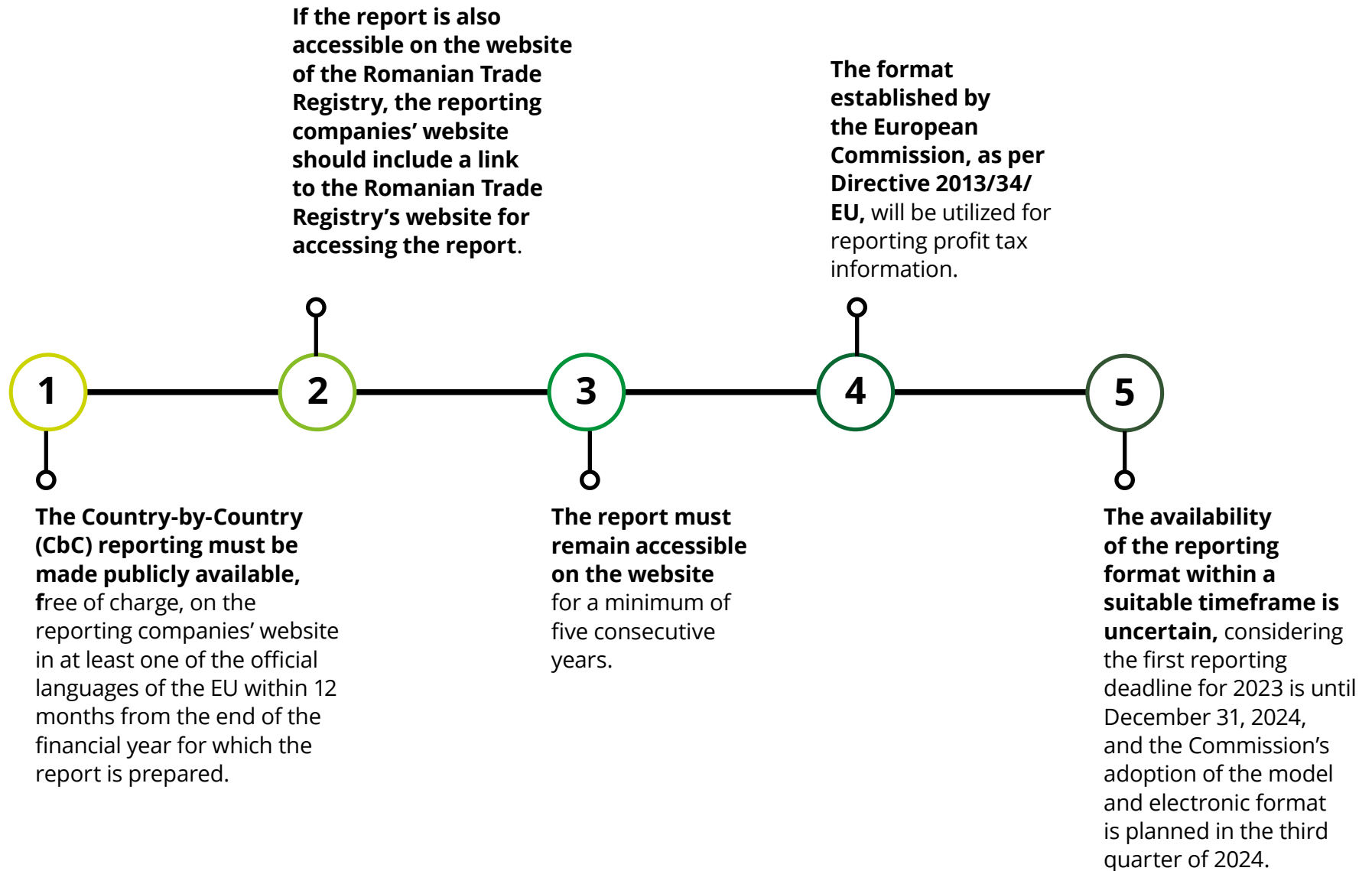
Important Clarification for Reporting Subsidiaries:

Subsidiaries whose financial year differs from that of the final parent company must fulfill their reporting obligations based on a report that corresponds to the financial year of the ultimate parent company, not their own financial year.

It is essential for multinational companies operating in Romania to adhere to these reporting requirements, as failure to comply may result in penalties and reputational risks. By ensuring timely and accurate reporting, companies can demonstrate their commitment to tax transparency and align with international tax standards.



When to publish?



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Content of the Report on Income Tax Information



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Name and financial year of the ultimate parent or autonomous entity, the currency used, and a list of consolidated subsidiaries in the EU or tax jurisdictions listed in Annexes I and II of the Council conclusions on non-cooperative tax jurisdictions.



A brief description of the nature of their activities.



Number of employees in full-time equivalents.



Income, gross profit or loss(s), income tax accrued, income tax paid, and accumulated earnings at the end of the financial year.



Revenue, except for dividends received from entities within the group



Accrued earnings refer to profits from the previous and the current financial year, whose distribution has not been decided.

Important aspects to consider:

- The report must present the information separately for each Member State and separately for each tax jurisdiction listed in Annex I and Annex II of the EU list of non-cooperative tax jurisdictions. Information on other tax jurisdictions is presented on an aggregate basis.
- Information is attributed to each tax jurisdiction based on the existence of a fixed establishment or permanent economic activity that may be subject to corporate tax in that jurisdiction. In cases where multiple affiliated entities have corporate tax liability within a single jurisdiction, the information is the sum of their activities.
- Certain information may be temporarily omitted from the report if its disclosure would seriously harm the entities' commercial position, but it must be included in a subsequent report within five years.
- The report's currency is the same as that used in the consolidated financial statements of the ultimate parent or autonomous entity.

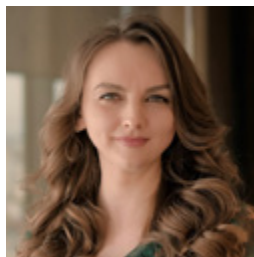
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