



Tax control manual

REFORM/SC2022/039

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ABBREVIATIONS

Abbreviation	Meaning
NAFA	National Agency for Fiscal Administration
GDTAF	General Directorate for Tax Anti-Fraud
GDTCC	General Directorate for Tax Control Coordination
Manual	Tax control manual
VPS	Virtual Private Space
VAT	Value added tax
HNWI	High-net-worth individuals

Tax control manual

I. INTRODUCTION

This Manual aims to improve the relationship between NAFA and taxpayers/payers, representing a guide of conduct for tax control activity both from the perspective of the tax administration and from the perspective of taxpayers/payers.

In Romania, the tax control activity is exercised by NAFA, through its tax control structures. Tax control structures can exercise several forms of tax control, these forms having both common elements and specificities related to each type of control.

Increasing the transparency of the tax control activity, as well as raising awareness of the role, object, stages, rights and obligations of the tax administration and taxpayers/payers in tax control procedures, are the main objectives of this Manual.

A modern tax administration requires collaboration and mutual trust between taxpayers / payers and tax control bodies, this Manual aiming to represent a cornerstone in building this desideratum.

The manual has been drawn up in accordance with the legal provisions in force at the date of its implementation, namely 24.07.2023 and will be updated accordingly depending on the evolution of the applicable legislative framework.

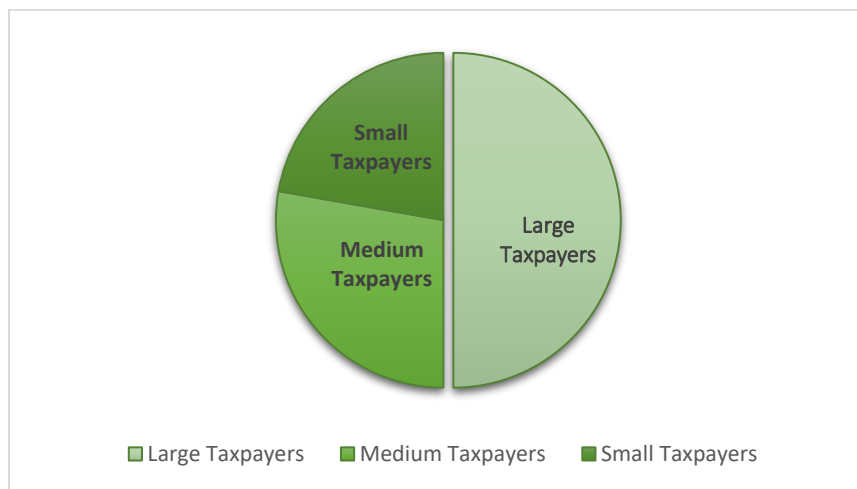
II. PRELIMINARY ASPECTS

II.1. Segmentation of taxpayers

A taxpayer is any natural person, legal entity or any other entity without legal personality that owes, according to the law, taxes, duties and social contributions.

On the other hand, payers are those persons who, on behalf of the taxpayer, are obliged to pay or withhold and pay or to collect and pay, as the case may be, taxes, duties and social contributions. Also, a payer is considered a secondary establishment obliged to register for tax purposes as a payer of wages and income assimilated to wages.

For the purpose of administration by the central tax body of tax liabilities due, taxpayers are classified into 3 categories:



NAFA periodically publishes on its website a List of large taxpayers and a List of medium taxpayers. All the other taxpayers which are not on these lists are small taxpayers.

Mainly, the categories of large and medium taxpayers are determined by applying the criteria regulated by law, the principal criterion being the aggregated value, more specifically, the result of aggregating 3 indicators selected from an economic and budgetary point of view in the following proportions – turnover: 50%, volume of declared tax liabilities: 30%, volume of expenses with the personnel: 20%.

However, other types of criteria, such as that of the activity carried out, may also become applicable. For example, in the case of large taxpayers, they will fall under this criteria:

- National Bank of Romania;
- credit institutions authorised by the National Bank of Romania, except for credit unions within cooperative credit organisations;
- insurance companies authorized by the Financial Supervisory Authority;
- financial investment companies;
- Romanian Television Company;
- Romanian Radio Broadcasting Company.

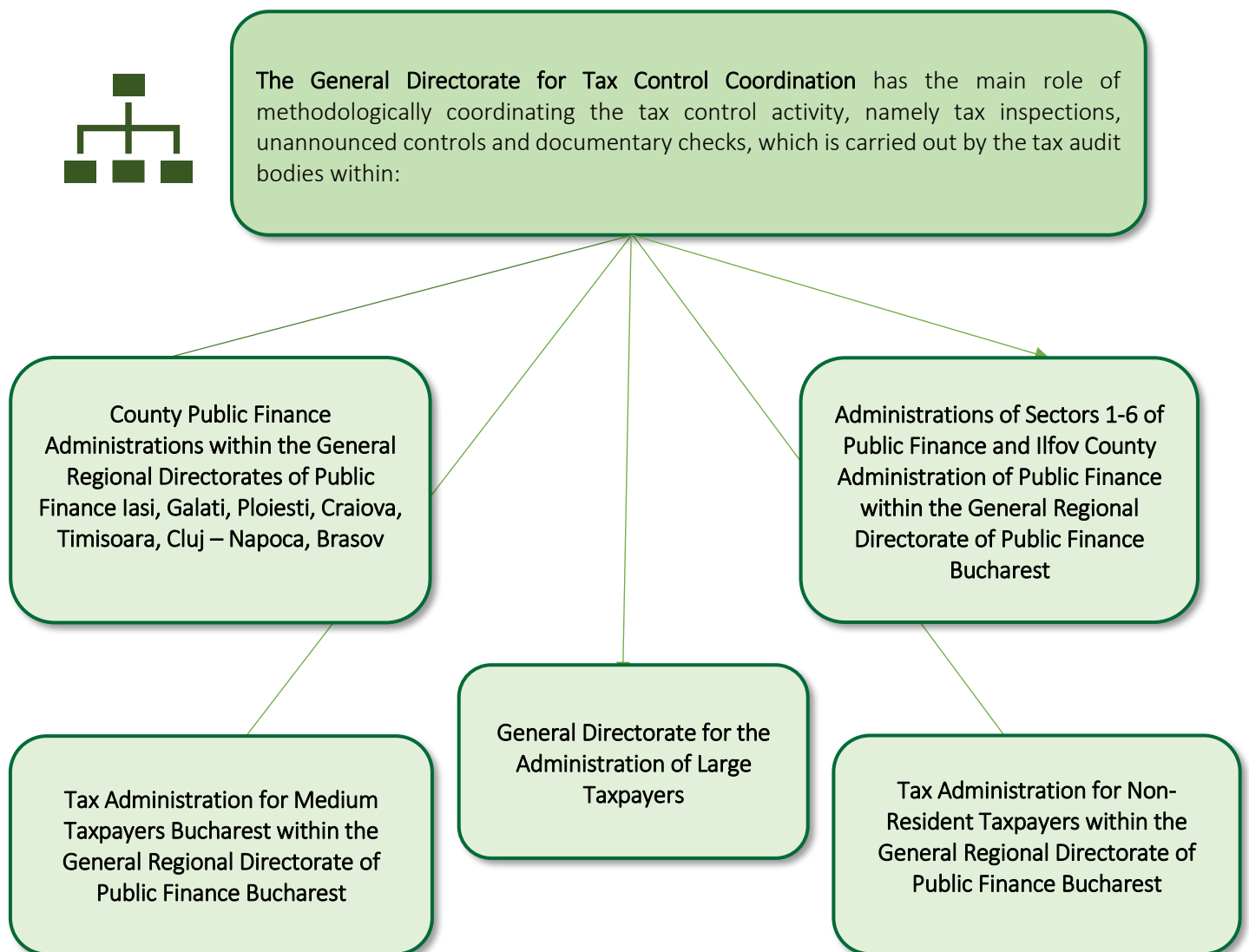
From the perspective of tax control activity, the segmentation of taxpayers into large, medium and small attracts certain differences, mainly in terms of the competence to carry out fiscal controls.

Regarding the verification of personal tax situation, the Tax Procedure Code uses the term of natural persons for those taxpayers who may be subject to this type of control. At the same time, according to the law, a natural person with high net worth is defined as a natural person resident for tax purposes in Romania who possesses a wealth of more than EUR 25 million, both in Romania and abroad, according to internal and external information sources available to NAFA. Regarding the category of High-net-worth individuals, tax control bodies may adopt specific compliance and control measures.

II.2. Structures within NAFA with attributions in the field of tax controls

Depending on the types of tax controls in respect of which they have attributions, the structures within NAFA relevant for the control activity are the following:

- Regarding the tax inspection, unannounced control and documentary check



From the perspective of the specific tasks of the General Directorate for Tax Control Coordination, among the most relevant in terms of tax control activity are the following:



Methodologically coordinates the tax control activity of the tax inspection structures within the General Regional Directorates of Public Finance and the General Directorate for the Administration of Large Taxpayers



Elaborates annual, quarterly and monthly programs for the control activity it coordinates



Informs the central risk management structure within NAFA and transmits, ex officio, to it, information on: the results / findings of tax controls initiated as a result of risk analyses / data and information submitted by it, in order to assess the degree of confirmation of the reported tax risks and to adjust, as appropriate, the tax risk analysis process; any data and information resulting from tax control actions and / or own activity, which are of interest for identifying new risks of non-compliance or new forms of risk manifestation, as well as, where appropriate, proposals for risk profiles / indicators or treatments to mitigate the risks of non-compliance in its area of competence; data and information resulting from the activity of the general directorates and coordinated / subordinated structures, which may be relevant in the processes regarding the identification, analysis and treatment of non-compliance risks at NAFA level



Participates, directly and/or through coordinated/subordinated structures, in the implementation and development of tax compliance programs initiated at the level of central risk management structures within NAFA

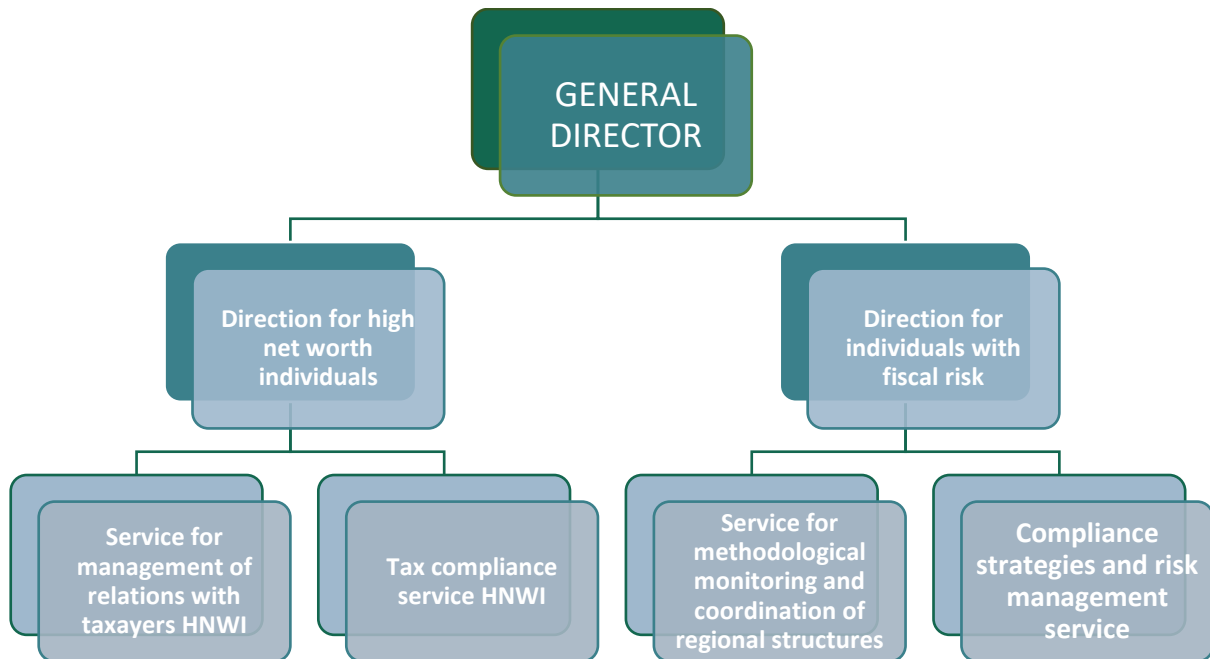
Also, as regards unannounced control, it is also performed by the competent structures to exercise the verification of the personal tax situation, which will be presented below.

Similarly, the documentary check can be carried out both by the competent structures to carry out the verification of the personal tax situation and by the tax bodies carrying out the anti-fraud control, as will be presented below.

➤ **Regarding the verification of the personal tax situation**

The **General Directorate for Individuals' Income Control** carries out specific activities to improve tax compliance of individuals by applying tax strategies and treatments based on risk approach, carrying out in this respect activities to identify, assess and manage risks of non-compliance, developing specific tax compliance programs in the field of declaring taxable income of individuals, notification of individuals identified with fiscal risk, prior to selection for verification of personal tax situation, selection of persons subject to fiscal control action (verification of personal tax situation, tax inspection, unannounced control, documentary check), as well as methodological coordination of the structures competent to carry out verification of the personal tax situation within the Regional Directorates of Public Finance.

From an organizational perspective, the organizational chart of the General Directorate for Individuals' Income Control is presented below:



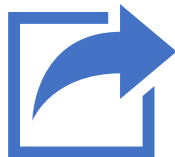
From the perspective of the specific attributions of the General Directorate for Individuals' Income Control, among the most relevant in terms of tax control activity are the following:



Carries out specific activities to improve tax compliance of individuals by applying tax strategies and treatments based on risk approach, carrying out in this respect activities to identify, assess and manage risks of non-compliance, developing specific tax compliance programs in the field of declaring taxable income of individuals, notification of individuals identified with tax risk before selecting for verification of personal tax situation, selection of persons subject to fiscal control actions (verification of personal tax situation, tax inspection, unannounced control, documentary check and reverification)



Elaborates, approves the activity programs for carrying out the actions of verification of the personal tax situation and documentary check and transmits them to the competent structures to exercise the verification of the personal tax situation for fulfillment



Performs, under the law, verification of personal tax situation and documentary check of high-net-worth individuals throughout the country, and also performs tax audit actions concerning income tax due by natural persons, regardless of their form of organization, throughout the country



Methodologically coordinates the tax control activity, namely the verification of the personal tax situation, unannounced control and documentary check, which is performed by the structures competent to exercise the verification of the personal tax situation, namely:

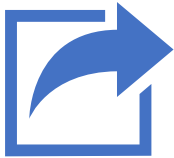
- The tax verification services within the own apparatus of the General Regional Directorates of Public Finance;
- Tax inspection structures for natural persons within units subordinated to the General Regional Directorates of Public Finance.



Centralizes, develops and prioritizes, as appropriate, the risk analysis / data and information transmitted by the central risk management structure within NAFA and communicates them to the coordinated / subordinated / own tax control structures, for the application of the proposed tax treatments



Informs the central risk management structure within NAFA about the results / findings of tax controls initiated as a result of risk analyzes / data and information submitted by it, in order to assess the degree of compliance of the reported tax risks and to adjust, as the case may be, the tax risk analysis process



Transmits to the central risk management structure within NAFA any data and information resulting from tax control actions and / or from its own activity, which are of interest for identifying new risks of non-compliance or new forms of risk manifestation, as well as, where appropriate, proposals for profiles, risk indicators or treatments to mitigate risks in its area of competence



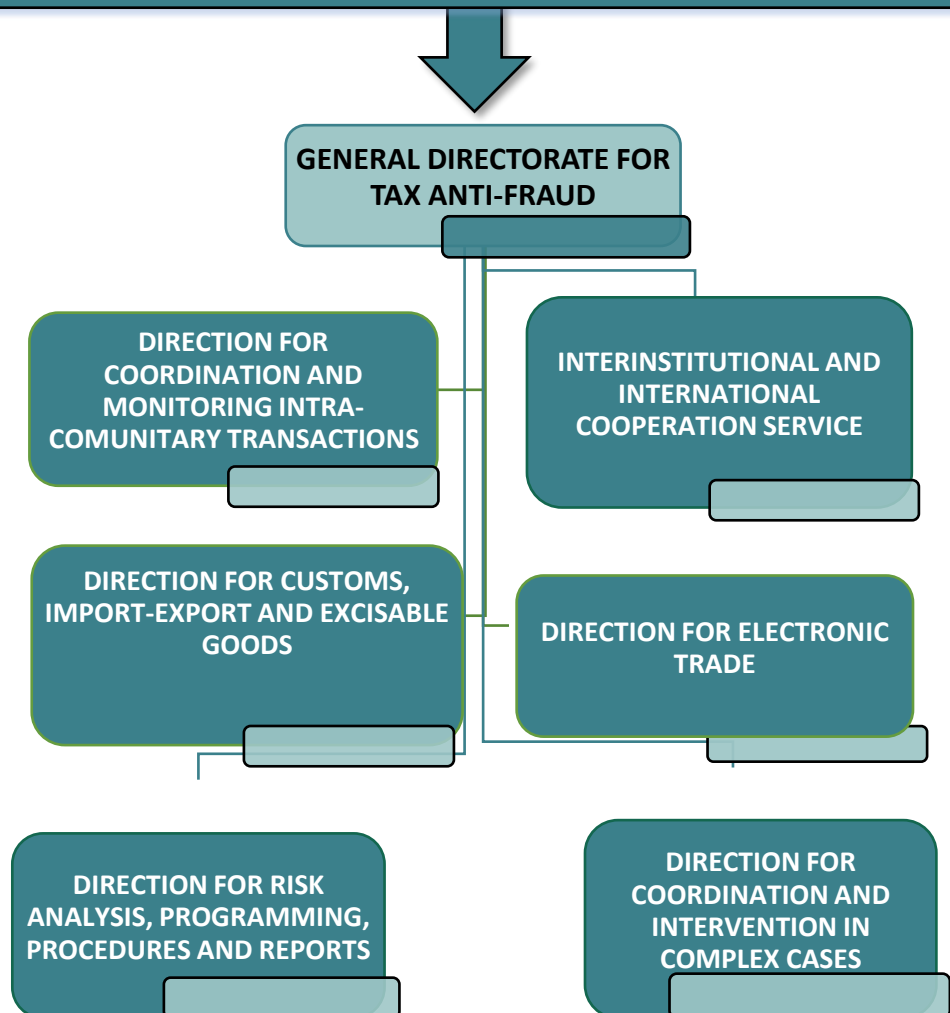
Participates directly and / or through subordinated structures, in the implementation and development of tax compliance programs initiated at the level of the central risk management structure within NAFA

➤ Regarding the anti-fraud control

The **General Directorate for Tax Anti-Fraud** mainly contributes to the performance of anti-fraud control functions, prevention and combating tax evasion and tax fraud. From an organizational perspective, the General Directorate for Tax Anti-Fraud consists of both a central structure and regional structures.

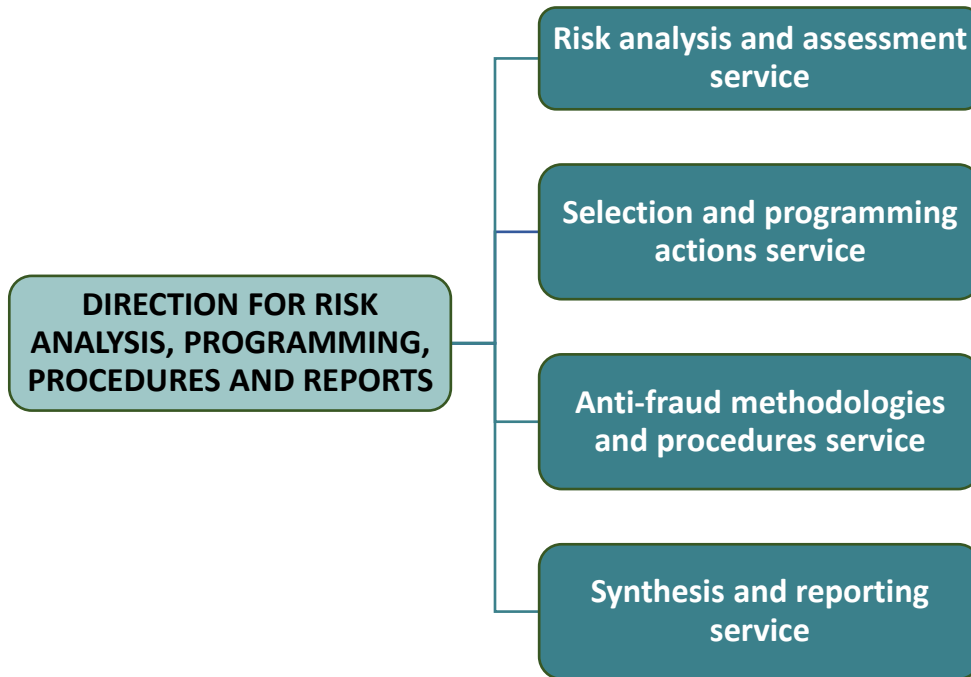


Among the central structures with responsibilities in the field of tax control, respectively in terms of initiating, managing, providing methodological / procedural support, coordinating controls and synthesizing results, within DGAF operate:





Also, within the Direction for Risk Analysis, Programming, Procedures and Reports operate the following services:



Not least, within the central structure of GDTAF, for taxpayers in the field of e-commerce there is a dedicated structure for monitoring risks and coordinating specific controls.



Currently, from the perspective of regional structures, within the General Directorate for Tax Anti-Fraud there are:



➤ **Conclusions**

The following table contains the main control structures within NAFA, the categories of taxpayers controlled, as well as the main types of control that can be carried out by each structure:

CONTROL BODIES	THE MAIN TYPES OF CONTROL CARRIED OUT	CONTROLLED TAXPAYER
General Directorate for the Administration of Large Taxpayers	<ul style="list-style-type: none"> • Tax inspection • unannounced control • documentary check 	Large taxpayers
General Regional Directorate of Public Finance Bucharest – Tax Administration for Non-Resident Taxpayers	<ul style="list-style-type: none"> • Tax inspection • unannounced control • documentary check 	Non-resident taxpayers
Tax inspection body for medium taxpayers within the County Public Finance Administrations / Tax Administration for Medium Taxpayers Bucharest	<ul style="list-style-type: none"> • Tax inspection • unannounced control • documentary check 	Medium taxpayers
Tax inspection body within the county/sector administrations of public finances	<ul style="list-style-type: none"> • Tax inspection • unannounced control • documentary check • Verification of personal tax situation 	Small taxpayers, including individuals
General Directorate for Tax Anti-Fraud	<ul style="list-style-type: none"> • anti-fraud control, and • documentary check 	Any taxpayer
General Directorate for Individuals' Income Control	<ul style="list-style-type: none"> • Verification of personal tax situation • unannounced control • documentary check • Partial tax inspection on income tax 	Natural persons
General Regional Directorates of Public Finance – Tax verification services	<ul style="list-style-type: none"> • Personal tax status check • documentary check 	Natural persons

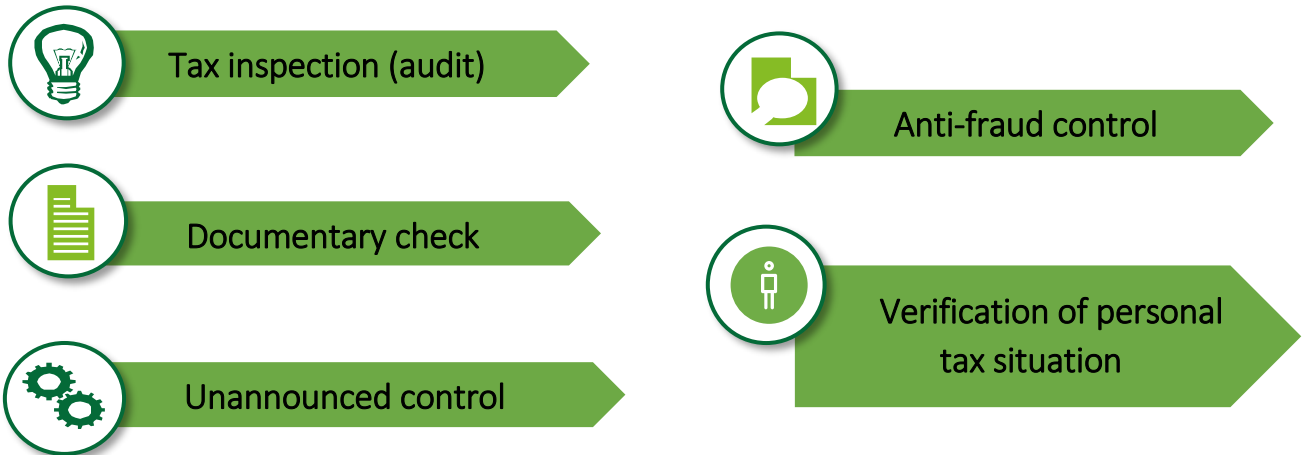
Issues relating to the regulation of the delegation of competence to carry out tax controls are set out below in point III.2.1.2.1. of this Manual.

III. TAX CONTROLS

III.1. General aspects applicable to all tax controls

The tax control represents the totality of the activities performed by the tax bodies for verifying the fulfillment by the taxpayer / payer of the obligations provided by the fiscal and accounting legislation.

According to the provisions in force, the tax control may take the following forms:



Although there are inherent elements of specificity attached to each type of tax control (to be presented in point III.2 below), certain rules are common and generally applicable to all types of controls, as will be presented below.

III.1.1. Conduct of the tax control inspector. General principles and obligations

In the performance of their duties, tax control inspectors are obliged:

- to comply with the Constitution, laws of the country, regulations and norms on tax control, organization and functioning regulations;
- comply with any official internal provision;
- to show loyalty to the country and to the tax control institution and to consider this as the highest moral principle;
- to respect and apply the principles of the code of ethics;

- not discriminate in relations with taxpayers/payers;

- not accept favors or benefits for themselves or family members;

- never engage in business relations with taxpayers / payers, natural or legal persons, directly or indirectly, relations that would affect the correct, honest and conscientious performance of their duties;

- to refrain, in their activity, from any conduct that would discredit the position of tax control inspector;

- not to be influenced by personal interests or pressures of any kind in fulfilling their duties;

- to act to combat fraud, corruption, illicit trafficking of merchandise and goods and other illicit actions;

- to notify the criminal investigation bodies of the facts found, whenever it finds that there are indications of crimes committed in connection with factual situations falling within the competence of the tax authorities to ascertain.

Throughout the period of tax controls, tax control inspectors have the obligation to act professionally, proving fairness and objectivity in relation with taxpayers / payers and other persons with whom they come into contact during the performance of their duties.

To achieve the objective of fiscal controls, persons exercising this function must comply with the following fundamental principles:



Integrity is the principle according to which tax control inspectors will exercise their duty honestly, in good faith and responsibly, respecting the law and acting in accordance with the legal provisions and the requirements of the function; they will not knowingly take part in any illegal activity and will not engage in acts that discredit the position of tax control inspector.



Objectivity is the principle according to which tax control inspectors treat all situations they face in their activity in accordance with the factual background without external influences.

Tax control inspectors are obliged to:

- a) prove honesty in the performance of all work duties;
- b) be objective in their findings and in establishing measures taken or proposed;
- c) avoid preconceived ideas and bias;
- d) not be influenced in their decision making by offers from taxpayers / payers incompatible with integrity and objectivity;
- e) to reject and inform superiors about any acts of corruption, illegal facts or actions;
- f) not to use their position as a public official for particular interests;
- g) not to condition the correct performance of work duties on obtaining rewards from the taxpayer / payer;
- h) not to request, receive or accept gifts, loans and any other values or services, in connection with the performance of their work duties;
- i) not engage in activities or arrangements, directly or indirectly, which would give rise to conflicts of interest;
- j) not use the assets or influence of the controlled entity to solve personal matters;
- k) to report to the hierarchical leader any cases of conflict of interest they find themselves in as a result of the control tasks received.



Legality is the principle according to which any tax control action can be carried out if it is provided for in a normative act applicable to the field of activity subject to the control procedure.



Confidentiality is the principle according to which tax control inspectors are obliged not to disclose the information they receive from taxpayers / payers without the authorization of those in law, except for the cases provided by law.

The tax control inspector will be cautious in using and protecting the information accumulated during the verification and will not use the information and documents he is aware of for any purpose contrary to the law. At the same time, they have the obligation to respect the confidentiality of information acquired during professional activities, in connection with the business of taxpayers / payers. The obligation to respect confidentiality is maintained even after the end of the professional relationship between the inspector and the taxpayer / payer.

The tax control inspector who acquires information during the performance of his professional duties shall be obliged not to use the information for the personal benefit or to the advantage of a third party.



Competence is the principle according to which all situations are dealt with a professional judgement. To this end, tax control inspectors must be impartial and apply the knowledge, experience and skills necessary in the exercise of their duties.

In relations with taxpayers/payers, tax control inspectors are obliged to:

- to show politeness, respect, availability towards the problems faced by taxpayers / payers and to consider the taxpayer not only as a payer of taxes and fees, but also as an equal partner, having rights and obligations clearly established by law;
- to give the necessary importance and time for the discussion with the taxpayers / payers or with those legally designated in this regard, in order to substantiate the findings based on all arguments of the taxpayer / payer;
- to allow the taxpayer/payer a reasonable period of time to provide any information, except where documents need to be made available immediately;
- to ask the taxpayer to clarify the issues for which he considers that additional information is necessary;
- to be prompt in the exercise of their duties, avoiding to unnecessarily prolong the period during which the control is carried out;
- to apply uniformly the provisions of tax legislation on the territory of Romania, coordinating and collaborating with the competent authorities, when the tax legislation is not clear;
- to take into account the opinion issued in writing by the competent tax body to the respective taxpayer / payer within the activity of assistance and guidance of taxpayers / payers, as well as the solution adopted by the tax body within a tax administrative act or by the court of law, through a final court decision, previously issued, for similar factual situations to the same taxpayer / payer.

III.1.2. Rights and obligations of the taxpayer during tax controls

Although within each specific form of tax control, taxpayers / payers benefit from certain rights and are bound by certain obligations expressly regulated by legal provisions, there are a certain number of fundamental rights and obligations of the taxpayers / payers that apply in any tax control.



The main such rights are the following, while their substance will be made explicit in the following sections, within each type of control:

- The right to request the identification documents of tax control inspectors;
- The right to request the file of the fiscal control action;
- The right to have the confidential information protected;
- The right to receive written proof / copies in case of retention of documents by tax control bodies;
- The right to be informed in writing during the tax control of the findings made and to know the results of the tax control;
- The right for the activity to be affected as little as possible during the tax control;
- The right to provide the requested information within reasonable deadlines in relation to the requests made by the tax control body;
- The right of certain persons to refuse to provide information due to their relation with the taxpayer / payer subject to the control;
- The right to receive specialized assistance;
- The right of defense;
- The right to invoke the opinion issued in writing by the competent tax body to the respective taxpayer / payer within the activity of assistance and guidance of taxpayers / payers, as well as the solution adopted by the tax body within a tax administrative act or by the court of law, through a final court decision, previously issued, for similar factual situations to the same taxpayer / payer;
- The right to invoke in its favor the interpretation of the provisions of the tax legislation that remained unclear, including after applying the rules of interpretation provided by law;
- The right to be heard / to express its point of view on the decision that will be taken as a result of the tax control.



The main obligations of taxpayers/payers are as follows:

- The obligation to cooperate with the tax body in order to determine the fiscal factual situation by presenting the known facts, fully, according to the reality, and by indicating the known means of proof;
- The obligation to take measures to obtain the necessary evidence, by using all the possibilities at their disposal;
- The obligation to manage, keep and archive accounting and tax records in an adequate manner and to keep them at the tax domicile or secondary offices of the taxpayer / payer, including on electronic support, or to entrust them for storage to a company authorized, according to the law, to provide archiving services;
- The obligation to provide the tax control body with the requested information and documents in order to determine the tax factual situation, when they are not held by the tax body;
- The obligation to be present at the headquarters of the tax body, when requested;
- The obligation to allow the persons empowered by the tax body to make an on-site finding, as well as the experts used for this action, to enter the land, premises and any other precincts, to the extent necessary to make findings in tax interest;
- The obligation to carry out the measures ordered by the tax control body;
- The obligation to pay the differences in taxes, duties, social contributions, imposed following the tax control, as well as the interest and penalties related to them.

III.1.3. Information request and communication flow between taxpayer and NAFA during tax controls

III.1.3.1. Request and obligation to provide information

Closely related to the taxpayer's/payer's obligation to provide information and any documents during tax control is the correlative right of the tax control body to request information and documents in order to establish the tax factual situation of the taxpayer/payer.

A written document means any document, regardless of the environment in which it is stored, original documents, acts, registers and financial-accounting documents, including audio-video recordings, as well as other material means of evidence, which are not prohibited by law, which proves the establishment, registration and payment of tax obligations by the taxpayer / payer, which may be relevant in establishing the tax factual situation of the taxpayer subject to control.

The request for information shall be made in writing by the tax authority. In writing it can mean either on paper or by electronic means.

In the request, the tax body must specify the nature of the information required to determine the tax facts and the documents supporting the information provided, when they are not held by the tax body.

Also, the tax body may request the presence of the taxpayer / payer at its headquarters in order to provide information and clarifications necessary to establish its tax status. Along with this request, when documents/information are required to clarify the tax situation, the tax body shall also indicate the documents that the taxpayer is obliged to submit, when they are not held by the tax body. The request for submission shall be made in writing and shall compulsorily include:

- the date, time and place at which the taxpayer is obliged to be present;
- the legal basis for the request;
- the purpose of the request;
- documents that the taxpayer/payer is obliged to submit.

When establishing the date on which the taxpayer / payer must appear at the tax body's headquarters, it shall take into account a reasonable period that allows the taxpayer / payer to fulfill its obligation. In this regard, whenever possible, the tax body will agree this date with the taxpayer / payer or will propose two alternative dates.

The taxpayer may request the postponement of the date set by the tax body, for justified reasons. The taxpayer / payer or other person empowered by him has the obligation to provide the tax body with the information necessary to determine the real tax facts.

Also in order to determine the tax facts, the tax body has the right to request information from other persons with whom the taxpayer / payer has or had economic or legal relations, and such persons have the obligation to provide the requested information. The information provided by other persons shall be taken into account only to the extent that it is also confirmed by other means of evidence.

**Exception
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However, the spouse and relatives or affinities of the taxpayer up to and including the third degree may refuse to provide information, carry out expertise, as well as submit documents. Also, priests, lawyers, public notaries, tax consultants, bailiffs, auditors, chartered accountants, doctors and psychotherapists may refuse to provide information regarding the data they have become aware of in the exercise of their activities. However, with the exception of priests, the persons mentioned may provide information, with the consent of the person about whom the information was requested.

III.1.3.2. Deadline granted for providing information/documents

In order to provide the requested information/documents, unless otherwise provided by the tax legislation, the tax body shall grant the taxpayer/payer a reasonable term, in relation to the volume/and the period to which the requested information/documents refer to.

The taxpayer has the right to request an additional period of time or a reasonable deadline if the time initially granted does not meet the condition of reasonableness.

III.1.3.3. Transmission of requests and replies

From the perspective of the communication flow between the taxpayer / payer and NAFA, the documents are made available at the headquarters of the tax body or at the tax domicile of the taxpayer / payer.

Their delivery at the tax body's headquarters can be achieved by transmitting them by post, with acknowledgment of receipt, by submitting them to the registry of the tax body or by electronic means of transmission, the principle being that of using electronic means whenever possible.

In the procedure of tax control or settlement of tax appeal, applications, documents, or any other documents may be submitted by taxpayers / payers also through:

- ✓ electronic mail, to the e-mail address indicated by the control or settlement body, or,
- ✓ submission to the registry of the competent tax body.

Symmetrically, the control or appeal body may send requests, written documents or any other documents by electronic means of transmission or, where appropriate, by post, with acknowledgement of receipt, or by electronic mail to the e-mail address indicated by the taxpayer/payer.

The documents communicated by the central tax body through the VPS service shall be signed with an extended electronic signature or with a qualified electronic seal, issued in accordance with Regulation (EU) No. 910/2014.

III.1.4. Making available the administrative file of the tax control action

The tax body has the obligation, at the written request of the taxpayer / payer subject to a tax control action, to make available to him the administrative file of the tax control action within a timely and reasonable time, but at the latest within 45 days from the date of the request.

The administrative file of the tax control action includes all documents and information which ground the findings of the tax control body from a factual and legal point of view, as well as those issued in connection with the administration of evidence. Where applicable, documents/information shall be anonymized to ensure confidentiality of personal data and tax secrecy.

The findings of the tax inspection body shall be considered completed, at the earliest, at the moment of communication of the draft tax inspection report to the taxpayer in order to fulfill the hearing procedure (final discussion).

The findings of the tax anti-fraud control body shall be considered completed at the time of drawing up the control minutes, which shall be concluded at the end of the anti-fraud control.

The taxpayer has the right to request the tax control administrative file both before the issuance of the control acts and also after the finalization of the control action.

III.1.5. Means of proof used in tax controls

III.1.5.1. General aspects

Any factual element that serves to establish a tax fact, audio-visual recordings, data and information contained in any storage environment, the standard tax control file stored in an environment that ensures its unicity, completeness and integrity, as well as other material means of evidence, which are not prohibited by law, constitutes evidence.

In order to determine the fiscal facts, the tax body, under the law, administers means of evidence, being able to proceed to:

- a) requesting information of any kind from the taxpayer / payer and other persons;
- b) requesting expertise;
- c) use of written documents;
- d) performing on-site findings;
- e) performing, under the law, unannounced controls or anti-fraud controls, as appropriate.

The evidence administered shall be corroborated and assessed considering its evidential force recognized by the law.

III.1.5.2. Means of proof

III.1.5.2.1. Request for information

The tax authority may request information to establish the tax facts both from the taxpayer and from other persons (for details of this means of proof see Section III.1.3.1 above).

III.1.5.2.2. Expertise

The tax body has the right to request the services of an expert to draw up an expertise whenever it considers it necessary to establish the tax factual situation during a tax control.

The tax body is obliged to communicate to the taxpayer the name of the appointed expert, the taxpayer having the possibility to appoint an expert at his own expense.

The fees established for the expertise ordered by the tax body are paid from the budget of the tax body that requested the expert's services.

III.1.5.2.3. Use of written documents

In order to establish the tax facts, the taxpayer / payer has the obligation to make available to the tax body registers, records, business documents and any other documents that are not already held by the tax body. For the same purpose, the tax body has the right to request documents from other persons with whom the taxpayer has or has had economic or legal relations.

The tax body has the right to retain, for the purpose of protection against alienation or destruction, regardless of the medium in which they are stored, original documents, acts, registers and financial-accounting documents or any material element proving the establishment, registration, and payment of tax obligations by the taxpayer / payer, for a period of maximum 30 days. In exceptional cases, with the approval of the head of the tax body, the retention period may be extended by up to 90 days. The taxpayer has the right to request copies of the withheld documents, as long as they are in the possession of the tax body.

The proof of retention of documents is the document drawn up by the tax body, which specifies all the elements necessary to individualize the respective proof, as well as the mention that it was withheld, according to the legal provisions, by the tax body. The document shall be drawn up in two copies and signed by the tax body and the taxpayer/payer, one copy being communicated to the taxpayer/payer.

If, in order to establish the tax facts, the taxpayer / payer makes available to the tax body written documents or other evidences, in original, they shall be returned to the taxpayer / payer, keeping in copy, ascertained in conformity with the original, only the written documents relevant from a tax point of view. The conformity of the copies with the original shall be ascertained by the taxpayer by mentioning on the copy "according to the original" and by its signature.

Whenever the taxpayer / payer submits to the tax body a document signed by a natural or legal person exercising activities specific to regulated professions such as tax consultancy, financial audit, accounting expertise, evaluation, the document must also contain the name and surname or name of the person concerned, as well as his tax identification code assigned by the competent tax body or personal numerical code, as appropriate.

III.1.5.2.4. On-site finding

The tax authority may conduct an on-site finding, drawing up in this respect an ascertaining minutes. The taxpayer/payer is obliged to allow the persons authorized by the tax authority to carry out an on-site finding, as well as the experts used for this action, to enter on the land, premises, and any other precinct, to the extent necessary to realize findings in tax interest.

Holders of the respective lands or precincts must be notified within a reasonable timeframe about the on-site finding, with the exception of unannounced control.

Natural persons must be informed of the right to refuse entry into their domicile or residence. In case of refusal, entry into the domicile or residence of the natural person is performed with the authorization of the competent court of law.

At the request of the tax authority, the police, gendarmerie, or other agents of public force are obliged to provide support for the completion of the on-site finding.

III.1.5.2.5. Unannounced or anti-fraud controls

The tax body may carry out unannounced or anti-fraud controls, at the end of which they draw up a Minutes. These types of controls, as well as the documents resulting from their unfolding, will be presented in Sections III.2.3. and III.2.4. below in this Manual.

III.1.6. Precautionary measures

III.1.6.1. Ordering of precautionary measures

If the control bodies consider that there is a danger that, during the tax control, the taxpayer will avoid, hide or waste his patrimony, jeopardizing or considerably cumber the collection, precautionary measures will be ordered in the form of precautionary garnishment and precautionary seizure on movable and/or immovable property owned by the debtor, as well as on his income.

Precautionary measures shall be ordered by decision issued by the competent tax body. However, at the level of procedural and fiscal legislation, exceptional situations are also regulated in which no precautionary measures will be ordered.

III.1.6.2. Lifting of precautionary measures

If precautionary measures have been taken before the issuance of the tax debt title, they will cease if the tax debt title has not been issued and communicated in a deadline of 6 months starting from the date on which the precautionary measures were ordered.

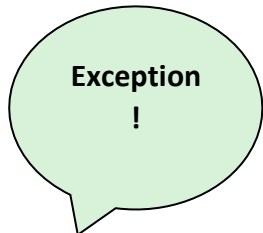


Exception!

In exceptional cases, this deadline may be extended up to one year by the competent tax body through a decision.

The tax body has the obligation to issue the decision to lift the precautionary measures within two days from the end of the term of 6 months or one year and in case of precautionary garnishment, to release the guarantee.

The decision to lift the precautionary measure will be carried out by the competent enforcement body and will be communicated to all those to whom the decision ordering precautionary measures or other enforcement acts relating thereto has been communicated.



Exception !

Exceptionally, if precautionary measures have been instituted and criminal investigation bodies have been referred according to the law, the precautionary measures remain valid for 3 months from the date of the criminal referral. At the end of this term or after the establishment of precautionary measures by the criminal investigation bodies, but no later than 3 months, the precautionary measures established by the tax body shall be lifted.

Lifting of precautionary measures may also occur following the termination of the reasons for which they were ordered or following the constitution of guarantees by the taxpayer, at the level of established or estimated tax claims.

III.1.7. Criminal referrals and collaboration with criminal investigation bodies

Whenever the tax authorities find that there are indications regarding the committing of crimes related to factual situations that fall within the competence of the tax authorities to ascertain, they draw up minutes/control acts, based on which they notify the criminal investigation bodies about the facts found.

The minutes or control act concluded according to the competences of the tax authorities, the documents seized and the written explanations requested, according to the law, as the case may be, as well as other written documents that have evidential value of written documents in criminal proceedings are sent to the criminal investigation bodies together with the notification.

Also, after the initiation of criminal investigation, in duly justified cases, with the prosecutor's approval, NAFA may be requested to carry out fiscal controls, according to the established objectives. The result of the controls shall be registered in minutes which constitute means of evidence.

The minutes which ground the notification of the criminal investigation bodies, by which the tax authorities ascertain factual situations that could meet the constituent elements of a criminal offense, as well as the minutes concluded at the request of the criminal investigation bodies, by which the damage is assessed, do not represent fiscal administrative acts within the meaning of the law and do not constitute a tax debt title within the meaning of the law.

III.1.8. Rules for communication to the taxpayer of the fiscal-administrative acts and contravention minutes issued following tax controls

III.1.8.1. Person to whom the fiscal- administrative act is communicated

The fiscal-administrative act must be communicated to the taxpayer/payer to whom it is intended. No later than 10 working days from the date of issuance of the fiscal-administrative act, the tax body must initiate actions for communicating the document.

In the situation of the taxpayer / payer without fiscal domicile in Romania, who has appointed a representative, as well as in the situation of appointing a tax trustee, the fiscal administrative act shall be communicated to the representative or to the tax trustee.



Exceptionally, in the case of companies in insolvency or dissolution proceedings, according to the law, the communication of the fiscal administrative act shall be made to the judicial administrator / judicial liquidator at the place indicated by him whenever this is requested in writing.



III.1.8.2. Means of communication

III.1.8.2.1. The fiscal-administrative act issued on paper

The fiscal-administrative act issued on paper may be communicated either by post, or by delivery to the tax domicile of the taxpayer / payer or his authorized representative or tax trustee, or by delivery to the headquarters of the tax body.

1. Communication by post

The fiscal-administrative act issued on paper will be communicated to the taxpayer / payer or their authorized representative or trustee, at the tax domicile, by mail with registered letter and acknowledgment of receipt.

2. Communication through publicity

If communication has not been possible by acknowledgment of receipt or by delivery under signature, it will be performed by publicity. Communication by publicity is carried out by displaying an announcement stating that the fiscal-administrative act has been issued on the name of the taxpayer / payer. The announcement is displayed simultaneously, at the headquarters of the issuing tax body and on the NAFA website.

The public notice will remain displayed for at least 60 days from the date of its publication and will contain the following elements:

- name and surname or name of the taxpayer/payer;
- tax domicile of the taxpayer/payer;
- name, number and date of issue of the fiscal administrative act.

If the fiscal administrative act is communicated by publicity, it will be deemed communicated within 15 days from the date on which the announcement is displayed.

Whenever communication is made through publicity or display, the tax authority will draw up a report this respect.

3. Communication by delivery under signature

By exception to the rule of communication by mail, the competent tax body may decide to communicate the fiscal administrative act issued on paper, by delivering it under signature to the tax domicile of the taxpayer / payer or his authorized representative or trustee, through the tax body's own employees.

If the taxpayer / payer or their authorized representative or trustee receives the fiscal-administrative document, but refuses to sign the proof of delivery or, for grounded reasons, cannot sign it, a minute shall be drawn up.

If in the procedure of communication of the fiscal administrative act by delivery, the addressee refuses to receive the document or is not found at the tax domicile, a notice is displayed on his door. If the taxpayer / payer or his authorized representative or trustee refuses to receive the fiscal administrative act, the act shall be deemed communicated on the date of posting the notification.

If the taxpayer / payer or his authorized representative or trustee is not found at the tax domicile, the taxpayer / payer or his authorized representative or trustee is entitled to present himself, within maximum 15 days from the date of posting the notification, at the headquarters of the issuing tax body to receive the fiscal administrative act. If the taxpayer / payer or his authorized representative or trustee does not present himself within this period, the fiscal administrative act shall be deemed communicated at the end of this period.

The notification should include:

- name of issuing tax body;
- the name and surname of the person who made the display and its function;
- name, surname and tax domicile of the notified person;
- the name, number and date of issue of the fiscal administrative act in respect of which the notification is made;
- the year, month, day and time when the display was made;
- provisions regarding the date on which the fiscal administrative act is deemed to be communicated;
- signature of the person who posted the notification.

The fiscal administrative document issued on paper may also be communicated by delivery, under signature, at the headquarters of the issuing tax body whenever the taxpayer / payer or their authorized representative or trustee presents himself at the headquarters of the tax body and requests this.

III.1.8.2.2. Fiscal administrative act issued in electronic form

The fiscal administrative act issued in electronic form will be communicated by electronic means of transmission, as the case may be, and it shall be deemed communicated on the date of making it available to the taxpayer / payer by these means. The electronic entry/exit number and the date of making the document available to the natural person, legal person or other entity without legal personality shall be entered in the electronic documents register.

For the purpose of communicating administrative documents issued by the central tax body that are mandatorily transmitted by electronic means of transmission, the central tax body may register ex officio taxpayers/payers in the electronic communication system by electronic means of transmission.

The communication of fiscal administrative acts issued on paper for taxpayers / payers who have been registered ex officio and have not accessed the electronic communication system within 15 days from the communication of the registration data is done only by publicity.

III.1.8.2.3. Communication of ascertaining and sanctioning minutes

If the investigating officer also applies the sanction and the offender is present at the conclusion of the minutes, the copy thereof will be handed over to the offender, mentioning this in the minutes. The offender will acknowledge the receipt by signing the minutes.

If the offender is not present or, although present, refuses to sign the minutes, the communication will be made by the investigating officer within two months from the date of conclusion of the minutes.

In accordance with the legal provisions regulating the legal regime of contraventions, the minutes are communicated by post, with acknowledgment of receipt, or by display at the offender's domicile or headquarters, if the communication by mail was not made, respectively the minutes were not received by the offender. The display operation will be recorded in a report, signed by at least one witness.

III.1.9. Correction of minor errors in fiscal-administrative acts

The tax body may correct minor errors in the fiscal administrative act at any time, ex officio or at the request of the taxpayer.

Minor errors shall refer to any drafting mistakes, omissions, or incorrect statements in fiscal administrative acts, except for those that render the fiscal administrative act void in accordance with the law or pertain to the substance of the tax administrative act.

If, after communication of the fiscal administrative act, the tax body finds, ex officio, that there are minor errors in its content, it will communicate to the taxpayer / payer an act correcting the minor error.

If the correction of the minor error is requested by the taxpayer, the tax body will proceed as follows:

- if the request for correction of the minor error is well founded, the tax body will issue and communicate to the taxpayer / payer the act of correction of the minor error;
- If the request for correction of the minor error is unfounded, the tax body will reject the request by means of a decision to be communicated to the taxpayer / payer.

The act of correction of the minor error and the decision rejecting the request for correction of the minor error follow the legal regime of the initial act and can be challenged according to the law in the same conditions in which the initial act could have been challenged.

III.1.10. Nullity and annulment of fiscal- administrative acts

III.1.10.1. Nullity of fiscal-administrative acts

The fiscal administrative act shall be null in any of the following situations:

a) is issued in breach of the legal provisions on competence;

b) does not include one of its elements relating to the name, surname and function of the authorized person of the tax body, the name and surname or name of the taxpayer / payer, the object of the administrative act or the signature of the authorized person of the tax body, as the case may be, as well as the issuing tax body;

c) is vitiated by a serious and obvious error. The fiscal administrative act is vitiated by a serious and obvious error when the causes which grounded its issuance are so flawed that, had they been cleared before or at the same time as the act was issued, they would have led to its non-issuance;

d) the tax body does not present the arguments for which it does not take into account the prior opinion issued in writing or the solution adopted by the tax body or by the court of law, if the taxpayer / payer submitted to the tax body prior to issuing the administrative-fiscal act the respective opinion / solution;

e) the tax body does not comply with the grounds of the decision to settle the appeal in case of issuing the new fiscal administrative act;

f) the issuance of the tax inspection report and of the tax assessment decision or of the decision not to modify the tax base by the tax inspection body after the finalization of the tax inspection, as a result of the failure to complete the tax inspection within a period representing twice the period provided by law, respectively the issuance of the verification report and the tax assessment decision by the tax body after the termination of the verification of the personal tax situation, without them being resumed, according to the law;

g) the tax authority issues a tax inspection report/personal tax situation verification report and a tax assessment decision/tax base modification decision/decision not to modify the tax base/decision for regularizing the situation or a decision to close the personal tax situation verification procedure, when findings are made regarding the perpetration of acts sanctioned by criminal law in connection with the means of evidence regarding the determination of the taxable base that is the subject of the tax inspection.



Nullity may be established by the competent tax authority or settlement body, upon request or ex officio. If the nullity is established by the competent tax body, it issues a decision that is communicated to the taxpayer.

III.1.10.2. Annulment, dissolution or amendment of the fiscal-administrative act

The fiscal administrative acts that breach legal provisions other than those listed above are voidable. In this respect, the provisions of the Fiscal Procedure Code will be supplemented by the provisions of the Civil Code and the Code of Civil Procedure, to the extent that they may be applicable to relations between public authorities and taxpayers/payers.

The fiscal administrative act may be annulled, abolished, or amended by the competent tax body according to the law. Also, the legality of administrative operations which precede the issuance of fiscal administrative acts will be examined during the analysis of the fiscal-administrative act by the competent body.

The total or partial annulment or abolition, definitively, according to the law, of the fiscal administrative acts by which the main tax receivables were established entails the total or partial annulment, abolition or modification:

- both of the fiscal administrative acts by which ancillary tax claims related to the main tax receivables individualized in the annulled, abolished or amended tax administrative acts were established,
- as well as subsequent fiscal administrative acts issued on the basis of annulled, abolished or amended fiscal administrative acts, even if the fiscal administrative acts establishing ancillary tax claims or subsequent fiscal administrative acts have become final in the system of administrative appeals or judicial system or have not been challenged.

In this case, the issuing tax body, ex officio or at the request of the taxpayer/payer, issues a new fiscal administrative act, by which it abolishes or amends accordingly the fiscal administrative acts establishing ancillary tax claims or the subsequent fiscal administrative acts.

III.1.11. The role of tax controls as a feedback tool for risk analysis

Following the completion of tax controls and following the findings made by the tax control bodies, they inform the central risk management structure within NAFA about the results/findings of tax audits initiated as a result of risk analyses/data and information submitted by it, in order to assess the degree of confirmation of the reported tax risks and to adjust, where appropriate, the tax risk analysis process.

In this respect, the tax control bodies transmit to the central risk management structure within NAFA, through the coordinating structure of the activity at central level, any data and information resulting from tax control actions and/or from their own activity and/or coordinated/subordinated structures:

- which are relevant for identifying new risks of non-compliance or new forms of manifestation of risks;
- which may be relevant to the Agency processes for identifying, analyzing and addressing risks of non-compliance;
- proposals for risk profiles/indicators or treatments to mitigate risks of non-compliance within the area of competence.

III.2. Particular aspects regarding each type of tax control

III.2.1. Tax inspection (audit)

III.2.1.1. Object of the tax inspection

Tax inspection is the activity aimed at verifying the legality and compliance of tax declarations, correctness and accuracy of fulfillment of obligations related to the establishment of tax obligations by the taxpayer / payer, compliance with the provisions of tax and accounting legislation, verification or establishment, as the case may be, of tax bases and related facts, determination of differences in main tax liabilities.

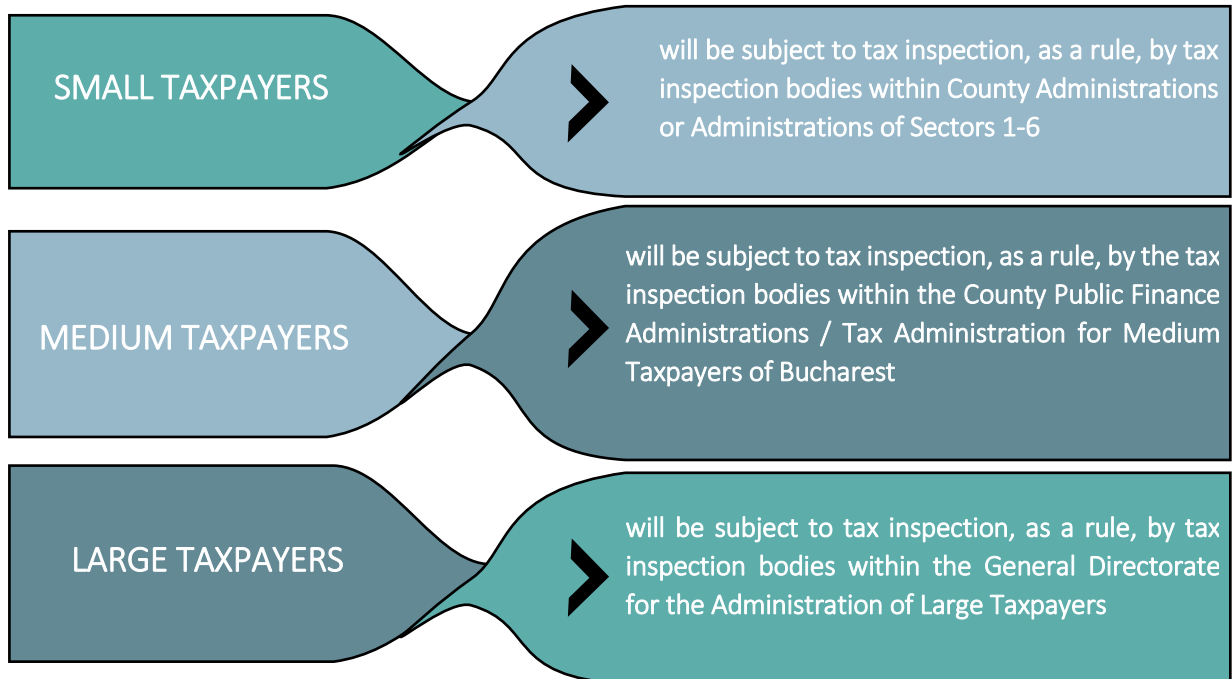
The tax inspection is exercised on any person and entity, regardless of their form of organization, both taxpayers and payers.

III.2.1.2. Preparation of the tax inspection

III.2.1.2.1. Tax body competent to conduct tax inspection and applicable principles

In accordance with the principles of decentralization and territoriality, the tax inspection is exercised exclusively, directly, and unhindered by the competent tax body in whose territorial jurisdiction the tax domicile of the taxpayer / payer is located. Therefore, the competent body for the administration of the taxpayer from a material and territorial point of view is also the competent body for carrying out the tax inspection.

Depending on the segmentation of taxpayers:



In the case of tax receivables administered by the central tax body, by order of the president of NAFA, structures may be set up at the level of the central apparatus that have competence to carry out tax inspections throughout the country. The power to carry out the tax inspection by the central tax body may be delegated to another central tax body, under the conditions established by order of the president of NAFA.



In particular, by exception to the rules presented above, regarding the competence to carry out tax inspection actions depending on the classification of taxpayers or territoriality, according to the law, for one or more taxpayers / payers may be granted the delegation of competence to another control body to perform a control action.

The control body that received the delegation of competence is responsible for carrying out all activities necessary for carrying out the tax inspection action and ensuring the compliance with the acts of control or for the issuance of fiscal administrative acts. At the same time, the control body to which the competence has been delegated notifies the taxpayer / payer about the delegation of competence.

III.2.1.2.2. The compliance notification

1. Issuance of the compliance notification

Prior to the possible selection for carrying out a tax audit action, for taxpayers / payers eligible to be selected for tax inspection, the tax audit body will send them, in writing, a notification of compliance concerning the identified tax risks, in order for them to reassess their tax situation and, where appropriate, to submit or correct tax returns.

The notification will be issued by the tax audit body competent to carry out the tax audit of the taxpayer / payer concerned, based on the risk analysis received from the risk management structures within the National Agency for Fiscal Administration and/or based on its own analyses.

The notification will be issued whenever, as a result of the risk analysis, new tax risks are identified which have neither been previously notified nor subject to fiscal control. Compliance notifications can be sent monthly, quarterly, half-yearly or annually, in relation to the tax period corresponding to the due tax, fee, contribution in which the tax risk was identified.



In order to issue the notification, the tax audit body will carry out the following activities:

The head of the tax inspection structure nominates the person(s) who will draw up the notification, based on the risk analysis.



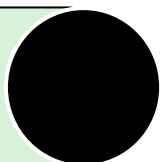
The notification will be drawn up, in which reference will be made to the risks identified.



The draft notification will be endorsed by the head of service and approved by the head of the tax inspection structure. Then, communication to the taxpayer is initiated.



The person(s) who drafted the notification will usually be nominated as contact person(s) for the notified taxpayer/payer in relation to the notified issues.



After analyzing the information received from the taxpayer regarding the way in which he complied, the person(s) who drafted the notification will propose through a motivated report the initiation or non-initiation of the tax inspection action.



2. Exceptions to the issuance of the compliance notification



Exceptionally, the situations in which the tax inspection body does not issue a notification of compliance are the following:

- a) in the case of taxpayers / payers in insolvency proceedings;
- b) if, as a result of an unannounced control, it is necessary to start the tax audit immediately;
- c) to extend the tax audit to periods or tax receivables, other than those included in the initial tax inspection notice;
- d) in case of recheck, as a result of a settlement decision of a tax appeal;
- e) in case of requests of the taxpayer / payer for whose resolution, as a result of risk analysis, it is necessary to carry out the tax inspection.

3. Content of the compliance notification

Through the notification, the taxpayer / payer is notified of the elements of tax risk identified by the tax body, taxable periods, taxes, duties, contributions related to the identified risks, as appropriate, including the estimation of the tax impact, if it can be quantified, as well as other relevant elements that may lead to the reassessment of the tax situation by the taxpayer / payer.

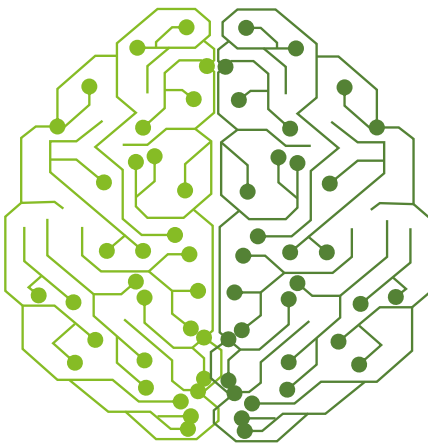
With respect to the mentioned tax risks, the tax body invites the taxpayer / payer to analyze them and to eventually submit or correct the tax returns, within 30 days from the date of communication of the notification.

4. Effects of the compliance notification

Until the expiry of this deadline, the tax inspection body does not take any action for the selection for a tax audit.

Also, within the 30-day period, taxpayers / payers have the possibility to send to the issuing tax body information on the results of their own analysis, as well as on the measures taken, if any, accompanied by documents.

In this regard, the following main situations can be identified:



If, as a result of its own analysis, the taxpayer considers that the tax risks identified by the tax body are not confirmed and, consequently, it is not necessary to reconsider its tax situation, it may mention this fact in the information sent to the tax body, together with the documents/information it considers relevant for this purpose;



If, as a result of its own analysis, the taxpayer considers that the tax risks identified by the tax body are confirmed and, consequently, may proceed to the eventual submission or correction of tax returns, informing the tax body accordingly;

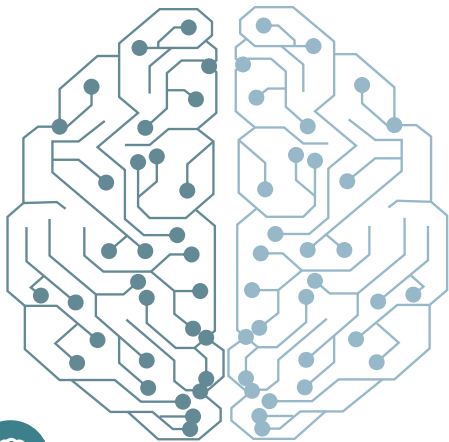


If, as a result of its own analysis, the taxpayer considers that the tax risks identified by the tax body are confirmed only in part and, consequently, may proceed to the eventual submission or correction of tax returns for confirmed risks, informing the tax body about this aspect, as well as about the reasons why it considers that the other part of the mentioned risks is not confirmed;



The taxpayer does not take any action in relation to the compliance notification received.

After the expiration of the 30-day period and depending on the measures taken by the taxpayer, the tax body has the following main options:



If the tax body considers that through the measures taken, the taxpayer / payer has remedied the tax risks for which he was notified, not to proceed with the selection of the taxpayer / payer for tax inspection.



If the tax body considers, following the notification sent by the taxpayer / payer, that the notified risks are no longer confirmed, not to proceed to the selection of the taxpayer / payer for tax inspection.



If the tax body considers, as a result of the measures taken or as a result of the notification sent by the taxpayer / payer, that the tax risks remain applicable, to proceed to the selection of the taxpayer / payer for tax audit / documentary check.



If the taxpayer does not take any action, to proceed to the selection of the taxpayer / payer for tax audit / documentary check.

Taxpayers / payers with high tax risk who have not remedied the tax risks for which they were notified within 30 days are subject to a mandatory tax audit or documentary check.



In any case, the submission or correction of tax returns by the taxpayer does not prevent selection for the tax audit, but only after the 30-day deadline elapses.

III.2.1.2.3. Selection of taxpayers for tax audit

The selection of taxpayers / payers to be subject to tax inspection is carried out by the competent tax inspection body, depending on the level of risk. The level of risk shall be determined on the basis of the risk analysis.

The identification of fiscal risks leads to the efficiency of the control activity, being controlled only taxpayers with high fiscal risk, thus, the risk analysis represents the basis for selecting taxpayers to be included in the control, in order to establish the tax implications of the identified risks.

The risk analysis is carried out periodically and with this occasion the tax body also establishes the tax risk class/subclass of the taxpayer.



The taxpayer/payer may not object to the selection procedure used.

III.2.1.2.4. Scheduling tax inspections – elaboration of annual, quarterly and monthly tax inspection programs

The tax inspection activity is organized and carried out based on annual, quarterly and monthly programs.

GDFCC elaborates and proposes for NAFA management's approval the annual, quarterly and monthly programs, which contain the main objectives and guidelines based on which the tax audit bodies within NAFA, coordinated by GDFCC, operate.

The annual, quarterly and monthly programming is mainly carried out depending on the national strategy, government program, country program, fiscal policies of the Ministry of Finance.

Based on the provisions of the annual, quarterly and monthly programs elaborated by GDFCC, the structures within the tax inspection body (the service/office/compartment with selection, programming and analysis attributions within the County Public Finance Administrations, the Administrations of Sectors 1-6 of Public Finance, the Tax Administration for Medium Taxpayers Bucharest, the Tax Administration for Non-Resident Taxpayers and the General Directorate for Administration of Large Taxpayers) will draw up monthly activity programs for the tax audit, which will be approved by the management of the General Regional Directorate of Public Finance / General Directorate for the Administration of Large Taxpayers (these programs include taxpayers who are to be subject to a tax inspection).

The annual, quarterly and monthly programs elaborated by GDFCC may be supplemented with emergency actions, ordered or approved by NAFA management, and will be subsequently reapproved. The monthly activity programs of the tax inspection, approved by the management of the General Regional Directorate of Public Finance / General Directorate for the Administration of Large Taxpayers can be completed with emergency actions, ordered by NAFA management, which will be subsequently reapproved.

Also, if, after approving the monthly program of a structure with fiscal inspection attributions subordinated to NAFA, it is necessary to remove / supplement / with other tax inspection actions, their removal / inclusion from / in the program is done with the approval of the management of the General Regional Directorate of Public Finance / General Directorate for the Administration of Large Taxpayers. Following the approval of the eliminations / inclusions of new tax inspection actions from / in the monthly activity program, the program will be subject to reapproval by the management of the General Regional Directorate of Public Finance / General Directorate for the Administration of Large Taxpayers.

III.2.1.2.5. Establishment of the tax inspection team – work order

The work order represents the document by which the tax inspection bodies are empowered to carry out the tax inspection at the nominated taxpayer/payer.

It is used by tax authorities to:

- nominate the inspection/control bodies that will carry out the tax inspection/control;
- nomination of the taxpayer / payer subject to tax inspection / control;
- establishing the date from which the tax inspection body is empowered to start the tax inspection/control action.

At the beginning of the tax inspection, the tax inspection body must present to the taxpayer the inspection card and the work order signed by the head of the tax inspection body. The inspection card and the work order may also be presented by using video means of communication, if the tax audit is carried out remotely.

III.2.1.2.6. Analysis of the tax file

Before starting the tax inspection, the file of the taxpayer / payer under the management of the competent tax body will be analyzed, in order to observe the evolution or changes produced in the activity of the taxpayer to be verified.

After studying the components of the tax file, the tax audit body will study and possibly complete the risk elements that it will propose for the tax inspection.

If special findings resulting from the last tax inspection action are identified, they will also be taken into account in the tax inspection for which the documentation is made.

III.2.1.3 Conducting the tax inspection

III.2.1.3.1. Duties of the tax inspectors



In order to carry out the tax inspection, the tax inspection body will proceed to:

- the examination of documents in the tax file of the taxpayer / payer;
- the verification of the concordance between the data in the tax returns with those in the accounting and tax records of the taxpayer, including in the standard tax audit file;
- the analysis and evaluation of tax information, with a view to comparing tax returns with own information or from other sources and, where appropriate, discovering new elements relevant for the application of tax legislation;
- the verification, identification, and tax investigation of the acts and facts arising from the activities of the taxpayer/payer subject to inspection or other persons regarding the legality and compliance of tax declarations, the correctness, and accuracy of fulfilling obligations as provided by tax and accounting legislation;
- requesting information from third parties;
- verification of the places where activities generating taxable income are carried out or where taxable goods are located;
- requesting written explanations from the legal representative of the taxpayer / payer or his authorized representative whenever they are necessary during the tax inspection, in order to clarify and finalize the findings;
- informing the legal representative of the taxpayer / payer or his authorized representative, as the case may be, about the findings of the tax inspection, as well as discussing them;
- establishing the tax base, the differences due in excess or in minus, as the case may be, compared to the main tax liability declared by the taxpayer and/or established, as the case may be, by the tax body;
- issuing provisional tax assessments decisions for additional main tax liabilities related to a verified period and type of obligation;
- sanctioning according to the law the facts representing breaches of the tax and accounting legislation and ordering measures to prevent and combat deviations from the provisions of tax and accounting legislation;

- ordering precautionary measures under the law;
- applying seals to the goods, drawing up minutes to this effect.

III.2.1.3.2. The role of tax inspection

The tax inspection is the most comprehensive form of tax control that tax authorities can carry out on taxpayers/payers.

The tax inspection is intended, in principle, to examine all facts and legal relationships that are relevant for taxation or to verify compliance with other obligations provided by tax and accounting legislation.



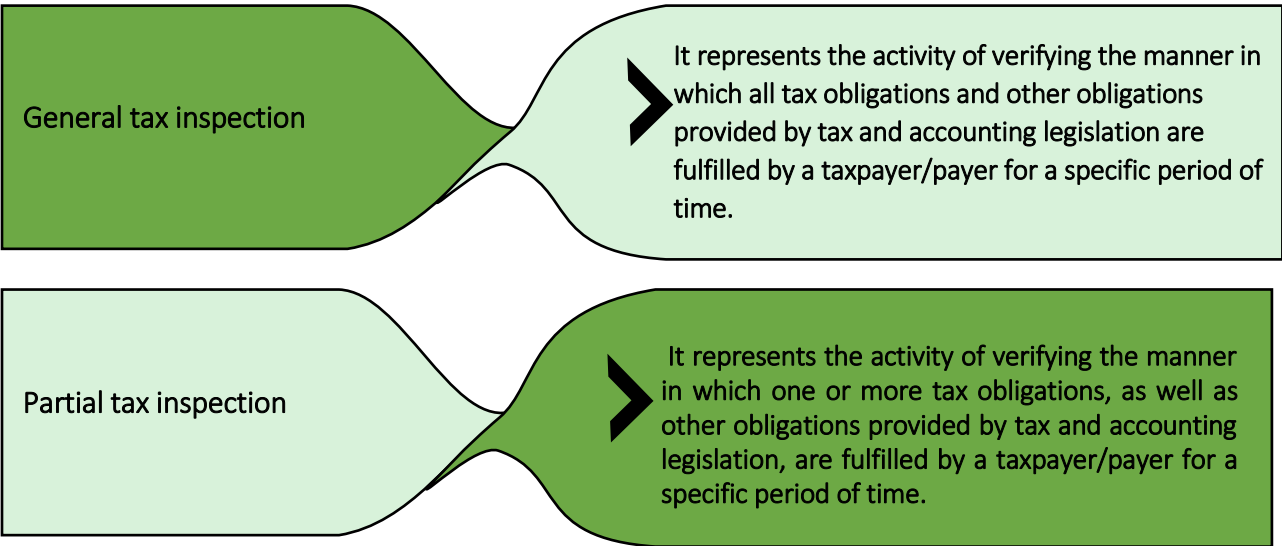
The following main objectives are considered in the fiscal inspection action:

- a) verification of the legality and compliance of tax returns, of the concordance between the data in the tax returns with those in the accounting and tax records of the taxpayer / payer;
- b) verifying the correctness and accuracy of fulfilling obligations related to the determination of the taxable base and, respectively, the associated tax obligations by the taxpayer/payer;"
- c) verifying compliance with the provisions of tax and accounting legislation;
- d) analysis and evaluation of tax information, with a view to comparing tax returns with own information or from other sources and, where appropriate, identifying new elements relevant for the application of tax legislation;
- e) verifying the existence of contracts and their manner of performance, in order to determine the taxable transactions carried out by the taxpayer / payer that are significant and relevant for determining the tax base;
- f) verification of the registration of items having an income nature or similar to them, related to the activity carried out;
- g) verification of the places where activities generating taxable income are carried out or where taxable goods are located;
- h) verifying the method of recording expenses or similar items incurred for the purpose of conducting economic activities, as well as the tax treatment of transactions/transactions that have generated such expenses;
- i) verifying the correctness of the tax treatment applied to transactions/transactions for amounts used with the right to deduct from taxes, duties or contributions due;

- j) verifying the compliance with the specific rules for drawing up and using financial and accounting documents, with the internal numbering regime of financial-accounting forms, mentioning the existence of the series and range of numbers approved by the taxpayer / payer's management and the date of commencement of their use, as well as the records of documents with special regime (special regime markings, respectively stamps and bands), if applicable;
- k) verifying other aspects relevant to taxation, if they are of interest for the application of tax and accounting legislation;
- l) checking the Transfer Pricing File, where applicable.

It is not within the scope of tax audit to conduct technical-scientific findings or any other verifications requested by criminal investigation bodies in order to clarify facts or circumstances related to ongoing cases at these institutions.

III.2.1.3.3. Forms of tax inspection



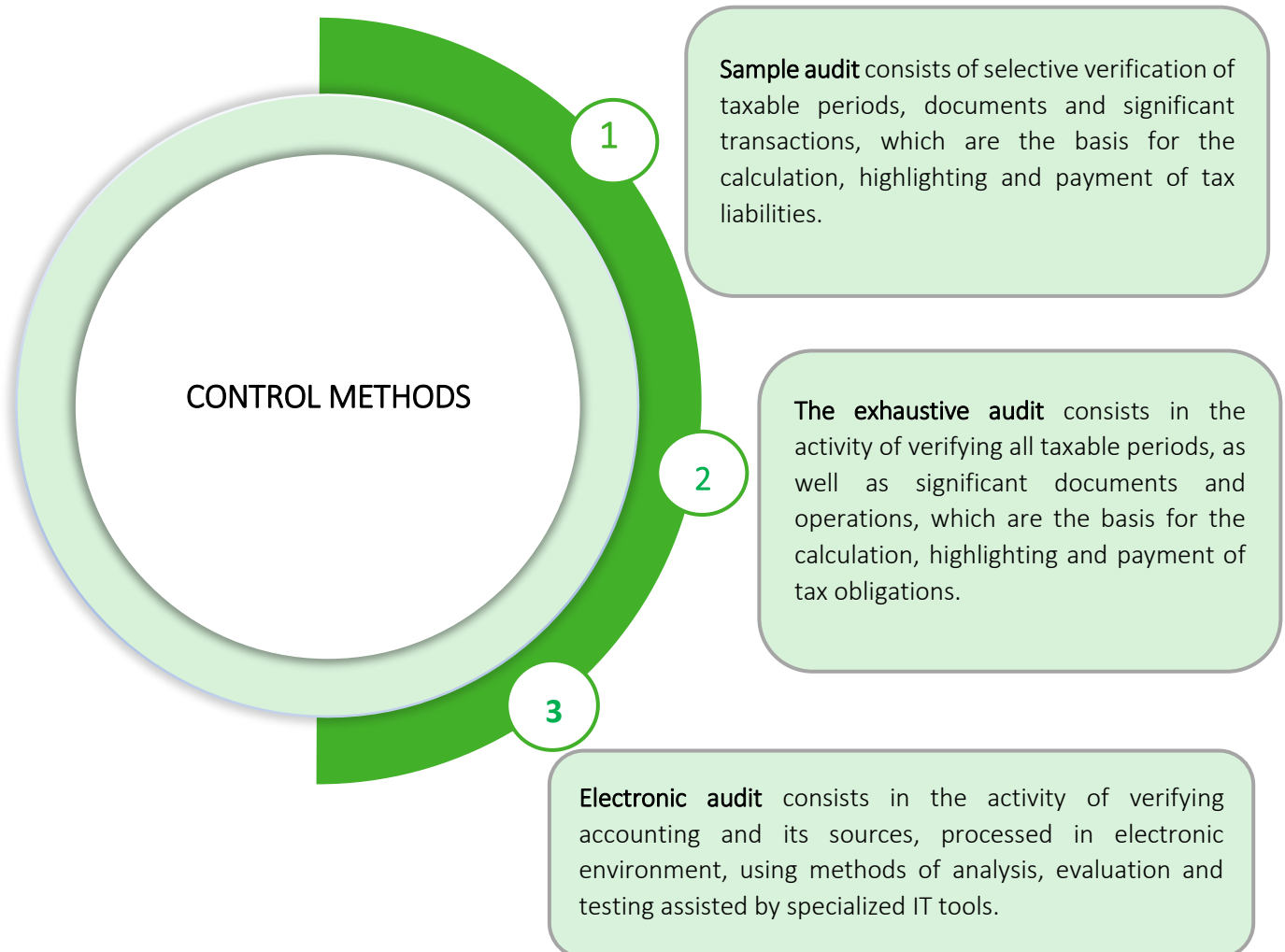
The tax inspection body decides on conducting a general or partial tax audit, based on risk analysis.

III.2.1.3.4. Extension of the tax inspection

The tax inspection may extend to all relations relevant to taxation, if they are of interest for the application of tax/accounting legislation.

Therefore, a partial tax inspection started strictly with regard to certain tax liabilities (e.g. VAT or social contributions) may become a general inspection in which all tax liabilities of a taxpayer will be analyzed, or it may remain a partial inspection, but also covering verified tax liabilities other than the initial ones. This is done through the extension of the tax audit, in which case it will be necessary to issue and communicate a new tax inspection notice for the tax period/obligations for which the tax inspection has been extended.

III.2.1.3.5. Control methods. Selection of significant documents and operations during sample inspection



The selection of significant documents and operations is to be assessed by the inspector. Thus, in the case of complex audits that include multiple types of taxes, fully verifying the relevant operations and documentation would be extremely difficult, which is why it remains the duty and prerogative of the tax inspector, being his attribute, to assess which are the significant operations/transactions/documents from the perspective of the identified tax risk, including taking into account the sources of information/data available.

III.2.1.3.6. The commencement of the tax inspection

1. Communication of the tax inspection notice

The tax inspection notice represents the document by which the tax inspection bodies notify the taxpayer / payer about the tax audit to be carried out.



The tax inspection notice must contain the following mentions, meant to inform the taxpayer / payer about the details of the announced tax inspection:

- a) the legal basis of the tax inspection;
- b) the taxes, duties, contributions and other revenue of the consolidated general budget which are subject to inspection;
- c) the period under control for each type of tax, duty, contribution and other revenue of the consolidated general budget;
- d) the start date of the tax audit;
- e) the possibility for the taxpayer to request the postponement of the start date of the tax audit;
- f) the possibility of the taxpayer to submit or correct the tax return related to the periods and tax receivables that will be subject to the tax inspection, until the date of commencement of the tax audit.

The notice shall be drawn up by the tax inspection bodies and sent to the taxpayer who is to be subject to a general or partial tax audit, before the start of the tax audit:

- with 30 days for large taxpayers;
- with 15 days for other taxpayers/payers.

The taxpayer may waive the benefit of the period of communication of the tax inspection notice.



There are situations in which the tax inspection notice is communicated directly at the beginning of the tax inspection, without granting the prior deadline, namely:

- (i) in case of a tax inspection for a taxpayer / payer in insolvency proceedings;
- (ii) if, as a result of an unannounced control, it is necessary to start the tax inspection immediately;
- (iii) for extending the tax inspection to periods or tax liabilities, other than those included in the initial tax inspection notice;
- (iv) in case of recheck following a Decision to settle the tax appeal;
- (v) in case of requests of the taxpayer / payer for whose resolution, as a result of the risk analysis, it is necessary to carry out the tax inspection.



If the tax audit is extended to periods or tax liabilities, other than those included in the initial Tax Inspection Notice, the Tax Inspection Notice will be communicated before the start of the verification of tax obligations or periods for which the tax inspection has been extended.

2. Informing the taxpayer about his rights

Before the start of the tax inspection, the taxpayer will be informed about the rights and obligations he has during the tax inspection, as they also result from the Charter of rights and obligations of taxpayers during the tax inspection (these being presented in section III.2.1.3.11 below).

3. Presentation of the inspection card and work order

At the beginning of the tax inspection, the tax audit body must present to the taxpayer the inspection card and the work order signed by the head of the tax audit body. The inspection card and work order may also be presented using video means of communication.

4. Registration in the unique control register

The start of the tax inspection must be recorded in the unique control register whenever there is an obligation to keep it and the tax inspection is carried out at the premises of the taxpayer / payer.

Therefore, logging in the unique control register by the tax body will occur if the tax inspection will be carried out at the taxpayer's registered office or at one of its secondary offices for which notices/authorizations and/or operating endorsements have been issued.

On the contrary, if the tax inspection is carried out exclusively at the headquarters of the tax body, the unique control register will no longer be completed.

III.2.1.3.7. Postponement of the starting date of the tax inspection

After receiving the tax inspection notice, before the start of the tax inspection, the taxpayer / payer may request, only once, for justified reasons, the postponement of the starting date of the tax inspection.

The postponement will be approved or rejected by decision issued by the head of the tax audit activity, which will be communicated to the taxpayer. If the request for postponement has been granted, the decision will also indicate the date on which the tax audit was rescheduled.

If the tax audit cannot start within 5 working days from the date stipulated in the Tax Inspection Notice, the taxpayer / payer is notified, in writing, of the new start date of the tax audit.

III.2.1.3.8. Period subject to tax inspections

The tax inspection is carried out within the statute of limitation period of the right to establish tax claims. Thus, the right of the tax body to establish tax receivables is time barred within 5 years, unless otherwise provided by law.

The statute of limitation for the right to establish tax liabilities begins to run from July 1st of the year following the one for which the tax obligation is due, unless otherwise provided by law.



Example of a case where the statute of limitation period is different and starts to run from a date other than the one mentioned above: as regards the statute of limitation of the right to establish tax liabilities, if they result from the perpetration of an act sanctioned by criminal law, the term is of 10 years, starting from the date on which the act constituting the criminal offence was committed, sanctioned as such by a final court decision.

The specific selection of the periods to be subject to tax inspection, periods that must fall within the 5-year statute of limitation period, is carried out by the tax body depending on the identified tax risk.



Within the statute of limitation period of the right to establish tax liabilities, the tax inspection may extend to other unverified tax periods.

In case of anticipated tax inspection, carried out to settle negative VAT returns, the period subject to tax inspection will include exclusively the tax periods in which the operations that generated the balance of the negative amount of tax were carried out.

If there are indications of non-compliance with tax legislation or incorrect determination of tax liabilities, through operations that took place outside the period provided above, the tax audit shall be extended accordingly, in compliance with the deadlines provided by law.

III.2.1.3.9. Duration of the tax inspection

1. Start and end date of tax inspection

The date of commencement of the tax inspection is the date mentioned in the unique control register, if there is an obligation to keep it and the inspection is carried out in the premises of the taxpayer / payer.

In the case of the taxpayer / payer who does not keep or does not submit to the tax inspection body the unique control register, this date shall be recorded within ascertaining minutes drawn up by the tax inspection body. The ascertaining minutes will be signed by the tax inspection body and by the taxpayer / payer and will be registered at the registry of the taxpayer / payer whenever such a registry exists.

If the tax audit takes place in the premises of the taxpayer / payer and cannot start within 5 working days from the date provided in the notice, the taxpayer / payer is notified, in writing, of the new start date of the tax audit.

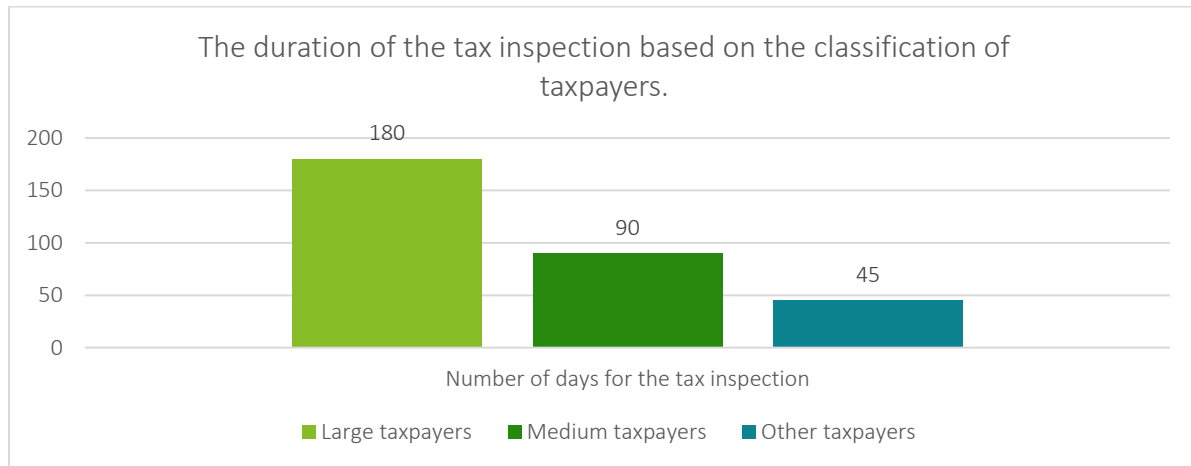
If the tax audit is carried out at the headquarters of the tax inspection body, the date of commencement of the tax audit shall be the date stipulated in the notice. If the tax audit cannot start on the date stipulated in the notice, at the latest on the respective date, the taxpayer / payer is notified, in writing, of the new start date of the tax inspection.

The date of completion of the tax inspection is the date scheduled for the final discussion with the taxpayer / payer or the date of notification by the taxpayer / payer that he renounces to this right. If, for the final discussion, two alternative dates are scheduled, depending on the availability of the taxpayer / payer, the date of completion of the tax audit will be considered the one on which the taxpayer presents himself for the final discussion. If the taxpayer does not show up on any of the dates and does not notify the waiver to its right, the second (later) date will be considered the date of completion of the tax inspection.

2. Effective duration of the tax inspection

The duration of the tax inspection shall be established by the tax inspection body, depending on the objectives of the audit, and shall not exceed the following:

- (i) 180 days for large taxpayers, taxpayers/payers with secondary offices, regardless of size, as well as for non-resident taxpayers;
- (ii) 90 days for medium taxpayers;
- (iii) 45 days for other taxpayers.



If the tax inspection is not completed within a period representing twice the period provided by law, respectively in 360 days for large taxpayers, 180 days for medium taxpayers and 90 days for other taxpayers, which do not include periods when the tax inspection is legally suspended, the tax inspection ends, without the issuance of a tax inspection report and tax assessment decision or decision not to modify the tax base.

In this case, the tax inspection body may resume the inspection, with the approval of the higher hierarchical authority than the one that initially approved the tax inspection, only once, for the same period and the same tax obligations, with the observance of the statute of limitation period.

If the tax inspection has begun and the termination of the legal person or the death of the natural person as subjects of tax law occurs, the tax inspection continues with the successors of that person, if any. In this case, the tax liability shall be established in the name of the successors. If there are no successors, the tax inspection ceases.

III.2.1.3.10. Place of tax inspection

The tax inspection is usually carried out at the headquarters of the tax inspection body.

At the initiative of the tax inspection body or at the motivated request of the taxpayer / payer, the tax inspection may take place in the premises of the taxpayer / payer or at the domicile / headquarters of the person providing specialized or legal assistance, if the domicile of this person is also his professional headquarters. The taxpayer's/payer's request shall be settled within maximum 3 days of its registration. If the request is not settled within 3 days, it is considered tacitly accepted.

If the inspection is carried out at the premises of the taxpayer / payer or at the domicile / headquarters of the person providing specialized or legal assistance, he must provide an adequate space, as well as the necessary logistics to carry out the tax inspection. Adequate space means providing a space within the limits of the taxpayer's / payer's possibilities, equipped with the minimum office supplies and allowing the safe keeping of documents received for tax inspection or elaborated by tax inspection bodies. If the taxpayer / payer cannot provide an adequate space, he will notify in writing and with arguments the competent tax inspection body.

If it does not exist or cannot be provided an adequate workspace for carrying out the tax inspection, then the inspection activity is carried out at the headquarters of the tax body or in any other place agreed with the taxpayer/payer. Changing the location of the tax inspection can also be done during the tax inspection.

If the tax inspection is carried out in the premises of the taxpayer, it is usually carried out during the taxpayer's working hours.



The tax inspection may also take place outside the taxpayer's working hours, with its written consent and with the approval of the head of the tax inspection body. However, the tax inspection is carried out in such a way as to affect as little as possible the usual business of the taxpayer / payer and to efficiently use the time set for carrying out the tax inspection.

If the tax inspection is carried out at the headquarters of the tax body, it is carried out during the working hours of the tax body. The tax inspection may also take place outside the working hours of the tax body, if the presence of the taxpayer / payer is not required, with the approval of the head of the tax inspection body.

Regardless of the place where the tax inspection takes place, the tax inspection body has the right to inspect the places where the activity is carried out, or where the taxable goods are located, in the presence of the taxpayer / payer or a person designated by him.

III.2.1.3.11. Specific rights and obligations of the taxpayer/payer during the inspection

In addition to the rights and obligations provided for in Section III.1.2 above, taxpayers / payers benefit from and are bound by specific rights and obligations within the tax inspection action.

The specific rights of the taxpayer/payer during the tax inspection are as follows:

1. The right to be notified about the tax inspection action

Before carrying out the tax audit, the taxpayer / payer will be notified about this action through a tax inspection notice, which will be sent, in writing, by the tax body (in this regard, see section III.2.1.3.6 point 1 above).

2. The right to be verified only for taxes, duties and social contributions within the statute of limitation period

The tax inspection body may verify the situation of the taxpayer within the statute of limitation period (in this respect, see Section III.2.1.3.8 above).

3. The right to request the postponement of the start of the tax inspection

The taxpayer may request only once, the postponement of the start date of the tax inspection, for justified reasons (in this regard, see Section III.2.1.3.7 above).

4. The right to be verified only once for each tax, duty or social contribution and for each period subject to verification/taxation

The tax inspection is carried out only once for each tax, duty or social contribution and for each period subject to verification/taxation.

However, the head of the tax inspection body may decide the reverification of certain types of tax liabilities for a certain taxable period under the conditions provided by law (in this respect, see Section III.2.1.4.4 below).

5. The right to request the identification of the tax inspection bodies

At the beginning of the tax inspection, the tax inspection body is obliged to present to the taxpayer / payer the tax inspection card and the work order signed by the head of the tax audit activity (in this regard, see Section III.2.1.3.6 point 3 above).

6. The right to be protected under the tax confidentiality

The information provided by the taxpayer / payer to the tax inspection bodies, as well as the information obtained during the tax inspection are protected by tax secrecy. The category of information considered to be tax secret includes data on the identity of taxpayers / payers, nature and amount of tax liabilities, nature, source and amount of debtor's income, payments, accounts, receipts, deductions, credits, debts, value of net assets or any information obtained from statements or documents submitted by the taxpayer or any other information known to the tax body as a result of exercising job duties. In this respect, civil servants within the tax body, including persons who no longer hold this capacity, are obliged to keep secret the information they hold as a result of the exercise of their duties.

7. The right to receive written proof in case of retention of documents by tax inspection bodies

If, during the tax audit, documents, registers and financial-accounting documents or any element proving the establishment, registration and payment of tax obligations by the taxpayer are retained for protection purposes, the tax inspection body must draw up a deed specifying all the elements necessary to individualize that proof or evidence, as well as an indication that it has been withheld, in accordance with the legal provisions, by the tax authority (in this regard, see Section III.1.5.2.3 above).

8. The right for the business to be affected as little as possible during the tax inspection

The tax inspection is carried out in such a way as to affect as little as possible the current activity of the taxpayer / payer and to efficiently use the time set for carrying out the tax inspection (in this regard, see Section III.2.1.3.10 above).

9. Right to be informed in writing

During the tax inspection, the taxpayer will be informed about the findings resulting from the tax inspection. As the case may be, the proof of information may be, for example, the e-mail sent, a minute, a signature on a document, the "Explanatory Note" sent to the taxpayer, addresses submitted or received, etc. that will be archived in the file of the tax inspection action.

10. The right to request the issuance of the provisional tax decision after half of the legal duration of the tax inspection

During the tax audit, the tax body has the obligation to inform, within 5 working days, the taxpayer / payer about the completion of a tax period and a type of verified tax liability. If the taxpayer/payer has not been informed about the completion of the verification of a tax period and a type of tax liability, the taxpayer may request the issuance of the provisional tax decision after half of the legal duration of the tax audit (in this respect, see Section III.2.1.4.2. below).

11. Right to be first requested to provide information

The tax inspection body shall request the information necessary to determine the tax factual situation first to the verified taxpayer/payer or from another person empowered by him. If, during the tax inspection, the tax situation has not been clarified by the taxpayer, the tax inspection body may request information from other persons. Information provided by these persons will only be taken into account

to the extent that it is also confirmed by other means of evidence (in this respect, see Section III.1.3.1 above).

12. Right to refuse to provide information

The spouse and relatives or affinities of the taxpayer up to and including the third degree may refuse to provide information, carry out expertise, as well as submit documents. Also, priests, lawyers, notaries public, tax consultants, bailiffs, auditors, chartered accountants, doctors and psychotherapists may refuse to provide information on data they have become aware of in the exercise of their activities. However, with the exception of priests, the persons mentioned may provide information, with the consent of the person about whom the information was requested (in this regard, see Section III.1.3.1 above).

13. Right to benefit from expert assistance

Throughout the tax audit, the taxpayer is entitled to specialized or legal assistance.

14. The right to know the results of the tax audit

At the end of the tax audit, the tax body will have a final discussion with the taxpayer with respect to the tax findings and their consequences. The date, time, place and issues of the discussion will be communicated in due course. (see Section III.2.1.4.1 below).

14. The right to challenge the tax decision issued following the tax audit

If the taxpayer/payer is harmed by the result of the tax inspection, he/she has the right to challenge the tax assessment decision issued by the tax inspection body (in this regard, see Section III.2.1.5.2. below).

The specific obligations of the taxpayer/payer during the audit are as follows:

- 1. Obligation to allow the tax inspection body to access the premises of the taxpayer / payer**

Regardless of the place where the tax audit takes place, the tax inspection body has the right to inspect any business premises of the taxpayer / payer or any other premises or places where taxable goods exist

or income-producing activities are carried out, in the presence of the taxpayer / payer or a person designated by him. This obligation usually applies during the normal working hours of the taxpayer. With the consent of the taxpayer and with the approval of the head of the tax inspection body, the tax inspection may also take place outside working hours (in this respect, see Section III.2.1.3.10 above).

2. The obligation to ensure an adequate space and logistics necessary for carrying out the tax inspection

The tax inspection is usually carried out at the headquarters of the tax inspection body, but at the initiative of the tax inspection body or at the motivated request of the taxpayer, the tax inspection may take place in the premises of the taxpayer / payer, and, therefore, an adequate space must be made available to the tax inspection bodies, as well as the logistics necessary for carrying out the tax inspection (in this regard, see Section III.2.1.3.10 above).

3. Obligation to provide the tax inspection body with all documents which stood as basis for the calculation of due fiscal liabilities

In order to establish the tax facts, the taxpayer / payer has the obligation to make available to the tax inspection body the accounting records, business documents and any other documents relevant for the tax audit, when these documents are not already held by the tax body (in this regard, see point 3 of Section III.1.5.2 above and point 1 of Section III.2.1.3.12. below).

4. Obligation to collaborate in carrying out the tax audit

The taxpayer/payer has the obligation to cooperate with the tax inspection body in ascertaining tax facts (in this respect, see point 1 of Section III.2.1.3.12. below).

5. Obligation to manage, maintain and archive accounting and tax records in an adequate manner and to keep them

The taxpayer / payer has the obligation to manage and keep accounting and tax records at the tax domicile or secondary offices, as the case may be, including on electronic support, or they may be entrusted for safekeeping to a company authorized, according to the law, to provide archiving services (in this regard, see points 2 and 3 of Section III.2.1.3.12. below).

6. Obligation to provide the tax inspection body with the requested information

The taxpayer / payer or other persons appointed by him have the obligation to provide the information requested by the tax inspection bodies. If the information is insufficient, then the tax inspection body may also apply to other persons for information (in this regard, see Section III.1.3.1 above).

7. Obligation to be present at the headquarters of the tax body

The taxpayer / payer has the obligation to present itself to the headquarters of the tax body to provide information and clarifications necessary to establish the real tax situation, when the tax body expressly requests this (in this regard, see section III.1.3.1 above).

8. Obligation to comply with the measures ordered by the tax audit body

The taxpayer / payer has the obligation to comply with the measures ordered by the tax inspection body through the issued fiscal-administrative acts (for example, through the Disposition of measures), as well as to present itself to the headquarters of the tax body to provide information and clarifications necessary to establish the real tax situation, when the tax body expressly requests this (in this regard, see Section III.1.3.1 above).

9. The obligation to pay the additional taxes, duties, social contributions, established during the tax audit, as well as the interest and penalties for delay / non-declaration related to them

The taxpayer / payer is obliged to pay the additional taxes, duties and social contributions, established during the tax audit, as well as their related ancillaries. For the additional taxes, duties, social contributions, the payment deadline is established depending on the date the tax assessment decision is communicated, as follows:

- if the date of communication falls between the 1st and 15th of the month, the payment deadline is up to and including the 5th of the following month;
- if the date of communication falls between the 16th and 31st of the month, the payment deadline is until the 20th of the following month, inclusive.

III.2.1.3.12. Verification of tax and accounting records. Submission of documents not held by the tax body

1. Submission of documents not held by the tax body

At the beginning of the tax inspection, the taxpayer/payer must be informed that he can appoint persons to provide information during the tax inspection. If the information provided by the taxpayer / payer or by the person appointed is insufficient, then the tax inspection body may address other persons to obtain information necessary to carry out the tax inspection.

At the same time, the taxpayer / payer has the obligation to collaborate in ascertaining tax facts, to provide information, to submit to the place of the tax inspection all documents that are not held by the competent tax body, as well as any other data necessary to clarify the relevant facts from a tax point of view.

In agreement with the tax inspection bodies, the collaboration of the taxpayer / payer in ascertaining tax facts can also be achieved by using electronic means of communication.

2. Obligation of the taxpayer / payer to keep tax records

Tax records are registers, statements, as well as any other written documents that, according to tax legislation, must be drawn up in order to establish the tax facts and tax receivables.

3. Rules for conducting and keeping accounting and tax records

Accounting and tax records are kept, as the case may be, at the tax domicile of the taxpayer / payer, at its registered office or secondary offices, including on electronic support, or may be entrusted for storage to a company authorized, according to the law, to provide archiving services.

The accounting and tax records of the current financial year shall be kept, as the case may be, at the tax domicile of the taxpayer/payer, at its registered office or secondary offices or, between 1 and 25 of the month following the reporting tax period, at the headquarters of the natural or legal person authorized for their processing in order to prepare tax returns.

If accounting and tax records are kept using electronic management systems, in addition to the data archived in electronic format, the taxpayer / payer is obliged to keep and present the computer applications with which he generated them. In the case of invoices issued and archived in electronic format, they can also be kept on a server located outside Romania, but inside the European Union. In this case, the taxpayer has the obligation to communicate to the tax body the place of the server where the data is archived.

The taxpayer / payer is obliged to record the income earned and expenses incurred from the activities carried out, by drawing up registers or any other documents provided by law.

The taxpayer / payer is obliged to use for the activity carried out primary documents and accounting records established by law and to fully fill in the fields of the forms, corresponding to the registered operations.

The tax body may take into account any tax-relevant records kept by the taxpayer / payer.

III.2.1.3.13. Suspension of the tax inspection

1. Cases of suspension of the tax inspection

The tax inspection can be suspended through a decision of the competent head of the tax inspection body, either at the initiative of the tax body or at the request of the taxpayer / payer subject to tax inspection.

The head of the competent tax inspection body may decide to suspend a tax inspection in any of the following situations and only if the occurrence of this situation prevents the completion of the tax inspection:



- for carrying out one or more cross-checks in relation to the acts and operations performed by the taxpayer / payer subject to the tax inspection;
- for carrying out the measures ordered by the tax inspection body, including when they concern the elaboration and submission of the transfer pricing file;
- for issuing a decision of the Central Tax Commission;
- to carry out an expertise in order to determine the fiscal situation, according to the legislation;
- to carry out specific research to identify persons or establish the reality of transactions;
- for requesting information or documents from authorities, institutions or third parties, except the central tax body, but including from tax authorities from other states, in connection with the object of the tax inspection;
- to complete tax control actions carried out according to the law at the same taxpayer / payer that may influence the results of the tax inspection;
- to carry out checks on the other members of the tax group / single tax group, defined according to the Fiscal Code;
- when, in order to use the information resulting from other tax inspection actions or obtained from other authorities or third parties, it is necessary to immediately start a tax inspection at another taxpayer;
- if the tax inspection body is notified or is made aware during the tax inspection that a judicial procedure is ongoing against the taxpayer in connection with the means of evidence regarding the determination of the tax base subject to tax inspection or if the taxpayer's financial-accounting documents have been seized by the criminal investigation body, without the possibility to make them available to the tax inspection body;
- in other duly justified cases.

Also, the head of the competent tax inspection may decide to suspend a tax inspection at the justified request of the taxpayer. During a tax inspection, the taxpayer may request suspension only once.

Whenever the head of the tax inspection decides to suspend the inspection, a suspension decision is issued and communicated to the taxpayer.

2. Duration of suspension and reopening of the tax inspection

The suspension begins from the date specified in the suspension decision. Where no such date is provided for in the decision, the suspension shall start from the date of communication of the suspension decision.

Where the suspension of the tax inspection is ordered by the head of the competent tax inspection, at the initiative of the tax body, the tax inspection is suspended until the date when the reason for suspension ceases, but not more than 6 months from the date of the suspension.

The 6-month deadline does not apply in cases where the tax inspection is suspended due to the fact that the tax inspection body is informed or becomes aware, during the tax audit, that there is an ongoing judicial procedure against the taxpayer/payer related to the means of proof concerning the determination of the taxable base subject to the tax audit or when the financial and accounting documents of the taxpayer have been seized by the criminal investigation bodies and cannot be made available to the tax inspection body. In this case, the tax audit resumes after the conclusion of the judicial procedure or at the date when the court decision becomes final, or the date on which the tax inspection body gains access to the financial and accounting documents of the taxpayer.

If the suspension is ordered at the justified request of the taxpayer/payer, the duration of the suspension cannot exceed 3 months.

No later than 10 days after the reason for suspension ceases or at the end of the suspension period, the inspection body will notify the taxpayer/payer regarding the termination of the suspension and will set the date on which the tax inspection resumes.

Upon resumption of the tax inspection, a decision to this effect shall be issued by the head of the competent tax audit body.

3. Effects of suspension of the tax inspection

The periods during which the tax inspection is suspended are not included in the calculation of its duration.

During the period of suspension of the tax audit, the obligation of the taxpayer / payer or of the person appointed by him to provide information and to collaborate in ascertaining the tax facts which represent the object of the tax inspection is not applicable. The taxpayer / payer is not obliged to provide information, to submit documents, as well as any other data necessary to clarify the facts relevant from a tax point of view in relation to the object of the tax audit. Also, the tax inspection body cannot carry out activity specific to the inspection during the suspension.

However, the taxpayer / payer has the right to be informed about any other means of evidence obtained by the tax body, as a result of actions which constituted causes of suspension, and which are related to the tax situation of the taxpayer / payer, unless objectives of general interest justify restricting access to such evidence, in which case the taxpayer shall be duly informed of the objectives whose protection prevents its access to the respective evidence.

The taxpayer may challenge the suspension decision by filing a tax appeal within the time limit provided by the law.

III.2.1.4 Finalization of the tax inspection

III.2.1.4.1. Final discussion with the taxpayer. The taxpayer's point of view

At the end of the tax inspection, the taxpayer/payer must be informed about the findings of the tax inspection action and their tax consequences.

The tax inspection body shall communicate to the taxpayer/payer the draft tax inspection report. In this regard, the tax inspection team will prepare and communicate to the taxpayer a "*Notification for the final discussion*", to which the draft tax inspection report is mandatorily attached, in electronic format or on paper, accompanied by the related appendices, giving the taxpayer the opportunity to express its point of view.

Within the "*Notification for the final discussion*", the tax inspection body communicates the date, time and place where the final discussion will take place (two alternative dates), but not earlier than 3 working days from the date of communication of the draft tax inspection report, respectively 5 working days in the case of large taxpayers.



The period necessary to complete the hearing if the taxpayer does not appear, for any reason, at two consecutive dates set by the tax body for the hearing, will not be included in the calculation of the duration of the tax audit.

The scheduled date for the final discussion with the taxpayer or the date of notification by the taxpayer that it waives this right marks the end of the tax inspection. If two alternative dates are scheduled for the final discussion, depending on the availability of the taxpayer, the date of finalization of the tax inspection will be considered the date on which the taxpayer presents itself for the final discussion. If the taxpayer / payer does not show on any of the dates and does not notify the waiver, the second (later) date will be considered the date of completion of the tax inspection.

At the final discussion, the taxpayer has the right to orally present its point of view on the draft tax inspection report.

Also, the taxpayer / payer has the right to submit, in writing, his point of view on the findings of the tax inspection body, within 5 working days from the date of the final discussion. In the case of large taxpayers, the deadline for submitting their point of view is no more than 7 working days.

The deadline for submitting the written point of view may be extended, at the request of the taxpayer/payer, for justified reasons, with the consent of the head of the tax inspection body.

In addition, upon completion of the tax inspection, the taxpayer / payer has the obligation to provide a written statement, on his own responsibility, showing that all documents and information relevant to the tax inspection have been made available.

III.2.1.4.2. Tax documents issued following the tax inspection. Case of referral to criminal investigation bodies

1. Main tax acts

The result of the tax inspection shall be recorded, in writing, in a tax inspection report, which presents the findings of the tax inspection body from a factual and legal point of view, including their tax consequences, regardless of whether or not the tax base changes and/or whether or not differences in main tax liabilities are established within a general or partial tax inspection.

However, a tax inspection report is not drawn up in cases where findings are made in connection with the perpetration of facts provided for by criminal law in connection with the means of evidence on establishing the tax base subject to the tax inspection, for which the criminal investigation bodies are notified.

The tax inspection report is drawn up at the end of the tax inspection and includes the findings in relation to all periods and all tax obligations included in the Tax Inspection Notice, as well as in relation to other obligations provided by the tax and accounting legislation that were subject to verification. If the taxpayer / payer has exercised the right to present its point of view, the tax inspection report will also include the opinion of the tax inspection body, motivated in law and in fact, on the point of view expressed by the taxpayer/payer.

The tax inspection report will be accompanied, whenever appropriate, by acts regarding findings made at the taxpayer's / payer's headquarters or at its secondary offices, such as Minutes concluded during unannounced control or on-the-spot findings and other such acts.

For each period and tax liability which were the subject of findings, the tax inspection report is the basis for issuing, as the case may be, of:

- The tax assessment decision, for differences in excess or in minus of main tax liabilities related to differences in tax bases;
- Decision not to modify the tax bases, if there are no differences in the tax bases and, respectively, in the main tax liabilities;
- Decision on modifying the tax bases, if differences in the tax bases are found, but without establishing differences in main tax liabilities.

The decision on modifying the tax base as a result of the tax inspection will be drawn up upon completion of a general or partial tax inspection for tax liabilities for which it was found that the tax base changes, but without establishing tax liabilities.

The decision not to modify the tax bases as a result of the tax inspection will be drawn up upon completion of a general or partial tax inspection for tax liabilities for which it was found that the tax base does not change, and the main tax liability has been correctly determined.

The tax assessment decision regarding the main tax liabilities related to the differences in the tax bases established during the tax inspection represents the fiscal administrative act issued by the tax authorities for establishing the main additional tax liabilities related to the differences in tax bases found, as well as for settling by means of an anticipated tax inspection the value added tax return with negative amounts with refund option, if the amount approved for reimbursement differs from that requested. The tax assessment decision regarding the main tax liabilities related to the differences in the tax bases established during the

tax inspection is completed at the end of a general or partial tax inspection, whenever the tax body establishes or modifies the tax base.

The tax inspection team will also prepare the Statement regarding the due date of the main tax liabilities additionally established, in which are established, for each main tax liability, the composition of the additional debts and the due dates related to them, provided by the Fiscal Code or other applicable laws, in order to calculate and subsequently communicate the ancillary tax liabilities due.

The provisional tax assessment decision on the main tax liabilities represents the fiscal administrative act that is issued at the request of the verified taxpayer / payer, natural or legal person, for the purpose of paying the additional main tax obligations related to a period, for one or more types of verified tax liabilities, established by the inspection bodies, prior to drawing up the Tax Inspection Report and issuing, based on the findings entered therein, of the fiscal administrative act.

For this purpose, the tax body informs, within 5 working days, the taxpayer / payer about the completion of a tax period and a type of verified tax liability.

If the taxpayer / payer has not been informed about the completion of the verification of a tax period and a type of tax liability, it may request the issuance of the provisional tax assessment decision after the accomplishment of a half of the legal duration of the tax inspection.

At the request of the taxpayer / payer, the provisional tax assessment decision shall be issued and communicated within 10 working days from the date of the request, in the case of large taxpayers, or within 5 working days for other taxpayers / payers, in order to settle the additional tax obligations.

Tax liabilities established by provisional tax assessment decisions will be included in the tax assessment decision regarding the main tax liabilities related to the differences in the tax bases established during the tax inspection and shall be contested together with them. The amounts established through the provisional tax assessment decision shall be adjusted in the tax assessment decision at the end of the tax inspection.

2. The referral to criminal investigation bodies

Tax inspection bodies are obliged to notify the competent judicial bodies if they find, during the tax inspection, circumstances that could represent the constituent elements of an offence in connection with facts that fall within the competence of the tax authorities to ascertain, in accordance with the criminal law. In these situations, the tax inspection body must draw up corresponding minutes.

The minutes drawn up must be signed both by the tax inspection body and by the taxpayer or payer subject to control. The taxpayer has the right to submit explanations or objections to be included in the minutes drawn up by the tax control body.

If the taxpayer or payer refuses to sign the minutes, the tax inspection bodies must record this fact in the minutes.

The minutes drawn up for the notification of the competent judicial bodies represents the notification document and is the basis of the documentation for the notification of the criminal investigation bodies. Together with the notification document, the documents issued following the completion of the control action, the documents seized from the taxpayer, the written explanations of the taxpayer, as well as other documents considered relevant are sent to the criminal investigation bodies.



The procedure for notifying the criminal investigation bodies involves five stages, as follows:

0

Conclusion, within a tax inspection action, of the referred minutes;

0

Establishing taxes, duties, contributions, as the case may be, as well as taxable periods whose taxable base is influenced by the findings made;

0

Preparation, endorsement and approval of the report for justifying the non-conclusion of the tax inspection report or to justify the preparation of the tax inspection report only for certain taxes;

0

Notification of the taxpayer object of the tax inspection regarding the non-preparation of the tax inspection report or in connection with the preparation of a tax inspection report only for certain taxes, duties and contributions;

0

Registration in special records of the data and information regarding the taxpayer subject to the tax inspection action for which no tax inspection report was drawn up or for which a tax inspection report was drawn up only for certain taxes, duties, contributions, etc. which constituted the basis of the criminal notification.

3. Other documents issued within or following the tax inspection

The explanatory note represents the document by which the tax inspection bodies request written explanations to the legal representative or authorized representative of the taxpayer / payer or other persons, which contribute to the clarification / establishment of relevant elements of the taxpayer's activity, which may influence the tax inspection. The request for written explanations will be made during the tax audit / unannounced control/ cross-check / on-the-spot finding, whenever they are necessary to clarify and finalize the findings on the tax situation of taxpayers.

If the person concerned refuses to answer the questions, the tax inspection bodies will send the questions by a written address, registered at the taxpayer's registry, setting the deadline for formulating the answer. The time limit for reply shall be a reasonable time limit in relation to the questions submitted.

The ascertaining and sanctioning minutes for contraventions will be drawn up if, during a tax inspection or control procedure, the tax inspection bodies find breaches of the applicable legal provisions under the competence of the tax inspection bodies, which are considered contraventions.

The minutes for lifting / returning of documents will be completed by the tax inspection bodies, within a tax inspection action / unannounced control/ cross-check / on-the-spot finding, when lifting / returning documents in order to protect them, when there are indications that their theft or destruction would be pursued.

The sealing / unsealing minutes shall be drawn up by the tax inspection bodies, within a tax inspection / unannounced control/ cross-check / on-the-spot finding, if there are indications that in the places of production, storage, marketing there are goods or products with illegal origin or whose manufacture is prohibited by law or occurs without authorization, and the fiscal inspection / control action cannot be completed and will be continued on the next working day, in order to preserve the evidence found.

If a taxpayer representative is not present, sealing/unsealing shall be carried out in the presence of an assisting witnesses.

The sampling minutes represents the document by which the tax inspection bodies are empowered to take samples of bands or stamps and to record all information related to them.

The summons represents the document by which a taxpayer is summoned to come to the headquarters of the tax inspection body in order to carry out a tax inspection action / unannounced control / cross-check / on-the-spot finding.

It is drawn up in cases when the taxpayer / payer has not complied with the invitation of the tax audit / control body in order to carry out the tax audit / unannounced control/ cross-check / on-the-spot finding or refuses to make available to the tax inspection bodies the documents and written pieces necessary to carry out / continue the tax audit action / unannounced control / cross-check / on-the-spot finding and there are reasonable indications that the taxpayer / payer unjustifiably refuses to submit legal documents and assets from its patrimony necessary to establish the factual tax situation, in order to prevent tax verifications.

III.2.1.4.3. The recheck

If, as a result of the Settlement Decision of the tax appeals, the challenged fiscal administrative act (Tax Decision), issued in the tax inspection procedure, is totally or partially abolished, the tax inspection body must perform a recheck.

Based on the decision of the settlement body to totally or partially abolish a fiscal administrative act, the tax inspection action is to be commenced by the tax inspection body competent to perform the recheck within 60 days from the date of the communication of the settlement decision, in the case of large and medium taxpayers, and within 30 days in the case of other taxpayers.

The recheck must strictly respect the tax periods, as well as the grounds of the settlement decision that led to the abolition, as mentioned in the decision.

The recheck can be ordered only once and is carried out by a different tax inspection team than the one that concluded the abolished act. As an exceptional situation, the recheck of the tax inspection is carried out by the same inspection team that concluded the abolished act if, for objective reasons, there is no possibility of redoing the tax inspection by another inspection team.

In case of recheck, the Tax Inspection Notice shall be communicated at the beginning of the tax audit, without granting the deadline of 30 or 15 days.

The new fiscal administrative act, drawn up in accordance with the recitals of the settlement decision, may not establish superior tax liabilities than those in the abolished act, according to the principle of non-aggravation of its situation in its own tax appeal. Correspondingly, the tax loss may not be reduced by an amount greater than in the abolished act.

III.2.1.4.4. Reverification

The head of the tax inspection body may decide to reverify certain types of tax liabilities for a certain taxable period, at the proposal of the tax inspection body designated to carry out the inspection or at the request of the taxpayer, if the following cumulative conditions are met:

- a) after the end of the tax inspection, additional data appear that were unknown to the tax inspection body or, as the case may be, to the taxpayer, at the time of the tax inspection;
- b) additional data influence the results of the finalized tax inspection.

Additional data shall mean any fact or evidence which becomes known after the inspection, which is likely to alter the results of this previous inspection. However, additional data may not be from those held or drawn up by the central tax authority.

The taxpayer may request reverification in situations where it can no longer correct the tax return after the annulment of the reserve of the subsequent verification, in cases where correction would have been allowed under the law.

At the beginning of the reverification action, the tax inspection body is obliged to communicate to the taxpayer / payer the reverification decision, which can be challenged. The decision shall be communicated

to the taxpayer/payer, before the start of the tax inspection, with 30 days for large taxpayers and with 15 days for other taxpayers/payers.

The taxpayer/payer may waive the benefit of the prior notice of the reverification decision.

After receiving the reverification decision, the taxpayer/payer may request, only once, for justified reasons, the postponement of the start date of the reverification. The postponement shall be approved or rejected by decision issued by the head of the tax inspection activity, which shall be communicated to the taxpayer. If the request for postponement has been granted, the decision shall also indicate the date on which the reverification was rescheduled.

III.2.1.5. Aspects subsequent to the finalization of the tax inspection

III.2.1.5.1. Transmission of the resulting fiscal-administrative acts to the competent tax authorities for the collection of tax receivables

First of all, the fiscal administrative act drawn up by the tax inspection team is also sent to the competent tax body for collecting tax receivables.

Secondly, the tax inspection body has the obligation to notify the competent judicial bodies about the findings made during the tax audit which may constitute elements of an offence in relation to facts falling within the competence of the tax authorities to ascertain, according to the conditions provided by the criminal law.

Thirdly, the fiscal administrative act drawn up by the tax audit team may be transmitted, as appropriate, to other authorities that may be interested in capitalizing on the tax findings and consequences established by the control act.

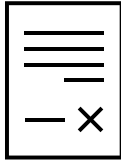
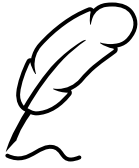
III.2.1.5.2. Tax appeal

The tax appeal shall be submitted to the issuing tax body within 45 days from the date of notification of the fiscal administrative act, under penalty of its declining. The tax appeal is not subject to stamp duty.

If the tax appeal is not filed to the issuing tax authority, it will be transmitted by the tax body which received the tax appeal to the issuing tax authority, within 5 days from the date of receipt.

The tax body which issued the challenged tax administrative act prepares the appeal file, as well as the report with settlement proposals and submits them, within 5 days from the date of receipt of the tax appeal, to the competent settlement body.

If the fiscal-administrative act did not mention: the possibility of being challenged, the deadline for filing the tax appeal and the tax body to which the appeal should be filed, the tax appeal may be submitted, within 3 months from the date of communication of the fiscal administrative act, to the tax body which issued the challenged administrative act.



The tax appeal will be formulated in writing and will include:

Identifying data of the appellant;

Object of the appeal;

The factual and legal arguments

The evidence on which it is based;

Signature of the appellant or its proxy. Proof of the quality of the proxy, natural or legal person, is made according to the law.

The appellant or the authorized representative may request an oral hearing in the settlement procedure to be granted by the competent settlement body. In this case, the settlement body will establish an oral hearing. The request for oral hearing may be addressed to the competent settlement body no later than 30 days from the date of registration of the tax appeal, under penalty of declining such request. At the request of the appellant or his representative, the settlement body is obliged to provide access to all evidence related to the settlement of the tax appeal, unless objectives of general interest justify restricting access to such evidence.

The object of the appeal is represented by the amounts and measures established and recorded by the tax body in the debt title in the challenged fiscal administrative act, as well as the amounts and measures not established by the tax body, but for which this obligation exists according to the law.

The appeal file and the report with the settlement proposals will be submitted by the issuing tax body to the specialized structure for solving tax appeals within the Ministry of Finance.

After filing an appeal, any taxpayer has the right to withdraw it at any time until it is resolved. Moreover, by withdrawing the appeal, the right to file a new appeal is not lost, as long as the deadline for filing the tax appeal it is respected.

The deadline for the settlement of the tax appeals is of 45 days.

The decisions issued in the settlement of tax appeals together with the fiscal administrative acts to which they refer may be challenged by the appellant or by the persons introduced in the tax appeal procedure, to the competent administrative court, according to the law.

In case of failure to resolve the appeal within 6 months from the date of filing the appeal, the appellant may address to the competent administrative court of law for the annulment of the fiscal administrative act. The calculation of the 6-month time limit does not take into account periods during which, due to the fact that additional evidence relevant to the decision is required, the time limit for settling the tax appeal is extended with the period between the date of request for evidence and the date of obtaining it (but not more than 2, 3 or 6 months, depending on the addressee of the request for evidence), nor those in which the appeal procedure is suspended according to law.

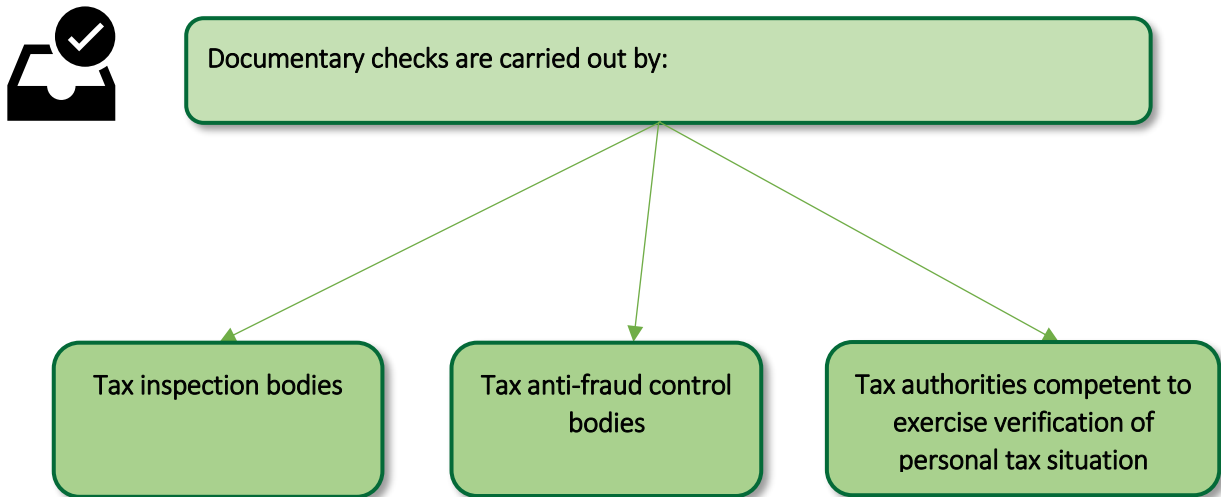
III.2.2. Documentary check

III.2.2.1. The scope of the documentary check

The documentary check is essentially a tax control procedure carried out "*remotely*". It consists in the carrying out by the tax body of a coherence analysis of the tax situation of the taxpayer / payer, based on the documents existing in its tax file, as well as on the basis of any information and documents transmitted by third parties or held by the tax body, which are relevant for determining the tax situation.

Following the analysis of this information and documents, the tax body will be able to determine to what extent there are possible inconsistencies or ambiguities in the tax returns of the taxpayer / payer that need to be clarified by the latter.

III.2.2.2. Power to carry out documentary checks



III.2.2.2.1. Documentary check by tax audit bodies

In principle, the documentary check carried out by the tax inspection bodies is exercised exclusively, directly and unhindered by the competent tax body in whose territorial jurisdiction the tax domicile of the taxpayer / payer is located. Therefore, the competent body for the administration of the taxpayer from a material and territorial point of view is also the competent body for carrying out the documentary check.

The tax inspection bodies that can perform documentary checks are the subordinated structures of NAFA, respectively the tax inspection services within the County Administrations of Public Finances, the Administrations of Sectors 1-6 of Public Finance, the Tax Administration for Medium Taxpayers Bucharest, the Tax Administration for Non-Resident Taxpayers and the General Directorate for the Administration of Large Taxpayers, coordinated by GDFCC.

III.2.2.2.2. Documentary check carried out by the tax authorities competent to exercise verification of personal tax situation



The documentary check may also be carried out by the tax authorities competent to exercise the verification of the personal tax situation, namely:

General Directorate for Individuals' Income Control within ANAF's own apparatus;

Tax verification services within the own apparatus of the General Regional Directorates of Public Finance;

Tax inspection structures for natural persons within the units subordinated to the General Regional Directorates of Public Finance.

The mentioned tax authorities have the competence to exercise documentary checks throughout the country.

Also, specific for the documentary check carried out by the tax authorities competent to exercise the verification of personal tax situation is that they use indirect methods of determining the income (i.e. the source and use of the fund method, the cash flow method, respectively the net assets method – for their detailed analysis, see Section III.2.5.5 below).

III.2.2.2.3. Documentary check by anti-fraud control structures

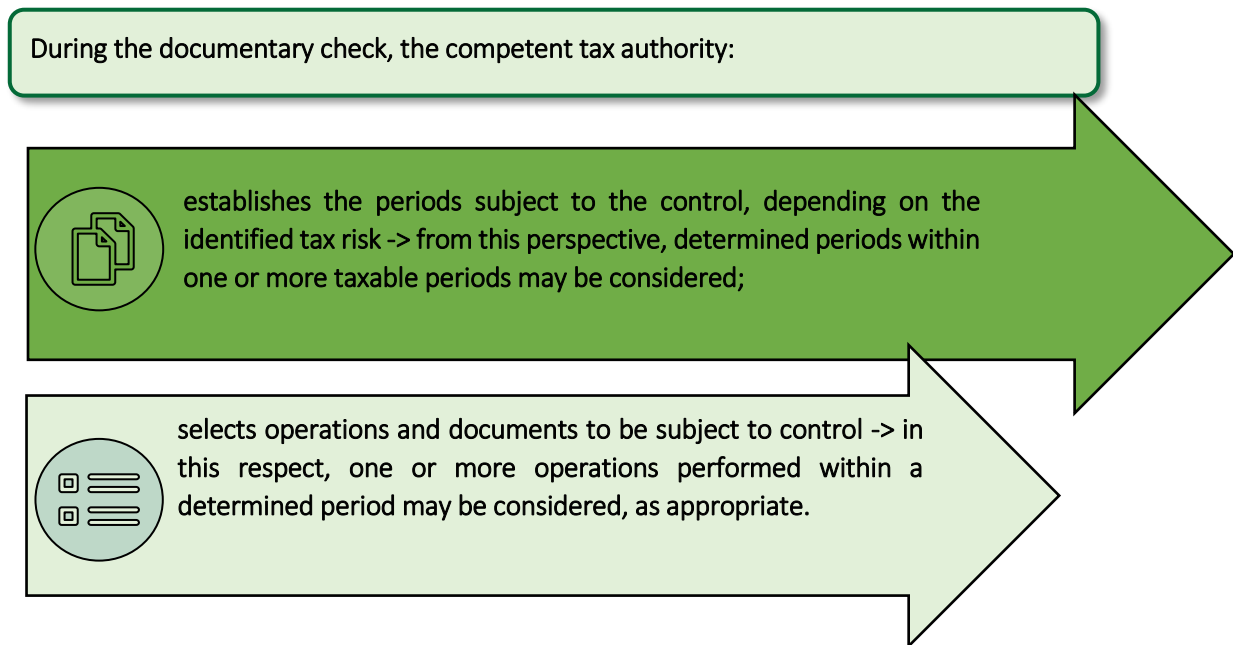
All anti-fraud control structures within the General Directorate for Tax Anti-Fraud, i.e. the central structure and regional anti-fraud directorates, may carry out documentary checks.

Tax anti-fraud control bodies are competent to carry out documentary checks throughout the country.

The documentary check carried out by the anti-fraud control structures may succeed an anti-fraud control in which no indications of tax evasion and tax fraud have been identified or, exceptionally, independently of an anti-fraud control.

III.2.2.3. Carrying out the documentary check

III.2.2.3.1. Period and operations subject to documentary checks



In determining the periods to be subject to documentary check, the 5-year statute of limitation period of the right to establish tax receivables will be taken into account.

III.2.2.3.2. Conduct of the coherence analysis and notification to taxpayer

If, as a result of the coherence analysis of the tax situation of the taxpayer/payer, the tax body finds differences concerning the tax receivables, taxable income or goods and/or information related thereto declared by the taxpayer/payer, it will notify the taxpayer/payer about the findings made.

The notification of the taxpayer / payer will contain both the findings of the tax body regarding the possible inconsistencies / differences in tax receivables resulting from the verification, as well as the information and documents considered to substantiate the findings.

Along with the notification, the tax body requests the documents and written explanations, as the case may be, which the taxpayer / payer must submit in order to clarify the tax situation, within 30 days from the notification. At the request of the taxpayer/payer, for duly justified reasons, the tax body may approve the extension of the deadline for submitting documents.

The notification sent by the tax body, the taxpayer's/payer's response, as well as any other communication between the parties during the documentary verification may also be made through:

- ✓ electronic mail, to the e-mail address indicated by the control body, or,

- ✓ submission to the registry of the competent tax body,
- ✓ electronic means of transmission (electronic communication system developed by the Ministry of Finance / NAFA - VPS).

On the contrary, if the tax body does not identify inconsistencies regarding the tax situation of the taxpayer, the notification described above will no longer be issued, and the control procedure will cease without resulting in any fiscal-administrative act following the documentary check.

The same solution will be applicable if inconsistencies were initially identified, the notification was communicated to the taxpayer, but the information/documents sent by the latter in reply are clarifying the tax situation, in which case the documentary check will cease. In this case, the tax body will inform the taxpayer about the termination of the documentary check.

III.2.2.4. Documents issued as a result of the documentary check and their transmission to competent bodies

If the documents requested by the tax authorities have not been submitted by the taxpayer / payer within 30 days from the notification or from the additional term granted or the submitted documents confirm the differences identified by the tax body and / or are incorrect or incomplete, the tax body establishes the differences in tax receivables by issuing a tax decision or orders the necessary measures to comply with the legal provisions, where applicable.

Before the issuance of the tax assessment decision, the taxpayer has the right to be heard, respectively, to express his point of view on the result of the documentary check. The hearing of the taxpayer / payer takes place before taking the decision, the tax body being obliged to ensure the possibility of the taxpayer / payer to express his point of view on the facts and circumstances relevant to the decision.

In addition, the taxpayer/payer has the right to submit its point of view in writing within 5 working days from the date of the hearing. The term may be extended by up to 5 working days, for justified reasons, with the consent of the head of the tax control body.

The tax assessment decision will be issued within 25 working days from the date of the hearing of the taxpayer / payer and shall be communicated to the taxpayer / payer to whom it is intended, according to the general rules of communication of fiscal administrative documents, described above in point III.1.8.

The tax assessment decision is a decision subject to subsequent verification, meaning that it can be subsequently abolished or amended, at the initiative of the tax body or at the request of the taxpayer, based on the findings of the competent tax body.

The tax assessment decision issued without hearing the taxpayer/payer is null, unless the taxpayer/payer notifies the tax body, in writing, that he waives the hearing.

The tax assessment decision will also be sent to the administration tax authority.

III.2.2.5. Tax appeal

The mentions from Section III.2.1.5.2. remain applicable also in the case of tax appeals against the tax assessment decision resulting from the documentary check.

III.2.3. Unannounced control

III.2.3.1. Object of the unannounced control

The tax body may carry out a control without prior notification of the taxpayer/payer, called an unannounced control.

The unannounced control consists of:

- Factual and documentary verification, primarily as a result of information regarding the existence of breaches of tax legislation;
- Verification of documents and taxable transactions of a taxpayer/payer, in correlation with those performed by the person or entity subject to a tax inspection, referred to as cross-check;
- Verification of elements of the tax base or the actual tax situation, as well as the identification, analysis, and assessment of specific tax risk.

III.2.3.2. Competence to carry out the unannounced control

The unannounced control is carried out by the tax inspection bodies and tax bodies competent to verify the personal tax situation.

The unannounced control is subject to the general rules on the competence to carry out the tax audit described in Section III.2.1.2.1 above. The competence to carry out the unannounced control may be delegated to another central tax body, in which case the body to which the competence has been delegated will notify the taxpayer/payer about the delegation of competence.

III.2.3.3. Duration of the unannounced control

The duration of the unannounced control will be determined by the head of the control body, depending on the objectives of the control and may not exceed 30 days.

III.2.3.4. Place of the unannounced control

The unannounced control can be carried out both at the headquarters of the taxpayer / payer and at the headquarters of the tax body. During the unannounced control, the location may be changed.

Regardless of the place where the unannounced control takes place, the tax body has the right to inspect the places where the activity is carried out, or where the taxable goods are located, in the presence of the taxpayer / payer or a person designated by him.

If the unannounced control is carried out in the premises of the taxpayer/payer, it will usually be carried out during the taxpayer's/payer's working hours. However, the control may also take place outside the taxpayer's working hours, with its written consent and with the approval of the head of the tax body. The

taxpayer/payer must provide adequate space and logistics necessary for carrying out the unannounced control.

If the unannounced control is carried out at the headquarters of the tax body, it will be carried out during the working hours of the tax body. The unannounced control may also take place outside the working hours of the tax body, if the presence of the taxpayer / payer is not required, with the approval of the head of the tax inspection body.

III.2.3.5. Performing the unannounced control

At the beginning of the unannounced control, the control body is obliged to present to the taxpayer / payer the control card and the work order. The unannounced control must be recorded in the unique inspection register.

The taxpayer/payer must also be informed that it can appoint persons to give information. If the information provided by the taxpayer/payer or by the person appointed by him is insufficient, then the control body may address other persons to obtain information necessary to carry out the unannounced control.

The taxpayer / payer has the obligation to collaborate in ascertaining tax facts. He is obliged to provide information, to submit at the place of the unannounced control all documents, as well as any other data necessary to clarify the relevant facts from a tax point of view, if they are not already held by the tax body.

In agreement with the control bodies, the collaboration of the taxpayer / payer in ascertaining the fiscal facts can also be achieved by using electronic means of communication.

For the purpose of carrying out the unannounced control, the inspection body will proceed, for example, to the following actions :



For the same operations and the related tax liabilities, an unannounced control and a tax inspection cannot be carried out simultaneously on the same taxpayer, unless other procedures require findings in connection with tax operations and liabilities subject to an ongoing tax inspection, in which case the tax inspection team is competent to carry out an unannounced control to the same taxpayer. In this case, minutes should be concluded, and the duration of the unannounced control does not enter into the calculation of the duration of the tax inspection.

Throughout the unannounced control, the taxpayer / payer has the right to benefit from specialized or legal assistance.

III.2.3.6. Documents issued as a result of the unannounced control and their transmission to the competent bodies

Upon completion of the unannounced control, the tax control body should draw up the minutes, which constitute means evidence for establishing the tax situation. A copy of the minutes will be communicated to the taxpayer/payer, so that it becomes aware of the findings of the tax body following the unannounced control.

The tax body may also issue a Disposition ordering the establishment of precautionary measures (precautionary garnishment, precautionary seizure) or a Disposition of measures.

At the same time, minutes can be issued regarding the sanctioning of facts representing reaches of tax and accounting legislation, as well as ordering measures to prevent and combat deviations from the provisions of tax and accounting legislation.

Last but not least, if during the unannounced control are identified facts that could constitute elements of an offense within the meaning of the criminal law, in connection with the factual situations that fall within the competence of ascertaining of the tax authorities, the control body will draw up minutes that will represent a notification document for the criminal investigation bodies. The minutes will be signed both by the tax body and by the taxpayer / payer subject to unannounced control, with or without explanations or objections from the taxpayer / payer. If the person subject to unannounced control refuses to sign the minutes, the control body will record this fact in the minutes. In all cases, the minutes must be communicated to the taxpayer.

The minutes drawn up by the control team as a result of the unannounced control will also be sent to the tax body competent for administering the taxpayer.

Also, the minutes drawn up by the control team will be sent to other authorities that may be interested in capitalizing on the findings of the control act.

III.2.3.7. Taxpayer's point of view

The taxpayer may express its point of view on the findings mentioned in the minutes within 5 working days from the communication of the minutes.

III.2.4. Anti-fraud control

III.2.4.1. Subject matter of anti-fraud control

Anti-fraud control aims to prevent and combat tax fraud and evasion. The tax anti-fraud control bodies carry out operative control activities, without prior notification of the taxpayer / payer.

The anti-fraud control shall be carried out in relation to:

compliance with normative acts in order to prevent, discover and combat any acts and facts of tax evasion and tax fraud;
compliance with trade rules, aiming at preventing, detecting and removing tax evasion and tax fraud;
the manner of production, storage, circulation and capitalization of goods, in all places and spaces where the activity of economic operators takes place;
participation, in collaboration with the specialized bodies of other ministries and specialized institutions, in actions to detect and combat illicit activities that generate phenomena of tax evasion and tax fraud.

III.2.4.2. Competence to carry out anti-fraud control

The anti-fraud control is carried out by the anti-fraud control structures within the General Directorate for Tax Anti-Fraud, respectively the central structure and the regional anti-fraud directorates, for all categories of taxpayers, regardless of their size.

The staff of the General Directorate for Tax Anti-Fraud is empowered to carry out anti-fraud control throughout the national territory.

III.2.4.3. Conduct of anti-fraud control

A minimum of 2 inspectors shall participate in any anti-fraud control action.

For control actions with a high degree of danger, control teams may be accompanied by members of specialized rapid intervention subunits subordinated to the Ministry of Internal Affairs.

At the beginning of the anti-fraud control, the tax anti-fraud control bodies are obliged to identify themselves according to the law. Whenever the anti-fraud control is carried out in the premises of the taxpayer/payer, the control shall be recorded in the unique control register.

As a rule, anti-fraud control is carried out on the basis of risk analysis. By way of exception, tax anti-fraud control bodies may carry out anti-fraud control without the existence of a risk analysis in the following cases:

- a) when, in the performance of their duties, they find breaches of tax law requiring immediate intervention;
- b) exceptionally, in order to carry out specific control actions in order to prevent and combat tax fraud and/or tax evasion.

In any event, the taxpayer/payer may not object to the selection procedure used to carry out the anti-fraud control.

In the exercise of their duties, tax anti-fraud control bodies have the right to:

- to investigate and evaluate activities and/or operations in order to establish the tax facts and to ascertain the circumstances in which the acts that may have tax consequences were committed;
- to carry out, under the law, controls in order to prevent, detect and combat tax evasion and tax fraud at all categories of taxpayers, regardless of the form of organization, as well as in any place, regardless of the form in which economic activities are carried out, generating taxable income or where taxable goods are located;
- verify the legality of the activities carried out, the existence and authenticity of supporting documents in the production and provision of services activities or during the transport, storage and marketing of goods;
- to carry out investigations, surveillance and tax verifications necessary to prevent and discover tax evasion and tax fraud, including in cases where situations of breach of specific legislation are reported;
- to stop means of transport of persons and goods, according to the law, to verify the documents accompanying the goods and to verify the legality of the commercial activity of passenger transport;
- to verify, according to the law, compliance with legal regulations on the movement of goods on public roads, railways and rivers, in ports, railway stations, bus stations, airports, inside free zones,

in the vicinity of customs units, in warehouses, as well as in other places where economic activities are carried out;

➤ retain documents, request certified copies of original documents, take samples, and other such specimens and request technical expertise necessary to complete the control act;

➤ Identify and establish the identity of the managers of controlled entities and of any persons involved in the activities and/or operations under investigation and ask them for written explanations, where appropriate;

➤ to request, according to the law, information or documents from any private and/or public entity, in order to investigate and substantiate findings regarding the perpetration of facts contrary to the legislation in the financial-fiscal field;

➤ to ascertain contraventions and apply sanctions in all areas of competence of the Agency;

➤ confiscate goods and sums of money in accordance with the law;

➤ apply seals to ensure the integrity of the goods, drawing up minutes to that effect;

➤ order precautionary measures;

➤ notify the criminal investigation bodies if, during the performance of the specific activity, it finds circumstances regarding the commission of acts provided for by the criminal law in the financial-fiscal field;

➤ carry out documentary checks;

➤ to order measures to prevent and correct deviations from the provisions of financial, fiscal and accounting legislation;

➤ notify the competent bodies in order to capitalize on the findings;

➤ while performing their duties, wear uniform, keep and use their weapons and means of defense;

➤ use vehicles bearing specific audible and light signs and warning devices;

➤ to establish and use databases, including those of other public institutions or legal entities governed by public law, necessary for the performance of duties provided by the law. Access to databases is made in compliance with the legal provisions on the protection of personal data and classified information, the concrete conditions to be established by protocols concluded with the respective public institutions or legal entities of public law.

III.2.4.4. Rights of the taxpayer during the anti-fraud control

During the anti-fraud control, the taxpayer/payer has, inter alia, the following rights:

- a) to request the identification of the tax anti-fraud control bodies carrying out the anti-fraud control action;
- b) to benefit from specialized assistance;
- c) to be informed during the anti-fraud control of the findings;
- d) for activity to be affected as little as possible during the anti-fraud control;
- e) to receive written proof in case of retention of documents as a result of anti-fraud control activity.

The spouse, relatives or relatives of the taxpayer up to and including the third degree, as well as priests, lawyers, tax consultants, auditors, accountants, doctors, psychotherapists, their assistants, as well as persons participating to their professional activity, have the right to refuse, as the case may be, providing information in relation to data they have become aware of in the exercise of their activity, conducting expertise and presenting documents, according to the law.

III.2.4.5. Documents issued following the anti-fraud control and their transmission to the competent bodies

Upon completion of the anti-fraud control, the control minutes is concluded, according to the law. A copy of the control minutes shall be communicated to the taxpayer/payer. The report/control minutes constitutes means of evidence, even if its content presents the fiscal consequences of the irregularities found.

If circumstances are ascertained regarding the perpetration of acts, provided by criminal law, in the financial-fiscal field, minutes are drawn up, based on which the criminal investigation bodies are notified of the facts found. In this case, together with the notification document, will be sent to the criminal investigation bodies the control minutes, the documents seized from the taxpayer, the written explanations of the taxpayer, as well as other documents that have probatory value as written documents in the criminal proceedings.

In duly justified cases, after the initiation of criminal investigation, with the prosecutor's endorsement, an anti-fraud control may be carried out according to the objectives set by the criminal investigation bodies, and the result of the anti-fraud control shall be finalized with issuance of minutes.

The minutes do not constitute fiscal administrative acts or tax debt title within the meaning of the Fiscal Procedure Code.

In case of notification of the criminal investigation bodies, if there is a risk that the payer / taxpayer will evade the payment of tax obligations, precautionary measures may be taken, which will remain valid for 3 months from the date of the criminal notification. At the end of this term or after the establishment of

precautionary measures by the criminal investigation bodies according to Law nr. 135/2010 on the Code of Criminal Procedure, but no later than 3 months, the precautionary measures established by the tax body are lifted.

If no circumstances are found regarding the perpetration of acts provided by criminal law, but irregularities of a tax nature are identified, either a documentary check shall be carried out, followed by the issuance of a tax assessment decision subject to subsequent verification or a disposition of measures will be taken, or a tax audit will be requested, as applicable on a case by case basis.

The minutes drawn up by the anti-fraud control team shall also be sent to the tax body in whose territorial jurisdiction the tax domicile of the taxpayer / payer is located for archiving in the tax file.

Also, the minutes drawn up by the anti-fraud control team shall be sent to other authorities that may be interested in capitalizing on the findings of the control act.

If contravention facts are identified, the anti-fraud control team will conclude an ascertaining and sanctioning minutes, which will be communicated according to the procedure described in point III.1.8.2.3. above.

Finally, along with the above-mentioned documents, the anti-fraud control team will conclude minutes of lifting/returning of documents, sealing/unsealing and will issue invitations/explanatory notes in carrying out its activity.

The minutes for lifting/returning of documents will be completed at the time of lifting/returning of documents, regardless of the medium in which they are stored.

The sealing/unsealing minutes shall be drawn up in the following situations:

- a) when there are indications that in the places of production, storage, marketing or during transport there are goods or products whose origin is not legal or the manufacture of which is prohibited by law or are produced without authorization, and the control action cannot be finalized, and should be continued at a later stage;
- b) there is a possibility that documents, other written pieces, goods necessary for carrying out the control may be stolen, destroyed or an inventory of them cannot be made in order to lift / retain them;
- c) in activities of monitoring the transport of goods;
- d) in other cases where sealing is required, according to the law.

The invitation represents the document by which a taxpayer is invited and clarifications / documents are requested by anti-fraud inspectors, at their headquarters, in situations where it is necessary to carry out / continue the control or the control could not be carried out at the registered office, tax domicile or a secondary office of the taxpayer nor in a place agreed with the taxpayer. Through the invitation it will also be requested registers, accounting records, business documents and any other documents.

The explanatory note represents the document by which anti-fraud inspectors request written explanations to the taxpayer's representative, to any of its employees or to any person involved in committing the facts found, which would contribute to establishing relevant elements of the taxpayer's activity, which may

influence the findings or to clarify causes and/or relevant circumstances. The term granted for providing the explanations should be a reasonable period.

III.2.4.6. Taxpayer's point of view

The taxpayer/payer may express its point of view regarding the findings mentioned in the minutes/control act within 5 working days from the communication. The taxpayer's/payer's point of view shall be analyzed at the level of the General Directorate for Tax Anti-Fraud.

In so far as it appears from this analysis that it is necessary to redo the control and/or the control minutes/act, as appropriate, the head of the structure orders the necessary measures according to the findings from the analysis.

The taxpayer's/payer's point of view, together with the above analysis, will be considered by the competent bodies.

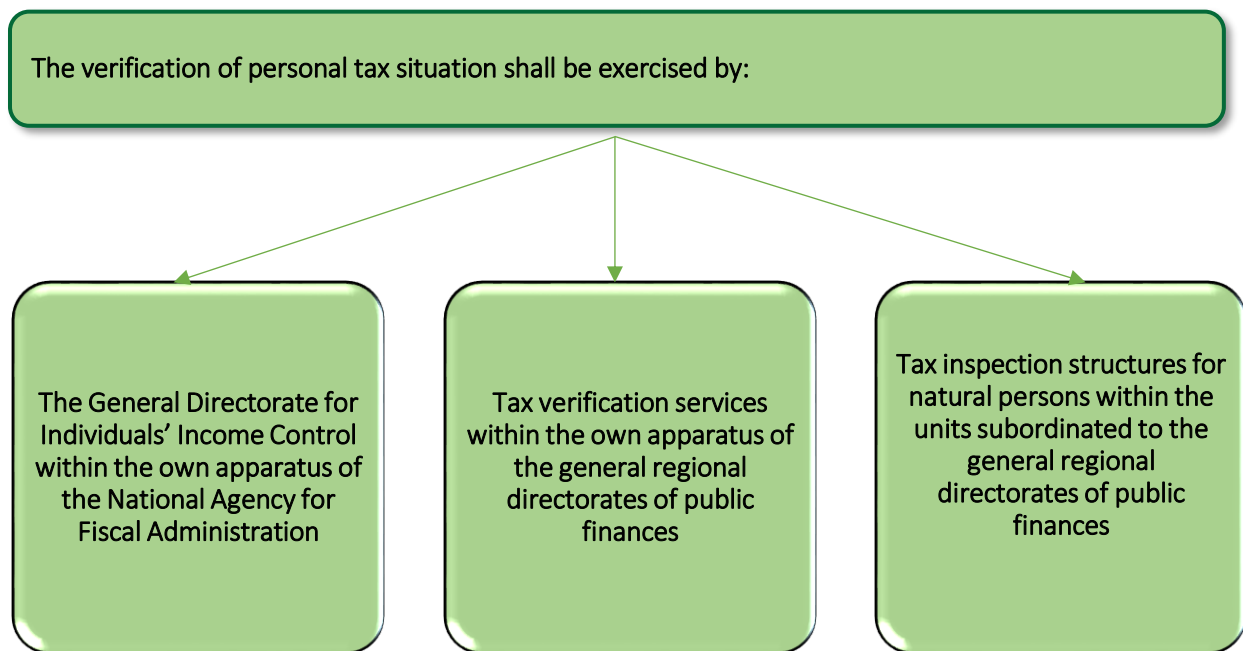
III.2.5. Verification of the personal tax situation

III.2.5.1. Object of control

The central tax body has the right to conduct a tax verification of the entire personal tax situation of the individual with regard to income tax. Personal tax situation means all rights and obligations of patrimonial nature, cash flows and other elements capable of determining the real tax situation of the natural person during the verified period.

The verification of the personal tax situation is carried out on natural persons resident for tax purposes in Romania during the period subject to verification.

III.2.5.2. Competence to carry out the verification of personal tax situation



The structures exercising the verification of the personal tax situation are competent to carry out the verification of individuals throughout the country.

III.2.5.3. Compliance notification

One of the preliminary activities before starting the verification of the personal tax situation is the notification of compliance for individuals resident for tax purposes in Romania, identified with risk of non-compliance when declaring taxable income within the risk analysis activity.

The risk related to a natural person of non-compliance when declaring taxable income represents the significant difference between the income estimated in the risk analysis and the income declared by the individual and/or payers for the same taxable period. The difference is significant if between the income

estimated in the risk analysis and the income declared by the individual and / or payers there is a difference of more than 10% of the declared income, but not less than 50,000 lei.

III.2.5.3.1. Issuance of the compliance notification

The notification of compliance of individuals is performed by the competent tax body, prior to selection for verification of personal tax situation.

The following will be subject to the compliance notification:

a) individuals from the list of natural persons proposed for the verification of their personal tax situation; proposals for carrying out the verification of the personal tax situation shall be elaborated taking into account the value of the risk of non-compliance when declaring taxable income, in descending order. If, from the information held, the tax body identifies the existence, in the list of proposed persons, of persons who have the status of spouse, relatives or affinity relation up to and including the second degree, the elaboration of proposals can be done simultaneously for these persons.

b) individuals for whom, within the risk analyses for specific cases **resulting from tax controls**, a risk of non-compliance is established when declaring taxable income, proposed for carrying out the verification of their personal tax situation.

The periodicity of issuing the notification may be annual, quarterly or at the time of identifying individuals with risk of non-compliance when declaring taxable income within risk analyses for specific cases resulting from tax controls.

III.2.5.3.2. Exceptions to the issuance of the compliance notification



Exceptions to the compliance notification:

- natural persons proposed for the verification of their personal tax situation, as a result of programs / projects to increase tax compliance, within which they were notified about the risk of non-compliance when declaring taxable income and the possibility of reanalyzing the tax situation and, where appropriate, of submitting or correcting tax returns;
- natural persons who are subject to a verification of the personal tax situation and for whom it has been ordered to extend the verification to tax periods other than those covered by the initial verification notice;
- natural persons subject to recheck as a result of a decision to settle the tax appeal;
- natural persons who have been subject to a documentary check carried out by the tax bodies competent to exercise verification of the personal tax situation, where, in order to comply with the legal provisions, the measure to initiate a verification of the personal tax situation is ordered.

III.2.5.3.3. Content of the compliance notification

Through the compliance notification sent to individuals, the tax body grants the opportunity to reassess their personal tax situation, including to submit or correct tax returns within 30 days from the notification.

The notification is made in writing and it contains, inter alia, the nature of the tax risk identified, the tax and patrimonial indicators that led to its identification, and the period for which the tax risk was identified.

III.2.5.3.4. Effects of the compliance notification

Until the expiration of this 30-day period, the tax body will not take any action in order to select for verification of the personal tax situation. The submission or correction of the tax return by the individual does not prevent selection for verification of personal tax situation, but only after the 30-day deadline.

After sending the notification and the passing of the 30-day deadline, the tax body performs the following activities:

- capitalizes in the risk analysis on the information from the tax returns submitted or corrected, following the compliance notification, and reassesses the risks of non-compliance when declaring taxable income; submission or correction of the tax return by the individual does not prevent selection for verification of personal tax situation, but only after the deadline provided by law expires;
- update the list of individuals proposed to carry out the verification of their personal tax situation.

After the 30-day deadline, individuals with high tax risk who have not remedied the tax risks for which they were notified are mandatorily subject to a verification of the personal tax situation or a documentary check.

On the contrary, if the tax body considers that the natural person, by submitting or correcting tax returns and/or explanations, has remedied the identified tax risks, the taxpayer will no longer be selected for verification of the personal tax situation.

III.2.5.4. Selection of natural persons for the verification of the personal tax situation

The selection of natural persons to be subject to verification of personal tax situation will be performed:

- a) from the list of natural persons proposed for the verification of their personal tax situation, updated following the capitalization of the results of the compliance notification, in descending order of the level of risk and depending on the capacity to carry out verifications;
- b) for natural persons notified as a result of their identification with risk of non-compliance when declaring taxable income within risk analyzes for specific cases resulting from tax controls.

The activity program may be supplemented by up to 10% of the capacity to carry out verifications of the personal tax situation, with actions resulting from the development of programs/projects to increase tax compliance within which individuals have been notified about the risk of non-compliance when declaring taxable income and about the possibility of reassessing the tax situation and, where applicable, of filing or correcting tax returns.

The selection for the verification of the personal tax situation cannot be contested by the individual.

III.2.5.5. Control methods

When verifying the personal tax situation, the central tax body determines the income obtained by the individual during the verified period. For this purpose, the central tax body uses indirect methods of determining income.

The indirect methods of determining income are:

➤ Source and use of the fund method, which consists of:

- a) determination of the amount of the funds used;
- b) determining the amount of available funds from identified sources;
- c) determination of taxable and non-taxable income, collected from identified sources;
- d) identification of declared and undeclared taxable income, collected from identified sources;
- e) establishing additional income from unidentified sources, as a difference between the amount of funds used and the amount of available funds from identified sources;
- f) applying the tax treatment corresponding to undeclared taxable income with identified sources, according to the rules specific to the income category.

➤ The cash flow method, which consists of:

- a) determining the amount of inflows of funds into bank and financial accounts;
- b) identification of inflows of funds from non-taxable sources;
- c) determination of expenses incurred with cash;
- d) identification of expenses incurred with cash from non-taxable sources;
- e) determination of taxable income as the sum of inflows of funds into bank and financial accounts and expenses incurred in cash, adjusted for inflows of funds and expenses incurred in cash, derived from non-taxable sources;
- f) establishing the additional undeclared income, as the difference between the taxable income determined according to letter e) and the declared income received;
- g) determination of additional undeclared income, with identified sources;
- h) determination of additional undeclared income, with unidentified sources;
- i) applying the tax treatment corresponding to undeclared taxable income, with identified sources, according to the rules specific to the income category.

➤ The net assets method, which consists of:

- a) determination of the net assets of the verified person at the beginning and end of the taxable period, as the difference between, on the one hand, the total value of goods, assets and other securities and holdings and the total value of debts, on the other hand;

- b) determining the increase in net assets during the taxable period, as the difference between the value of net assets at the end of the period and the value of net assets at the beginning of the period;
- c) determination of taxable income based on the increase of net assets, plus personal expenses and minus non-taxable income;
- d) establishing the additional undeclared income, as the difference between the taxable income and the declared income received;
- e) determination of additional undeclared income, with identified sources;
- f) determination of additional undeclared income, with unidentified sources;
- g) applying the tax treatment corresponding to undeclared taxable income, with identified sources, according to the rules specific to the income category.

The tax authority decides the indirect method to be used and its extent, within the limits of reasonableness and fairness, ensuring a fair proportion between the aim pursued and the means used to achieve it.

The selection of indirect methods of determining income is made depending on their specific requirements, the tax situation of the verified individual and the nature of the information or documents available, as follows:



- (i) the method of source and use of the fund is selected when it is ascertained that the verified individual has used funds worth more than the identified sources;



- (ii) the cash flow method is selected when it is ascertained that the transactions carried out by the verified individual were carried out mainly through bank and financial accounts and there are significant inflows into these accounts;



- (iii) The net assets method is selected when it is ascertained that the net assets of the verified person have increased significantly during the verified period and the value of the patrimonial elements has been established with reasonable certainty at the beginning and end of the verified period.

III.2.5.6. The beginning of the verification of the personal tax situation — the verification notice and identification of the inspectors

Before carrying out the verification of the personal tax situation, the central tax body has the obligation to notify, in writing, the individual subject to verification about the action to be carried out, by sending a verification notice. The verification notice shall be communicated to the natural person at least 15 days before the date of commencement of the verification provided for therein.

The verification notice shall contain the following information:

- a. the legal basis for the verification;
- b. the start date of the verification;
- c. the period to be verified;
- d. the possibility to request postponement of the start date of the verification;
- e. requesting information and documents for verification, stating that documents in a foreign language must be accompanied by a translation into Romanian, certified by translators authorized by the Ministry of Justice;
- f. request for submission of the declaration of assets and income.

At the same time, through the verification notice, the natural person is notified that he has the right to benefit from specialized or legal assistance.

Upon receipt of the verification notice, the individual may request postponement of the verification start date. Postponement may be requested only once, for justified reasons.

The request for postponement will be settled no later than 5 days from the date of its registration. If the central tax body has approved the postponement of the start date of the tax audit, it shall communicate to the individual the date on which the tax verification action was rescheduled.



Where the verification is reordered following the settlement decision of the tax appeal, a verification notice shall be served to the natural person. This notice shall contain the above-mentioned information, except for the request to submit the declaration of assets and income. This notice will be communicated before the date of commencement of the verification action specified therein, but the compliance with the 15-days term is no longer mandatory.



In case of reverification, the tax body is obliged to communicate to the individual the reverification decision at least 15 days before the date of commencement of the verification of the personal tax situation.

At the beginning of the verification of the personal tax situation or at the first meeting, the tax body will present to the verified individual the card and the work order signed by the head of the tax body.

III.2.5.7. Period subject to verification of personal tax situation

The period subject to verification is the taxable period defined by the Tax Code.

The verification of the personal tax situation is carried out within the limitation period of the right of the tax body to establish tax receivables.

III.2.5.8. Duration of the verification of the personal tax situation

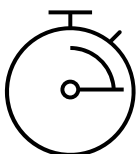
The duration of the verification of the personal tax situation is established by the central tax body and cannot exceed 270 days calculated from the date of commencement of the tax verification. The periods stipulated by law or established by the central tax body for submitting the required documents and/or information are not included in the calculation of the duration of the tax verification.

Also, the time required to complete the hearing upon finalization of the verification of the personal tax situation will not be included in the calculation of the duration of the verification of the personal tax situation.

The date of commencement of the verification of the personal tax situation shall be recorded in an ascertaining minutes. The minutes shall be signed by the competent tax body and the natural person subject to verification and will be registered at the registry of the tax body.

If the individual does not appear on the date of commencement at the place of verification, the tax body shall record this fact in a report in which it also notes the commencement of the verification of the personal tax situation. The minutes will be communicated to the natural person.

The date of termination of the verification of the personal situation is the date scheduled for the hearing of the individual, at the finalization of the verification of the personal tax situation, or the date the individual waives this right.



The duration of the recheck following a decision to abolish the contested administrative act may not exceed 240 days calculated from the date of communication of the decision to abolish.

III.2.5.9. The place where the verification of the personal tax situation is carried out

The verification of the personal tax situation is carried out, as a rule, at the headquarters of the central tax body.

At the justified request of the natural person subject to verification, the verification of the personal tax situation may also be carried out at:

- a) his/her domicile, if the person checked is physically unable to move;
- b) the domicile / registered office of the person providing specialized or legal assistance, if the domicile of this person is also his place of business.

The written request of the individual to carry out the verification at his/her domicile or at the domicile / headquarters of the person providing assistance will be submitted to the tax body before the date of commencement of the tax verification mentioned in the verification notice. The request is settled within 5 days of its registration.

In order to carry out the verification at the domicile of the natural person or at the domicile / headquarters of the person providing specialized or legal assistance, the space made available to the central tax body must be adequate for carrying out the verification. Adequate space for carrying out the verification means providing a space, within the limits of the possibility of the natural person, allowing the carrying out of activities related to the control of documents and the elaboration of the control act.

Through the written request of the individual to carry out the verification at his/her domicile or at the domicile / headquarters of the person providing assistance, it will be provided the justified reasons, together with documents / other means of evidence, for which the change of the place of carrying out the verification of the personal tax situation is requested.

III.2.5.10. Carrying out the verification of personal tax situation

III.2.5.10.1. Requesting and providing documents

When starting the verification of the personal tax situation, the verified individual is informed that he can appoint persons to give information. If the information of the verified individual or the person appointed by him is insufficient, then the central tax body may also address to other persons for obtaining information.

The central tax body will require the individual to submit, no later than 60 days from the communication of the verification notice, under penalty of dismissal, supporting documents or other clarifications relevant to his tax situation. The term may be extended by 30 days, once, at the justified request of the individual, with the consent of the central tax body.

The person subject to verification has the obligation to submit a declaration of patrimony and income within the stipulated period, at the request of the central tax authority.

If the individual subject to verification does not fulfill the obligations to submit the supporting documents, clarifications or the requested patrimony and income declaration, the verification of the personal tax situation shall be made on the basis of information and documents held or obtained by the central tax body according to the law.

Whenever, during the verification of the personal tax situation, the central tax authority considers that new documents or relevant information are needed for verification, it may request them from the individual. In this case, the central tax authority will set a reasonable deadline, which will not be less than 10 days, for the submission of the requested documents and/or information.

During the verification of the personal tax situation, the individual subject to verification has the right to submit any supporting documents or explanations to establish the real tax situation. When supporting documents or explanations are submitted, findings shall be recorded in a document signed by both parties. If the verified individual refuses to sign the document, the refusal to sign shall be recorded.

Communication between tax authorities and individuals and transmission of documents can also be done through:

- ✓ electronic mail, to the e-mail address indicated by the control body, or,
- ✓ submission to the registry of the competent tax body,
- ✓ electronic means of transmission.

If the verified natural person is a person with a hearing disability or deaf-blindness, communication between him and the tax body is made through a sign-language interpreter.

III.2.5.10.2. Property and income of the natural person

The patrimony items to be declared by the natural person subject to verification of the personal tax situation are the following:

i) **immovable property: land, buildings, other real estate;**

ii) **movable goods:**

ii.1) means of transport (land/sea/air) registered according to the law;

ii.2) goods in the form of precious metals, jewelry, art and cult objects, art and numismatic collections, antiques, objects which are part of the national or universal cultural heritage, whose total acquisition value exceeds 15,000 lei;

ii.3) animals, including animals of breed or participating in competitions / races, whose total value exceeds 15,000 lei;

iii) **financial assets:**

iii.1) bank accounts and deposits, investment funds, equivalent forms of saving and investing;

iii.2) investments, direct investments and loans granted;

iv) **other goods, titles and/or holdings whose individual value exceeds 10,000 lei;**

v) **insurance policies, except third party liability insurance for automobiles;**

vi) **expenditure:**

vi.1) personal expenses;

vi.2) expenses with dependents;

vii) debt.



The items of income to be declared by the individual subject to verification of personal tax situation are as follows:

I income earned for which the withholding tax regime applies;

II income that is not taxable;

III tax-exempt income, according to the law.

III.2.5.10.3. Activities of the control body

For the purpose of verifying the personal tax situation, the central tax authority may proceed to:

- i) requesting, under the law, information from public authorities and institutions, except for those held by the central tax body;
- ii) analysis of all information, documents and other means of evidence relating to the tax situation of the verified natural person;
- iii) comparing the information obtained by administering evidence with those in the tax returns submitted, according to the law, by the verified individual or, as the case may be, by income payers or third parties;
- iv) requesting, under the law, information, clarifications, explanations, documents and other such means of evidence from the verified natural person and/or from persons with whom he/she had or has economic or legal relations;
- v) discussing the findings of the central tax body with the verified individual and/or his/her representatives;
- vi) determination, where applicable, of the taxable amount, adjusted for each category of income, of the differences due plus or minus, as the case may be, of the main tax obligation, as well as of the ancillary tax obligations relating to the principal;
- vii) ordering precautionary measures, in accordance with the law.

III.2.5.10.4. Determination of the adjusted taxable base

If it is found that tax returns, documents and information submitted during the verification procedure are incorrect, incomplete, false or if the verified individual refuses, within the same procedure, to submit documents for verification or they are not submitted within the legal deadline or the person evades verification by any other means, the central tax body determines the adjusted tax base for income tax and issues the tax assessment decision.

To determine the adjusted taxable base for income tax, the following will be taken into account:

- documents/information submitted by the verified natural person;
- documents/information held or obtained by the tax body regarding the income, expenses, patrimony, and cash flows of the verified individual;
- official information published by public authorities or institutions;
- any other documents or information relevant to determining the taxable base;
- tax returns submitted by the verified person and/or payers.

III.2.5.10.5. Uniqueness of the personal tax situation verification. Reverification

The verification of the personal tax situation is carried out only once for income tax and for each taxable period. By way of exception, the head of the competent central tax body may decide to reverify a certain period if additional data unknown to the tax body appear from the date of finalization of the tax verification until the date of expiry of the statute of limitation period.

Additional data, unknown to the tax body at the time of the verification of the personal tax situation of a natural person, on which the decision to reverify a certain period is based, may result from situations such as:

- carrying out a tax control to another taxpayer;
- information obtained in any other way, likely to alter the results of the previous tax audit.

However, additional data may not be from those held or compiled by the central tax authority.

III.2.5.11. Suspension of the verification of the personal tax situation



The verification of the personal tax situation may be suspended when one of the following conditions is met and only if failure to do so prevents the verification from being completed:

- a) to carry out an expertise;
- b) to carry out investigations in order to identify persons or to establish the reality of transactions;
- c) at the written request of the individual as a result of the occurrence of an objective situation, confirmed by the central tax body designated to carry out the verification, which leads to the impossibility of continuing the verification. During a verification, the individual may request suspension only once;
- d) to request additional information from third parties or similar tax authorities in other states;
- e) at the proposal of the structure that coordinates the fiscal verification activity of individuals, in order to capitalize on information resulting from other verifications, received from other public authorities or institutions or from third parties.

The date from which the verification is suspended will be communicated to the natural person by suspension decision. After the termination of the conditions which generated the suspension, the verification of the personal tax situation is resumed, by decision issued by the tax body, the resuming date being communicated in writing to the individual.

The taxpayer / payer may challenge the suspension decision by filing a tax appeal within the time limit provided by law.

III.2.5.12. Rights and obligations of the person subject to verification



The verified individual has rights similar to those regulated in the case of tax inspection, as follows:

- a) to be notified of the action to verify the personal tax situation through the communication of a verification notice;
- b) to request postponement of the start date of the verification of the personal tax situation;
- c) to request in writing the change of the location of the verification of the personal tax situation;

- d) to collaborate in ascertaining tax facts and appoint persons to provide information, according to the law;
- e) to provide information, to submit documents relevant for tax verification, as well as any other data necessary to clarify tax-relevant factual situations, except for spouses, relatives or affinity relatives up to and including the 3rd degree, who have the right to refuse to provide information, to carry out expertise, as well as to submit documents;
- f) to be checked only once for income tax and for each taxable period;
- g) to be protected by tax secrecy;
- h) to be informed during the verification of their personal tax situation of the findings resulting from the verification;
- i) request the issuance of the provisional tax assessment decision after half of the legal period for carrying out the verification;
- j) know the results of the verification of the personal tax situation;
- k) challenge the fiscal administrative act issued following the verification of the personal tax situation.



The verified individual has obligations similar to those regulated in the case of tax inspection, as follows:

- a) the obligation to submit a declaration of patrimony and income at the request of the central tax body; this obligation is specific to the verification of the personal tax situation, and failure to comply with it within the term established by the Fiscal Procedure Code is provided by the same normative act as a contravention punishable by a fine from 10,000 lei to 50,000 lei;
- b) the obligation to cooperate with the central tax body;
- c) the obligation to provide information and present documents;
- d) the obligation to allow on-the-spot findings to be made;
- e) the obligation to carry out the measures ordered by the tax verification body through the act drawn up when verifying the personal tax situation, within the terms and conditions established by the tax verification bodies;
- f) the obligation to pay the tax differences established with the occasion of the verification of the personal tax situation, as well as interest and penalties related thereto.

III.2.5.13. Documents issued following the verification of the personal tax situation and their transmission to the competent bodies

The result of the verification of the personal tax situation will be recorded in a written report setting out the findings of the inspection, except in cases where findings are made in connection with the perpetration of acts provided for by criminal law in relation to the means of evidence relating to the determination of the taxable base subject to verification of the personal tax situation.

In the latter case, minutes are drawn up on the basis of which the criminal investigation bodies are notified of the facts found, which will represent a notification document, and which will thus be the basis of the documentation for notifying the criminal investigation bodies.

After notification of the criminal investigation bodies, the verification of the personal tax situation ceases only for the tax obligations and periods that were the subject of the notification.

Annexed to the report on the results of the verification shall be the documents on which the findings were based, the meeting documents and any other documents relating to the findings made. The documents submitted by the verified individual shall be handed over to the central tax authority, under signature.

Upon completion of the verification of the personal tax situation, the central tax authority will present to the individual the findings and their tax consequences, giving him the opportunity to express his point of view, unless the tax bases have not undergone any change as a result of the verification or unless the individual waives this right and notifies, in writing, this fact to the tax body.

The individual has the right to submit, in writing, within 5 working days from the date of presentation of the conclusions, the point of view on the findings of the verification of the personal tax situation, a point of view that is annexed to the verification report and on which the central tax body expresses an opinion in the report. The date, time and place of presenting the conclusions will be communicated in writing to the natural person in a reasonable time.

The report shall form the basis for issuing the tax assessment decision or, where applicable, a decision for ending the verification procedure, if the tax base is not adjusted, both being communicated to the verified individual.

The tax assessment decision or the decision to end the verification procedure will be communicated to the natural person.

Finally, when carrying out the personal tax situation, the tax body may order precautionary measures through a decision to establish precautionary measures, according to the law, as well as the measures necessary to comply with the legal provisions, in which case the tax body will issue a Disposition of measures.

The tax assessment decision will also be sent to the tax authority in whose territorial jurisdiction the tax domicile of the individual is located for archiving in the tax file.

III.2.5.14. Tax appeal

The mentions contained in Section III.2.1.5.2. above remains applicable also in the case of tax appeals against the Tax Assessment Decision resulting from the verification of the personal tax situation.