

Regulations on granting special deduction for restructured loans

3 July 2014

In brief

Government Emergency Ordinance no. 46/2014, regulating and amending the procedure and conditions for granting the special deduction for restructured loans for individuals, was published on 27 June 2014.

In detail

The special deduction for loans is applicable to taxpayers who derive income from salary and / or pension during the period January 2016 – December 2017.

The special deduction for loans can be granted if the loan restructuring fulfils several conditions.

The special deduction can be granted for only one restructuring per individual.

It is applicable for loans granted by credit institutions registered in the General Register of the National Bank of Romania.

In order for the special deduction for loans to be granted:

- the individual must hold a credit agreement valid on 31 May 2014;
- the loan must be subject to restructuring by 1 January 2016; and
- the individual must derive gross salary / pension of up to RON 2,200 in each month of the reporting period in which the deduction is granted.

This tax incentive is granted on a monthly basis and the employer/ payer of the pension income has the obligation to grant the deduction.

The amount to be deducted when calculating the salary / pension income tax cannot exceed RON 900/month.

In order for the deduction to be granted, the taxpayer must provide the employer / payer

of the pension income with supporting documentation.

In cases where a taxpayer derives salary and pension income, the special deduction can be granted by assessing the taxable basis for the income derived from a single source, to be determined by the taxpayer.

[Source: Government Emergency Ordinance no. 46/2014 published in the Official Gazette no. 475]

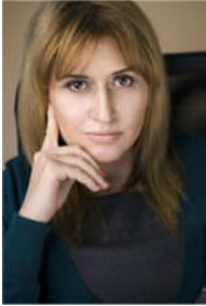
The takeaway

The provisions regulating the granting of a special deduction for restructured loans are applicable for the salary and pension income derived during January 2016 – December 2017.

The amount to be deducted when calculating the salary / pension income tax cannot exceed RON 900/month.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:



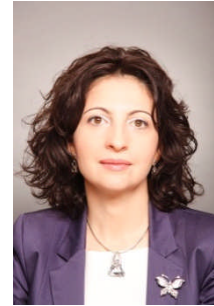
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