
Romania – Adherence to the OECD BEPS Implementation Forum

7 June 2016

In brief

On 2 June 2016, the Romanian Government approved the country's accession as an associate to the BEPS Implementation Forum, in order to implement the BEPS measures nationally. BEPS measures named in the official communication published on the Government's website mention transfer pricing as an important component of the action plan, but also the intensification of the exchange of information and legislative changes aimed at fighting base erosion and profit shifting.

In detail

Romania will join countries and jurisdictions working with the Organisation for Economic Co-operation and Development (OECD) and members of the G20 to develop the BEPS plan (to fight base erosion and profit shifting) standards and to monitor the implementation of this package, to be applied in our country.

On 2 June 2016 the Romanian Government approved, through a Memorandum, the country's accession as an associate to the BEPS implementation Forum. This will enable Romania's participation in the implementation of BEPS measures, as well as the local implementation of these measures.

The BEPS action plan includes recommendations for legislative changes, both in national and international provisions, to counter

situations arising from multinationals using legislative inconsistencies between the tax systems of the states in which they conduct their activities. To address this issue, the plan will generate changes in the OECD Model Tax Convention, OECD Transfer Pricing Guidelines and national tax systems. The objective is to arrive at a settlement in relation to double non-taxation and improving mechanisms for resolving cases of double taxation.

Another component of the BEPS action plan is improved exchange of information: by increasing transparency and reporting of information by taxpayers to the tax authorities, and between the tax authorities of various countries. This component of the plan is consistent with the proposal to amend the EU Directive on the exchange of information in order to extend the automatic exchange of

information to include cross-border tax rulings.

Transfer pricing is another major component of the BEPS action plan. Five of the 15 measures refer explicitly or implicitly to transfer pricing. Romania has incorporated into national law the specific provisions on transfer pricing guidelines issued by the OECD. As this area is now one of the most targeted by tax inspections in Romania, participating in the implementation of the BEPS package will ensure that the country is aligned with international practices in the area.

The BEPS Implementation Forum was presented and approved by the OECD Secretariat at the meeting of G20 finance ministers held in Shanghai on 27-28 February 2016. The first meeting of the countries which have joined the BEPS action plan will be

held in Kyoto on 30 June - 1 July 2016.

[Source: www.gov.ro]

The takeaway

Romania is to join the OECD BEPS developments earlier than expected. On 2 June 2016, the Romanian Government approved the country's accession as an associate to the BEPS Implementation Forum, in order to enable the country to be part of this process and implement the BEPS measures.

Transfer pricing, intensification of the exchange of information and legislative changes aimed at fighting base erosion and profit shifting are explicitly mentioned as important components of the BEPS action plan.

PwC team is available to discuss with you the impact on your business of these significant changes in the tax area.

Let's talk

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



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