

Briefing

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Elimination of the tax on financial assets of banks

Following the dismissal of the Romanian Social Democrat government in October 2019 after losing a no-confidence vote, a new minority liberal government was installed in Romania in the beginning of November 2019. One of the new government's priorities was to amend the controversial Emergency Government Ordinance no. 114/2018 ("GEO 114/2018"), which was adopted by the previous government in the last days of 2018, providing, inter alia, a new tax on financial assets of banks, which became widely known as the "Creed Tax" ("**Financial Assets Tax**").

Thus, on 9 January 2020, Emergency Government Ordinance no. 1/2020 ("**GEO 1/2020**") entered into force introducing significant changes to GEO 114/2018. One of the most important novelties brought by GEO 1/2020 is the elimination of the Financial Assets Tax starting with 2020, which previously applied to banking institutions, defined as Romanian credit institutions and Romanian branches of foreign credit institutions.

GEO 1/2020 also corrected several other fiscal and budgetary measures introduced by GEO 114/2018, aiming to improve the business environment and encourage investments in Romania.

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