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# A new obligation: The information regarding the operations with affiliates will be reported in form 394. ANAF will use them in the analysis of transfer prices.

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operations in the national territory for VAT purposes, but to the risk analysis regarding transfer prices. The statement of reasons for the project shows that the number of transactions with affiliates is very high compared to the total number of transactions carried out and that "from the analysis of the fiscal inspection actions performed, it was found that there are cases in which the transactions carried out between affiliated persons are performed at a lower price than the market price, to the detriment of the Romanian affiliates and, implicitly, of the consolidated general budget".

Currently, through form 394, VAT payers declare all national operations, and its current form has undergone a series of changes in 2016 when the volume of information that taxpayers should have declared was greatly expanded. Due to the dissatisfaction created by the administrative burden that it brought, ANAF made a series of adjustments and improvements. Therefore, it is a form whose complexity and difficulty of completion is known. Declaring the transactions performed with affiliates in the form 394 will require a new compliance effort, especially for those who have a high number of transactions.

The proposed amendments concern the obligation to specify the quality of affiliated person, defined by the Fiscal Code, by ticking the appropriate boxes for each supplier / beneficiary of the taxable person registered for VAT purposes that submits the informative declaration.

Identifying the affiliate relationship is not a simple process. The affiliated persons can be both natural and legal persons. For example, two or more legal entities are considered affiliated persons if there are directly or indirectly holdings between them of at least 25% of the value of the

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transactions with the affiliated parties are declared. those that exceed a certain threshold of significance, depending on the nature of the transaction. The extension of form 394 with a specific box for declaring transactions with affiliates carried out during each fiscal period would, however, concern all transactions with affiliated persons and all persons registered for VAT purposes.



Specifically, taxpayers must complete the affiliated persons box, both registered and unregistered for VAT purposes, mentioning unique CUIs and CNPs, the value of the taxable base related to the delivery of taxable goods / services performed to and from affiliated persons, and the total value of the related VAT, broken down by VAT quotas, as well as the total value of the taxable base related to the purchase of goods and services from affiliated persons not registered for VAT purposes.



Certainly, any additional obligation represents a new compliance effort involving new costs and human, logistical resources, etc. As I said before, the NAFA computerization would simplify the reporting procedures for taxpayers and would help the tax administration to carry out complex risk analyzes and to identify, more quickly, the areas of non-compliance or infringement, using data already available at the level of the authorities. .

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