

**Recently issued Law no. 482/2004 amends Government Emergency Ordinance no.194/2002 concerning the regime governing foreigners' right to stay in Romania. We set out below one very important change which came into force as from 30 November 2004.**

### Services

- Corporate taxation
- International taxation
- Value added tax
- Excises and custom duties
- Local taxes
- International executive services
- Individual taxation
- Foreign currency regulations
- Assistance during tax controls
- Forensic tax investigations
- Training

## Foreigners assigned to Romania

### Permission to stay in Romania

According to Law 482/2004, non-Romanian individuals working in Romania as assignees of foreign companies can freely extend their right to stay in Romania for this purpose **only once, for a period of up to one year**. For subsequent extensions of the residence right, the dispositions concerning the extension of the residence right for non-Romanian individuals **employed by Romanian entities**, will apply.

Although not yet completely clear, it appears that, after the initial one year extension, assignees of non-Romanian companies may be required either to become locally employed under an employment contract with a Romanian entity or to obtain a **work permit** while remaining employed by the foreign company.

Note however that, Law no. 203/1999 concerning work permits provides that as from 1 January 2007, citizens of European Union member countries will no longer be required to obtain work permits in order to be allowed to work in Romania under local employment contracts.

Note also that the Romanian law regarding work permits provides for the possibility for certain non-Romanian individuals to perform activity and be remunerated by local Romanian companies **without having to obtain a work permit**.

According to Law no. 203/1999 concerning work permits subsequently amended, non-Romanian individuals transferred by a foreign company located in a country which is member of the World Trade Organization (WTO) to a branch located in Romania, or to a Romanian **daughter company**, can perform activity and be remunerated by Romanian companies without obtaining a Romanian work permit, provided that both the non-Romanian mother company and the Romanian daughter company **have the same object of activity**

We therefore believe it is likely that non-Romanian individuals will be able to stay indefinitely in Romania without needing a work permit if they are assigned from a foreign company located in a country which is a member of the WTO.

*The relevant law are Law no. 482/2004 for amending Government Ordinance no. 194/2002 (Official Gazette no. 1116/27 November 2004) and Law no. 203/1999 republished regarding work permits (Official Gazette no. 544/17 June 2004).*

## About us

KPMG Romania's Tax Department consists of more than 35 Romanian and international advisors, organized to be able to react at short notice to any request for tax assistance you may require. As well as having command of local and international legislation we maintain good contacts at the top level of the Ministry of Public Finance.

## Contact details

**Victor Kevehazi**  
Senior Partner  
[vkevehazi@kpmg.ro](mailto:vkevehazi@kpmg.ro)

**Patrick Leonard**  
Tax Partner  
[pleonard@kpmg.ro](mailto:pleonard@kpmg.ro)

**Niculae Done**  
Tax Partner  
[ndone@kpmg.ro](mailto:ndone@kpmg.ro)

**Ray Breden**  
Tax Director  
[rbreden@kpmg.ro](mailto:rbreden@kpmg.ro)

**Ana Maria Notingher**  
Tax Senior Manager  
[anotingher@kpmg.ro](mailto:anotingher@kpmg.ro)

**Valentin Țic**  
Tax Senior Manager  
[vtic@kpmg.ro](mailto:vtic@kpmg.ro)

Central Business Park  
Calea Serban Voda no. 133  
Sector 4 Bucuresti  
Tel: +40 21 201 22 37  
+40 741 800 800  
Fax: +40 21 336 11 77  
+40 741 800 700  
E-mail: [kpmgro@kpmg.ro](mailto:kpmgro@kpmg.ro)  
Internet: [www.kpmg.ro](http://www.kpmg.ro)

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