

The Ministry of Finance has recently issued an Order detailing the procedure for refunding excess tax (plus interest if due) to taxpayers.

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Refunds of tax overpayments

In order to be granted a refund of overpaid tax, a taxpayer has to submit a refund application within the 5 year statute of limitation period, together with copies of the appropriate documents supporting the claim.

Upon receiving the application, the tax authority is required to verify the form, the annexed documentation and the taxpayer records contained in the Taxpayer Register, and to proceed with dealing with the request and, if necessary, with asking for further information.

The amount to be refunded will first be used to offset any current or overdue liabilities that the taxpayer might have. For any excess amount that remains to be refunded, the tax authorities will issue a standard Refund Decision and a Refund Note, a copy of each being sent to the taxpayer within 7 days from the date of the Treasury and Public Accounting Department registering the refund operation.

The procedure described above does not apply to refunds granted upon annual regularizations of income tax, negative VAT (i.e. excess input VAT over output VAT) and stamp duty refunds, or to reimbursements resulting from excise duty exemptions.

Interest on late tax refunds

The taxpayer is generally entitled to receive interest on amounts of excess tax due to him but not refunded within 45 days from the moment of applying for the refund. In order for the interest payment to be granted, the taxpayer has to submit a separate application. If the application is considered grounded, the interest due is established and a refund procedure similar to that described above for tax refunds is applicable.

Interest is to be computed starting from the date following that on which the legal deadline for the tax refund expires, until the date when the compensation or reimbursement operation is finally registered.

Interest is due only upon the amount of tax remaining to be refunded after offsetting all pending tax liabilities of the taxpayer.

The relevant law is Order nr. 1899/2005, (Official Gazette no. 13/05 January 2005).

About us

KPMG Romania's Tax Department consists of more than 35 Romanian and international consultants, 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.

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