

Minister of Finance Order no. 1840/2004 approves the instructions for implementing the provisions of Law no. 348/2004 regarding Romanian currency denomination (so-called “heavy-leu”).

Services

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Romanian currency denomination

The Order clarifies several points regarding the transition from the old form of currency (ROL) to the new form of currency (to be denominated RON), including:

- Before 1 July 2005, companies must continue to use ROL for book keeping and financial statement purposes;
- During the second half of the year, transactions must be accounted for in the new currency (RON).
- Financial statements for the second half of the year must be prepared in the new currency (RON). Also, annual financial statements for the year 2005 must be prepared in the new currency (RON) by rounding up the amounts ignoring subdivisions of the currency.
- On 1 July 2005, companies must convert the amounts reflected in the half year trial balance from the old currency ROL into the new currency (RON). Any differences resulting from the conversion are booked in account 473 “Suspense account”. On 31 December 2005, the amounts in this account are transferred into account 658 “Other operating expenses” and, respectively, account 758 “Other operating revenues”.
- Between 1 March 2005 and 30 June 2005, invoices from utilities suppliers are to be issued in old currency (ROL) but the total must be stated in both forms of the currency;

- The conversion is to be conducted as follows:
 - Either by rounding off the sums depending on their last three digits (if the last three digits form a number equal or above 50 then the number is rounded up to 100 and, alternatively, if the number formed is below 50, the number is rounded down to 0) and dividing them off by 10,000;
 - Or by dividing the amounts by 10,000 and then the rounding off the result accordingly.
- Starting 1 July 2005 cash receipts issued by retailers (using fiscal cash registers) as well as invoices or fiscal invoices (if requested by the clients) must be issued in the new currency (RON);
- Petty cash books must be kept in the new currency (RON) during the entire period in which both currencies are in circulation.
- The price of goods and services must be displayed in both forms of currency, between 1 March 2005 and 30 June 2006.

The relevant law is Ministry of Finance Order nr. 1840/2004, (Official Gazette no. 1247/23 December 2005) and Government Ordinance no. 5/2004 (Official Gazette no. 84/25 January 2005).

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.

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