
Answers

Marks

1 Mr Monday

(a) Income tax for employment income in the months of January and December 2011

	January 2011 (lei)	December 2011 (lei)	
Gross salary	2,490	2,460	
Basic salary	1,800	1,800	1/2
Seniority bonus	200	200	1/2
Meal vouchers (10 x 9)	90	90	1/2
Uniform	400	–	1/2
Present for Miss Day	–	370	1/2
Social contributions (W1)	(330)	(391)	2
Social security contribution	(210)	(249)	
Healthcare insurance contribution	(110)	(130)	
Unemployment contribution	(10)	(12)	
Net employment income	2,160	2,069	
Other deductions	(90)	(70)	
Personal deduction (W2)	(90)	(70)	2
Taxable base	2,070	1,999	
Income tax at 16%	331	320	1/2
			<u>7</u>

(b) Prepayments of tax, final tax and social contributions due for the intellectual property revenue

Prepayments of tax = $10\% \times 500 = 50$ lei	1
Final income tax = $16\% \times (\text{gross revenue} - \text{lump-sum expenses})$	
Final income tax = $16\% \times (500 - 20\% \times 500) = 16\% \times 400 = 64$ lei	1
The intellectual property is considered as revenue from professional activities. However, Mr Monday is not subject to social security and unemployment contributions for professional activities, as this activity is occasional.	1
Also, Mr Monday is not subject to healthcare contribution as this is intellectual property income, and he has other income (employment) for which he pays healthcare contribution.	1
	<u>4</u>

(c) Liabilities withheld by Organisers Co

For this revenue Organisers Co has to withhold final tax of 16%, as Mr Monday opted for tax to be withheld as the final tax.	
Final tax = $16\% \times 1,000 = 160$ lei	1
The revenue received from Organisers Co is considered as revenue from professional activities. Thus, Organisers Co has to withhold the social security contribution and unemployment contribution.	
Social security contribution = $10.5\% \times 1,000 = 105$ lei	1/2
Unemployment contribution = $0.5\% \times 1,000 = 5$ lei	1/2
	<u>2</u>

(d) Prepayments of tax, final tax and social contributions for the revenue from the contract signed with Chemic-Lab Co, if it is considered revenue from independent activity for the year 2012

The prepayments shall be withheld monthly by Chemic-Lab Co from Mr Monday's fee.	
Total prepayments of tax = $10\% \times (2,000 \text{ lei} - 210 - 10) \times 6 \text{ months} = 1,068$ lei.	1
The final tax should be computed using the actual values for gross revenue and deductible expenses registered in the accounting books by Mr Monday. As Mr Monday recorded no deductible expenses, the net income is equal to the gross revenue, i.e. $2,000 \text{ lei} \times 6 \text{ months}$.	
Final tax = $16\% \times 12,000 \text{ lei} = 1,920$ lei	1

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Chemic-Lab Co should withhold 10.5% as social security contribution, as this is revenue from professional activity made under the Civil Code.	1/2
Monthly social security contribution = $10.5\% \times 2,000 \text{ lei} = 210 \text{ lei}$	
Total social security contribution due for the revenue earned in 2012 = $210 \times 6 = 1,260 \text{ lei}$	1/2
Chemic-Lab Co should withhold 0.5% as unemployment contribution as this is revenue from professional activity made under the Civil Code.	
Monthly unemployment contribution = $0.5\% \times 2,000 \text{ lei} = 10 \text{ lei}$	1/2
Total unemployment contribution due for the revenue earned in 2012 = $10 \times 6 = 60 \text{ lei}$	1/2
	<u>4</u>
(e) Reasons to reclassify Mr Monday's activity with Chemic-Lab Co	
Any activity may be reclassified as a dependent activity if at least one of the following is fulfilled:	
(i) the beneficiary of the revenue is subordinate to the revenue payer/the management of the revenue payer and respects the conditions imposed by it as regards tasks, work premises and schedule;	1/2
(ii) in performing the activity, the beneficiary of the revenue exclusively uses the assets of the revenue payer;	1/2
(iii) the revenue payer pays for the travel expenses of the beneficiary of the revenue;	1/2
(iv) the revenue payer pays the vacation allowance and allowance in case of sickness to the beneficiary of the revenue.	1/2
There are reasons to reclassify Mr Monday's activity with Chemic-Lab Co, as at least three of the above conditions are fulfilled (conditions (i), (ii) and (iii)).	1
	<u>3</u>
(f) Tax and social contributions for the activity with Chemic-Lab Co, if it is reclassified as dependent activity for the year 2012	
If the activity is reclassified from independent to dependent, the tax due will be determined according to the rules for income tax for an employment contract which is not the basic activity.	
Monthly income tax and social contribution due by Mr Monday	
	lei
Gross revenue	2,000
Social contributions	(330)
Social security contribution ($2,000 \times 10.5\%$)	(210)
Healthcare insurance contribution ($2,000 \times 5.5\%$)	(110)
Unemployment contribution ($2,000 \times 0.5\%$)	(10)
Net employment income	1,670
No reference to personal deduction	
Taxable base	1,670
Income tax at 16%	267
Monthly social contribution due by Chemic-Lab Co	
Social security contribution = $20.8\% \times 2,000 \text{ lei} = 416 \text{ lei}$	1/2
Healthcare insurance contribution = $5.2\% \times 2,000 \text{ lei} = 104 \text{ lei}$	1/2
Unemployment contribution = $0.5\% \times 2,000 \text{ lei} = 10 \text{ lei}$	1/2
Work accident contribution = $0.3\% \times 2,000 = 6 \text{ lei}$	1/2
Health insurance indemnities contribution = $0.85\% \times 2,000 = 17 \text{ lei}$	1/2
Chemic-Lab Co does not have the obligation to pay the contribution to the fund for guaranteeing salary payments as this is not an employment contract.	1/2
In 2012 Mr Monday worked for six months for Chemic-Lab Co, so the income tax and social contributions due total: $6 \times (210 + 110 + 10 + 267 + 416 + 104 + 10 + 6 + 17) = 6 \times 1,150 = 6,900 \text{ lei}$	1/2
	<u>6</u>

(g) Income tax for Miss Day for the month of September 2011

	lei	
Gross revenue	15,000	
Basic salary	15,000	1/2
No reference to interest difference		1/2
Social contributions	(1,962)	
Social security contribution (10,110 x 10.5%)		
(limited to five times medium monthly earnings 2,022 lei)	(1,062)	1
Healthcare insurance contribution (15,000 x 5.5%)	(825)	1/2
Unemployment contribution (15,000 x 0.5%)	(75)	1/2
Net employment income	13,038	
Personal deduction	0	1/2
Taxable base	13,038	
Income tax at 16%	2,086	1/2

4**30****WORKINGS****(1) Social contributions for Mr Monday's employment revenue**

In January 2011 social contributions only apply to the basic salary and the fidelity bonus, as the meal vouchers and clothes offered by the employer are exempted from social contributions as a general exemption. Thus, the value of social contributions in January 2011 is:

$$\text{Social security contribution} = 10.5\% \times (1,800 + 200) = 210$$

$$\text{Healthcare insurance contribution} = 5.5\% \times (1,800 + 200) = 110$$

$$\text{Unemployment contribution} = 0.5\% \times (1,800 + 200) = 10$$

In December 2011 social contributions apply to the basic salary, the fidelity bonus and the present received for Miss Day. The present is not exempt from social contributions as Miss Day is no longer a minor. Thus, the value of social contributions in December 2011 is:

$$\text{Social security contribution} = 10.5\% \times (1,800 + 200 + 370) = 249$$

$$\text{Healthcare insurance contribution} = 5.5\% \times (1,800 + 200 + 370) = 130$$

$$\text{Unemployment contribution} = 0.5\% \times (1,800 + 200 + 370) = 12$$

(2) Personal deduction for Mr Monday's employment revenue

In January 2011 Mr Monday has one person in his care, his daughter.

$$\text{The personal deduction in January 2011} = 350 \times (1 - (2,490 - 1,000)/2,000) = 89.25 \approx 90 \text{ lei}$$

In December 2011 Mr Monday has no person under his care, as his daughter has a job with revenue higher than 250 lei/month.

$$\text{The personal deduction in December 2011} = 250 \times (1 - (2,460 - 1,000)/2,000) = 67.5 \approx 70 \text{ lei}$$

2 Tuesday SRL**(a) Start and finish of the tax year**

The general rule is that the tax year is the same as the calendar year, starting on 1 January and ending on 31 December.

1/2

However, for legal persons that establish or close during a calendar year, the tax year is that period of the calendar year when the person existed.

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As Tuesday SRL was established on 1 June 2011 and closed on 31 May 2012, it will have two tax years as follows:

1/2

– tax year no. 1: from 1 June 2011 until 31 December 2011;

1/2

– tax year no. 2: from 1 January 2012 until 31 May 2012.

1/2

3**(b) (i) Thin capitalisation rules**

The thin capitalisation rules are the rules by which a legal person may deduct interest expense for corporate income tax.

- (i) First, it is necessary to analyse the status of the lender, thus:
- (1) If the lender is a Romanian or foreign credit institution, an international development bank, a non-banking financial institution or a legal person allowed to grant loans according to the law, then the interest expense is fully deductible. 1/2
 - (2) If the lender is not in any of the above categories or the loan is not guaranteed by the State or further to a bond issue, then the interest expense is only partially deductible, according to (ii) and (iii) below. 1/2
- (ii) Second, for loans from entities other than those mentioned above in (i)(1), the deductible interest expense is limited to:
- The reference interest rate established by the National Bank of Romania, for loans denominated in lei. 1/2
 - The interest rate established by the Tax Code and updated by Government Decisions, for loans denominated in currencies other than lei. 1/2
- The part of the interest expense which exceeds the expense computed using the above interest rates is entirely non-deductible, with no possibility of carrying forward. 1/2
- (iii) Third, the part of the interest expense which is determined as tax deductible after the computation made in (ii) above is treated as follows:
- If the loan is to be reimbursed after less than or equal to one year, then it is fully deductible. 1/2
 - If the loan is to be reimbursed after more than one year, then the debt-to-equity ratio for the year when the interest expense was incurred/recorded must be computed, and 1/2
 - if the debt-to-equity ratio is between 0 and 3, then this part of the interest expense is fully deductible in the year when it was recorded; 1/2
 - if the debt-to-equity ratio is below 0 or higher than 3, then this part of the interest expense is not deductible in the year when it was recorded, but it can be carried forward and deducted in the first year when the debt-to-equity ratio is between 0 and 3. 1/2
- The debt-to-equity (D/E) ratio is computed as follows:
- $$D/E = \frac{(L1 + L2)/2}{(E1 + E2)/2}$$
- Where:
- L1: is the value of loans to be reimbursed over more than one year taken from entities other than ones where full tax deductibility of the interest is allowed, at the beginning of the tax period for which the corporate income tax is computed;
 - L2: is the value of loans to be reimbursed over more than one year taken from entities other than ones where full tax deductibility of the interest is allowed, at the end of the tax period for which the corporate income tax is computed; 1/2
 - E1: is the value of equity at the beginning of the tax period for which the corporate income tax is computed;
 - E2: is the value of equity at the end of the tax period for which the corporate income tax is computed. 1/2

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(ii) Interest expense on working capital loan

(1) Tuesday SRL takes the loan from the bank:

- value of interest expenses recorded in accounting books = 420,000 lei x 8% x 4/12 = 11,200 lei; 1/2
- value of deductible interest expenses = 11,200 lei. 1/2

(2) Tuesday SRL takes the loan from Week Ltd:

- value of interest expenses recorded in accounting books = 100,000 euro x 7% x 4/12 x 4.2 lei/euro = 9,800 lei; 1/2
- value of tax deductible interest expenses = 100,000 euro x 6% x 4/12 x 4.2 lei/euro = 8,400 lei. 1/2

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(c) Corporate income tax 2011 and 2012

	2011 (lei)	2012 (lei)	
Total revenues (W1)	861,000	615,000	1
Total expenses (W1)	(707,000)	(505,000)	1
Gross accounting income	154,000	110,000	
Non-taxable revenues	(3,000)	(10,000)	
Revenues from share revaluation	(3,000)	–	1
Dividend revenue	–	(10,000)	½
Tax depreciation (W2)	(15,000)	(7,500)	1½
Non-deductible expenses	6,280	24,080	
Accounting depreciation (W2)	3,000	1,500	1
Net value of equipment sold (W3)	–	18,000	1½
Meal vouchers (W4)	180	180	1
Expenses without supporting documents (present)	2,000	–	½
Protocol expenses (W5)	900	–	1½
Social expenses (W6)	200	–	1
Value of shares sold (W7)	–	3,000	1½
Interest expense from (b)(ii) (9,800 – 8,400)	–	1,400	½
Taxable income	142,280	116,580	
Income tax at 16%	22,765	18,653	½
			14
			25

WORKINGS

(1) Total revenues and total expenses

In 2011 Tuesday SRL functioned for seven months, thus:

- total revenues in 2011 = 123,000 lei x 7 = 861,000 lei
- total expenses in 2011 = 101,000 lei x 7 = 707,000 lei

In 2012 Tuesday SRL functioned for five months, thus:

- total revenues in 2012 = 123,000 lei x 5 = 615,000 lei
- total expenses in 2012 = 101,000 lei x 5 = 505,000 lei

(2) Accounting and tax depreciation

Accounting depreciation

Cost of asset = 60,000 lei

Period of depreciation = 10 years = 120 months

Method of depreciation: straight-line

Monthly depreciation = 60,000 lei/120 = 500 lei

Number of months of depreciation in 2011: 6

Accounting depreciation in 2011 = 500 lei x 6 = 3,000 lei.

Number of months of depreciation in 2012: 3

Accounting depreciation in 2012 = 500 lei x 3 = 1,500 lei.

Tax depreciation

Value of asset = 60,000 lei

Period of depreciation = 10 years = 120 months

Method of depreciation: accelerated

Monthly depreciation in the first year = 60,000 lei * 50%/12 = 2,500 lei

Number of months of depreciation in 2011: 6

Tax depreciation in 2011 = 2,500 lei x 6 = 15,000 lei.

Number of months of depreciation in 2012: 3

Tax depreciation in 2012 = 2,500 lei x 3 = 7,500 lei.

(3) Non deductible net value of sold equipment

As Tuesday SRL used different methods of depreciation for tax and accounting purposes on the sale of the equipment, Tuesday SRL is entitled to deduct the net tax value of the equipment and not the net accounting value.

Net accounting value on 31 March 2012 = 60,000 – 3,000 – 1,500 = 55,500 lei

Net tax value on 31 March 2012 = 60,000 – 15,000 – 7,500 = 37,500 lei

Expenses recorded in accounting books with net asset value = 55,500 lei

Deductible expenses with net asset value = 37,500 lei

Non-deductible expenses with net asset value = 55,500 – 37,500 = 18,000 lei

Tutorial note: The value of the revenue registered for the sale of the equipment is fully taxable revenue, as no exception may apply.

(4) Meal vouchers

Expenses with meal vouchers may be deducted within the limit of one voucher/employee/working day in which the employee worked on Tuesday SRL's premises.

In 2011

Expenses with meal vouchers = 22 vouchers/employee x 9 lei/voucher x 10 employees x 2 months = 3,960 lei

Deductible expenses with meal vouchers = 10 employees x 9 lei/employee x (22 + 20) = 3,780 lei

Non-deductible expenses with meal vouchers = 3,960 – 3,780 = 180 lei.

In 2012

Expenses with meal vouchers = 22 vouchers/employee x 9 lei/voucher x 10 employees x 3 months = 5,940 lei

Deductible expenses with meal vouchers = 10 employees x 9 lei/employee x (21 + 21 + 22) = 5,760 lei

Non-deductible expenses with meal vouchers = 5,940 – 5,760 = 180 lei.

(5) Protocol expenses

The general rule is that the expense of presents for clients is a protocol expense. However, only 4,000 lei qualifies as a protocol expense as there are no proper supporting documents for the third present, so it will be considered fully non-deductible.

Protocol expenses may be deducted up to maximum 2% x (taxable revenues – expenses related to taxable revenues less protocol expense and corporate income tax expense) = 2% x (861,000 – 3,000 – 707,000 + 4,000) = 2% x 155,000 = 3,100 lei

Thus, the deductibility limit for protocol expenses = 3,100 lei

Non-deductible protocol expenses = 4,000 – 3,100 = 900 lei

(6) Social expenses

The expense for presents for the employees' children is a social expense. This may be deducted up to 2% of the gross salary expense.

Gross salary expenses in 2011 = 10 x 2,000 x 2 = 40,000 lei

Limit of deductibility of social expenses = 2% x 40,000 = 800 lei

Value of social expenses = 10 x 100 = 1,000 lei

Non-deductible social expenses = 1,000 – 800 = 200 lei

(7) Expenses with sold shares

As Tuesday SRL revalued the shares on 31 December 2011 for accounting purposes only, there will be a difference between the tax value and the accounting value of shares at the time of sale. Tuesday SRL may deduct only the tax value of the shares.

Accounting value of shares on 3 May 2012 = 10,000 x 1.5 = 15,000 lei

Tax value of shares on 3 May 2012 = 10,000 x 1.2 = 12,000 lei

Deductible value of the shares sold = 12,000 lei

Non-deductible value of shares sold = 15,000 – 12,000 = 3,000 lei

3 (a) Wednesday SRL**(i) Deregistration****Reasons for deregistration****Deadline to submit the deregistration application**

Performs only exempt without deduction right activities 15 days from the date this situation arose 1

Makes taxable sales below €35,000 in a year 20 January of the following year 1

Wednesday SRL performs exempt without deduction right activities as well as taxable and exempt with deduction right activities. Thus, Wednesday SRL may not request deregistration based on performing only exempt without deduction right activities. 1/2

As Wednesday SRL was established in March 2011, it has to recalculate the threshold applicable as a deregistration criterion.

Threshold = €35,000 x 3.3817 lei/euro x 10/12 = 98,633 lei ≈ 99,000 lei 1

As Wednesday SRL registered sales of 105,000 lei, then it could not have requested deregistration based on the sales revenue value, either. 1/2

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(ii) Differences between taxable, exempt without deduction right and exempt with deduction right supplies

The main difference between these activities is given by the obligation to collect VAT on sales and the right to deduct VAT on purchases made for performing those sales, as follows:

Activity	Obligation to collect VAT on sales	Right to deduct VAT on purchases	
Taxable	Yes	Yes	1
Exempt without deduction right	No	No	1
Exempt with deduction right	No	Yes	1
			<u>3</u>

(iii) Applicable VAT rate

No.	Activity	Applicable VAT tax treatment	
1.	Sale of books with ISBN barcode to individuals through its Bucharest store	9%	1/2
2.	Export of books with ISBN barcode to individuals in Republic of Moldavia	Exempt with deduction right	1/2
3.	Sale of furniture to individuals through its Bucharest store	24%	1/2
4.	Supply of furniture dispatched to persons established and registered for VAT in Hungary and having proper transport documentation	Exempt with deduction right	1/2
5.	Renting apartments in Bucharest to taxable persons	Exempt without deduction right	1/2
6.	Supply of consultancy services to companies established in Romania	24%	1/2
7.	Supply of learning services authorised by the Ministry of Education within the conditions of the Education Law to individuals in Romania	Exempt without deduction right	1/2
8.	Sale of new apartments in Bucharest to families buying their first house	5%	1/2
			<u>4</u>

(b) Thursday SRL – Output and input VAT for 2012

Activity	VAT base	Output VAT	Input VAT	Input VAT which may be recovered	
Revenues					
Taxable activities	80,000	80,000 x 24% = 19,200	n/a	n/a	1/2
Exempt without deduction right activities	50,000	0	n/a	n/a	1/2
Exempt with deduction right activities	90,000	0	n/a	n/a	1/2
Purchases					
Exclusively for taxable activities	43,000	n/a	43,000 x 24% = 10,320	10,320	1/2
Exclusively for exempt without deduction activities	38,000	n/a	38,000 x 24% = 9,120	0	1/2
Exclusively for exempt with deduction right activities	49,000	n/a	49,000 x 24% = 11,760	11,760	1/2
For all activities (W1)	30,000	n/a	30,000 x 24% = 7,200	7,200 x 78% = 5,616	1
					<u>4</u>
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Working**(1) Pro-rata**

The input VAT for purchases made for all Wednesday SRL's activities may be deducted based upon deductible percentage.

Deductible percentage = supplies with deduction right/total supplies = (taxable + exempt with deduction right supplies)/total supplies = (80,000 + 90,000)/(80,000 + 90,000 + 50,000) = 77.27% ≈ 78%

4 Friday SRL

(a) Conditions for qualification as a very small company eligible to apply the special scheme for corporate income tax

Conditions to be fulfilled by the company:

- (1) has revenues from activities other than banking, insurance, capital market, fortune games, consultancy and management;
- (2) has between one and nine employees;
- (3) has revenues below €100,000;
- (4) has share capital owned by persons other than the state and local administrative units.

The conditions have to be fulfilled on 31 December of the precedent year.

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 $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ **3****(b) (i) Corporate tax for 2012**

If Friday SRL wants to apply the special scheme for very small companies in 2012, the deadline to make the application is 31 January 2012.

1

Tax for each quarter

Quarter 1 = $100,000 \times 3\% = 3,000$ lei

 $\frac{1}{2}$

Quarter 2 = $(80,000 - 1,400) \times 3\% = 2,358$ lei

1

Quarter 3 = $(115,000 - 2,000) \times 3\% = 3,390$ lei

1

Quarter 4 = $70,000 \times 3\% = 2,100$ lei

 $\frac{1}{2}$ **4****(ii) Cessation of special scheme**

Friday SRL should cease to apply the special scheme of corporate income tax for very small companies starting 1 January 2013, as in August 2012 it had 12 employees, which exceeds the maximum allowed number of employees (nine) for a very small company.

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Tutorial note: A company which applied the special scheme of corporate income tax and switched to applying the corporate income tax may never reapply the special scheme of corporate income tax, even if it fulfils again all the conditions.

(c) VAT tax period

The general rule is that a taxable person should use as a tax period for VAT:

- the month, if its sales in the previous year are above €100,000 or if it made an intra-community acquisition of goods;
- the quarter, if its sales in the previous year are below €100,000 and it did not make any intra-community acquisitions of goods;

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1

As an exception, a taxable person could also use as a tax period for VAT, on an optional basis:

- the semester, if the person has taxable operations for only three months in a semester;
- the year, if the person has taxable operations for only six months in a year.

 $\frac{1}{2}$ $\frac{1}{2}$ **3****(d) VAT due each quarter**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	lei
Output VAT	$100,000 \times 24\%$ = 24,000	$80,000 \times 24\%$ = 19,200	$(115,000 - 2,000) \times 24\%$ = 27,120	$(70,000 + 1,700) \times 24\%$ = 17,208	3
Input VAT	$40,000 \times 24\%$ = 9,600	$30,000 \times 24\%$ = 7,200	$50,000 \times 24\%$ = 12,000	$20,000 \times 24\%$ = 4,800	1

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5 Mrs Saturday**(a) Competent tax authority**

The competent tax authority for Mrs Saturday's self-employed activity is the Tax Administration of Pantelimon, as this is where the activity of her office is performed.

1**(b) Prepayments**

Prepayments (16% x estimated net income) = 16% x 24,000 = 3,840 lei

1

The prepayments will be paid to the state budget in four equal instalments.

 $\frac{1}{2}$

Deadline for paying the prepayments is: 15 March, 15 June, 15 September, 15 December.

 $\frac{1}{2}$ 2**(c) Final tax liability**

	Lei	
Gross revenue	133,300	
– Sales revenue	100,000	$\frac{1}{2}$
– Car value (43,200 – 9,900)	33,300	1
Deductible expenses	17,765	
– No reference to rent		$\frac{1}{2}$
– Phone and internet (2,000 x 60%)	1,200	1
– Depreciation	9,900	$\frac{1}{2}$
– Compulsory contribution (min (8,000 ; (5% x 133,300)))	6,665	1
Net income	115,535	
Final tax at 16%	18,486	$\frac{1}{2}$

5**(d) Tax evasion or tax avoidance**

The owner of the office where Mrs Saturday has her self-employed activity is involved in tax evasion.

 $\frac{1}{2}$

He did not sign a contract for the rent he received and he also did not declare the revenue to the tax authorities, so he is not paying tax to the state budget for the revenue he receives.

 $\frac{1}{2}$ 1**(e) Condition for double tax relief**

For double tax relief to apply to the dividend received from Two Limited, the following conditions must all be met:

- (1) There is an applicable double tax treaty between Romania and Malta; $\frac{1}{2}$
- (2) The tax in Malta is paid and the payment of tax in Malta can be proved with a document issued by the Maltese tax authorities; 1
- (3) The revenue belongs to one category of taxable revenues established by the Romanian Tax Code. $\frac{1}{2}$

2**(f) Tax on dividend due in Romania**

For dividends received from One SRL

Tax = 16% x 5,000 = 800 lei

 $\frac{1}{2}$

The person liable to declare the tax on dividends is One SRL.

 $\frac{1}{2}$

The deadline is 25 April 2012.

 $\frac{1}{2}$

For dividends received from Two Limited

Tax = 16% x 8,000 = 1,280 lei

 $\frac{1}{2}$

Double tax relief using the tax credit method:

Malta tax paid: 10% x 8,000 = 800 lei

 $\frac{1}{2}$

Net tax payable after relief (tax credit): 1,280 – 800 = 480 lei

 $\frac{1}{2}$

The person liable to declare the tax on dividends is Mrs Saturday.
The deadline is: 15 May 2013.

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$\frac{1}{2}$

$\frac{1}{2}$

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