

MARCH 22, 2011

NUMBER 7

Government Decision no. 248/2011 for approving the procedure for applying the indirect methods for adjusting the taxable base for individualsⁱ

The procedure provides the methods to be used by the tax authorities to readjust the tax position of the individuals, as follows:

1. the method of the source and spending of the fund;
2. the cash flow method;
3. the patrimony method.

The method of the source and spending the fund consists in comparing the expenses of the individual with the declared income in the period under review.

The cash flow method consists in analysing transfers of money to/from the bank accounts, as well as the transactions made in cash, in order to assess the monetary funds available.

The patrimony method permits adjusting the tax position based on an

analysis of the increase/decrease of the net patrimony.

Tax authorities will proceed with the analysis of the individuals' tax position in case there is a significant difference between the income declared by the individuals or by the income payers and the realized income (more than 10%, but at least RON 5,000). The individuals will be informed and requested to present documents and information to prove their tax positions.

After verifying the tax position for a certain period, tax authorities may reanalyse the same period if new information, which was not known initially, is obtained.

Tax authorities may analyse only a period of 5 years (the tax prescription period) during which income was obtained.

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ⁱ Published in the Official Gazette no. 191/2011.