



Opinion of the Fiscal Council on the legislative proposal regarding the establishment of measures aimed at stimulating the activity and mitigating the effects of the health crisis in the tourism sector

On July 7th, 2020, the Fiscal Council (FC) received the address of the Romanian Senate no. XXII/406 of 6.07.2020, requesting, based on art. 53 para (2) letter e) of the Fiscal Responsibility Law (no. 69/2010 republished, hereafter referred to as FRL), its opinion on a legislative proposal regarding the establishment of measures aimed at stimulating the activity and mitigating the effects of the health crisis in the tourism sector (legislative project L396/2020).

According to the above mentioned article, the attributions of the Fiscal Council are:

e) analysis and elaboration of opinions and recommendations, both before approval by the Government and before transmission to Parliament, on annual budget laws, budget revisions, as well as on other legislative initiatives that may have an impact on budget expenditures, while also assessing their compliance with the fiscal principles and rules provided by this law;

For the case in question, it is also relevant to take into consideration art. 21 of the FRL, according to which *“in cases where proposals are made for normative acts that lead to a decrease in budget revenues, the financial statement will be prepared according to the provisions of art. 15 of Law no. 500/2002, as subsequently amended and supplemented, which must meet at least one of the following conditions:*

a) to have the approval of the Ministry of Public Finance and the Fiscal Council, according to which the financial impact has been taken into account in the budget revenue forecast and does not affect the annual and medium-term budgetary targets;

b) to be accompanied by proposals for measures to compensate for its financial impact, by increasing other budget revenues.”

Brief description of the legislative proposal

The legislative proposal that was submitted to the Fiscal Council for examination contains provisions likely to lead both to a decrease in budget revenues and to an increase in budget expenditures. More specifically, these provisions refer to:

- the possibility of postponing the personal income tax for employees in the HORECA sector related to the period covered by the state of emergency/alert and its rescheduling over a 3 month period starting with the cessation of the state of emergency/alert;
- the possibility to get a bonus equal to 10% of the income tax due for employees in the HORECA sector if the facility described above is not used;
- exemption from VAT until December 31, 2020 for several activities specific to the tourism sector;
- support from the state budget for any holiday vouchers granted to employees in the tourism sector;
- support for investments in balneary resorts through grants and credit guarantees.

Assessments of the Fiscal Council regarding the legislative proposal

- The Fiscal Council has no attributions to assess the opportunity of the legislative project, considering that the establishment of measures aimed at supporting the tourism sector is the prerogative of the Government or of other institutions.
- In what concerns the compliance with the fiscal principles and rules provided by the FRL, the Fiscal Council has the following observations:
 - The legislative proposal is not accompanied by the financial statement in which its impact on the general consolidated budget should be presented.
 - Although the proposal will generate both decreases in budget revenues and increases in budget expenditures, the legislative initiative does not include measures to offset their effect on the budget deficit from the current year, as provided by art. 21 of the FRL.
 - In the absence of the financial statement, the Fiscal Council cannot assess the compliance of the legislative proposal with the principles and rules established by the FRL. Also, the FC cannot certify that the financial impact of the proposal has been taken into account in the budget revenue forecast and that it does not affect the annual and medium-term budgetary targets, as provided by the FRL.

The opinions and recommendations presented above were formulated by the Fiscal Council and were approved by the Chairman of the Fiscal Council, according to the provisions of art. 56, para (2) letter d) of the Law no. 69/2010 republished, after being agreed by the Council members, through vote, on July 13th, 2020.

July 13th, 2020

Chairman of the Fiscal Council

Professor DANIEL DĂIANU