



# COMPANY FORMATION IN ROMANIA

## MAIN FORMS OF COMPANY/BUSINESS IN ROMANIA

According to Romanian law (Law 31/1990), in Romania the trading companies shall be set up under one of the following forms:

- General partnership
- Limited partnership
- Joint-stock company
- Limited partnership by shares
- Limited liability company

### General partnership main features:

- Unlimited liability for the debts of the social partners
- The company shall have at least two associates
- Law does not require and does not fix a minimum capital for this form of company
- Associates have the freedom to establish the value of the share capital after their own interests

### Limited partnership main features:

- Two categories of partners: sleeping partners and active partners
- Assumes an unlimited and joint liability of active partners for the company's obligations. The sleeping partners may be kept liable only up to the value of their subscribed registered capital
- The company shall have at least two associates
- The law does not require minimum capital. Founders are free to determine by mutual agreement between the value and structure of initial capital.

### Joint-stock company main features:

- The number of shareholders can not be less than two
- The registered capital of the joint-stock company cannot be lower than 90.000 lei (25.000 euro)
- The shareholders may be kept liable only up to the value of their subscribed registered capital
- It may be provided in one of two forms: closed joint stock company or public company

### Limited partnership by shares main features:

- Two categories of partners: sleeping partners and active partners
- Assumes an unlimited and joint liability of active partners for the company's obligations. The sleeping partners may be kept liable only up to the value of their subscribed registered capital
- The registered capital of the joint-stock company cannot be lower than 90.000 lei (25.000 euro).

### Limited liability company main features:

- The registered capital of the joint-stock company cannot be lower than 200 lei
- The number of partners may not exceed 50
- The partners may be kept liable only up to the value of their subscribed registered capital

## SPECIFIC TAX CONCERNS RELATED TO ESTABLISHING A COMPANY

The costs charged by the Trade Register Office for setting up a company can vary depending on the number of partners, the share capital (for publication in the Official Monitor), the number of activities that the Company intends to pursue in the future, and other such. Frequently incorporation fees charged by the Trade Register



Office can range between 100 and 300 euro. To this, add the lawyer's fees which can start from 150-250 euros, depending on the law firm chosen.

## LEGAL ISSUES RELATED TO ESTABLISHING A COMPANY

Steps for setting up a company and documents necessary for incorporation:

1. Sets the place/space where the company will have its headquarters and, if applicable, secondary offices
2. Sets the company name and, if applicable, the logo of the company
3. Draws up the constitutive act accordingly to chosen form of the company
4. The constitutive act shall be signed by all associates and shall be concluded in an authenticated form
5. Cash contributions are deposited in a bank and documents for property contributions in kind, as applicable, are prepared
6. Legal fees and stamp duty are paid
7. The file containing all the necessary documents is prepared and submit to the Trade Register Office from the county where the headquarters was established
8. At the Trade Register Office takes place:
  - File checking
  - Legality control of documents and authorization of company registration by the judge appointed by the Territorial Court
  - Submission for publication in the Official Gazette of the conclusion of delegated judge
  - Company registration
  - the issue of the certificate of company incorporation and the conclusion of the delegated judge
9. Company tax registration and obtaining a tax code from the Territorial Financial Administration
10. Obtaining the necessary approvals and authorization required by company operation

## CULTURAL CONCERNS RELATED TO ESTABLISHING A COMPANY

There are no cultural restrictions related to establishing a company, Romania is open to all categories of entrepreneurs, regardless of nationality, origin, language, culture, etc.

For successful establishment and management of a company, the following are very important:

- entrepreneur personality (personality traits and specialized knowledge)
- appropriate choice of collaborators
- respecting ethical standards in performed activities

## OTHER COUNTRY-SPECIFIC ISSUES RELATED TO ESTABLISHING A COMPANY

- Responsibility taking for all the opportunities and risks to which entrepreneurs are exposed in the decision to establish a company. Business purposes (regardless of domain) should be making a profit (in a legal framework) and entrepreneurs should identify and seize the opportunities and take inherent and unforeseeable business risks
- Knowledge of facilities related to companies: tax exemption on reinvested profit, subsidies or other facilities for stimulating the establishment of micro-enterprises by young entrepreneurs, government grants and/or European grants for a wide range of activities, etc.