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## CHANGES REGARDING THE SUPPORT PROGRAM FOR SME THROUGH THE GUARANTEE OF CREDITS BY THE STATE

Through the Government Emergency Ordinance no. 29/2020 regarding some economic and fiscal-budgetary measures, Government Emergency Ordinance no. 110/2017 regarding the Program for the support of small and medium enterprises - IMM INVEST ROMANIA was amended, namely **the conditions regarding the granting of credits / lines of credit, in order to support microenterprises, as well as small and medium enterprises, have been modified.**

### 1. Relevant legislation

- *Government Emergency Ordinance no. 29/2020 regarding some economic and fiscal-budgetary measures;*
- *Government Emergency Ordinance no. 110/2017 on the Program for supporting small and medium-sized enterprises - IMM INVEST ROMANIA;*
- *Law no. 346/2004 on stimulating the establishment and development of small and medium-sized enterprises (hereinafter referred to as Law 346/2004).*

### 2. The beneficiaries of the adopted measures

The beneficiaries of the adopted measures are small and medium enterprises, as defined by Law 346/2004.

Small and medium-sized enterprises are defined by the Law 346/2004 as those enterprises which cumulatively fulfill the following conditions:

- have an annual average number of employees of less than 250;
- realize a net annual turnover of up to 50 million euros, equivalent in RON, or have total assets that do not exceed the equivalent in RON of 43 million euros, according to the last approved financial statement. The term “total assets” means fixed assets plus current assets, plus prepayments.

Small and medium enterprises are classified, according to the average annual number of employees and the annual net turnover or total assets they own, in the following categories:

- **micro-enterprises** - have up to **9 employees** and realize a net annual turnover or have total assets of up to **2 million euros**, equivalent in RON;



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- **small enterprises** - have between **10 and 49 employees** and realize a net annual turnover or have total assets of up to **10 million euros**, equivalent in RON;
- **medium enterprises** - have between **50 and 249 employees** and realize a net annual turnover of up to **50 million euros**, equivalent in RON, or have **total assets** that do not exceed the equivalent in RON of **43 million euros**.

### **3. New conditions for guaranteeing loans / credit lines through the Program for supporting small and medium enterprises - IMM INVEST ROMANIA**

There are two categories of loans / lines of guaranteed loans:

**3.1** The first category concerns loans for investment and / or credits / lines of credit for working capital.

These loans are **guaranteed by the state at 80% of the financing value**, excluding interest, commissions and bank charges.

The facility applies for one or more loans, respectively one or more lines of loans, but the **maximum cumulative amount** of the guaranteed financing of the state that can be granted to a beneficiary within this facility is **10,000,000 RON**.

At the same time, the **maximum value** of the credits / lines of credit **cannot exceed**:

- **for credits / lines of credit for working capital, the average of the expenses related to the working capital for the last 2 fiscal years, within the limit of 5,000,000 RON;**
- **for loans for investments, 10,000,000 RON.**

For the companies that did not submit financial statements at the date of the request of the guaranteed credit, the maximum value of the financing for the credits / lines of credit for working capital will be calculated as double the average of the expenses related to the working capital from the monthly balances.

**3.2** The second category concerns loans / lines of credit for financing working capital (excluding interest, commissions and bank charges) granted only to micro-enterprises and small enterprises.

These loans / lines of credit are **guaranteed by the state** in a maximum percentage of **90%**.

**The maximum value of the credit / lines of credit is 500,000 RON for micro-enterprises and 1,000,000 RON for small enterprises.**



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The maximum value of a financing **cannot exceed the average of the expenses related to the working capital of the last 2 fiscal years.**

For the companies that did not submit financial statements at the date of the request of the guaranteed credit, the maximum value of the financing for the credits / lines of credit for working capital will be calculated as double the average of the expenses related to the working capital from the monthly balances.

#### 4. Interest subsidy

For credits that fall within both the first and the second category, **the state subsidizes the interest rates related to loans / credit lines at 100%, from the budget of the Ministry of Public Finance**, under a state aid / de minimis scheme associated with this program.

The interest is subsidized from the moment of granting the credits / lines of credit contracted after the 21<sup>st</sup> of March 2020, and the measure can last until the 31<sup>st</sup> of March 2021. The interest subsidy is approved annually by a normative act with the force of law for the first year and for the next 2 years only if the economic growth estimated by the National Commission for Strategy and Forecast for this period is below the level registered in 2020.

#### 5. Other facilities

**5.1 The beneficiary of the loan will no longer owe the guarantee bonus to cover the risk of the guarantee, which was composed of the risk commission and the management commission.**

**The provisions regarding the risk commission have been repealed, and the administration commission is supported from the state budget for the entire period of running the state / de minimis aid schemes.** After the state aid / de minimis scheme shall cease, the administration commission will be owed by the beneficiary of the program.

**5.2 Unlike the previous legal provisions, the companies that have outstanding tax obligations and other budgetary debts administered by the central tax body are eligible**, as they have the obligation to pay them from the credit / credit line for working capital granted under the program.

**5.3 The maximum duration of the financing remained 120 months for the investment loans, but it was increased from 24 months to 36 months for the working capital loans.**



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The financing period for working capital loans may be extended by a further 36 months and will be reimbursed in the last year of extension under the conditions established by methodological norms.

*\* This material contains the data and information updated until the 21<sup>st</sup> of March 2020. Given the exceptional situation, new measures and procedures are constantly being adopted, the process being very dynamic.*

*This informative note presents the general legal framework in the matter, without claims of exhaustiveness on the subject. The ideas presented are strictly informative and do not eliminate the need to analyze the legal provisions set out, nor the need for legal advice offered by a lawyer, being no substitute for them in a specific case.*