

# ROMANIA'S PARLIAMENT LAW ON THE FREE ZONES

Romania's Parliament hereby passes the following law:

## Chapter I General Provisions

Art.1. - In order to foster international exchanges and draw foreign capital for the introduction of new technologies, as well as to enhance the use of the national economy resources, free zones may be established in the maritime and river ports of Romania, along the Danube-Black Sea Canal and other navigable canals and in the territories in the neighbourhood of frontier checkpoints.

Art. 2. - Free zones are part and parcel of the Romanian State territory and are bound by national laws. Customs control shall be enforced only to the limits of free zones.

Art. 3. - Free zones shall be precisely delimited and surrounded. Access to free zones shall be controlled by customs and frontier bodies.

Art. 4. - Transportation means, goods and other merchandise shall be admitted to free zones without restrictions as to country of origin or destination. The goods prohibited to be imported on Romanian territory under the law of the international conventions Romania is a party to shall not be admitted.

Art. 5. - Ships and the other transportation means, as well as goods or other merchandise of any kind entering or leaving free zones should be accompanied by the documents provided under the Romanian laws and the international conventions.

## Chapter II Establishment Authorisation

Art. 6. - The establishment and territorial delimitation of free zones, of the adequate customs units shall be made by Government decision, at the suggestion of the ministries interested and of the local public administration bodies.

Art. 7. - By Government resolution the establishment shall be endorsed, as well as the organization and operation regulations of the free zone, its administration and control, the levying of taxes and tariffs and the required means of customs control.

## Chapter III Administration and Coordination of the Activity of Free Zones

Art. 8. - The administration of free zones shall be provided by the relevant managing bodies, organized and operating as regles autonomes.

The tasks of the free zone administration shall be established by the Agency of Free Zones within the Ministry of Transportation. The tasks of the Agency of Free Zones shall be laid down in the organization and operation regulations, drawn up by the Ministry of Transportation within 30 days from publication of this Law.

## Chapter IV Activities in Free Zones

Art. 9. - The activities to be carried out in free zones shall be the following: handing, storage, sorting, measuring, packaging, processing, assembly, production, branding, testing, auction, sale-purchase, expertise, repairs, knocking down of goods, organization of exhibitions, stock exchange and financial- banking operations, transports and domestic or international deliveries, leasing or

renting buildings, storage areas or unarranged spaces for the construction of economic or hotel units, quality and quantity control of goods, freighting, supplying of ship and other transportation means, services and other activities specific for free zones.

Art. 10. - The activities provided under art. 10 can be performed by natural and artificial persons, Romanian or foreign, only on the basis of licences released by the administration of the relevant free zone.

## Chapter V Facilities

Art. 11. - The terrains or constructions in the free zones may be leased or rented by natural and artificial persons, Romanian and foreign. The leasing and renting regulations shall be established by the provisions under art. 7 and 9. The leasing term may be of maximum 50 years and is established function of the value of the investment and the specific nature of the activity.

Art. 12. - Transportation means, goods and other merchandise coming from abroad or bound to other countries, that enter or are taken out of the free zones shall be exempt from customs tariffs and taxes.

Art. 13. - For activities carried out in free zones, economic agents shall be exempt from

the goods-circulation tax, excise and profits tax throughout the period of activity. Transfer abroad of the profit shall be made under the law.

Art. 14. - Upon liquidating or limiting the activity carried on in the free zone, natural or artificial foreign persons may transfer abroad the relevant capital and profit, after having paid all dues to the Romanian State and the partners under contract.

Art. 15. - Transportation means, merchandise and other goods made in Romania or imported from abroad, entering Romania's customs territory, may be introduced in the free zones with observance of the legal export provisions or, as the case may be, temporary delivery stipulations. Re-entry of the relevant goods into the country's customs territory shall be done under the provisions of the law.

Art. 16. - Romanian materials and accessories that enter the free zones and are used to manufacture other goods shall be tax-exempt, with compliance or export formalities.

Art. 17. - The Romanian goods used for constructions, repairs or maintenance of objectives within the free zones are tax-exempt.

Art. 18. - The goods from a free zone may be transported to another free zone without any customs tariff on Romania's customs territory with observance of legal provisions. Moreover, these goods may also be introduced in the country with observance of the conditions and formalities of import or temporary delivery.

## Chapter VI Financial Operations and Resources

Art. 19. - All the financial operations connected to the activities carried on in the free zones shall be denominated in freely convertible currencies accepted by the National Bank of Romania. Excepted are the financial operations carried on within construction projects in free zones, which can also be paid in Lei.

Art. 20. - The financial resources of the administration of free zones shall come from:

- taxes for operation licences;
- income derived from leasing and renting tariffs;
- other incomes.

The level of leasing and renting tariffs shall be established under the contracts concluded between the administration of free zones and the artificial or natural persons, Romanian or foreign, that carry on activity in the relevant zones.

## Chapter VII Sanctions

Art. 21. - The following deeds shall be assessed fines unless perpetrated in such conditions as to be deemed criminal acts under the penal law.

1.- entry in free zones without approval of the administration or without permit released by the administration of free zones or other bodies so authorized under the law shall be assessed fines between 250 and 1,000 U.S. dollars;

2. -introduction in the free zones of goods unaccompanied by documents shall be assessed fines between 2,000 and 10,000 U.S. dollars;

3. -carrying on of other activities than those provided in the licence released in conformity with the provisions of art.

4. -shall be assessed fines between 2,500 and 10,000 U.S. dollars;

5. -carrying on of other activities than those provided in the resolution for the establishment of the free zone shall be assessed fines between 5,000 and 20,000 U.S. dollars.

Payment of the fine mentioned in par. a) may be made in Lei as well after transformation of the relevant sum at the official exchange rate of the day when the offence is notified.

The goods involved in the contraventional activities provided in par. b), c) and d) shall be confiscated. Penalties may be applied to artificial persons as well.

Art. 22. - Notification of contraventions and fine assessment as per art. 22 shall be performed by the persons thus empowered by the administration of the free zone.

Art. 23. - Against the report laying down the offence a complaint can be lodged within 15 days since notification. The complaint shall be forwarded to the administration of the free zone and shall be settled by the court within the territorial radius where the offence has been perpetrated.

Art. 24. - Offences provided under art. 22 shall be assessed under law 32/1968 on establishment and sanctioning of offences, with the exception of art. 25, 26 and 27.

Art. 25. - Introduction in the free zones of imported goods that are forbidden on Romanian territory shall be deemed a penal offence and be punished by a term of 2 to 7 years of prison, except for the cases where for the deed perpetrated the Penal Code or other special law provides a more severe punishment. Attempted offences shall also be sanctioned.

## Chapter VIII Final Provisions

Art. 26. - The investments made in free zones cannot be expropriated, requisitioned or subject to similar treatment unless it is a case of public interest, with observance of the legal provisions and payment of damages adequate to the value of the investment, which should be prompt, suitable and effective.

Art. 27. - The buildings within the free zones shall not be used as dwellings. The personal working inside the free zones shall be equipped only with adequate surveillance spaces, restaurants and other relevant amenities.

Art. 28. - The goods produced in the free zones that enter Romania's customs territory shall be subject to customs tariffs.

Art. 29. - The transportation means, merchandise and other goods introduced in, existing or taken out of the free zones, as well, as the activities carried out in these areas shall be subject to sanitary, phytosanitary, veterinary and environmental protection regulations, as the case may be.

Art. 30. - The goods and transportation means necessary to the administration of the free zone shall comply with the legal framework provided by the national laws.

Art. 31. - The salaries of the personnel working in the free zones shall be paid in Lei and in foreign currencies, or only in Lei or foreign currencies, following collective or individual negotiations. When salaries are established the additional tax system provided in the regulations in force shall not be applied.

Art. 32. - In free zones, the foreign personnel designated by the convention of the parties can be employed in managing or expert positions, with observance of the legal provisions.

Art. 33. - On the coming into force of this Law, Decree No. 294/1978 on the free port of Sulina, Decree No. 401/1982 on the operation of the free port of Sulina, as well as other contrary provisions shall be abrogated.

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