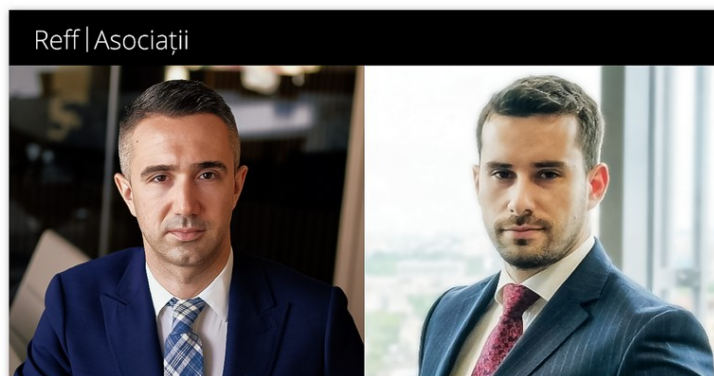


Deloitte Legal study: Romanian companies expect more insolvency proceedings and disputes related to data and consumer protection



Data and consumer protection are the regulatory areas that have the greatest potential for increasing the litigation activity in the next three years, according to 64% and respectively 59% of the Romanian companies participating in the Deloitte Legal study " [New Roads to Dispute Resolution](#)", conducted on a global level, including Romania, with the support of the international business magazine Euromoney. In both cases, the percentages are much higher than those recorded globally, respectively 48% and 40%.

At the same time, the study highlights that there are areas where, although the risk of litigation is moderate at present, the potential for growth in the next three years is significant, such as insolvency proceedings (the difference between those who expect growth in this area and those who estimate a decrease being 47 percentage points), cybersecurity (+32%) or tax (+27%) related disputes. Additionally, about a quarter of the respondents indicated class actions and mass litigation as an area of concern, which places it on the fourth place in the top of risk topics in the vision of companies in Romania.

From the point of view of tax controversies, most participants expect an increase of litigation activity in corporate income tax (49%), commercial litigation related to the allocation of tax burden between private parties (49%) and in the area of personal income tax (41%). In these cases, the percentages are similar to those recorded globally.

The use of digital solutions in activities related to litigation is considered beneficial by most companies in Romania, 78% of them already investing in the digitization of this field, and 68% claiming that artificial intelligence and process automation systems through software robots (*Robotic Process Automation – RPA*) helps to significantly reduce time and costs dealing with litigation cases (vs. 58% at global level). At the same time, the outcomes of disputes are more predictable with the implementation of such solutions (53%, similar to the global average), and blockchain technology provides reliable evidence in disputes (56%, similar to the global average), study participants point out. On the other hand, only 29% of Romanian respondents expect artificial intelligence and RPA systems to replace, even partially, lawyers specializing in litigation (compared to 52% globally).

Regarding the perception of Romanian companies towards the justice system, the study indicates a 6% net increase in trust in local arbitration institutions and, respectively, 3% in international arbitration institutions and in the Court of Justice of the European Union.

"We are grateful for the extremely high interest expressed by the Romanian companies in our study on dispute resolution, which generated a number of responses that allowed the crystallization of the local specificity of this area (compared to the global results) and which, at the same time, confirmed that the way of managing disputes is a priority for the business environment in our country. In addition to identifying the main threats and concerns for our clients, the study shows that the use of digital solutions and the involvement of non-legal experts are priorities in relation to dispute resolution, an indicator of the maturity and sophistication of dispute resolution mechanisms in Romania," said Mihnea Galgotiu-Sararu, Partner Reff & Associates | Deloitte Legal, leader of the administrative and commercial dispute resolution and arbitrations practice.

"Although the pandemic context has generated a delay in fiscal controversies, amid the measures to limit or postpone the controls, we note that they represent one of the most important litigation areas expected by the companies operating in Romania for the coming years. In fact, tax consultants have been identified by the majority of respondents as one of the most relevant non-legal specialists that companies turn to during disputes in which they are involved," said **Mircea Farcau, Managing Associate, Reff & Associates | Deloitte Legal**.

According to the study, the main reasons for Romanian companies to resort to external counsels in relation to dispute resolution matters are the access to specialized services, including consulting services related to digital solutions, in the field of taxes and not only, and experts in related fields (44%), lack of internal resources (33%) or limited expertise in the field (25%).

The Deloitte Legal study "[New Roads to Dispute Resolution](#)" was conducted among more than 550 tax, finance, and legal executives working for companies around the world. Most respondents are based in Europe, respectively 79%.

Reff & Associates | Deloitte Legal's tax and non-tax litigation practices, which consist of more than 20 lawyers and benefit from the expertise of professionals in all practice areas within the Deloitte network, including tax and financial advisors, technical and digital solutions experts, cover all types of business disputes, from fiscal, to commercial and administrative litigation.

The multidisciplinary team made of lawyers specialized in tax disputes from Reff & Associates | Deloitte Legal and tax advisors from Deloitte Romania was awarded **with the highest distinction for Romania** in the **Tax Disputes** category, at the 2022 edition of the [Tax Awards](#), organized by the prestigious **International Tax Review (ITR)** publication. At the same time, four team members, respectively **Mihnea Galgotiu-Sararu**, Partner at Reff & Associates | Deloitte Legal, **Vlad Boeriu**, Tax and Legal Partner-in-Charge, **Dan Badin**, Partner, and **Ciprian Gavrilu**, Partner, Deloitte Romania, are recognized by ITR among the world's highly regarded practitioners in Tax Controversy in the [2023 World Tax](#) Guide.

[Reff & Associates | Deloitte Legal](#) is recognized as a leading law firm in Romania for the quality of services and ability to deliver solutions on complex legal matters. The areas of practice include banking and finance, competition law, employment law, energy and environment law, insolvency law, legal management consulting, litigation, corporate, mergers and acquisitions, public sector, real estate. The firm represents in Romania Deloitte Legal, a global network with more than 2,500 lawyers in more than 80 countries.