

10 Facts about Taxation in Romania

February 2017

1 Corporate Income Tax (CIT): 16%*



*Taxpayers that are carrying on activities such as gambling and nightclubs are either subject to 5% rate of the revenue obtain or 16% of the taxable profit, depending on which is higher.

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Micro-enterprise tax rates

Companies are liable to pay the microenterprise tax (instead of corporate tax) provided that:

- Revenues in the previous tax year were below EUR 500,000
- Share capital is below RON 45,000
- More than 80% of the revenues are **NOT** derived from consultancy and management

The micro-enterprise tax is computed as follows:

- 1%** of the revenues for the following cases:



- ✓ The company has at least 1 employee
- ✓ In the first 24 months since the registration date, for newly set up Romanian companies, if: (i) they have at least 1 employee; (ii) are incorporated for minimum 48 months; (iii) shareholders/associates do not hold participation titles in other legal entities

- 3%** for micro-enterprises with 0 employees

Withholding Tax Rate

WHT rates in relation with non-resident companies are:

- 1%** for revenues obtained from gambling activities
- 5%** for revenues obtained from dividends
- 50%** for payments made by a Romanian company to non-resident company bank accounts (opened in countries that do not have an information exchange agreement concluded with Romania) and only if such payments result from artificial transactions
- 16%** in case of any other revenues from Romania



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Standard VAT rate in Romania: 19%



Reduced VAT

- Reduced **9%** rate applies to food and beverage industry, medical treatments and prosthesis, accommodation etc.
 - Extra-reduced **5%** applies to supplies of social housing under certain conditions and to school books, newspapers, magazines, admission fees to castles, museums, sport events, cinemas, etc.

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Personal Income Tax: 16%*

*IT specialists and employees with disabilities are exempted under certain conditions



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Social contributions owed by the Employee: 16.5%



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Social contributions owed by Companies in Romania: 23.45%



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Tax losses

- Losses may be set off against the same types of income
- Losses that cannot be set off may be carried forward
- Tax losses may be carried forward for a 7-year period (no carry back is allowed)

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Tax for buildings owed by companies



- 0.08% - 0.2%** of the buildings' tax value for residential buildings
- 0.2% - 1.3%** of the buildings' tax value for non-residential buildings

Building tax is paid annually in two equal installments.

The tax is due for the entire tax year by the person who owns the building as of December 31st of the prior tax year.

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www.accace.com

accace@accace.com