

***accace***

# 2023 Tax Guideline

## Romania



# General information about Romania

**Location:** Romania is located in Central Europe, bordered by Hungary, Serbia, Bulgaria, Black Sea, Ukraine and Moldova.

**Capital:** Bucharest

**Area:** 92,046 sq. miles (238,397 sq. km)

**Population:** 19,659,267 (2022)

**Official language:** Romanian

**Official currency:** Leu (RON)

**The head of state:** President

**Membership:**

- European Union (2007)
- UN (1955)
- GATT/WTO (1971)
- NATO (2004) and some other international organisations



## Contents

<b>Introduction .....</b>	<b>4</b>
<b>Legal forms of business.....</b>	<b>5</b>
General rules on purchasing of real estate .....	5
Legal forms of business .....	5
Legal forms of business .....	6
<b>Social security &amp; labour law aspects.....</b>	<b>7</b>
General social and health security .....	7
General comments on labour law .....	8
<b>Taxes on corporate income .....</b>	<b>10</b>
Corporate income tax (CIT) – rates .....	10
Corporate income tax – general information.....	10
Research and Development (R&D) .....	12
Tax exemptions for reinvested profit.....	12
Withholding tax.....	12
Anti-avoidance rules.....	14
International aspects-double tax treaties .....	15
<b>Taxes on individual income .....</b>	<b>16</b>
Personal income tax.....	16
Deductions .....	17
Allowances .....	17
International aspects – residence .....	18
<b>Value-added tax.....</b>	<b>19</b>
Value-added tax – rates .....	19
Value-added tax – general information .....	19
VAT registration .....	21
<b>Other taxes .....</b>	<b>22</b>
Micro-enterprise tax .....	22
Property taxes .....	22
Tax on transportation means .....	23
Other business-related taxes .....	23
<b>Investment incentives.....</b>	<b>24</b>



## Introduction

With a marketplace of nearly 20 million people, 37 million acres of arable land, breath-taking landscapes, an expanding economy, a well-educated workforce with more than 50,000 specialists in information technology, access to the Black Sea and Asia, Romania offers significant opportunities to foreign businesses.

After joining the European Union in January 2007, Romania went through a series of government reforms in order to satisfy the conditions of EU membership. Nowadays, the requirements of membership – including EU directives – are one of the driving forces in Romania's program of reform, modernization and investment in infrastructure. More significantly, these directives are accompanied by funding from the EU in the form of Structural Adjustment Funds and other programs, which enable the new members to align their economies with the rest of the EU.

Romania is a market with excellent potential, a strategic location, and an increasingly solid business climate. While careful evaluation of the market is needed in order to seize business opportunities, exporting to or investing in Romania is gradually becoming less challenging than in previous years in terms of business environment predictability.

Its economy is among the EU's fastest growing members, with a 4.9% GDP growth in 2022, 5% for 2018 and 4% in 2019 primarily driven by consumption and investment.

## Legal forms of business



### General rules on purchasing of real estate

EU and EEA citizens can buy real estate properties (land and buildings) in the same conditions as Romanian citizens.

Non-UE/EEA citizens may acquire buildings in Romania, while land may be acquired only if there is an international agreement in place which also allows Romanian citizens to acquire land in the respective countries.

### Legal forms of business

Before starting the investment in the Romanian market, the investors have to decide upon the legal form of business which will be used.

The types of business forms are stipulated by Law no. 31/1990 as republished and subsequently modified and completed, and there are compiled in the next table with specific information: the minimum share capital, the liability of the shareholders/stockholders, the minimum number of shareholders/stockholders.

The most common forms of business used in Romania are the Limited Liability Company along with the Joint Stock Company and Branches.



**Wish to open an LLC in Romania? Get it done through our eShop.**

## Legal forms of business

The form of business		Minimum capital (approx. in EUR)	Shareholders' liability	Number of shareholders
English	Romanian			
<b>General Partnership</b>	Societate in nume colectiv (S.N.C.)	N/A	The shareholders have unlimited and joint liability for social contributions.	No less than 2
<b>Limited Partnership</b>	Societate in comandita simpla (S.C.S.)	EUR 0.4	The limited partners have no management authority and they are not responsible for the debts of the partnership. They respond in the limit of the subscribed shares. The general partners have management control and they have joint and several liabilities.	At least one limited partner and at least one general partner.
<b>Limited Liability Company</b>	Societate cu raspundere limitata (S.R.L.)	EUR 0.2	The shareholders respond in the limit of the contribution to the share capital.	1 - 50
<b>Joint Stock Company</b>	Societate pe actiuni (S.A.)	No less than EUR 25,000	The stockholders respond in the limit of the subscribed shares.	No less than 2
<b>Company limited by shares</b>	Societate in comandita pe actiuni (S.C.A.)	No less than EUR 25,000	The limited partners have no management authority and they are not responsible for the debts of the partnership. They respond in the limit of the subscribed shares. The general partners have management control and they have joint and several liabilities.	No less than 2
<b>Branch</b>	Sucursala	N/A	The Mother Company is liable for its branch.	N/A
<b>Sole entrepreneur</b>	Persoana fizica autorizata (P.F.A.)	N/A	The sole entrepreneur is also the sole responsible.	N/A



Incorporating a joint stock company has never been easier – purchase it online!

## Social security & labour law aspects



### General social and health security

Social security and health insurance assessment base of an employee in Romania is derived from salary income.

Payrolls and Contribution	Employee	Employer
Income tax	10%	N/A
Health insurance contribution	10%	N/A
Social (Pension) insurance contribution	25%	N/A
Work insurance contribution	N/A	2.25%
<b>TOTAL</b>	<b>45%</b>	<b>2.25%</b>

*\* For the construction field, starting with 2019, there are special provisions applied regarding due taxes and exemptions by case.*

Residents of the EU are covered by the provisions of EC Regulation 883/2004 regulating social security and health insurance rules in case of cross-border activities.

**The employment agenda brings complex obligations. Take advantage of our:**

- Labour law and employment support
- Consultancy related to GDPR and personal data protection

**Avoid the risk of non-compliance**

## General comments on labour law

Main features of employment relationship		Applicable law
<b>Contract type</b>	Individual labour agreement for definite period, indefinite period, home-based work, telework, part-time or full-time work, temporary staffing, etc.	
<b>Contract must include</b>	Parties, duration of the contract date of the contract conclusion, work conditions, the place where the work is performed, evaluation criteria of the employee, the occupation, the risks of the job, number of vacation days, number of days applicable for the notice, number of working hours per day and/or per week, probationary period and its conditions if any, the date of commencement of work, base salary, other elements constituting the salary income, separately recorded, periodicity of payment of the salary to which the employee is entitled and method of payment, etc.  <i>(The contract must be concluded in writing)</i>	
<b>Working time</b>	Full time employees – 8 hours/day and/or 40 hours/week  Part time employees - the number of normal working hours, calculated weekly or as a monthly average, is less than the number of normal working hours of a comparable full-time employee.  The working time is determined by the daily norm thus weekly norm represents daily norm*no. of working days (5 days).  Working time is any period during which the employee performs work, is at the employer's disposal and fulfils his/her tasks and duties, in accordance with the provisions of the individual employment contract, the applicable collective labour contract and/or the legislation in force.	Law No. 53/2003 Labour Code
<b>Holiday entitlement per year</b>	Minimum 20 working days per year.	
<b>Trial period</b>	<u>For indefinite labour agreements</u> depending on the nature of the position: <ul style="list-style-type: none"> <li>▪ Execution position: maximum trial period is 90 calendar days;</li> <li>▪ Management position: maximum trial period is 120 calendar days.</li> </ul> <u>For definite labour agreements:</u> <ul style="list-style-type: none"> <li>▪ Depending on the period: <ul style="list-style-type: none"> <li>▪ &lt; 3 months: maximum 5 working days;</li> <li>▪ 3 - 6 months: maximum 15 working days.</li> </ul> </li> <li>▪ Depending on the nature of position: <ul style="list-style-type: none"> <li>▪ Execution position &gt;6 months: maximum 30 working days;</li> <li>▪ Management position &gt;6 months: maximum 45 working days.</li> </ul> </li> </ul>	



**Notice Period**

- Parties' agreement: no notice period required.
- Dismissal: Minimum 20 working days.
- Resignation, depending on the nature of the position:
  - Maximum 20 working days for execution position;
  - Maximum 45 working days for management position.

## Taxes on corporate income



### Corporate income tax (CIT) – rates

**16%** is the standard corporate income tax rate

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

### Corporate income tax – general information

#### Residence



A company is considered as resident in Romania if it is set-up under Romanian law, has its legal seat or its place of effective management in Romania.

#### Taxable income

Resident companies are taxable on their worldwide income, unless a double tax treaty stipulates otherwise.

The taxable profit of a company is calculated as a difference between the revenues and expenses registered according to the applicable accounting regulations, adjusted by deducting non-taxable revenues and tax deductions and by adding non-deductible expenses. Also, elements similar to revenues and expenses are taken into account when calculating the taxable profit.

Non-resident companies that are carrying on activities in Romania through a permanent establishment are required to pay corporate income tax for the taxable profit attributable to the permanent establishment.

#### Tax period



The calendar year or the fiscal year for the companies that have chosen, according to the applicable accounting regulations, to apply a fiscal year different from the calendar year.

## Tax returns and assessment

As a general rule, the corporate income tax is calculated quarterly. For the first three quarters the filing and the payment of the corporate income tax is performed quarterly, until 25<sup>th</sup> of the first month following the end of the quarters. The final computation and payment of the corporate income tax for the whole calendar year is to be performed until March 25<sup>th</sup> of the following year.

There are **exemptions** from the above general rule that apply to companies such as:

- Companies that have chosen the fiscal year different from the calendar year have to declare and pay the annual corporate income tax until 25<sup>th</sup> of third month after the ending of the fiscal year changed.
- Non-profit organizations, companies that obtain revenues mainly from agricultural activities, educational units, religious cults and other taxpayers specifically mentioned by law have to declare and pay the annual corporate income tax by February 25<sup>th</sup> of the following year.
- Credit institutions and branches of foreign credit institutions in Romania are required to apply the system of quarterly advance payments.

## Advance payments

Taxpayers, except those who are specifically mentioned by law, may opt to declare and pay the annual corporate income tax by making quarterly advance payments. The anticipated quarterly advance payments are computed as  $\frac{1}{4}$  of the previous annual corporate income tax updated by the consumer price index and are due by the 25<sup>th</sup> of the month following the end of the quarter. By exception, the quarterly advance payments related to fourth quarter are due by December 25<sup>th</sup>, respectively until the 25<sup>th</sup> of the last month of the changed fiscal year.

## Deductions

As a general rule, are considered deductible expenses those expenses which are incurred for the purpose of carrying on the business activity, unless they are specifically mentioned by law as limited deductibility expenses or non-deductible expenses.

## Carry forward of losses

Companies are allowed to carry forward fiscal losses declared in the annual corporate income tax statement for a period of seven years. Recovery of the losses shall be performed in the sequence of their recording.

## Fiscal consolidation

A new chapter is introduced regarding the fiscal consolidation and the fiscal group in the field of profit tax.

Thus, in order to set up a tax group eligible to apply for tax consolidation, the following conditions must be met **cumulatively** at the date of submission of the application:

- The 75% holding condition must be met for an uninterrupted period of one year;
- The members of the group are corporate taxpayers who apply the same corporate tax system;

- The members of the group have the same fiscal year;
- The members of the group are not part of another fiscal group in the field of profit tax;
- The members of the group are not payers of income tax on micro-enterprises or are not simultaneously payers of profit tax and payers of specific tax;
- The members of the group do not fall under the provisions regarding the activities of the nature of night bars, night clubs, discos, casinos;
- The members of the groups are not in dissolution/liquidation.

## Research and Development (R&D)

Companies can benefit from an additional deduction of 50% of the eligible expenses for their Research and Development (R&D) activities. Furthermore, accelerated depreciation for devices and equipment used in the R&D activities may be applied.

The 50% additional deduction from the R&D expenses will not be recomputed in case the objectives of the project are not met.

In order to benefit from these incentives, the eligible R&D activities should be from the applicative research categories and/or technological development relevant to the company activity and the activities should be performed in Romania, as well as in the European Union or in other states - member states of the European Economic Area.

Incentives are granted separately for R&D activities of each project.

## Tax exemptions for reinvested profit

The profit invested in new and specific technological equipment manufactured and/or purchased released for use is exempt from income tax. In order to benefit from this incentive, the technological equipment should be used by the company for the purpose of carrying on the business activity for more than half of its useful life, but for no longer than five years. The companies benefiting from this incentive cannot use the accelerated depreciation method for the respective technological equipment.

It is also exempt from corporate income tax, the profit invested in supporting vocational-dual education by ensuring the practical training and quality training of students.

## Withholding tax

### Domestic dividend tax

# 8%

As a general rule, dividends paid by a Romanian company to another Romanian company are subject to 5% tax. However, the dividends paid are non-taxable if the beneficiary of the dividend has held, at the time of the distribution, a minimum of 10% of the Romanian company for an uninterrupted period of at least one year.

## WHT for non-resident companies

The applicable WHT rates in relation with non-resident companies are:

- 8% for the revenues obtained from dividends
- 10% for revenues from interest, royalties, commissions, sportive activities and entertainment, management or consulting services, services provided in Romania, excluding international transport, independent professions conducted in Romania, from awards, liquidation of a resident and from the transfer of the fiduciary patrimonial mass
- 50% for payments made by Romanian companies into non-resident companies bank accounts that are open 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 obtained from Romania

### **Dividends paid**

# 8%

As a general rule, dividends paid to non-resident companies are subject to 5% withholding tax.

However, as Romania is an EU member state, the EU Parent-Subsidiary directive can be applied. Therefore, dividends paid by Romanian companies to resident companies in one of the EU member states are exempt from taxation if the beneficiary of the dividend has held, at the time of distribution, a minimum of 10% of the shares of the Romanian company for an uninterrupted period of at least one year.

### **Interest**

# 10%

As a general rule, the interest paid to non-resident companies is subject to 10% withholding tax.

However, as Romania is an EU member state, the EU Interest and Royalties Directive can be applied. Therefore, interest paid by Romanian companies to resident companies in one of the EU member states are exempt from taxation if the beneficiary of the interest has held, prior to the time of payment, at least 25% of the share capital of the Romanian company for an uninterrupted period of at least two years.

### **Royalties**

# 10%

As a general rule, royalties paid to non-resident companies are subject to 10% withholding tax.

However, as Romania is an EU member state, the EU Interest and Royalties Directive can be applied. Therefore, royalties paid by Romanian companies to resident companies in one of the EU member states are exempt from taxation if the beneficiary of the interest has held, prior to payment time, at least 25% of the Romanian company's share capital for an uninterrupted period of at least two years.



Get an extensive consultation for your taxes – book it on our eShop.



## Anti-avoidance rules

Thin capitalization applicable to deductibility of interest expenses rules have been repealed starting with 2018. Therefore, starting with January 1<sup>st</sup>, 2018, the Tax Code introduces a new concept - *the excess debt cost* - defined as the difference between the debt costs incurred and the interest revenues and other assimilated revenues incurred by the Company. The excess debt costs are deductible within a threshold of EUR 1,000,000/year.

The excess debt costs above this EUR 1,000,000 threshold may benefit from an extra deduction limited to 30% of the accounting profit adjusted downwards with the non-taxable revenues and upwards with the corporate income tax expenses, the excess debt costs and deductible tax depreciation. If the base computed as described before is zero or negative, the excess debt costs are non-deductible in the current period, but they can be carried forward for unlimited period of time and they can be deducted in the next periods applying the same mechanism described above.

Interest expenses brought forward from 2017 or older periods will be deducted starting with 2018 under these new rules.

## Controlled foreign company

An entity or a permanent establishment that is considered a foreign controlled company (holds a direct or indirect shareholding of more than 50% of the voting rights or directly or indirectly holds more than 50% of the entity's capital or is entitled to receive 50% of the entity's profits), applies the CFC rules if the corporate income tax actually paid for its profits by the entity or permanent establishment is less than the difference between the corporate income tax that would have been collected from the entity or permanent establishment, calculated in accordance with the provisions of the Fiscal Code, "Corporate income tax" title and the corporate income tax actually paid for its profits by the entity or by the permanent establishment.

If an entity or a permanent establishment is considered a controlled foreign company, the taxpayer paying the profit tax that controls it includes in the taxable base, corresponding to its fiscal period during which the fiscal period of the controlled entity/permanent establishment ends, proportionally with the taxpayer's participation in the entity, the following undistributed income of the entity in proportion to the taxpayer's participation in the entity:

- a) interest or any other income generated by financial assets;
- b) royalties or any other income generated by intellectual property rights;
- c) dividends and income from the transfer of participation titles;
- d) income from financial leasing;
- e) income from insurance activities, banking activities or other financial activities;
- f) income from companies that obtain them from goods and services purchased from associated enterprises and are sold to them without any economic value added or with little added value.

Tax losses recorded by a qualified permanent establishment, as a controlled foreign entity, are deducted only from the revenues obtained by the permanent establishment, separately, on each source of income.

Uncovered losses are carried forward and recovered for the next 5 consecutive fiscal years.

To avoid double taxation, if the entity distributes profit to the taxpayer and this distributed profit is already included in the taxpayer's taxable income, the amount of income previously included in the taxpayer's tax base is deducted in the tax period in which the amount of tax due for profit is calculated. distributed.

In order to avoid double taxation, if the taxpayer transfers his participation in a controlled entity or the economic activity carried out through a permanent establishment, and a part of the proceeds of the transfer was previously included in the taxpayer's tax base, that amount is deducted in the fiscal period in which the amount of tax due for the respective receipts is calculated.

The taxpayer deducts from the corporate income tax due, according to the double taxation avoidance agreements, the tax paid to a foreign state by the controlled entity/its permanent establishment.

## Transfer pricing



Transactions performed between two Romanian related persons, as well as between related Romanian persons and non-resident persons, are subject to transfer pricing rules.

A legal entity is related with another legal entity if at least one of the cases below is applicable:

- The first legal entity holds, directly or indirectly, a minimum of 25% of the participation titles or voting rights at the other legal entity or if it effectively controls the legal entity.
- The second legal entity holds, directly or indirectly, a minimum of 25% of the participation titles or voting rights at the first legal entity.
- A third-party legal entity holds, directly or indirectly, a minimum of 25% of the participation titles or voting rights at both the first and the second legal entity.

### Need help with your transfer pricing agenda?

Avoid the risk of penalties and stay compliant with all the transfer pricing policies. Let a team of experts take care of the benchmarking, preparation of documentation and beyond.

**Sit back and let your problems get solved**

Transactions between related parties should use the arm's-length principle. In case the transfer prices are not set at arm's length, the fiscal authorities have the right to adjust the amount of revenue and expense in order to reflect the market value.

## International aspects-double tax treaties

In order to apply the provisions of the relevant Double Taxation Treaty (DTT), the non-resident recipient of the income should provide to the Romanian payer a tax residence certificate attesting its tax residency for the purpose of the DTT.

In case the tax rates mentioned in the domestic legislation differ from the rates mentioned in the applicable DTT, then the most favourable rate will apply.

## Taxes on individual income



### Personal income tax

Personal income tax regarding incomes from salaries is governed by the Fiscal Code (Law 227/2015).

10%

At this moment, incomes obtained by individuals are taxed with 10%.

### Exemption from the taxation

Romanian State established as income tax free several categories of employees:



**IT specialists** - the tax exemption is a highly documented process and must respect a certain strict set of provisions.



**Employees with disabilities** - the tax exemption is granted only under strict conditions verified by Romanian medical system.



**Employees who work in Research and Development (R&D) or Technological Development field** - the tax exemption is granted if certain conditions are met as per law provisions.



**Employees who work in construction field, agriculture and the food industry**, if certain conditions are according to the law in force.

### Tax period



The tax period equals the **calendar year**.

## Deductions

### Personal deduction

The personal deduction comprises the basic personal deduction and the additional personal deduction and is granted within the limit of the monthly taxable income earned.

The basic personal deduction is granted to individuals who have a gross monthly income of up to 2000 lei above the level of the minimum gross basic salary in force in the month of income. The Tax Code also introduces changes to the methodology for calculating the personal deduction.

The additional personal deduction is granted as follows:

- 15% of the basic gross national minimum wage guaranteed in payment for individuals up to 26 years of age who earn up to 2,000 lei above the basic gross minimum wage;
- 100 lei per month for each child up to the age of 18, if the child is enrolled in an educational establishment.

### Other deductible amounts

For example voluntary health insurance premiums, and private pensions, as well as the cost of subscriptions for the use of sports facilities for the practice of sport and physical education for maintenance, prophylactic or therapeutic purposes incurred by employees shall be deductible for payroll tax up to EUR 400 per year for each category.

## Allowances

### Per Diem

If employees are granted a daily allowance, they can no longer deduct personal meals and do not receive meal vouchers during the period of delegation/posting. Per diem is granted when employees travel outside the locality, at a distance exceeding 5 km from the locality where the permanent place of work is established, or outside the country, at the employer's request. The permanent place of work must be mentioned in the individual employment contract.

### Limits for daily allowance

The maximum deductible limit applicable for daily allowances granted by the Company, inside Romania or abroad represents 2.5\* the daily subsistence allowance of the legal level established for the delegation/posting allowance, by Government decision, for staff of public authorities and institutions.

The values that exceed the maximum limit mentioned above are considered benefits and must be included in the category of income salaries and salary-related income.

Daily allowance in EU countries (with some exceptions)		
Interval	Minimum	Maximum tax deductible up to
01.12.2012 - present	EUR 35	EUR 87.50

Daily allowance in Romania		
Interval	Minimum	Maximum tax deductible up to
01.01.2019 - present	RON 20	RON 50

## International aspects – residence

Individuals, who have their permanent residence or habitual residence in Romania, are treated as Romanian tax residents. An individual is considered to be tax resident in Romania if he/she is present in the Romania for at least 183 days (in aggregate) in a calendar year.

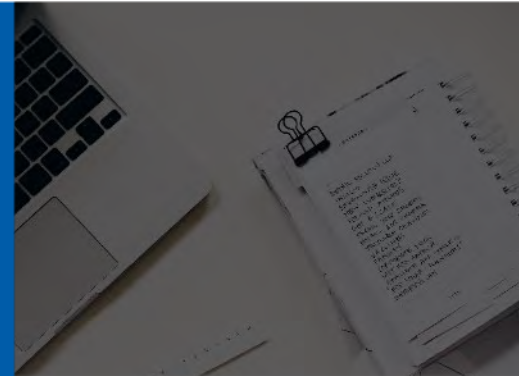
All other individuals are treated as Romanian tax non-residents. Residents of the EU are covered by the provisions of EC Regulation 883/2004 regulating social security and health insurance rules in case of cross-border activities.



Struggling with A1 applications? Order their preparation from our eShop.



## Value-added tax



### Value-added tax – rates

- 19%** is the standard VAT rate in Romania
- 9%** is the reduced rate that applies to water, food & beverage industry, medical treatments and prosthesis, hotel accommodation, restaurant and catering services, etc.
- 5%** is the extra-reduced rate that applies to supplies of social housing under certain conditions and to schoolbooks, newspapers, magazines, admission fees to castles, museums, sport events, cinemas etc.

### Value-added tax – general information

#### Legislation

VAT rules are based on the principles of the Council Directive 2006/112/EC on the Common System of Value Added Tax. The Directive is implemented in the Romanian law by Law No 227/2015 and related Methodological Norms.

#### Taxable person

Legal entities and individuals that carry on independently an economic activity.

#### Taxable event:

- The supply of goods and services in relation with an economic activity within the territory of Romania
- The intra-Community acquisition of goods/services having the place of supply within the territory of Romania
- The import of goods into Romania

#### Taxable amount

Total consideration charged for the supply, excluding VAT but including any excise duties or other taxes and fees. In some cases, between related parties, the taxable amount consists of the market value.

## Tax period



The standard fiscal period is the calendar month.

For taxable persons whose previous year-end turnover is lower than EUR 100,000 and did not perform intra-Community acquisitions of goods, the fiscal period is the calendar quarter.

## Tax assessment

Periodical VAT returns (monthly or quarterly, by the 25<sup>th</sup> day of the following month) and the Local Sales and Purchases List (monthly, by the 25<sup>th</sup> day of the following month). The payable VAT liability consists of the output VAT, due on supply of goods and services carried out, less the input VAT of the same period (monthly or quarterly, by the 25<sup>th</sup> day of the following month). The refundable VAT (when input VAT is higher than output VAT) can be requested for refund or carried forward until the statute of limitation period expires (5 years).

In addition, taxable persons carrying out intra-Community operations with goods or services with the place of supply according to the basic rule for “*business to business*” services have to file an EC Sales List (that shows the VAT identification numbers of his business partners and the total value of all the supplies of goods and services performed by the entrepreneur) on a monthly basis depending on the situation.

Submission through electronic means is available.

All above tax statements are to be prepared based on the information presented in the VAT Sales and Purchase Ledgers.

## Reverse charge

Reverse charge applies for the intra-Community acquisitions, where both parties are registered for VAT purposes. Local reverse charge is applicable in some cases between two Romanian VAT payers, for example:



Corn and industrial crops, including oilseeds and sugar beets



Certain waste and recyclable materials



Wood and alike materials



Gas emission and “green” certificates



Electric energy to traders



Land and buildings



Investment gold, under certain conditions



Mobile phones



Integrated circuits such as microprocessors and central processing units



Portable automatic data processing devices (such as laptops, tablets etc.)



Video game consoles

## VAT cash accounting system

The system is optional for taxpayers with a previous year turnover lower than RON 4,500,000 and for the newly set-up companies. The right to deduct the input VAT for the acquisitions of goods/services from companies applying the system is deferred until the payment is performed.

## VAT registration

### Normal VAT registration

The mandatory VAT registration for taxable persons having the place of business activity in Romania should be performed when the annual turnover of EUR 88,500 (RON 300,000) is exceeded. Voluntary VAT registration before the threshold is exceeded is also possible.

Non-resident taxable persons established in Romania through fixed establishments and non-residents having no actual presence in Romania can register without observing the above threshold. However, a VAT number must be in place before the commencement of the economic activity.

A foreign taxable person that makes long-distance sales (mail order business) to any non-taxable person or that is not registered for VAT in Romania must register for VAT in Romania if the total annual value of the goods/supplies reaches EUR 35,000 (RON 118,000).

### Identified person

Taxable person not registered for normal VAT purposes in Romania and not required to register are liable to register as an identified person (special VAT registration) in the following situations:

- Purchase of services from persons established outside Romania having the place of supply in Romania
- Supply of services with place of supply in another EU Member State
- Intra-Community acquisitions of goods from another EU Member State cumulatively exceeding the annual threshold of EUR 10,000.

### VAT group registration



Companies that are legally independent but are closely related financially, economically and from an organisational point of view may form a tax group, if administered by the same tax office and having the same tax period. Transactions between the members of the group will still fall within the scope of VAT.



Tackle VAT registration with ease – order it through our eShop.

## Other taxes



### Micro-enterprise tax

The microenterprise tax is by option for all companies obtaining revenues below the threshold of EUR 500,000 computed at the NBR exchange rate valid for the last day of the financial year and fulfil several criteria.

#### Tax period



The tax period equals the **calendar year**.

#### Tax returns and assessment

Payment of the tax and filing of the returns is made quarterly, by the 25<sup>th</sup> day of the month following the end of the quarter for which the tax is calculated.

### Property taxes

#### Building tax



For buildings owned by companies, the Local Council set the following tax rates:

- Between 0.08% and 0.2% of the buildings tax value for residential buildings
- Between 0.2% and 1.3% of the buildings tax value for non-residential buildings
- 5% in case the building owner has not updated the taxable value of the building in the last 3 previous years

Building tax is paid annually in two equal instalments, until March 31<sup>st</sup> and September 30<sup>th</sup>.

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

## Land tax



The owners of land are subject to land tax. The Local Council establishes a fixed amount per square metre, depending on the rank of the area where the land is located and the category of land use.

Land tax is paid annually in two equal instalments, until March 31<sup>st</sup> and September 30<sup>th</sup>.

The land tax is due for the entire tax year by the person who owns the land as of December 31<sup>st</sup> of the prior tax year.

## Tax on transportation means



The tax on transportation means in Romania is paid by any person that owns a mean of transportation.

The tax rate varies from RON 8 to RON 290 depending on the cylindrical capacity of each vehicle, for each 200 cm<sup>3</sup> or a fraction thereof.

The tax on transportation means is paid annually in two equal instalments, until March 31<sup>st</sup> and September 30<sup>th</sup>.

The tax on transportation means is due for the entire tax year by the person who owns the mean of transportation as of December 31<sup>st</sup> of the prior tax year.

## Other business-related taxes

### Excise duties

The following products are subject to excise duties: alcohol and alcoholic beverages, manufactured tobacco products, energy products and electricity.

### Customs duties



Goods imported from non-EU countries are subject to import customs clearance.



## Investment incentives



Individuals working as **IT specialists** or in the **Research & Development field** may benefit from an exemption from the standard 10% income tax, under certain conditions expressly mentioned in the Romanian domestic legislation.

**Companies doing business in Romania could benefit from the following incentives:**

- **Tax facilities regarding R&D expenses**  
Companies may benefit of an extra 50% tax depreciation for the eligible R&D expenses and may also apply the accelerated depreciation for these expenses.
- **Tax exemption on reinvested profit**  
The facility refers to the exemption of corporate tax of the profit re-invested in certain types of assets.

### Disclaimer

Please note that our publications have been prepared for general guidance on the matter and do not represent a customized professional advice. Furthermore, because the legislation is changing continuously, some of the information may have been modified after the publication has been released. Accace does not take any responsibility and is not liable for any potential risks or damages caused by taking actions based on the information provided herein.

## Complex solutions for your taxes in Romania



Manage the risks and get your business to the next level by having access to our local team of tax experts, with deep insight into local legislation and best practices fitting the market. Whether you are seeking to enter the Romanian market or improve the value of your current business operations, we are ready to provide you with an all-round-care and solutions you need.

Our service portfolio offers:

- Tax registrations with the Romanian authorities for CIT, VAT, VAT refunds and other taxes, including consultation
- Assistance with any inquiries from the Romanian tax offices, representation in communication and dispute resolution
- Tax compliance and filings, preparation and submission of statutory tax returns
- Processing of tax liability payments to local authorities
- Assistance during internal and external audits, representation during inspections and tax controls in Romania
- International tax advisory
- VAT registration in Romania and obtaining a non-resident VAT number
- Filing of Romanian VAT returns to meet all your statutory requirements
- Transfer pricing services
- Transactions services, M&A tax and legal structuring, due diligence
- Personal income tax, filing of tax returns and of other statutory reporting obligations for social security and health insurance
- Non-resident and global mobility services: creation of the tax-efficient employment structures for non-residents, evaluation of the tax filing requirements of the home country and the foreign country, preparation and filing of tax returns for non-residents in Romania, payroll calculation and HR administration services for expatriates in Romania and others

[Get all your needs sorted](#)



## Contact us in Romania

[romania.office@accace.com](mailto:romania.office@accace.com)

[+40 314 050 440](tel:+40314050440)

Request for proposal

Sign up for news

## About Accace Romania

Accace Romania was founded in Bucharest in 2007. Understanding the needs of our clients to have all internal processes managed under one umbrella, we have developed into a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions, by combining smart and streamlined technology with a holistic approach. Today, we offer accounting, reporting, payroll, HR administration services, tax and corporate advisory and legal consultancy through an affiliated law firm. At international level, we are engaging over 800 specialists who have vast experience in handling small to large scale multi-country BPO projects for over 2,000 clients from various industries.

## About Accace Group

Accace is a proactive consultancy and outsourcing partner who bridges the gap between needs and solutions. Combining smart and streamlined technology with a holistic approach, we provide an all-round care to clients and consider their matters as our own. With over 800 experts and more than 2,000 customers, we have vast experience with facilitating the smooth operation and growth of small to large-scale, global businesses.

Accace operates internationally as Accace Circle, a co-created business community of like-minded BPO providers and advisors who deliver outstanding services with elevated customer experience and erase the borders of service delivery. Covering over 50 jurisdictions with nearly 2,500 professionals, we support more than 15,000 customers, mostly mid-size and international Fortune 500 companies from various sectors, and process at least 200,000 pay slips globally.

More about us: [www.accace.com](http://www.accace.com) | [www.circle.accace.com](http://www.circle.accace.com) | [www.accace.ro](http://www.accace.ro)



**.:accace**