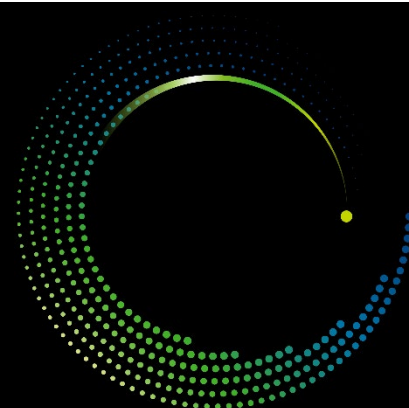


International Tax Romania Highlights 2023

Updated January 2023



Recent developments

For the latest tax developments relating to Romania, see [Deloitte tax@hand](#).

Investment basics

Currency: Romanian Leu (RON)

Foreign exchange control: The RON is fully convertible, and residents may make external payments in foreign currency (with banks generally requiring documentation).

Accounting principles/financial statements: Romanian accounting standards follow the fourth and seventh EU directives. IFRS is accepted as a second set of financial statements for certain companies. Banks, financial institutions, and companies whose securities are traded on a regulated capital market must apply IFRS for accounting purposes.

Principal business entities: These are the joint stock company, general partnership, limited partnership, partnership limited by shares, limited liability company, branch of a foreign company, and representative office.

Corporate taxation

Rates	
Corporate income tax rate	16%
Branch tax rate	16%
Capital gains tax rate	16%

Residence: A company is resident in Romania if it is incorporated in accordance with Romanian legislation or if its place of effective management is in Romania. The definition of resident also includes legal entities headquartered in Romania but incorporated under EU rules (e.g., the *Societas Europae* and European cooperative).

Basis: Resident companies are taxed on their worldwide income; nonresident companies are taxed only on Romanian-source income. Branches are taxed in the same way as subsidiaries. The corporate income tax base is the difference between the gross income and expenses booked in accordance with the applicable accounting rules, reduced by nontaxable income and increased by nondeductible expenses. Items similar to income and expenses also are taken into account.

Taxable income: All income generally is taxable, except for income that is specifically exempt (e.g., certain dividends; see “Participation exemption,” below).

Rate: The standard corporate income tax rate is 16%. As from 1 January 2023, micro enterprises (small companies that meet certain criteria and have a turnover below EUR 500,000 (previously EUR 1 million)) are taxed at 1% (previously 1% or 3%) of revenue (other than income specifically excluded by law). All newly established Romanian companies initially qualify as corporate income tax payers, but eligible companies may opt for the micro enterprise regime.

Surtax: There is no surtax.

Alternative minimum tax: There is no alternative minimum tax.

Taxation of dividends: Dividend income received by a Romanian legal entity from another Romanian legal entity is not taxable. Dividends received by a Romanian legal entity from a foreign legal entity generally are included in taxable income and taxed at the standard corporate income tax rate.

Dividends may be exempt from taxation under certain circumstances (see “Participation exemption,” below).

Capital gains: Gains derived by resident and nonresident entities from the sale of shares and real estate are included in overall profits and taxed at the standard corporate income tax rate of 16%. Certain capital gains may be exempt (see “Participation exemption,” below).

Losses: Losses may be carried forward for seven years. The carryback of losses is not permitted.

Foreign tax relief: A foreign tax credit is granted if provided in a tax treaty between Romania and the relevant jurisdiction and if the taxpayer can demonstrate that income tax was paid in the foreign jurisdiction. The tax credit may not exceed the Romanian tax payable on the income.

Participation exemption: Dividends derived by a resident company from a company in an EU member state or a non-EU jurisdiction that has concluded a tax treaty with Romania are exempt from tax if the Romanian recipient company holds at least 10% of the payer company's shares for an uninterrupted period of at least one year.

Capital gains from the sale/assignment of shares held in a Romanian entity are tax exempt if the seller/assignor holds at least 10% of the shares in the entity for an uninterrupted period of at least one year. A tax exemption also applies to income arising at the level of a Romanian entity from the sale, assignment, valuation, or revaluation of shares held in a Romanian entity or a foreign legal entity located in a jurisdiction that has concluded a tax treaty with Romania.

Income obtained by a resident company from the liquidation of a Romanian entity or a foreign legal entity located in a jurisdiction that has concluded a tax treaty with Romania is not taxable in Romania if the resident company holds at least 10% of the share capital of the legal entity that is undergoing the liquidation procedure for an uninterrupted period of at least one year.

Holding company regime: See “Participation exemption,” above.

Incentives: The following corporate income tax incentives are available: an additional 50% deduction for eligible expenses arising from research and development (R&D) activities; accelerated depreciation of machinery and equipment used in R&D activities; a corporate income tax exemption for profits reinvested in certain technological equipment acquired and brought into use; and a 10-year corporate income tax exemption for taxpayers engaged exclusively in R&D and innovation activities.

Compliance for corporations

Tax year: The tax year is the calendar year, although taxpayers can opt for a fiscal year corresponding to the entity's financial accounting year. Romanian subsidiaries of foreign companies that have a different financial accounting year may modify the date set for the completion of their financial statements only if the parent company adjusts its reporting date or is subject to reorganization procedures.

Consolidated returns: Fiscal consolidation for corporate income tax purposes is available if certain conditions are fulfilled.

Filing and payment: Corporate income tax compliance is carried out on a quarterly basis, followed by the final year end calculation, declaration, and payment of tax. Corporate income tax is calculated and paid on a quarterly basis based on actual figures. Quarterly returns and payments are due by the 25th day of the month following the reporting quarter (applicable for the first three quarters). Under temporary provisions applicable to tax returns for 2021 through 2025, the deadline for the calculation, declaration, and payment of the annual corporate income tax liability is extended to the 25th day of the sixth month (from the 25th day of the third month) following the tax year (i.e., 25 June for calendar year companies).

Certain taxpayers may opt to declare and pay corporate income tax by applying the "prepayment system" (i.e., by making prepayments equal to one-quarter of the annual corporate income tax liability for the previous fiscal year, adjusted for the consumer price index). At year end, the taxpayer calculates the annual corporate income tax liability based on actual figures and pays any difference.

Nonresident legal entities that carry out activities in Romania through multiple permanent establishments (PEs) must designate a PE to fulfill the corporate income tax obligations (i.e., prepare a single set of returns consolidating income and expense items of all the Romanian PEs of the nonresident).

Penalties: Late payment of tax is subject to interest at a rate of 0.02% per day of delay, with an additional late payment penalty of 0.01% per day of delay. An additional penalty of 0.08% per day applies to unreported or erroneously reported tax amounts. The late payment penalty does not apply to the main tax liabilities for which the law provides for a nondeclaration penalty.

Rulings: Advance tax rulings are available. Advance pricing agreements (APAs) also are available (see "Transfer pricing," below).

Individual taxation

Rates	
Individual income tax rate	10%
Dividend tax rate	8%
Capital gains tax rate	1%/3%/10%

Residence: An individual is tax resident in Romania where the individual fulfills at least one of the following conditions: (i) the individual's domicile is in Romania; (ii) the individual's center of vital interests is in Romania; (iii) the individual is present in Romania for a period or periods that exceed, in the aggregate, 183 days during any consecutive 12-month period beginning or ending in the relevant calendar year; or (iv) the individual is a Romanian citizen who is serving abroad as an official or employee of the Romanian government.

The Romanian tax authorities determine an individual's tax residence using a specific procedure. All individuals entering or leaving Romania for a period exceeding 183 days during a consecutive 12-month period must submit a questionnaire together with supporting documents to the authorities. The deadline for submitting the entry questionnaire is 30 days after the individual has been physically present in Romania for 183 days, while the departure questionnaire must be submitted at least 30 days before the departure date. Fines ranging between RON 50 and RON 100 are imposed for late submission of the documentation.

Basis: Tax resident individuals are taxed on their worldwide income, irrespective of the type or source of income; tax nonresidents are taxed only on Romania-source income.

Taxable income: Salary and salary-related income (e.g., benefits in kind related to employment) are subject to tax. The taxable income of employees under an employment contract is determined as the difference between gross income from salaries (including salary-related allowances and benefits in kind) and allowable personal deductions, union dues paid, mandatory social contributions payable by the employee, and contributions to private pension and private health insurance funds (including subscriptions to private medical services paid directly by the employer). Deductions related to contributions made to private pension and private health insurance funds are limited to EUR 400 per year per employee per fund.

Rates: A flat income tax rate of 10% generally applies; however, other rates apply to specific types of income. Dividend income received by a Romanian resident is taxed at 8% (increased from 5% as from 1 January 2023). Taxable income from the sale of real estate is taxed at a rate of 1% or 3% where the real estate assets have been held for more than three years or not exceeding three years, respectively.

Capital gains: Capital gains generally are taxed at the standard general individual income tax rate with specific rates for taxable income from the sale of real estate (see "Rates," above). However, a different tax regime is applicable to capital gains resulting from transactions performed through a Romanian intermediary entity (e.g., Romanian resident brokers, foreign brokers with a Romanian PE, etc.). In such cases, the resulting capital gains are taxed at 3% where the assets have been held for less than one year and 1% where the assets have been held for at least one year.

Deductions and allowances: There are certain allowances for children and personal deductions for taxable persons with dependents.

Foreign tax relief: Romanian tax residents can claim a foreign tax credit in Romania if provided in a tax treaty between Romania and the relevant jurisdiction and if the taxpayer can demonstrate that income tax was paid in the foreign jurisdiction. The tax credit may not exceed the Romanian tax payable on the income.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Each taxpayer must file an individual tax return; joint filing is not permitted (even for spouses).

Filing and payment: Individual income tax returns are due by 25 May of the year following the year in which the income was earned and by 25 May of the current year for estimated income for the current year. The payment deadline is 25 May of the year following the year in which the income was earned.

Tax returns relating to salary-type income earned from a Romanian employer or for similar income earned from abroad for activities performed in Romania are due by the 25th day of each month for salary earned for the previous month. The Romanian employer must file the tax return and pay the tax due to the authorities on behalf of its employees, while the

individual is directly responsible for filing and payment in respect of income received from a foreign employer for work performed in Romania.

The salary tax is flat and final. Generally, no year end reconciliation via an annual tax return is required for salary income but certain exceptions apply.

Penalties: Late payment of tax is subject to interest at a rate of 0.02% per day of delay, with an additional late payment penalty of 0.01% per day of delay. A penalty of up to 0.08% per day of delay may apply to unreported or erroneously declared tax amounts established by the tax authorities during tax audits.

Rulings: An advance ruling system exists, allowing individuals to obtain a tax ruling on a proposed transaction, but is rarely used in practice.

Other: Currently, tax incentives are available for employees performing software development or R&D activities, and for employees working in construction, the agricultural sector, or the food industry. Benefits granted to employees and directors (including those of affiliated entities) in the form of equity-based compensation (i.e., qualifying employee share plans) are taxed under a specific favorable regime if the plan, the employee, and the employer satisfy the required legal criteria.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	8%	0%
Interest	0%	0%	16%	0%
Royalties	0%	0%	16%	0%
Fees for technical services	0%	0%	16%	0%

Dividends: No withholding tax is imposed on dividends paid to a resident company, or to a resident or nonresident individual. The general withholding tax rate on dividends paid to a nonresident company is 8% (increased from 5% as from 1 January 2023) unless the rate is reduced under an applicable tax treaty or the dividends qualify for exemption under the EU parent-subsidiary directive (a minimum 10% holding for an uninterrupted period of at least one year is required).

Interest: No withholding tax is imposed on interest paid to a resident company, or to a resident or nonresident individual. A 16% withholding tax is imposed on interest paid to a nonresident company unless the rate is reduced under an applicable tax treaty or the interest qualifies for exemption under the EU interest and royalties directive (a minimum 25% holding for an uninterrupted period of at least two years is required).

Royalties: No withholding tax is imposed on royalties paid to a resident company, or to a resident or nonresident individual. A 16% withholding tax is imposed on royalties paid to a nonresident company unless the rate is reduced under an applicable tax treaty or the royalties qualify for exemption under the EU interest and royalties directive (a minimum 25% holding for an uninterrupted period of at least two years is required).

Fees for technical services: No withholding tax is imposed on fees for technical services paid to a resident company, or to a resident or nonresident individual. All types of services performed in Romania by a nonresident entity for the benefit of a Romanian company are subject to a 16% withholding tax. Management and consultancy services performed by a

nonresident entity for the benefit of a Romanian company are subject to a 16% withholding tax regardless of where the services are performed. The rate may be reduced under an applicable tax treaty.

Branch remittance tax: There is no branch remittance tax.

Other: A 50% withholding tax is levied on payments made to a resident of a jurisdiction that has not concluded an exchange of information agreement with Romania if the payment is subject to withholding under Romanian legislation and is made in relation to an artificial transaction.

Anti-avoidance rules

Transfer pricing: Romania's transfer pricing rules generally follow OECD guidelines (including specialized guidance for financial transactions and guidance on the transfer pricing implications of the COVID-19 pandemic), although certain local requirements apply regarding the content and structure of the transfer pricing file, the application of transfer pricing methods, and the strategy used to conduct benchmarking studies.

Romania's transfer pricing legislation provides for specific transfer pricing documentation requirements based on the category of taxpayer (large, medium-sized, or small) and the annual value of intercompany transactions per type of transaction.

Large taxpayers carrying out intragroup transactions exceeding certain thresholds (i.e., EUR 200,000 for interest received/paid for financial services rendered/received, EUR 250,000 for other services, and EUR 350,000 for purchases/sales of tangible or intangible assets) are required to prepare an annual transfer pricing file by the date of submission of the annual corporate income tax return. The transfer pricing file must be submitted within 10 days of a specific request by the tax authorities either during a fiscal inspection or outside such process.

For other categories of taxpayer, the transfer pricing file is required to be submitted only if requested by the tax authorities during an audit.

The transfer pricing documentation must be submitted in the Romanian language and all supporting documents in a foreign language must be translated into Romanian by a certified translator.

Failure to comply with the obligation to prepare the transfer pricing file under the statutory terms and conditions and/or with the obligation to submit the transfer pricing file at the request of the tax authorities may trigger a fine of between RON 12,000 and RON 14,000 for medium-sized and large companies and between RON 2,000 and RON 3,500 for other companies and individuals.

Where intragroup transactions are not carried out in accordance with the arm's length principle, the Romanian tax authorities have the right to adjust the taxpayer's revenue and expenses to reflect the market value. Where a taxpayer fails to submit the transfer pricing file or submits an incomplete file, the tax authorities may estimate/adjust the transfer prices by using the median value of market prices. The additional taxable profits resulting from transfer pricing adjustments are subject to the standard 16% corporate income tax rate and related late payment interest and penalties.

An APA may be obtained for up to five years. By exception, an APA may be issued for a longer period in the case of long-term agreements. The deadline for issuing an APA is up to 12 months (for unilateral agreements) and up to 18 months (for bilateral or multilateral agreements) from the date an APA request is submitted. The fee for issuing or amending an APA varies, depending on the taxpayer's classification.

Country-by-country (CbC) reporting obligations also apply (see "Disclosure requirements," below).

Interest deduction limitations: The limitation rules provided by the EU Anti-Tax Avoidance Directive (ATAD) have been implemented into Romanian tax legislation. Under these rules, “exceeding borrowing costs” (the difference between borrowing costs and interest income and other economically equivalent income) are deductible up to a threshold of EUR 1 million plus 30% of tax adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization). The amounts exceeding the limit are nondeductible in the current year but may be carried forward for an indefinite period; the same rules apply where there is negative EBITDA.

Controlled foreign companies: Romania has implemented the ATAD provisions for controlled foreign companies (CFCs). Romanian corporate income tax payers that control a foreign company must include certain income of the CFC in their taxable base. An entity is considered a CFC if the following conditions are simultaneously met:

- The taxpayer has, alone or together with its associated enterprises, a direct or indirect participation of at least 50% of the voting rights or holds, directly or indirectly, at least 50% of the entity’s share capital or has the right to receive at least 50% of the foreign company’s profits; and
- The corporate income tax effectively paid by the foreign entity is less than the difference between the corporate income tax that would have been imposed under Romanian tax rules and the corporate income tax effectively paid.

The CFC rules apply to the following types of revenue:

- Dividends, interest, royalties, and capital gains;
- Income from finance leases, insurance activities, and banking activities; and
- Services income relating to goods and services purchased from and sold to associated enterprises, in cases where the services carried out add little or no economic value.

Hybrids: Romania has implemented the ATAD 2 provisions regarding hybrid tax mismatches that occur in cross-border transactions and a series of regulations governs the corporate income tax obligations of taxpayers that are party to hybrid mismatch arrangements.

Economic substance requirements: The Romanian tax authorities may disregard a transaction or reclassify the nature of a transaction to reflect its economic substance if they take the view that the transaction is artificial or would not form part of an entity’s regular business. Tax treaties and EU directives do not apply to artificial transactions.

Disclosure requirements: Transfer pricing documentation requirements apply (see “Transfer pricing,” above).

A parent company or other reporting entity that is resident in Romania and is part of a multinational enterprise (MNE) group with consolidated income exceeding EUR 750 million is required to submit a CbC report for each reporting year, subject to certain conditions.

Romanian resident constituent entities that are part of MNE groups meeting the criteria for CbC reporting must file an annual notification indicating the party that will prepare and file the CbC report. The notification must be filed by the last day of the MNE group’s reporting fiscal year, but no later than the deadline for the submission of the annual corporate income tax return for the respective constituent entity for the previous fiscal year. Where the CbC report at group level is submitted outside the EU, a secondary submission must be made in Romania.

Late submission of the CbC report or the transmission of incorrect or incomplete information may result in a fine of between RON 30,000 and RON 50,000, and failure to submit the report may result in a fine of between RON 70,000 and RON 100,000.

Romania has implemented the EU directive on the mandatory automatic exchange of tax information in relation to reportable cross-border arrangements (DAC 6).

Exit tax: Under Romania's exit taxation rules, capital gains derived from the disposal of assets, a change in tax residence, or the transfer of a business carried out through a PE to another jurisdiction are subject to a 16% exit tax when the taxation rights concerning those assets are no longer allocated to Romania. If the transfer is made to a European Economic Area member state, the exit tax may be paid in installments over a five-year period if certain conditions are fulfilled.

General anti-avoidance rule: See "Economic substance requirements," above.

Value added tax

Rates	
Standard rate	19%
Reduced rate	5%/9%

Taxable transactions: All transactions falling within the scope of VAT and carried out for remuneration by a taxable person in the course of an economic activity are considered taxable transactions. These include the following:

- Supplies of goods or services performed in Romania by a taxable person;
- Intra-Community acquisitions of goods from another EU member state;
- Acquisitions of general business-to-business (B2B) services taxable in Romania, from EU and non-EU suppliers; and
- Imports of goods into Romania.

Rates: The standard 19% VAT rate applies to all supplies of goods or services, unless a specific measure provides for a reduced rate or an exemption.

The following are examples of goods and services taxable at the 5% VAT rate:

- Books, newspapers, magazines, and school textbooks both in hardcopy or electronic (except those intended exclusively for marketing purposes and those which entirely or mainly comprise video or musical content);
- Access to museums, castles, cinemas, zoos, botanical gardens, amusement and recreational parks, and sporting events;
- Purchase of housing for social policy reasons, if certain conditions are met;
- Use of sports facilities (sport bases or fitness centers);
- Transport of persons by various means for tourism or recreation purposes;
- Certain types of firewood; and
- Supply of thermal energy in the cold season to the public; hospitals; nongovernmental and religious organizations; and suppliers of social services.

The following are examples of goods and services taxable at the 9% VAT rate:

- Prostheses of any type and accessories (except dental prostheses);
- Orthopedic products;
- Medicines for human and veterinary use;
- Food and beverages (with some exceptions) having certain classification codes;

- Fertilizers, seeds, and other agricultural products intended for sowing or planting (excluding chemical fertilizers and chemical pesticides), as well as supplies of services, such as those specifically used in the agricultural sector;
- Water for irrigation in agriculture;
- Water supply and sewerage services;
- Hotel and similar accommodation, including the rental of land for camping;
- Restaurant and catering services (excluding some beverages); and
- Supply of chemical fertilizers and chemical pesticides normally used in agricultural production, and confirmed to qualify as such in accordance with the order issued by the ministers of finance, and agriculture and rural development.

The following are examples of goods and services that are VAT exempt with credit under specific rules:

- Exports;
- Transport services and other services directly linked to exports;
- International passenger transport; and
- Intra-Community supplies of goods.

The following are examples of VAT exempt supplies without credit:

- Specific banking and financial operations;
- Insurance and reinsurance services;
- Medical services;
- Educational services; and
- Sale or rental of immovable property (land or buildings); however, the supplier may opt to treat the supply as subject to VAT provided that a notification is submitted to the Romanian tax authorities.

Certain imports by taxable persons registered for VAT purposes in Romania benefit from the VAT reverse charge mechanism, under which the related import VAT is not paid on import but only reported in the importer's VAT return as both output and input VAT, with no impact on cashflow. The goods to which the VAT reverse charge mechanism applies at the time of import are wood, grain, mobile phones, electronic devices, game consoles, tablets, computers, and laptops. Domestic supplies of such goods, and the supply of electricity and natural gas, also are subject to the VAT reverse charge mechanism, provided that both the supplier and the purchaser are VAT registered in Romania.

The reverse charge mechanism also applies to VAT payable on imports by economic operators holding a VAT deferral certificate or an AEO (authorized economic operator) authorization, or by economic operators authorized to lodge a customs declaration in the form of an entry in the declarant's records.

Registration: The VAT registration threshold is turnover of RON 300,000 per year and applies only to taxable persons established in Romania. Taxable persons having the seat of their economic activity in Romania with an annual turnover not exceeding the threshold are eligible for a special VAT exemption regime. However, they may opt to register for VAT purposes. A taxable person having the seat of its economic activity outside Romania must register for VAT purposes if they undertake any of a range of activities, such as the following:

- Intra-Community acquisitions of goods in Romania;
- Intra-Community supplies of goods in Romania;
- Transfers of its own goods to Romania;

- Dispatch of goods to Romania from another EU country for processing with the finished products not returning to the EU country of dispatch;
- Distance sales under certain conditions; or
- Exports.

Taxable persons neither established nor registered for VAT purposes in Romania may appoint a global fiscal representative in customs to perform in their name and on their behalf certain VAT compliance obligations with respect to imports followed by intra-Community supplies of goods. The taxable person is jointly liable with the representative for payment of the VAT.

Filing and payment: As a general rule, VAT returns must be submitted and any related VAT paid on a monthly basis. Quarterly payments and filing are available for taxable persons with an annual turnover of less than EUR 100,000 that performed no intra-Community acquisitions. VAT returns may be submitted semiannually or annually under certain conditions and with the prior approval of the relevant tax authorities.

The deadline for the submission of the VAT return is the 25th day of the month following the end of the return period. If the deadline falls on a nonworking day or legal holiday, the deadline is deferred until the next working day.

An optional VAT cash accounting system is available, under which local suppliers established in Romania with annual turnover below RON 4.5 million are required to collect VAT only when their invoices are paid.

VAT consolidation between qualifying related parties is allowed (under certain conditions). SAF-T (standard audit file) reporting has been implemented in Romania but is not yet mandatory for all categories of taxpayer. The Romanian SAF-T schema follows the OECD 2.0 version requiring detailed information regarding clients, suppliers, accounting entries, the tax treatment of transactions, stock movements, and payments. Some of the information must be submitted regularly throughout the year; other information must be provided annually or only on demand.

An electronic invoicing (e-invoicing system), the RO e-factura system, is mandatory for business-to-government (B2G) transactions and certain B2B and business-to-consumer (B2C) transactions and is expected to be extended to all B2B transactions during 2023. Certain requirements must be followed where e-invoicing is used.

The RO e-Transport system monitors in real time the movement of goods with high fiscal risk within Romanian territory. The system became mandatory as from April 2022, but with the application of any sanctions/fines postponed to 1 January 2023.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security: An employer is required to pay an employment insurance contribution of 2.25% of the employee's total gross salary. In addition, in certain cases, the employer is required to pay a pension contribution at a rate of 4% or 8% of the gross salary.

Contributions also are due by the employee, although the compliance procedure remains the responsibility of the employer. The mandatory employee contributions are a pension contribution of 25% and a health insurance contribution of 10%, which are deductible for income tax calculation purposes.

All other types of taxable private income (e.g., income from freelance activities, investment, rental, and other sources) are subject to a health insurance contribution of 10% if the total amount of income derived from all these types of

activity is at least six times the national minimum salary. The annual base for computing the health insurance contribution due is:

- Six times the gross national minimum salary where total income is at least six times but less than 12 times the gross national minimum salary;
- Twelve times the gross national minimum salary where total income is at least 12 times but less than 24 times the gross national minimum salary; and
- Twenty-four times the gross national minimum salary where total income is at least 24 times the gross national minimum salary.

A 25% pension contribution applies on income from independent activities where the net income represents at least 12 times the national minimum salary. The computation base for the pension contribution is the “insured income” (an amount chosen by the individual, to which the pension contribution rate is applied), which cannot be less than:

- Twelve times the gross national minimum salary where the insured income is at least 12 times but less than 24 times the gross national minimum salary; and
- Twenty-four times the gross national minimum salary where the insured income is at least 24 times the gross national minimum salary.

Payroll tax: An employer is required to compute and withhold tax on salaries on a monthly basis and remit the tax to the Romanian state budget by the 25th day of the month following the month in which the salary is paid.

Capital duty: There is no capital duty.

Real property tax: Under Romanian tax legislation, specific taxes paid to local budgets are in place for real estate properties.

- Building tax applies based on the purpose for which the building is used (residential, nonresidential, or mixed). The tax rate is applied to the taxable value of the building and ranges from 0.08% to 0.2% for residential buildings and from 0.2% to 1.3% for nonresidential buildings.
- Land tax is computed considering certain criteria such as number of square meters, value per square meter, the rank of the locality where the land is located, land category, etc.

Transfer tax: There is no transfer tax.

Stamp duty: There is no stamp duty.

Net wealth/net worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: No tax applies where property is passed during the first two years after death; otherwise, a 1% tax is imposed on the value of the property.

Other: Depending on the nature of the taxpayer's business, other taxes may apply (e.g., specific taxes for the energy sector, the food service sector, and the pharmaceutical industry).

Certain environmental taxes are payable to the environmental fund authorities.

Tax treaties: Romania has concluded tax treaties with around 90 countries. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) entered into force for Romania on 1 June 2022. For information on Romania's tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: National Agency for Tax Administration

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