DOING BUSINESS IN
ROMANIA

Contents

INTRODUCTION

UHY is an international organisation providing accounting, business management and consultancy services through business financial centres in nearly 100 countries worldwide.

Business partners collaborate across the network to undertake transnational operations for clients, as well as to provide specialist knowledge and expertise within their own national borders. Global specialists from a wide range of industry and market sectors are also available for consultation.

This detailed report, providing key issues and information for investors considering doing business in Romania, has been prepared by the UHY representative office:

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The information contained in the following pages has been updated to be accurate as of the date indicated. However, it is inevitably of a general nature and subject to change; therefore, it should be used for guidance purposes only. For specific matters, investors are strongly advised to obtain further information and seek professional advice before making any decisions.

This publication is current as of **May 2026**.

We look forward to supporting you in conducting business in Romania.

BUSINESS ENVIRONMENT

CONTEXT

CONSTITUTION AND GOVERNMENT OF ROMANIA

According to the Constitution of Romania of 21 November 1991, Romania is a republic with a parliamentary democracy. The President is elected for a five-year term, while the bicameral Parliament, consisting of the Senate and the Chamber of Deputies, is elected for a four-year term.

The most recent parliamentary elections were held in December 2024, and the latest presidential elections took place in May 2025.

POPULATION

In 2026, Romania's population is estimated at approximately 21.64 million inhabitants. The majority of the population (around 89%) is ethnically Romanian, followed by Hungarians (approximately 6%) and other minority groups. Most of the population adheres to the Eastern Orthodox Christian faith.

GEOGRAPHY

Romania is located in Southeastern Europe and, with an area of 238,391 square kilometers, is the second-largest country in Central and Eastern Europe. Romania is bordered by Ukraine and the Republic of Moldova to the north and northeast, Bulgaria to the south, Serbia to the southwest, Hungary to the northwest, and the Black Sea to the east.

The Danube Delta is the country's main natural attraction.

CURRENCY

Transactions between residents must generally be conducted in Romanian Lei (RON), subject to a limited number of exceptions.

The exchange rates as of 29 May 2026 were:

- 1 EUR = RON 5.2489
- 1 USD = RON 4.5099

Any person entering Romania is required to declare to the customs authorities any cash amount exceeding EUR 10,000 (or the equivalent value in another currency) carried across the border. This requirement is in accordance with European Union regulations on the control of cash entering or leaving the EU.

LANGUAGE

The official language is Romanian, which uses the Latin alphabet. In addition, many Romanians speak English, French, Italian, or German, particularly in urban areas and within the business community.

MAJOR EXPORTS

Romania's main exports include machinery and equipment, vehicles and automotive components, electrical equipment, mineral products, agricultural products (such as cereals, sunflower oil, and wine), and textiles.

MAJOR IMPORTS

Key imports consist of machinery and electrical equipment, vehicles, fuels and mineral oils, chemicals and pharmaceutical products, plastics, and consumer goods.

EDUCATION – PRIMARY AND SECONDARY

Education in Romania is compulsory for children aged 4 to 18 years. The public education system covers middle and upper preschool education (children aged 4 to 6 years), primary education, lower secondary education, and upper secondary education, providing free access to schooling. Private schools also operate alongside the public system.

HIGHER EDUCATION

Romania has a network of public and private universities with strong traditions in engineering, medicine, economics, and information technology. Several universities are highly ranked within Eastern Europe, and international programmes are available in English, French, and German.

HEALTHCARE SYSTEM

Romania has a national healthcare system funded through mandatory health insurance contributions. Public hospitals and clinics operate throughout the country and are complemented by a growing private healthcare sector that offers modern facilities and services.

COMMUNICATIONS

Romania has one of the fastest internet networks in Europe, with extensive broadband and mobile coverage. The telecommunications market is highly competitive, providing 4G and 5G services as well as a modern digital infrastructure.

BANKING SECTOR AND FINANCIAL SERVICES

Romania's banking sector is stable and integrated into the European financial system. Services are provided by both local and international banks, offering a wide range of products, including retail banking, corporate banking, online banking services, and investment solutions. The National Bank of Romania (NBR) is the central authority responsible for monetary policy and banking supervision.

TRANSPORT LINKS

Romania has an extensive transportation network, including:

- Roads and motorways connecting the major cities and linking Romania to the European motorway network;
- Railways covering the entire country and providing connections with other European rail networks;
- Air transport, with international airports in Bucharest, Cluj-Napoca, Timișoara, Iași, and other regional centres;
- Maritime ports at Constanța, one of the largest ports on the Black Sea, and river ports along the Danube.

LAND AND BUILDINGS

Foreign and Romanian entities may own buildings and land in accordance with the applicable legal framework. Citizens of the European Union (EU) and the European Economic Area (EEA) may acquire land under the same conditions as Romanian citizens. Romania offers a growing real estate market with opportunities in the commercial, industrial, agricultural, and residential sectors.

PUBLIC HOLIDAYS IN ROMANIA

The official public holidays in Romania are:

- New Year's Day – 1 and 2 January
- Unification Day – 24 January
- Good Friday, Easter Sunday, and Easter Monday (Orthodox calendar)
- Labour Day – 1 May
- Pentecost – First and Second Day (Orthodox calendar)
- Children's Day – 1 June
- Assumption of the Virgin Mary – 15 August
- Saint Andrew's Day – 30 November
- National Day – 1 December
- Christmas – 25 and 26 December
- Two days for each of the principal annual religious holidays declared by legally recognized religious denominations (other than Christian denominations), for persons belonging to those faiths.

FOREIGN INVESTMENTS

According to the latest publicly available data published by the National Bank of Romania (NBR), the net inflow of foreign direct investment (FDI) into Romania amounted to approximately EUR 5.7 billion, representing around 1.6% of GDP. Of this amount, EUR 4.0 billion consisted of reinvested earnings, while net equity capital and intra-group loans totalled approximately EUR 1.66 billion.

At the end of 2024, the total stock of foreign direct investment in Romania reached nearly EUR 125 billion, reflecting an annual increase of approximately 6% (around EUR 6.6 billion).

Recent trends indicate a more cautious investment environment, with foreign investors increasingly focusing on consolidation, operational efficiency, and the optimisation of existing investments, rather than on large-scale expansion projects.

FOREIGN DIRECT INVESTMENT

The most common form of foreign investment in Romania is the acquisition of an existing Romanian company or the establishment of a new company with foreign or mixed ownership. Common structures include branches, subsidiaries, and representative offices.

REAL ESTATE INVESTMENT

Foreign and Romanian entities may acquire land, subject to certain conditions. Since 2012, EU/EEA citizens have been allowed to acquire land under the same conditions as Romanian citizens, provided that it is intended for a secondary residence. Foreign citizens from outside the EU/EEA may acquire land based on international treaties and the principle of reciprocity.

STARTING A BUSINESS

TYPES OF PARTNERSHIPS

Romanian legislation (Companies Law No. 31/1990) provides for the following types of partnerships:

- General Partnership (SNC) – the partners have unlimited liability.
- Limited Partnership (SCS) – at least one partner has unlimited liability, while the other partners are liable only up to the amount of their contribution.
- Partnership Limited by Shares (SCA) – similar to an SCS, but the share capital is divided into shares.

SHARE CAPITAL

Currently, in Romania, the minimum share capital varies depending on the type of company:

For an SRL (Limited Liability Company), the minimum share capital is RON 500.

Companies with a net turnover exceeding RON 400,000 (in the previous year) must increase their share capital to RON 5,000 by the end of the following financial year.

For an SA (Joint Stock Company), the minimum share capital is RON 90,000.

TYPES OF COMPANIES

The main types of companies available in Romania are:

- SRL – Limited Liability Company
- SA – Joint Stock Company
- SNC – General Partnership
- SCS – Limited Partnership
- SCA – Partnership Limited by Shares
- A branch or subsidiary of a foreign company

The SRL is the most commonly used form for small and medium-sized businesses due to its low capital requirements and flexible structure, while the SA is generally preferred for large enterprises and companies intending to be listed on a stock exchange.

COMPANY MANAGEMENT

Both SRLs and SAs must have one or more directors, who may be Romanian or foreign nationals and are appointed by the general meeting of shareholders.

For SAs, Law No. 31/1990 provides for two management systems:

One-tier system – management is entrusted to a sole director or a board of directors.

Two-tier system – management is divided between a management board and a supervisory board.

Censors and Auditors:

SRLs with more than 15 shareholders must appoint censors.

SAs must appoint either censors or auditors. Auditors are mandatory if the SA operates under the two-tier management system.

BRANCHES

The registration procedure for a branch of a foreign company is broadly similar to that for a Romanian company:

- No share capital is required.
- The branch does not have separate legal personality; all liabilities are borne by the parent company.
- A legal representative must be appointed to represent the branch on behalf of the parent company.

Registration generally takes between 3 and 10 business days.

REPRESENTATIVE OFFICES

Representative offices are often the entry point for foreign companies. They carry out non-commercial and preparatory activities on behalf of the parent company but may not issue invoices in their own name.

They are subject to a fixed annual tax of RON 18,000 (approximately EUR 3,600), payable by the last day of February. If the office operates for only part of the year, the tax is calculated on a pro-rata basis.

COMPANY REGISTRATION PROCEDURE

The registration procedures are similar for both SRLs and SAs. The Articles of Association must be signed by the shareholders.

For an SRL, the subscribed share capital must be paid in full when the incorporation documents are submitted.

For an SA, shareholders must pay at least 30% of the subscribed capital upon submission, with the remainder to be paid within 12 months.

The Trade Register issues a registration certificate and a unique registration code. Separate VAT registration may be required, depending on the company's turnover.

During the registration process, the company has limited legal capacity solely for the purpose of incorporation.

The procedure usually takes 5–7 business days from the date the application is filed with the Trade Register.

SRLs require a minimum of one shareholder, while SAs require a minimum of two shareholders.

LABOUR LEGISLATION

LEGAL FRAMEWORK

Employment and working conditions are regulated by:

- The Romanian Labour Code – Law No. 53/2003, republished in 2011 and most recently updated in 2026;
- The National Collective Labour Agreement.

DURATION

EMPLOYMENT CONTRACT FOR AN INDEFINITE PERIOD

This type of contract is regulated by Article 12(1) of the Labour Code and represents the general rule regarding the duration of employment contracts. This provision is established by Romanian legislation as a means of employee protection.

FIXED-TERM EMPLOYMENT CONTRACT

According to Articles 82–87 of the Labour Code, a fixed-term employment contract must be concluded in writing and must expressly state the period for which it is concluded, which may not exceed 36 months (3 years).

No more than three successive fixed-term employment contracts may be concluded between the same parties. Fixed-term employment contracts concluded within three months of the termination of a previous fixed-term contract are considered successive contracts and may not exceed 12 months each.

WORKING CONDITIONS

In Romania, the only type of contract recognized for employment relationships is the individual employment contract.

During the period January–June 2026, the gross national minimum wage is RON 4,050 per month, increasing to RON 4,325 per month from 1 July 2026.

The gross minimum wage in the construction sector remains unchanged at RON 4,582 per month**.**

PLACE OF WORK

AT THE EMPLOYER'S PREMISES (ON-SITE)

An employment contract is considered an on-site contract if the employee is required to perform work either at the employer’s headquarters or at one of its operational locations.

TELEWORK

A telework contract requires employees to perform their duties from their home or residence. In this case, employees establish their own work schedule while complying with the deadlines and number of working hours specified in the contract.

Romanian legislation also provides for apprenticeship contracts. Under such contracts, the employer pays the employee a salary and is also obliged to provide the training necessary for professional qualification over a specified period.

Romanian law also provides for temporary agency work, whereby work is performed by a temporary employee assigned by a temporary work agency to an end user.

WORKING HOURS

The standard working week consists of five days and eight hours per day. Maximum working time, including overtime, may not exceed 48 hours per week. Overtime may be compensated either through equivalent time off or through additional payment amounting to 75% of the gross salary.

In addition to public holidays, employees are entitled to additional paid leave for special occasions and a minimum of 20 days of paid annual leave.

TERMINATION OF EMPLOYMENT

The grounds and methods for terminating an employment contract are classified as follows:

- Termination by operation of law;
- Mutual agreement of the parties on the agreed date;
- Unilateral termination by either party, in specific cases and under restrictive conditions provided by law;
- Dismissal;
- Resignation.

Employees who resign are required to provide notice of up to 20 calendar days (for non-management positions) and 45 calendar days for management positions.

In the event of dismissal, the employer must provide at least 20 calendar days' notice, although this may vary depending on individual or collective labour agreements.

Non-Romanian citizens (from the European Union) are entitled to the minimum rights provided under Romanian legislation, at least with regard to working time, rest periods, minimum wage, and occupational health and safety protection.

TAXATION AND SOCIAL SECURITY SYSTEM

In Romania, all employers and employees (as well as other categories of taxpayers) are required to contribute to the public social security, health insurance, and unemployment systems.

Employers are required to calculate and withhold the health insurance contribution due by individuals earning employment income and income treated as employment income.

Employee contributions, calculated as a percentage of gross salary, are:

- Social security contribution (pension) – 25%;
- Health insurance contribution – 10%;
- Income tax – 10%.

Employer contributions are:

- Labour insurance contribution – 2.25%.

Employers are required to calculate and withhold both income tax and employee social security contributions.

Contributions to the state budget are payable by the 25th day of the month following the month for which salaries are paid.

Social contributions are also payable on income derived from independent activities (including agriculture, sports activities, forestry, and fishing) and intellectual property rights:

- Social security contribution (pension) – 25%;
- Health insurance contribution – 10%;
- Income tax – 10%.

The health insurance contribution for income from independent activities is due on the basis of the annual net income achieved, gross income, annual income norm, or adjusted annual income norm, as applicable, but not exceeding the equivalent of 72 national gross minimum wages.

The health insurance contribution is due at the level of six national gross minimum wages in force at the date of filing the single tax return if the annual net/gross income earned is below six national gross minimum wages and the individual has not earned salary income or income treated as salary income for which health insurance contributions are due at a level of at least six national gross minimum wages applicable during the period in which the income was earned.

The social security contribution (pension) for income from independent activities and intellectual property rights is due as follows:

a) where income is between 12 and 24 national gross minimum wages, the pension contribution calculation base is at least 12 national gross minimum wages;

b) where income exceeds 24 national gross minimum wages, the pension contribution calculation base is at least 24 national gross minimum wages.

The national gross minimum wage is:

- RON 4,050 for the period January–June 2026 and RON 4,325 for the period July–December 2026.

For income below the equivalent of 12 national gross minimum wages, individuals may opt to pay pension contributions for the current year based on at least 12 national gross minimum wages.

FOREIGN PERSONNEL

Foreign individuals earning personal income from Romanian sources must submit a tax registration form to the Romanian tax authorities in order to obtain a tax identification number. The residence permit number will be used as the tax identification number upon registration with the Romanian tax authorities.

As a general rule, foreign individuals – except citizens of EU Member States working in Romania – must obtain a work permit before obtaining a residence permit.

To obtain a work permit, a work visa must first be obtained from a Romanian diplomatic mission, unless the individual is a citizen of an EU Member State. Foreign nationals whose stay in Romania exceeds 90 days within a six-month period must apply for a temporary residence permit, unless otherwise provided by an international agreement or special law. EU citizens must obtain registration certificates instead of residence permits.

Before applying for a temporary residence permit, a visa must be obtained from the Romanian embassy or consulate in the country of residence, except for citizens of the European Union, the United States, Canada, Japan, Liechtenstein, Norway, and Iceland.

TAXATION

CORPORATE INCOME TAX

The following entities are subject to corporate income tax:

- Romanian companies, except taxpayers subject to the micro-enterprise income tax regime, fiscally transparent entities, and certain institutions specifically defined by the Fiscal Code;
- Foreign companies carrying out activities in Romania through a permanent establishment;
- Foreign companies and non-resident individuals carrying out activities in Romania through a joint venture;
- Foreign companies deriving income from real estate transactions or transactions involving shares in a Romanian company;
- Romanian individuals participating in joint ventures with Romanian companies, for income earned in Romania or abroad;
- Fiscally transparent entities in situations involving reverse hybrid mismatch arrangements.

The fiscal year generally follows the calendar year. Taxpayers may opt for a fiscal year corresponding to their financial year if they have adopted a financial year different from the calendar year.

The standard corporate income tax rate is 16%.

For nightclubs and gambling activities, corporate income tax may not be less than 5% of the revenues derived from such activities.

OTHER PROVISIONS

All entities carrying out economic activities in Romania are required to prepare financial statements based on the calendar year. However, they may opt for a different financial year.

Since 1 July 2013, non-resident taxpayers carrying out activities in Romania through one or more permanent establishments are required to designate one permanent establishment for corporate income tax compliance purposes.

Annual tax losses determined through the corporate income tax return, starting with the 2024 fiscal year (or amended fiscal year beginning in 2024), may be carried forward and offset against future taxable profits, up to 70% of the respective taxable profits, for the following five consecutive years. Tax losses are recovered in the order in which they were recorded.

RETURNS AND PAYMENTS

Returns and payments must be submitted:

- Quarterly, by the 25th day of the month following the respective quarter;
- Annually:

- Generally, by the 25th day of the sixth month following the end of the fiscal year, namely 25 June of the following year for companies whose fiscal year coincides with the calendar year.
- By the 25th day of the second month following the end of the fiscal year (25 February of the following year if the fiscal year coincides with the calendar year) for non-profit organisations and taxpayers deriving most of their income from agriculture and viticulture.

Non-resident companies deriving income from real estate located in Romania or from the sale of shares in a Romanian company must pay corporate income tax and file a tax return.

Capital gains realised by a Romanian company are included in taxable profit and taxed at 16%. The provisions of a Double Taxation Treaty (DTT) prevail over domestic legislation where they are more favourable than domestic law.

MICRO-ENTERPRISE INCOME TAX

A micro-enterprise is a Romanian legal entity that cumulatively meets several conditions as of 31 December of the previous fiscal year.

The conditions are as follows (starting from 1 January 2026):

1. The company has generated revenues not exceeding the RON equivalent of EUR 100,000.
2. The share capital is held by persons other than the state and local authorities.
3. The company is not undergoing dissolution followed by liquidation, registered with the Trade Register or the courts, according to the law.
4. The company has at least one employee.
5. The company has shareholders holding, directly or indirectly, more than 25% of the participation rights or voting rights and it is the only legal entity established by those shareholders for the application of the micro-enterprise income tax regime.
6. The company has submitted its annual financial statements on time, where legally required.

For verification of the revenue threshold, the EUR 100,000 limit is assessed by taking into account the revenues of the Romanian legal entity together with the revenues of affiliated entities.

The micro-enterprise tax rate is 1%**.**

The micro-enterprise income tax regime is optional.

Romanian legal entities may opt to apply the micro-enterprise income tax regime starting with the following fiscal year if, as of 31 December of the previous year, they meet the conditions for qualification as a micro-enterprise.

The option to apply either the micro-enterprise income tax regime or the corporate income tax regime is exercised at the beginning of the fiscal year.

ADDITIONAL TAX FOR CREDIT INSTITUTIONS – ROMANIAN LEGAL ENTITIES AND ROMANIAN BRANCHES OF FOREIGN CREDIT INSTITUTIONS

Credit institutions that are Romanian legal entities, as well as Romanian branches of foreign credit institutions, are subject, in addition to corporate income tax, to a specific turnover tax calculated by applying the following rates to turnover:

a) 4% for the period 1 January 2026 – 31 December 2026 inclusive;

b) 2% for the period 1 July 2025 – 31 December 2026 inclusive, by exception to point (a), for Romanian credit institutions and Romanian branches of foreign credit institutions holding a market share below 0.2% of the total net assets of the Romanian banking sector, calculated as the arithmetic average of the institution's market shares during the year preceding the calculation year.

The additional tax is a non-deductible expense for corporate income tax purposes.

MINIMUM TURNOVER TAX (IMCA)

Companies with turnover exceeding EUR 50 million are required, starting from 2024, to pay a minimum turnover tax (IMCA) of 1% if the corporate income tax calculated for the year is lower than the IMCA.

The tax is due even where companies incur tax losses or are recovering tax losses.

IMCA also applies to companies with a modified fiscal year and to those using the advance corporate income tax payment system.

The calculation formula is:

IMCA = 1% × (VT – Vs – I – A)

where:

- VT = total revenues;
- Vs = revenues deducted from total revenues;
- I = acquisition/production value of assets realised during the calculation year;
- A = accounting depreciation of assets acquired/produced before 1 January 2024.

For tax groups, each member calculates the minimum tax individually, and the aggregate amount is compared with the group's corporate income tax liability, with the higher amount being payable.

ADDITIONAL TAX IN THE OIL AND NATURAL GAS INDUSTRY (ICAS)

The additional tax applicable to the oil and natural gas industry (ICAS), initially introduced for 2024–2025, has been extended until 31 December 2026.

The applicable rate is 0.5% and is calculated as follows:

ICAS = 0.5% × (VT – Vs – I – A)

where:

- VT = total revenues;
- Vs = deductible revenues;
- I = value of fixed assets under construction resulting from acquisitions or production recorded from 1 January 2025;
- A = accounting depreciation at historical cost related to assets acquired or produced from 1 January 2025.

TRANSFER PRICING

Under Romanian legislation, companies are considered related parties where there is a direct or indirect holding of at least 25% and/or economic control.

Transactions between related parties must comply with the arm's length principle. Romanian tax authorities may adjust a taxpayer's income or expenses to reflect market value.

Large taxpayers conducting related-party transactions above statutory materiality thresholds must prepare annual transfer pricing documentation no later than the deadline for filing the annual corporate income tax return.

Large taxpayers below the statutory thresholds, as well as all other taxpayers exceeding separate thresholds, must submit transfer pricing documentation upon request during a tax audit.

Although Romania is not yet an OECD member, the OECD Transfer Pricing Guidelines are generally recognised. However, Romanian legislation contains specific national transfer pricing provisions that prevail and are closely scrutinised during tax inspections.

The concepts of the EU Master File and Local File (Country File) have been widely implemented in Romanian legislation.

Advance Pricing Agreements (APA) and the Mutual Agreement Procedure (MAP) are also available under Romanian law to reduce transfer pricing adjustment risks.

In 2023, Romania transposed EU Directive 2016/881 regarding Country-by-Country (CbC) Reporting and related notification obligations for multinational groups with consolidated revenues of at least EUR 750 million for two consecutive financial years.

Where the parent company is resident outside the European Union, secondary reporting obligations may arise in Romania.

Penalties for failure to file, late filing, or incomplete reporting range between RON 30,000 and RON 100,000 (approximately EUR 6,000–20,000).

WITHHOLDING TAX

Withholding tax generally applies to the following categories of Romanian-source income earned by non-residents:

- Dividends;
- Interest;
- Royalties;
- Commissions;
- Management or consultancy fees;
- Income from services performed in Romania, except international transport and related services;
- Income from professional services performed in Romania other than through a permanent establishment;
- Income from sports or entertainment activities carried out in Romania;
- Prizes awarded in competitions organised in Romania;
- Gambling income;
- Income obtained by non-residents from the liquidation of a Romanian resident entity;
- Remuneration received by foreign legal entities acting as directors, founders, or board members of a Romanian resident entity.

Applicable withholding tax rates:

- 16% – standard rate applicable to taxable Romanian-source income earned by non-residents, unless a reduced rate or exemption applies under a DTT or EU legislation;
- 16% – dividends distributed from 1 January 2026 to non-residents, subject to applicable exemptions or reduced rates;
- 10% – certain categories of Romanian-source income earned by individuals resident in an EU Member State or in a state with which Romania has concluded a DTT;
- 50% – certain income paid to residents of jurisdictions with which Romania has no tax information exchange agreement, where the transactions are considered artificial under Romanian tax law.

Income derived by non-residents from management and consultancy services is generally subject to Romanian withholding tax regardless of where the services are actually performed, provided the income is paid by a Romanian resident or borne by a Romanian permanent establishment.

Dividends paid by a Romanian company to another Romanian company or to an EU-resident company are exempt from withholding tax if the recipient holds at least 10% of the Romanian company's shares for a minimum uninterrupted period of one year and is the beneficial owner of the dividends.

Interest and royalties may also benefit from withholding tax exemption under the EU Interest and Royalties Directive, subject to a direct holding of at least 25% for a continuous period of at least two years and beneficial ownership requirements.

PERSONAL INCOME TAX

Taxpayers include:

- Resident individuals;
- Non-resident individuals carrying out independent activities through a permanent establishment in Romania;
- Non-resident individuals carrying out dependent activities in Romania;
- Non-resident individuals earning certain categories of Romanian-source income.

Taxable income in Romania includes:

- Employment income;
- Income from independent activities (including agriculture, sports, forestry, and fishing);
- Intellectual property income:
    - Taxable income = gross income – 40% of gross income; or
    - Taxable income = gross income – deductible expenses, where the taxpayer opted for the actual expense system;
- Rental income: Taxable income = gross income – 20% of gross income;
- Pension income: Taxable income = gross income – RON 3,000 per month;
- Prize and gambling income;
- Investment income;
- Real estate transfer income: 3% for properties held up to and including three years or 1% for properties held for more than three years;
- Other sources.

The standard personal income tax rate is 10%.

The dividend tax rate is 16%.

Gambling income is taxed progressively:

- 4% for income up to RON 10,000;
- RON 400 + 20% for income exceeding RON 10,000 up to RON 66,750;
- RON 11,750 + 40% for income exceeding RON 66,750.

Prizes below RON 600 and income from casinos, poker clubs, slot machines, and lottery tickets below RON 66,750 are not taxable.

TAXATION OF NON-RESIDENT INDIVIDUALS

Romanian resident individuals are taxed on their worldwide income, except for salaries received from abroad for services performed outside Romania.

Romanian non-residents and foreign individuals are taxed only on income derived from Romania.

Dividend income received in Romania by non-residents is generally subject to a 16% withholding tax, unless more favourable provisions of a DTT apply.

Interest income received in Romania by non-residents is also generally subject to a 16% withholding tax**,** unless a more favourable DTT provision applies.

The criteria for Romanian tax residency are met if an individual:

- Has a permanent home in Romania, owned, rented, or otherwise available to the individual and/or family;
- Has their habitual residence in Romania;
- Is present in Romania for periods exceeding 183 days in any consecutive 12-month period ending in the current calendar year;
- Is a Romanian citizen working abroad as an official or employee of the Romanian state;
- Has the centre of vital interests in Romania.

Foreign individuals who meet the third or fifth criterion for three consecutive years become taxable in Romania on their worldwide income starting from the year in which they become tax residents.

VALUE ADDED TAX (VAT)

VAT RATES

The standard VAT rate in Romania is 21%.

A reduced VAT rate of 11% also applies to certain goods and services, such as:

- Food products and certain beverages (subject to the exceptions provided by law);
- Human-use medicines;
- Water supply and sewage services;
- Accommodation and restaurant services (subject to certain limitations);
- Books, textbooks, and publications.

VAT EXEMPTIONS

Without the Right to Deduct Input VAT

The following are mainly exempt from VAT without the right to deduct input VAT:

- Financial and insurance services;
- Medical and educational services (when provided by authorised entities);
- Leasing of immovable property (subject to certain exceptions).
- With the Right to Deduct Input VAT

The main VAT-exempt transactions with the right to deduct input VAT include:

- Exports of goods;
- Intra-Community supplies of goods;
- Certain international transport services.

VAT REGISTRATION

Starting from 1 September 2025, the VAT registration threshold is RON 395,000.

Taxable persons exceeding this threshold must register for VAT purposes and apply the standard VAT regime.

MAIN VAT MECHANISMS

- The reverse charge mechanism applies to certain domestic transactions (e.g. waste, cereals, energy, electronic equipment).
- The cash accounting VAT system may be applied by companies with annual turnover below RON 4,500,000.
- Limitation of the right to deduct VAT: VAT deduction is limited to 50% for vehicles used for mixed business and private purposes.

COMPLIANCE AND REPORTING

- The tax period is generally the calendar month (or the quarter for small taxpayers).
- VAT returns must be submitted by the 25th day of the following month.
- VAT returns must be filed even where no transactions have taken place.

DIGITALISATION AND ELECTRONIC REPORTING

- RO e-Factura is mandatory for B2B, B2G, and B2C transactions.
- SAF-T (D406) reporting is mandatory for most taxpayers.
- RO e-Transport applies to the transportation of certain goods classified as having a high fiscal risk.

EXCISE DUTIES

The Romanian Fiscal Code distinguishes between harmonised excise goods (e.g. alcoholic beverages, tobacco products, and energy products) and other excisable products (e.g. coffee, natural fur products, jewellery, perfumes, yachts and leisure boats, as well as hunting weapons).

CHARGEABILITY AND PAYMENT

For harmonised excise goods, excise duty becomes chargeable when the products are released for consumption. For other excisable products, excise duty becomes chargeable upon the actual delivery of the goods.

Excise duties are generally payable by the 25th day of the month following the month in which they become chargeable.

EXEMPTIONS AND REDUCTIONS

Excise duty exemptions or reductions may apply to certain specific uses, such as:

- The use of energy products in industrial processes;
- The production of energy through cogeneration.

EXCISE DUTY RATES

Excise duty rates (except those applicable to tobacco products) are updated annually based on the inflation rate and are published on the website of the Ministry of Finance no later than 31 December.

CUSTOMS DUTIES

GENERAL REGIME

Within the European Union, there are no customs duties or customs controls on the movement of goods between Member States. Goods having Union status may circulate freely between Romania and other EU Member States.

For trade with countries outside the European Union, Romania applies EU customs legislation, including the Common Customs Tariff and the trade measures applicable to imports and exports.

CUSTOMS DUTY RATES

Customs duties are generally established as a percentage of the customs value of the goods and vary depending on their tariff classification.

The customs value is primarily determined based on the transaction value (the price actually paid or payable for the goods).

SPECIAL CUSTOMS PROCEDURES

Romania applies the special customs procedures provided for under EU legislation, including:

- Inward and outward processing;
- Customs warehousing;
- Temporary admission;
- Transit;
- End-use;
- Free zones.

These procedures may allow for the deferral, suspension, or reduction of customs duties, depending on the nature of the operations.

LOCAL TAXES (PROPERTY TAXES)

The main local taxes in Romania are:

- Building tax;
- Land tax;
- Motor vehicle tax.

BUILDING TAX

For legal entities, building tax is calculated by applying a tax rate to the taxable value of the building:

- Between 0.08% and 0.2% for residential buildings;
- Between 0.2% and 1.3% for non-residential buildings.

The applicable rate may vary depending on decisions of the local authorities and updates to the taxable value of the building.

If the owner has not updated the taxable value of the building within the last five years preceding the reference year, a tax rate of 5% applies, provided that the owner has been notified by the competent tax authority of the possibility to submit a valuation report.

In the case of mixed-use buildings, the tax is calculated as the sum of the tax corresponding to the area used for residential purposes and the tax corresponding to the area used for non-residential purposes.

LAND TAX

Land tax is established as a fixed amount per square meter, depending on:

- The ranking of the locality;
- The land use category.

MOTOR VEHICLE TAX

Motor vehicles are taxed according to engine capacity (for each 200 cm^3), with the applicable levels established by local authorities.

CONSTRUCTION TAX

Starting from 2025, a construction tax was introduced.

The tax applies to the net value of constructions owned by taxpayers, as follows:

- 0.5% for constructions owned by the taxpayer;
- 0.25% for constructions used under administration, concession, or lease agreements relating to public or private state property.

Certain categories of constructions are excluded from taxation under the fiscal legislation.

Taxpayers who declare and pay the annual construction tax in advance benefit from a 10% reduction of the tax, provided that payment is made:

- By 25 May of the year for which the tax is due; or
- By the 25th day of the fifth month of the year, for taxpayers with a modified fiscal year.

ENVIRONMENTAL TAXES

In Romania, contributions to the Environmental Fund apply to certain activities that have an environmental impact, particularly within the framework of extended producer responsibility.

MAIN CONTRIBUTIONS

These contributions are mainly due for:

- Packaging, tyres, electrical and electronic equipment (WEEE), batteries and accumulators, where the legal collection, recycling, or recovery targets are not achieved;
- Hazardous substances and polluting emissions from fixed sources;
- Mineral and synthetic oils placed on the market;
- Transport bags made from non-renewable materials;
- Waste disposal, through the circular economy contribution;
- The sale of waste.

Environmental obligations may vary depending on the activities carried out and the types of products placed on the market. In practice, companies may fulfil certain obligations through authorised collective compliance schemes, in accordance with the applicable legislation.

ACCOUNTING AND REPORTING

LEGAL FRAMEWORK

Accounting in Romania is primarily governed by:

- Accounting Law No. 82/1991;
- Accounting regulations compliant with the European Directives (Order of the Ministry of Public Finance No. 1802/2014).

GENERAL FRAMEWORK

Romanian companies and permanent establishments of foreign entities are required to organize and maintain their own accounting records and prepare annual financial statements.

The financial year generally corresponds to the calendar year; however, entities may opt for a different financial year.

CATEGORIES OF ENTITIES

Depending on their size, entities are classified as follows:

MICRO-ENTITIES

Entities that do not exceed two of the following criteria:

- Total assets: RON 2,250,000;
- Turnover: RON 4,500,000;
- Average number of employees: 10.

These entities prepare simplified financial statements.

SMALL ENTITIES

Entities that do not exceed two of the following criteria:

- Total assets: RON 25,000,000;
- Turnover: RON 50,000,000;
- Average number of employees: 50.

MEDIUM-SIZED AND LARGE ENTITIES

Entities exceeding the above thresholds and subject to extended reporting requirements.

FINANCIAL STATEMENTS

Depending on the size of the entity, annual financial statements include:

- Balance sheet;
- Profit and loss account;
- Explanatory notes;
- Cash flow statement;
- Statement of changes in equity.

These are generally accompanied by:

- Management report;
- Audit report or censors' report (as applicable);
- Proposal for profit distribution or loss coverage.

AUDIT AND CONSOLIDATION

Consolidated financial statements are mandatory for groups unless exemption criteria are met.

The relevant exemption thresholds include:

- Total assets: RON 125,000,000;
- Turnover: RON 250,000,000;
- Average number of employees: 250.

Statutory audit is mandatory for certain categories of entities depending on their size.

IFRS

International Financial Reporting Standards (IFRS) are mandatory for entities that:

- Have securities admitted to trading on a regulated market;
- Prepare consolidated financial statements.

NON-FINANCIAL REPORTING

Entities with more than 500 employees are required to include a non-financial statement in the management report covering:

- Environmental protection;
- Social responsibility;
- Employee-related policies;
- Human rights;
- Anti-corruption measures.

PERIODIC REPORTING

Companies with turnover exceeding EUR 1,000,000 are required to prepare semi-annual accounting reports.

FILING OF FINANCIAL STATEMENTS

Annual financial statements must be filed with the competent authorities:

- Within 150/120 days after the end of the calendar year, depending on the category of the entity;
- Within 150 days for entities using a financial year different from the calendar year;
- Within 90 days for entities undergoing liquidation.

Entities with no activity must submit an inactivity declaration within 60 days after the end of the financial year.

AUDIT

LEGAL FRAMEWORK

Statutory audit in Romania is primarily regulated by:

- Law No. 162/2017 on Statutory Audit;
- National accounting regulations (Order of the Ministry of Public Finance No. 1802/2014).

REGULATORY BODIES

Audit services may only be provided by authorised financial auditors, whether individuals or legal entities, registered with:

- The Authority for the Public Oversight of Statutory Audit Activity (ASPAAS);
- The Chamber of Financial Auditors of Romania (CAFR).

AUDIT REQUIREMENT

Financial statements must be audited if the entity:

- Is considered a public-interest entity; or
- Meets at least two of the following criteria for two consecutive years:
    - Total assets exceeding RON 16,000,000;
    - Net turnover exceeding RON 32,000,000;
    - Average number of employees exceeding 50.

AUDITING STANDARDS

Statutory audits are performed in accordance with:

- International Standards on Auditing (ISA) issued by the IAASB;
- The IESBA Code of Ethics for Professional Accountants;

both of which are adopted nationally by ASPAAS and CAFR.

RECORD RETENTION REQUIREMENTS

Accounting and tax documents must be retained for a period of 5 years**,** starting from 1 July of the year following the financial year to which they relate.

This rule generally applies to:

- Supporting documents;
- Accounting records;
- Tax documents.

By exception:

- Financial statements must be retained for 10 years**;**
- Payroll-related documents have a retention period of 5 years under accounting legislation, although additional long-term retention requirements may apply under labour and pension legislation.

UHY IN ROMANIA

UHY Audit CD S.r.l.

Romania

CONTACT DETAILS

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SOCIAL MEDIA CONNECTIONS

- Facebook: http://facebook.com/uhyauditcd
- LinkedIn: https://www.linkedin.com/company/uhy-audit-cd-chartered-accountants/

Year established:	2002
PCAOB revistered?	No
Number of partners:	1
Total staff:	14

OTHER IN-COUNTRY OFFICE LOCATIONS AND CONTACTS

We have contacts with the best fiscal consultancy and audit companies in all the regions of the country.

BRIEF DESCRIPTION OF FIRM

UHY Audit CD Srl was set up in 2002 as a company having its object of activity: audit, fiscal consultancy and accounting. It has two partners and 21 staff and collaborators. The company provides complete services for both foreign and local investors.
UHY affiliation is regarded as a unique opportunity to boost the company’s performance to international high quality standards and put to the test the professionalism and determination of the partners ,staff and collaborators.

SPECIALIST SERVICE AREAS

Audit, Fiscal consultancy (profit tax; income tax; tax on incomes obtained from Romania by non-residents; VAT), Accounting, Payrolls and human resources, Financial services. Training in audit and fiscal fields.

PRINCIPAL OPERATING SECTORS

Construction
Trade
IT
Transport
Agriculture
Real estate investments
Tourism
Textile Industry
Gaming Industry

LANGUAGES

Romanian, English, French.

CURRENT PRINCIPAL CLIENTS

Saaten Union Romania
Rocast
Luxottica SEE
Compania Nationala de Investitii SA
Borealis LAT Romania SRL
Merkur Gaming Distribution SRL
Toya Romania SA
Resider
EuroMini Storage SRL
Macromex
Therme ARC
Construx
Concept Pet GmbH/ Sivomatic Austria
NHR Agro Partners
Samax Romania SRL
Analko Aluminium Industry SRL
EUROPEAN BRAKING
SYSTEMS SRL

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

Poland, UK, Greece, Germany, Austria

BRIEF HISTORY OF FIRM

Formed by Camelia Dobre in 2002, Audit CD originally outsourced its activities during the first 4 years in an exclusive partnership with one of Romania's largest audit and accounting companies. However, in October 2006, Audit CD terminated the partnership and began client work on its own. The firm moved into its own headquarters having as its object of activity: audit ,fiscal consultancy and accountancy.

The company is currently ranged as a small/medium size enterprise, according to law no. 346/2004, and has been a member of the Romanian Association of Chartered Accountants since 2002. It joined the Romanian Chamber of Auditors in 2004 and the Romanian Fiscal Consultants Chamber in 2007.

The firm joined UHY in March 2007, re-branding to UHY Audit CD Srl at the same time. UHY AUDIT CD is ISO 9001 certified.

Connect to possibility

Let us help you achieve further business success