

## Taxation – Romania (TX-ROM) – June and December 2021

### TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used in answering the questions irrespective of the time period the question refers to.

#### Personal income tax

General tax rate	10%
Charitable giving tax credit limit	3.5%

#### Income from employment

##### Benefits

Limit for non-taxable gifts	150 lei/person/occasion
Limit for non-taxable voluntary pension contributions paid by the employer	€400 /year
Limit for non-taxable voluntary health insurance and medical subscriptions paid by the employer	€400 /year
Limit for non-taxable daily allowance	2.5 x public institutions' threshold
Daily allowance accepted for public institutions' employees for business trips within Romania	20 lei/day/person
Valuation of use of company owned car benefit in kind	1.7%/month

##### Deductions

Deduction allowed for voluntary pension contributions paid by the employee	€400/year
Deduction allowed for voluntary health insurance and medical subscriptions paid by the employee	€400/year

#### Personal deduction

The value of the personal deduction shall be given in each question.

### **Income from the sale of immovable property owned by an individual**

Income	Tax rate
Up to 450,000 lei	0%
Above 450,000 lei	3% of the amount exceeding 450,000 lei

### **Income from renting**

Lump-sum deductible expenses quota	40%
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### **Intellectual property income**

Lump-sum deductible expenses quota	40%
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### **Self-employed income**

The limit of deductibility for protocol expenses	2%
The limit of deductibility for compulsory subscription expenses paid to professional associations	5%
The limit of deductibility for subscription expenses paid to professional associations other than compulsory ones	€4,000/year
The limit of deductibility for social expenses	5%
The limit of deductibility for sponsorship expenses	5%
The limit of deductibility of voluntary pension contributions paid for the self-employed person	€400 /year
The limit of deductibility of voluntary health insurance and medical subscriptions paid for the self-employed person	€400 /year
Reference interest rate set by the Romanian National Bank for loans denominated in lei	1.50% p.a.
Limit of deductibility for expenses connected to cars not entirely used for business purposes	50%

### Investment income

Tax rate for capital gains from the sale of shares	10%
Tax rate for interest received by individuals	10%
Tax rate for dividends received by individuals	5%

### Prize income

Tax rate for prize income	10%
Non-taxable threshold	600 lei/day/prize

### Pension income

Non-taxable threshold for pension income	2,000 lei
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### Corporate income tax

General tax rate	16%
Limits for legal reserve	5% of profit but no more than 20% of share capital
Fixed threshold for deductibility of exceeding borrowing costs	€1,000,000
Variable threshold for deductibility of exceeding borrowing costs	30%
Inflation rate for prepayments of corporate income tax	3.1% p.a.
Maximum value of deductible expenses for subscriptions to non-profit organisations other than those which are compulsory or due to the chambers of commerce and to employers' organisations	€4,000/year
The limit of deductibility for protocol expenses	2%
The limit of deductibility for social expenses	5%
Maximum value of tax credit for sponsorship expenses	20% of the corporate income tax, but no more than 0.75% of sales revenue
Limit of deductibility for expenses connected to cars not entirely used for business purposes	50%

### Corporate income tax for very small companies

Turnover threshold	€1,000,000
Tax rate	
• no employees	3%
• one or more employees	1%

Sponsorship deduction	20%
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### **Straight-line depreciation periods (for tax and accounting purposes)**

Class of asset	Period in years
Buildings	50
Machines and equipment	10
Computers and printers	3
Cars*	5
Computer programs	3

\* Limited to a maximum 1,500 lei/month

Note: The straight-line depreciation method for the above periods should be used in all cases, except where a question specifically indicates another method and/or period is to be used.

The minimum value of an asset for tax depreciation purposes is 2,500 lei.

### **Tax on dividends paid to legal persons**

For dividends paid to legal persons resident in Romania, EU or EFTA countries	5% or 0%
For dividends paid to other non-residents	5%

### **Social security, health care insurance and work insurance contributions**

#### **Persons obtaining employment revenue**

	Employee	Employer
Social security fund	25%	
Health care insurance fund	10%	
Work insurance fund		2.25%

#### **Persons obtaining revenues, other than employment**

Social security fund	25%
Health care insurance fund	10%
Minimum monthly salary	2,230 lei

### **Value added tax (VAT)**

Standard rate	19%
Reduced rates	9% and 5%
Annual threshold for VAT registration	300,000 lei
Annual threshold for a monthly tax period	€100,000
Annual threshold for applying the cash accounting scheme	2,250,000 lei
Threshold for special VAT registration for Intra-EU acquisitions of goods	34,000 lei
Limit of non-taxable protocol gifts in goods	100 lei/gift
Limit of non-taxable goods and services offered as sponsorships	3‰ x turnover/year
Limit of deductibility of VAT of expenses connected with cars not entirely used for business purposes	50%

### **Exchange rate**

Euro/lei	€1 = 4.80 lei
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Note: This rate should be used in all cases except where a question specifically indicates another rate is to be used.

### **Interest and penalties**

Interest rate for late tax payments	0.02%/day
Penalty level for late tax payments	0.01%/day
Penalty level for not declaring taxes	0.08%/day or 0.02%/day