Rödl & Partner

TAX NEWSLETTER ROMANIA

EXPERT ADVICE

No. 2/
July 2025

A selection of the latest fiscal news and legislative changes in Romania

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Read in this issue:

In the Official Gazette no. 699, the Law on certain fiscal-budgetary measures was published.

Law no. 141/2025 introduces significant amendments to the Fiscal Code and implements measures to ensure Romania's compliance with its commitments regarding the budget deficit target, as follows:

→ A. Dividend Tax

- The dividend tax rate will increase to 16% for dividends distributed starting January 1, 2026 (or from the first day of the modified fiscal year beginning in 2026), applicable to all categories of beneficiaries.

→ B. Additional tax for credit institutions

- The additional tax for credit institutions – Romanian legal entities and Romanian branches of foreign credit institutions – will increase from 2% to 4%, starting July 1, 2025, and until December 31, 2026, applied to turnover.

→ C. Personal income tax

- Income earned by individuals from the sale of waste originating from their personal assets will be removed from the category of non-taxable income and included in the category of income from other sources. For such income, economic operators will be required to calculate, withhold, and pay the income tax at source.

- Regarding the taxation of gambling income, the minimum tax rate will increase from 3% to 4% for income up to and including RON 10,000. The fixed amounts used for calculating the progressive tax on higher income brackets will be updated, while the 20% and 40% tax rates will remain unchanged.

- For interest income obtained by resident individuals from other resident individuals, derived from holding bonds issued by Romanian companies on capital markets outside Romania, the obligation to calculate, withhold at source, and declare the tax is removed for the payer. These obligations will lie exclusively with the income recipient.

→ D. Health insurance contribution

- A health insurance contribution payment obligation is introduced for individuals receiving pension income exceeding the threshold of RON 3,000.

- Exemptions from the payment of the health insurance contribution (CASS) for certain categories of individuals dependent on insured persons (such as spouses, parents with no own income), as well as for individuals receiving unemployment benefits, will be eliminated.

- Individuals opting to pay the social insurance contribution will be required to pay 25% of the related amount at the time of submitting the option declaration.

→ E. Value Added Tax (VAT)

Starting **August 1, 2025**:

- The standard VAT rate will increase from **19% to 21%;**
- **A single reduced VAT rate of 11%** will apply.

Detailed changes:

- The **5%** reduced VAT rate will be eliminated, and operations previously subject to it will be taxed at **11%**;
- Some goods and services currently taxed at **9%** will also become subject to the **11% rate**;
- Other goods/services (e.g., supply and installation of photovoltaic panels, access to sports events) will be subject to the **standard 21% VAT rate**.

The option for individuals to purchase homes under social housing policy with a **reduced 9% VAT** rate will be removed. However, transitional measures will apply to contracts concluded before **August 1, 2025**, involving advance payments for such housing, under certain conditions.

The VAT exemption with deduction right for operations performed toward:

- Nonprofit entities;
- Companies fully owned by nonprofit entities

will be eliminated.

Transitional measures will apply for the recovery of VAT related to operations whose chargeable event occurred before **August 1, 2025**, under certain conditions.

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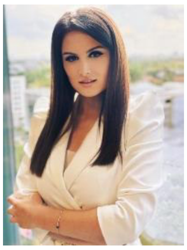

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