



Romania's privileged tax status



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A flat tax rate of 10%, no tax on wealth or on inheritance*, together with a straightforward process for becoming a tax resident, make Romania a country to consider as a preferred tax residence location.

Income/ assets	Tax	Observations
Capital gains, interest	10%	
Dividends	5%	
Donations	nil	
Wealth	nil	
Inheritance (except for real estate)	nil	
Inheritance – real estate	nil	*Provided the legal inheritance procedure is finalised within two years; otherwise, an income tax of 1% is levied.
Sale of real estate	3% of the gross proceeds	Applied to the amount that exceeds RON 450,000
Local property taxes	Low taxes on land and residential buildings	Depending upon surface area, location, use to which the land/building is put and its facilities.

Real estate related income

For rental income derived by an individual from the rental of no more than 5 properties, a 40% notional deduction is currently available as an alternative to deduction of actual business expenses. The resulting net income is subject to a 10% tax rate.

Gross proceeds earned from sale of real estate, which exceed the non-taxable amount of RON 450,000, are subject to a tax of 3%. In the case of inheritance of real estate, no tax is due if the legal inheritance procedure is finalised within two years of the death of the owner. If the procedure is not completed within two years, an income tax of 1% is levied. No real estate transfer tax *per se* is due in Romania. However, notary fees and taxes for registration with the Real Estate Book are payable, not exceeding 1% of the value of the property.

Legal restrictions on acquisition of land by non-EU residents

Acquisition of land in Romania by non-EU/EEA citizens and legal entities is limited by the Constitution and specific legislation (Law 312/2005). A practical way for non-EU investors to acquire land in Romania is to set up a Romanian legal entity which is entitled to acquire land without the legal limitations imposed on foreign citizens.

Low property taxation

Land tax is determined as a fixed amount per sqm, depending on the land's surface area, the type of town and area where it is located and the category use of the land. It is set a maximum of 0.45 €/sqm for land related to constructions (but is generally less than half this amount).

Building tax due for residential buildings is determined by calculating an amount in the range of 0,08% - 0,2% applied to the value of the building. Non-residential properties are subject to a tax rate in the range of 0.2%-1.3% (established by local councils), applied to the value of the building, as determined by valuation for tax purposes, which must be carried out at the owner's expense.



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Romanian tax residence

A tax resident of Romania is generally defined as an individual who has domicile in Romania, has his/her centre of vital interests in Romania, or who spends more than 183 days in Romania during any 12-month period ending in the calendar year concerned. The general rule is that a person who is a tax resident of Romania is taxable on his or her worldwide income. Individuals who meet the residence test will be liable to Romanian personal income tax on their worldwide income as from the date they become tax residents.

The administrative procedure to acquire Romanian tax residence is quite straightforward, particularly for EU/EEA/ Swiss nationals. Applicants need to submit a questionnaire of tax residence to their local tax office 183 days after having established residence in Romania. The tax authorities then issue a notification of residence acknowledging the residence status of the individual.



How can we help?

KPMG in Romania's Global Mobility Services team can provide you with comprehensive support. We can assist you with your tax compliance, with analysing the implications of purchasing or transferring properties in Romania, or with residence requirements and other possible steps you might need to take, should you decide to take up residency in Romania.

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