

Tax Newsflash

Emergency Ordinance No. 156/2024 - Latest Fiscal Measures Adopted for 2025

Emergency Ordinance No. 156/2024 (the "Ordinance") has been published in the Official Journal of Romania (no. 1334 of 31 December 2024), setting out various changes to tax legislation as well as other measures in relation to public expenditure. The Ordinance has been issued in the context of the development of the consolidated general budget for 2025. The main changes are as follows:

Dividend Tax

The tax rate on dividend income has increased from 8% to 10%, with the new rate applying to payments made from dividends distributed from 1 January 2025. Some transitional rules have been established by the Ordinance for:

- Legal entities subject to profit tax with a fiscal year different from the calendar year, which will apply the new rate only starting from the first day of the modified fiscal year beginning in 2025, if they make dividend payments to other Romanian legal entities.
- Dividends distributed based on interim financial statements prepared during 2024/a modified fiscal year beginning in 2024, for which the dividend tax rate remains at 8%, without the need to recalculate the tax on those dividends after their regularization based on the annual financial statements for the financial year 2024/modified fiscal year beginning in 2024. This transitional rule is valid for dividend distributions made to all categories of income beneficiaries, i.e. resident or non-resident legal entities and non-resident individuals.

Microenterprise Income Tax

- The revenue threshold below which is required for a Romanian legal entity to opt to be subject to the microenterprise tax regime instead of the standard corporate tax rate has been reduced from 500,000 EUR to 250,000 EUR, including during the fiscal year 2025. Starting from 1 January 2026, the threshold will be further reduced to 100,000 EUR. The revenue limit of the equivalent in lei of 250,000 EUR, (100,000 EUR from 1 January 2026), is verified based on the revenues earned by the legal entity as at 31 December 2024, or 31 December 2025 respectively.
- The condition has been eliminated whereby income from consultancy and management could only be up to a maximum of 20% of total income for the entity to be able to apply the microenterprise regime. Thus, from 2025, companies that obtained in 2024 and will continue to obtain income from consultancy and/or management in excess of 20% of total revenue can opt for the microenterprise tax regime provided that they meet the other qualification criteria.
- The Ordinance also includes references to the new CAEN codes, updated as from 1 January 2025 (CAEN Rev.3), for activities for which the 3% (higher) microenterprise tax rate applies.

Income Tax and Mandatory Social Contributions

- The tax facilities granted to individuals earning income from salaries and the equivalent of salaries for the creation of software programs or whose employers operate in the construction, agricultural, and food industry sectors (as set out in the Fiscal Code), have been eliminated starting with income related to January 2025.

- In the same way as for legal entities, the tax rate on income from dividends earned by resident individuals has been increased from 8% to 10% for dividends distributed starting from 1 January 2025.
- With effect from 1 January 2025, the gross minimum wage has been increased to 4050 lei per month, excluding bonuses and other additions, for a normal working schedule of 165.334 hours on average per month, representing 24.496 lei/hour. For employees hired on the minimum wage, who have the main function at the company and earn income from salaries below 4,300 lei, the application of a 300 lei exemption from the payment of social contributions and income tax is maintained.

Non-Resident Income Tax

- The dividend tax rate has been increased from 8% to 10% for dividends distributed after 1 January 2025 to non-residents, to align with the tax regime applicable to dividends distributed to residents.

Construction Tax

- The construction tax has been reintroduced. (The definition of a construction is set out in Group 1 of the Catalog on the classification and normal operating durations of fixed assets).
- The tax is calculated by applying a rate of 1% on the value of constructions existing in the taxpayers' ownership as at 31 December of the previous year, from which the value of buildings for which building tax is owed is subtracted, including in situations where they are rented, managed/concessioned, or granted for use.
- The tax is payable in two equal installments, by 30 June inclusive and 31 October inclusive.
- By exception, taxpayers which are profit tax payers and have a modified fiscal year will apply this tax starting from the modified fiscal year beginning in 2025.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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