

Tax Newsflash

Changes to the Construction Tax, Rate Reductions, and Tax Base Diminishments

In the Official Journal of Romania no. 300 of 4 April 2025, Emergency Ordinance no. 21/2025 was published amending the Fiscal Code (Law no. 227/2015) and other legislation. The Ordinance makes changes to the construction tax (pillar tax). These are part of a broader effort by the Government to improve voluntary tax compliance and reduce the budget deficit through clear and effective legislative measures. Important aspects are clarified, two types of rates are established, and early payment of the tax is encouraged by the granting of a discount. The provisions of the ordinance come into force on the date of publication in the Official Journal of Romania and apply starting with the fiscal year 2025.

1. Construction tax:

- The general tax rate is reduced from 1% to 0.5%.
- The tax base is the net value of the constructions.
- For constructions under management, concession, or lease contracts that belong to the public or private domain, a rate of 0.25% is applied.
- Constructions located in Romania's territorial sea are exempt from taxation.

2. Additional Clarifications:

- The net value of the constructions is determined as the difference between the book value and the accumulated depreciation.
- Investments made by taxpayers in constructions used based on management, concession, use, or lease contracts, management location, joint ventures, and other similar arrangements are not considered constructions. This provision applies only if, by the end of the fiscal year preceding the one for which the tax is owed, these investments have not been transformed into constructions included in group 1 of the Catalog of the classification and normal operating durations of fixed assets.
- Exemptions applicable to the building tax, regulated by Title IX of the Fiscal Code, are also applicable to the construction tax.

3. Regulation of Special Situations of Establishment/Cessation of Existence of Taxpayers During a Fiscal Year:

- Taxpayers that cease to exist during the year must recalculate the construction tax proportionally for the period they existed.
- Newly established taxpayers owe construction tax starting from the year of establishment, calculated based on constructions existing in their ownership 30 days after registration, if this date does not exceed the last day of the year of establishment.

4. Discount:

- Taxpayers must calculate and declare the construction tax by 25 May. It is paid in two equal installments by 30 June and 31 October inclusive, or by the last day inclusive of the sixth month of the modified fiscal year, and by the last day inclusive of the tenth month of the modified fiscal year, for which the tax is owed.
- The tax must be declared and paid by 25 May, or by the 25th of the fifth month of the modified fiscal year to benefit from a 10% discount.

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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