

Tax Newsflash

New Fiscal Measures Effective from 1 August 2025

In the Official Journal of Romania no. 699, dated 25 July 2025, Law no. 141/2025 concerning certain fiscal-budgetary measures was published. The Government assumed responsibility in Parliament for this law. The law is part of a set of reforms to be implemented in the near future. The main changes in the first package of fiscal measures cover: dividend tax, specific tax on the turnover of credit institutions, tax on income from interest and pensions, health insurance contributions, VAT, excise duties, and tax on income from gambling. Most measures will come into effect starting from 1 August 2025, except for the dividend tax, which will change starting from 1 January 2026.

Dividend Tax

The dividend tax has been set at a rate of 16%, applicable to income from dividends distributed starting from 1 January 2026.

This change follows a series of successive adjustments to the tax rate, which began in January 2023, when the tax increased from 5% to 8%. Later, from January 2025, the tax rate was raised to 10%.

The tax provisions related to the dividend tax exemption applicable to legal entities remain valid as long as the beneficiary of the dividends has had, at the date the dividends are paid, a minimum holding of 10% in the share capital of the distributing company, for a period of at least 1 year.

Thus, the impact of the tax increase will mainly be felt by individuals and minority shareholders. Additionally, it will become increasingly important to verify and apply provisions of double taxation treaties, as these may stipulate more favorable tax rates for dividends.

Specific Tax on Turnover for Credit Institutions

Credit institutions, including branches in Romania of foreign credit institutions, will continue to be subject to the additional tax on turnover. The tax rate remains at 2% for the period 1 January 2025 – 30 June 2025 and will increase to 4% for the period 1 July 2025 – 31 December 2026. An exception applies to institutions with a market share of less than 0.2%, which will continue to pay an additional tax of 2% for the period 1 July 2025 – 31 December 2026.

Tax on Income from Interest

Income from interest on bonds issued by Romanian companies on external capital markets will be taxed at a rate of 10%. The obligations for calculating, declaring, and paying the tax on interest income are transferred to the beneficiary of interest income, if the beneficiary is a resident individual who holds such bonds.

As a result, the obligations to calculate, withhold at source, and declare the tax on interest income are removed from the issuers, which pay such income, in the case of interest income obtained by resident individuals, as a result of holding bonds issued by companies which are legal entities resident in Romania, and which invest on capital markets outside Romania.

This measure applies to income paid by an issuing company and recorded in the taxpayer's account starting from 1 August 2025.

Tax on Income from Pensions

The taxable monthly income from pensions will be established by deducting a non-taxable amount of 3,000 lei and, if applicable, the health insurance contribution. This measure applies to income earned starting from 1 August 2025.

Health Insurance Contribution (CASS)

The requirement to pay the health insurance contribution is introduced for pension income exceeding 3,000 lei. Consequently, a 10% health insurance contribution will be payable, applied to the difference between the gross pension income and the monthly amount of 3,000 lei for each pension entitlement. For private pensions, the health insurance contribution applies to the amount exceeding the net contribution of the participant, with each pension fund granting a single non-taxable ceiling of 3,000 lei per payment. The obligation to calculate, withhold, declare, and pay the health insurance contribution for pension income remains with the payer of the income. The health insurance contribution will no longer be payable for pension income earned starting from 1 January 2028.

The following individuals fall into the category of persons who are not exempt from paying the health insurance contribution:

1. Persons on accommodation leave due to adoption.
2. Persons on child-care leave.
3. Persons receiving unemployment benefits.
4. Persons receiving social assistance.
5. Patients with conditions in national health programs, other than oncological conditions, until the relevant condition is cured.
6. Monks and nuns belonging to recognized religious organizations, registered with the State Secretariat for Religious Affairs.
7. War veterans
8. Former political detainees.

The health insurance contribution is determined by applying the rate of 10% to the monthly calculation base representing the amount received by the individuals mentioned above as allowances or any other monetary rights, and is withheld at source by the payers of income.

Additionally, individuals who have benefited from co-insurance, i.e. spouses/parents without their own income, fall into the category of persons who are not exempt from paying the health insurance contribution. To obtain insured status, the person who earns salary income and supports the co-insured person must opt to pay the health insurance contribution for each co-insured person individually by submitting the single declaration starting from 1 August 2025.

The health insurance contribution payable by individuals who opt to pay the health insurance contribution is determined by applying the rate of 10% to the calculation base representing the value of 6 times the monthly minimum gross salary in force on 1 January of the year in which the option is exercised, if no income is earned for which the contribution is owed.

Payment is made in 2 installments as follows:

- 25% of the health insurance contribution is payable at the time when the declaration exercising the option is submitted.
- 75% of the health insurance contribution is payable, by 25 May inclusive of the year following the year in which the option was exercised.

Individuals mentioned above who do not opt to pay the health insurance contribution will lose insured status starting from 1 September 2025.

Changes to the Calculation of Medical Leave Allowance

The gross monthly amount of the allowance for temporary incapacity to work caused by common illnesses or accidents outside work is established based on the duration of each episode of illness, as follows:

- 55% of the calculation base → medical leave of up to 7 days.
- 65% of the calculation base → medical leave of 8–14 days.
- 75% of the calculation base → medical leave of over 15 days.

An exception applies in the case of medical leave for cardiovascular diseases, for which regardless of the number of days of temporary incapacity to work, the payment percentage remains at 75% of the calculation base.

The changes will take effect from 1 August 2025.

For medical leave certificates issued within an episode of illness, for which initial medical leave certificates were issued before the date of entry into force of the changes mentioned above, the legal provisions in force at the date of issuance of the initial medical leave certificates apply.

Tax on Income from Gambling

Starting from 1 August 2025, the fiscal regime applicable to income from gambling will undergo significant changes, as follows:

- Annual fees related to licenses paid by operators will increase from 21% to 25% of the revenue obtained from gambling activities, but not less than a minimum threshold as follows: for mutual (traditional) betting – from a minimum of 120,000 euros to no less than 144,000 euros; for fixed-odds (traditional) and counterparty (traditional) betting – from a minimum of 200,000 euros to no less than 240,000 euros.
- For Class A slot-machine games – the fee has been set at 6,000 euros (up from 5,300 euros) per year for each gaming device).
- Remote gambling activities (Classes I and III) – will be subject to a 30% tax on revenue, but no less than 480,000 euros per year; currently, the rate is 21% with a minimum threshold of 400,000 euros.
- The “vice tax” for gambling activities involving slot-machines and video lottery terminals (VLT) – will double from 500 euros to 1,000 euros per authorized terminal per year.
- A new 8% tax on revenue obtained from lottery-type games is introduced, excluding video lotteries.

The fiscal regime applicable to gambling operators has undergone numerous adjustments and several tax increases have taken place in recent years; these changes have been implemented to increase budget revenue and ensure more stringent regulation of the gambling industry. Authorities thus aim to control activities in this sector more effectively, promoting transparency and fiscal responsibility.

The tax on income from gambling has been increased by applying the following tax brackets to the gross amount received by a participant from a gambling organizer or payer:

- 4% for income up to 10,000 lei inclusive.
- 400 lei + 20% for income exceeding 10,000 lei and up to 66,750 lei inclusive.
- 11,750 lei + 40% for amounts exceeding 66,750 lei.

Additionally, for income obtained as a result of participating in gambling activities specific to casinos, poker clubs, slot machines, and scratch cards, with a value greater than the non-taxable threshold of 66,750 lei, the tax is determined by applying the above-mentioned tax brackets to the gross income received by a participant, and the amount of 11,750 lei is subtracted from the result obtained.

VAT

Starting from 1 August 2025, Value Added Tax increases to 21%. At the same time, the reduced rate will increase to 11% and will apply to:

Food.

Human-use medicines.

Water supply and sewerage services.

Irrigation water.

Fertilizers and pesticides as well as agricultural services.

Delivery of books/newspapers.

Access to museums.

Additionally, the reduced rate of 11% will apply to the delivery of thermal energy in the cold season, firewood, as well as accommodation, restaurant, and catering services. The VAT rate of 5% will no longer apply starting from 1 August 2025.

Real estate purchases in the social policy field (600,000 lei, maximum area of 120 sqm) will no longer benefit from the reduced rate and will have a VAT rate of 21%, with some exceptions provided by transitional measures.

Additionally, the VAT exemption (through refund) introduced by Law 88/2023 applicable to investments made in the health sector is eliminated.

Excise Duties

Changes to excise duty levels are introduced with an increase of approximately 10% for various products, such as alcoholic beverages, tobacco, gasoline, and diesel as well as for non-harmonized excise duties for other tobacco products and non-alcoholic beverages with added sugar.

Starting from 1 January 2026, a further increase of approximately 10% in excise duties for these products is expected, and this will no longer be dependent on consumer price levels. For example, the excise duty for beer will increase from the current rate of 4.82 lei/hl/1 Plato degree, to 5.30 lei/hl/1 Plato degree starting from 1 August 2025, and will be 5.83 lei/hl/1 Plato degree in 2026.

Excise duties for fuel oil, natural gas, and electricity remain at the same level for now. Additionally, excise duties are introduced for certain alcoholic beverages that previously had a level of 0 (still wines, apple and pear cider, mead, and still fermented beverages from berries). The level starting from 1 August 2025 will be 10 lei/hl of product and will increase starting in 2026 to 11 lei/hl of product. Thus, a new category of businesses, whether producers, or distributors, will have very little time to align with the new legal provisions and requirements.



Toate informațiile prezentate au un caracter general și nu sunt destinate a se adresa condițiilor specifice unei anumite persoane fizice sau juridice. Deși încercăm să furnizăm informații corecte și de actualitate, nu există nici o garanție că aceste informații vor fi corecte la data la care sunt primite sau că vor continua să rămână corecte în viitor. Nu trebuie să se acționeze pe baza acestor informații fără o asistență profesională competentă în urma unei analize atente a circumstanțelor specifice unei anumite situații de fapt.

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