

Tax Reform 2025

Major Changes applicable as of 1 August 2025, and 1 January 2026



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Changes to the Romanian Tax Code

Amendments in brief:

Law no. 141/2025 on certain tax and budgetary measures was published in the Official Gazette no. 699 of July 25, 2025. This law introduces the most significant changes to income tax, VAT, Health fund contribution and excise duties. The changes affect companies, financial institutions and individuals, as of 1 August 2025 and 1 January 2026.

Essential Tax Changes (2025–2026):

- i. **Dividend tax – increased from 10% to 16%**
- ii. **Supplementary turnover tax rate for credit institutions – 4% as of 1 July 2025**
- iii. **Income tax and health fund contribution – cancelling certain exemptions and new obligation for individuals who obtain pension income.**
- iv. **VAT – standard rate of 21% and reduced rate of 11%**
- v. **Excise duties – increased excise duties on fuel, tobacco, alcohol, non-alcoholic sugared beverages**

Amendments in details:

Key words

- Dividend
- 16% tax rate
- 1 January 2026

Dividend Tax

- ❖ **The current 10% rate will be increased to 16%**, starting from 1 January 2026.
- ❖ Dividend distributions performed prior to this date will be subject to the 10% rate, even if the dividends are not actually paid during 2026.
- ❖ The dividend tax must be declared and paid to the state budget by the 25th of the month following the one in which the dividend income is paid.
- ❖ The increased 16% rate on dividend income applies to income obtained starting **1 January 2026**.

Key words

- Windfall tax on the turnover of banks
- Bank Profits
- Tax rate of 4% as of 1 July 2025
- 1 August 2025

Supplementary turnover tax rate for credit institutions

- ❖ The additional turnover tax rate on credit institutions is amended as follows:
 - ✓ **2%** for the period **1 January – 30 June 2025**;
 - ✓ **4%** for the period **1 July – 31 December 2025**. During this period, the **4% rate applies to turnover generated starting from 1 July 2025**.
- ❖ The **4%** tax rate also applies in **2026**.
- ❖ **Exception:** credit institutions holding less than 0.2% market share of the total net assets of the Romanian banking sector will continue to pay a 2% tax rate for the period July 1, 2025 – December 31, 2026. The market share is calculated as the ratio between the total net accounting assets of the credit institution and the total approved net accounting assets for the banking sector, including the Romanian branches of credit institutions that are foreign legal entities.
- ❖ Should any accounting corrections or adjustments affect the turnover for the first half of the year, taxpayers must recalculate the corresponding tax and file a rectifying return.
- ❖ Accounting errors that affect the turnover of previous years must be included in the turnover of the current year in which they were encountered, through a rectifying tax return.
- ❖ **The above provisions apply as of 1 August 2025.**

Key words

- Income from other sources
- 1 January 2026

Income Tax

- ❖ **Income obtained** from the transfer of ferrous and non-ferrous metal waste, including their alloys, from personal patrimony shall be classified as income from other sources, the tax being withheld at source by the economic operator.
- ❖ The method for determining the tax on interest income is clarified as follows: in the case of bonds issued by companies – Romanian resident legal entities – on capital markets outside Romania, the interest income paid by the issuing company and recorded in its accounting records is subject to a 10% tax rate. This tax is calculated by the taxpayers, who are required to submit the Unique tax return.

- Tax on gambling income tax

- Health Fund Contribution
- 10%

- Cancelling exemptions
- Mandatory for both pensions over 3.000 lei and maternity leave
- minimum payment of 2.430 lei/year for non-contributors
- 1 August 2025

- ❖ Income earned by individuals from dividends will be subject to 16% tax rate.

The taxable base for pension income is determined by subtracting the monthly non-taxable amount of 3,000 lei and the health insurance contribution due from the gross pension income.

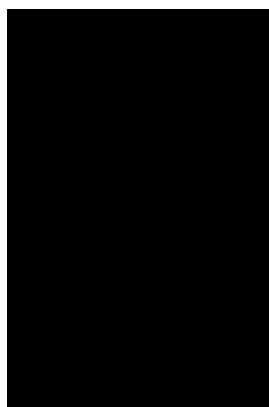
Tax on gambling income

- ❖ **The tax on gambling income is increased** as follows:
 - ✓ **Up to RON 10,000 – 4% tax rate**
 - ✓ **Between RON 10,001 and RON 66,750– RON 400 plus 20% of the amount exceeding RON 10,000.**
 - ✓ **Over RON 66,750 – RON 11,750 + 40% of the amount exceeding RON 66,750.**

This threshold also applies to winnings from casinos, poker, slot machines, and scratch cards exceeding RON 66,750, from which the fixed amount of RON 11,750 is deducted.
- ❖ The tax on gambling income is withheld at source.
- ❖ **The above provisions apply as of 1 August 2025.**

Health Fund Contribution

- ❖ **The monthly calculation base for health care contribution, in the case of individuals receiving pension income**, is determined by deducting a monthly amount of **RON 3,000** from the pension income, for each pension right.
- ❖ The 10% health fund contribution rate will be applied only to the amount exceeding this threshold, and will be computed on the difference between the net pension and the 3,000 RON amount.
- ❖ Pensioners will be required to pay this contribution only until the end of the 2027.
- ❖ **The exemption is eliminated for the following categories of individuals:**
 - ✓ *Young individuals up to the age of 26 who come from the child protection system;*
 - ✓ *Persons exempt under special laws (such as those persecuted for political reasons, deportees, war veterans, etc.);*
 - ✓ *Individuals who are pensioners, for pension income up to RON 4,000 per month, as well as for income derived from intellectual property rights;*
 - ✓ *Individuals receiving unemployment benefits or other forms of social protection;*
 - ✓ *Individuals on childcare leave, as well as those on adjustment leave following the completion of the adoption process;*
 - ✓ *Monastic personnel of legally recognized religious denominations.*



- ❖ **A new option** is introduced, allowing an individual who already pays health fund contribution for themselves to also opt to pay (2,430 RON per year) for a dependent (e.g., spouse, parent without income), through the Unique tax return.
- ❖ The contribution shall be paid in two instalments:
 - ✓ 25% upon submission of the declaration exercising the option;
 - ✓ 75% by 25 May of the year following the one in which the option was exercised.
- ❖ For individuals who opt to pay the contribution by 31 July 2025, the payment deadline remains 25 May 2026, regardless of any subsequent legislative changes.
- ❖ **The above provisions apply as of 1 August 2025.**

Key words

- VAT
- Standard rate set to 21%
- Reduced rate set to 11%
- Cancelling VAT exemptions including new homes acquisitions)

VAT

- ❖ **The standard VAT rate is increased from 19% to 21%** for taxable transactions that are not exempt or do not benefit from reduced rates.
- ❖ **The application of the reduced VAT rates of 5% and 9% is eliminated.**
- ❖ **A reduced VAT rate of 11%** is introduced for the following operations:
 - ✓ Human-use medicines;
 - ✓ Food and beverages intended for human and animal consumption, as well as live animals and birds of domestic species, according to the NC codes established by methodological norms, with the following exceptions:
 - Alcoholic beverages
 - Non-alcoholic beverages under NC code 2202;
 - Foods with added sugar (over 10g/100g), except powdered milk for small children;
 - Food supplements according to Law no. 56/2021.
 - ✓ Water supply and sewage services;
 - ✓ Delivery of water for irrigation in agriculture;
 - ✓ Delivery of fertilizers and pesticides typically used in agricultural production, etc.;
 - ✓ Delivery of chemical fertilizers and chemical pesticides normally used in agricultural production — this provision applies until 31 December 2031;
 - ✓ Delivery of school textbooks, books, newspapers, and magazines, in physical or electronic format;
 - ✓ Services consisting of granting access to museums, memorial houses, historical monuments, architectural and archaeological monuments, zoological and botanical gardens;
 - ✓ Firewood in the form of trunks, logs, twigs, branches, or similar forms classified under NC codes: 4401 11 00 and 4401 12 00 — these provisions apply until 31 December 2029;
 - ✓ Wood chips, waste, and residues agglomerated in the form of wood pellets, wood briquettes, or other similar forms classified under NC codes: 4401 31 00 and 4401 32 00, as well as products classified under NC codes: 4401 41 00 and 4401 49 00 — these provisions apply until 31 December 2029;

- VAT under scrutiny for HORECA industry

- From 1 August 2025

- ✓ *Delivery of thermal energy during the cold season destined for the following consumer categories: population, public and private hospitals, public and private educational institutions, non-governmental organizations, religious units, and public or private social service providers;*
- ✓ *Delivery of housing as part of social policy (elderly homes, children's homes, rehabilitation and recovery centers for minors with disabilities);*
- ✓ *Accommodation in the hotel sector or sectors with a similar function, including renting land arranged for camping;*
- ✓ *Restaurant and catering services, with the exception of alcoholic beverages and non-alcoholic beverages classified under NC code 2202.*

❖ **The 21% VAT rate will apply following the elimination of reduced rates for:**

- ✓ *Renewable energy systems (photovoltaic panels, heat pumps, etc.) delivered to homes or public institutions;*
- ✓ *Access services to recreational and cultural activities (sports events, fairs, exhibitions, markets, amusement parks, and theme parks);*
- ✓ *Delivery of veterinary medicines;*
- ✓ *Delivery of housing as part of social policy, except for transitional provisions applicable for one year subject to cumulative conditions, namely: signing a legal act by 1 August 2025, payment of a minimum 20% advance on the value of the house by 31 July 2025, and delivery of the house by 31 July 2026.*

❖ **The elimination of VAT exemption for:**

- ✓ *Construction, rehabilitation, and modernization services for hospital units provided by nonprofit entities registered in the Register of Religious Units, as well as companies wholly owned by nonprofit entities;*
- ✓ *Delivery of medical equipment, sanitary consumables, protective articles, and other similar goods intended for use in healthcare or by persons with disabilities, when goods were purchased by nonprofit entities or companies wholly owned by nonprofit entities and were donated or provided free of charge to hospitals in the public network.*

❖ **The above provisions apply as of 1 August 2025.**

Key words

- Excises
- Categories:
fuel, tobacco,
alcohol, non-
alcoholic
beverages with
added sugar
- 2025

Excise Duties

- ❖ Increased excise duties for the following goods:
 - ✓ *Beer produced by independent producers with an annual production of under 200.000 hl;*
 - ✓ *Still wines;*
 - ✓ *Sparkling wines;*
 - ✓ *Fermented beverages other than beer and wines (still beverages: apple and pear cider, mead, beverages made from forest fruits without any added flavors or alcohol; sparkling beverages – apple and pear cider);*
 - ✓ *Intermediate products;*
 - ✓ *Ethyl alcohol produced by small distilleries;*
 - ✓ *Cigarettes;*
 - ✓ *Cigars of any kind;*
 - ✓ *Rolling tobacco;*
 - ✓ *Other tobacco;*
 - ✓ *Leaded and unleaded petrol;*
 - ✓ *Diesel.*



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