

Doing business in Romania

forvis mazars





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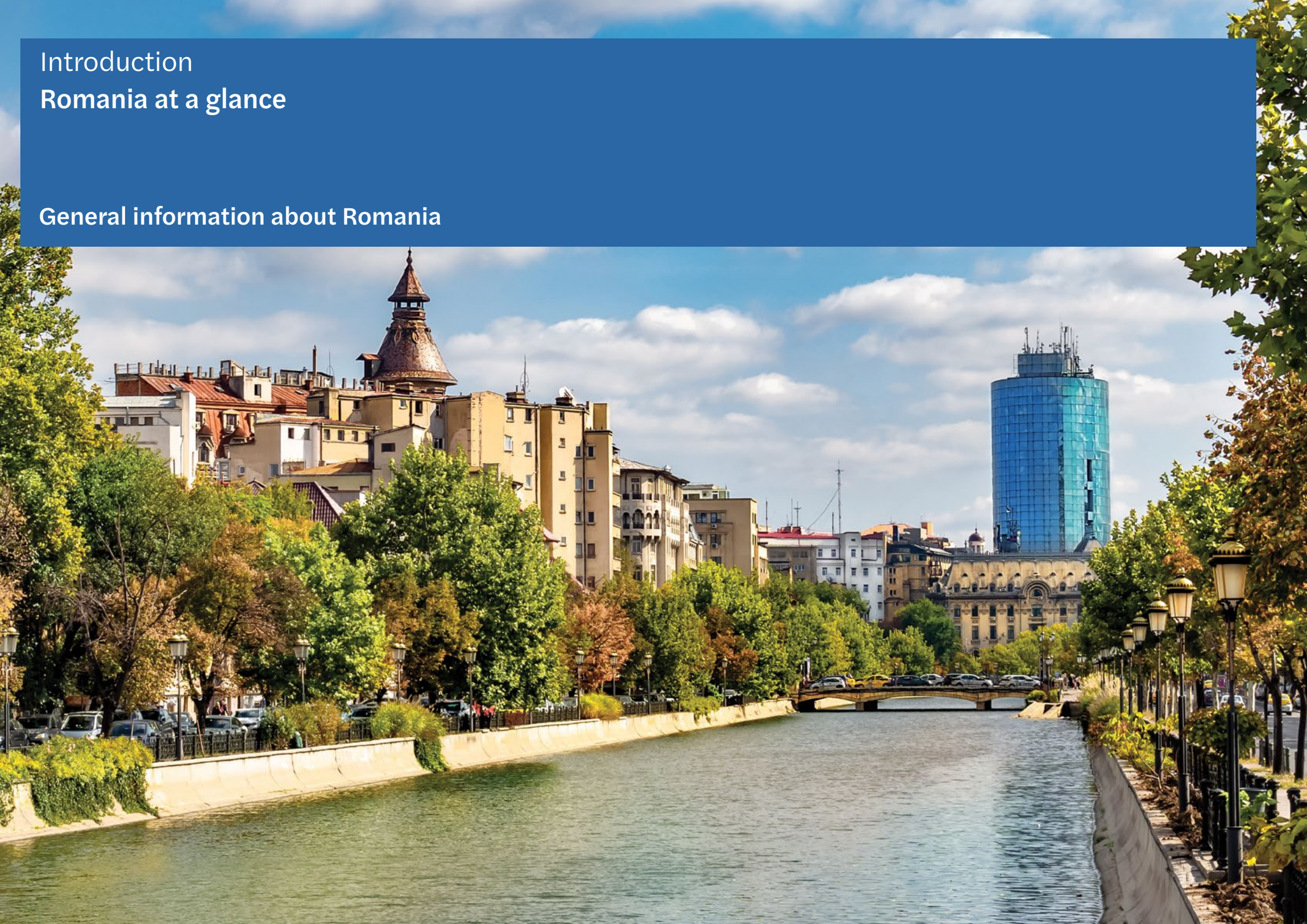
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Introduction

Romania at a glance

General information about Romania



Romania at a glance

A NATO (admitted 2004) and EU (admitted 2007) member situated in Eastern Europe, Romania has strong prospects of economic recovery, after passing through a political crisis owed to a flawed presidential election campaign.

Romania finally achieved full Schengen member status in January 2025, which meant the elimination of checks at all borders but tighter restrictions on employers and foreign employees, and new provisions for foreign employees. Romania's negotiations with the OECD look more favourable since our last review, and it is thought that membership will occur in 2026 or 2027 – a fact that would bring changes to key aspects of doing business, trade and corporate governance.

A semi-presidential, bicameral parliamentary republic, Romania is the largest country in south-eastern Europe and the 12th largest in Europe, covering an area of 238,397 square kilometres (92,046 sq. mi).



Doing business in Romania

Romania: key facts and figures

Population
19.06 million (end 2023)

Unemployment rate
5.7% (470,000 people, decreasing trend, April 2025 – INS – National Institute of Statistics)

Inflation rate
4.86% (March 2025/ yoy, a downward trend (5.14% December 2024 - BNR – National Bank of Romania)

GDP
+0.8% (2024/2023) at RON 1,760.11 bn, (€352.3 bn, $396 bn, INS)

GDP per capita
US$18,460 (2024, Apr) – World Bank (WB), US$21,420 (IMF, current prices)

Expected economic growth
European Commission (EC)
+1.4% (2025, Spring Forecast);
+2.2% International Monetary Fund (IMF)
+1.6% (2025)+2.8% (2026)

Average exchange rate 2024
4.9746; RON/USD 4.5984 (BNR)

April 2024 exchange rate (BNR)
RON/EUR 4.9773; RON/USD 4.4408

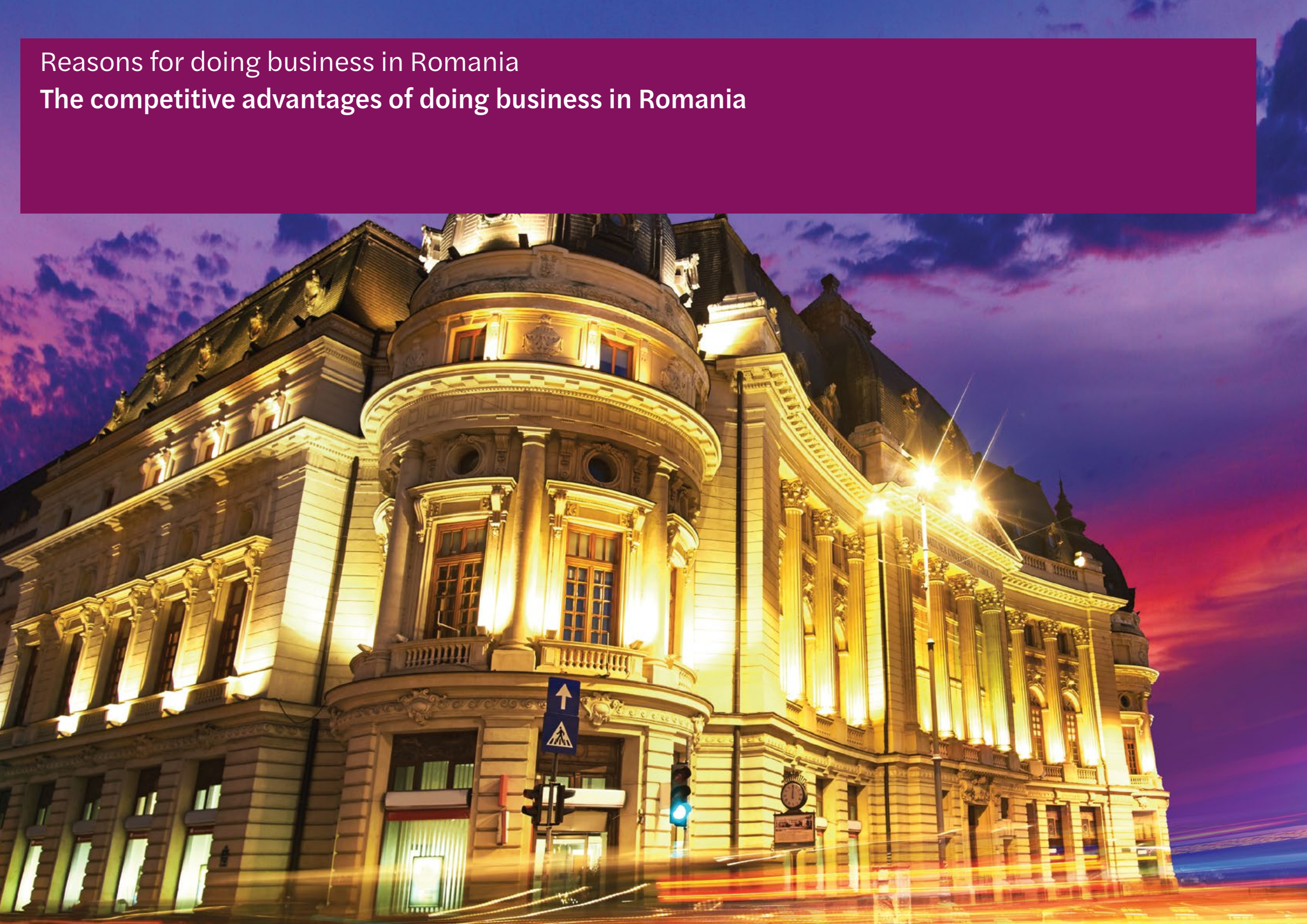
BNR key interest rate
6.50% (8 August 2024, reaffirmed in May 2025) down from 7.00% (11 January 2023)

Average 10y bond yield
7.60% (4 June 2025), up from 6.65% (2 September 2024)

Country rating
BBB-/A-3, negative (S&P, perspective changed from stable in Jan. 2025); Baa3, negative (Moody's, changed from stable Mar. 2025); BBB-, negative (Fitch, reaffirmed Feb. 2025)

Reasons for doing business in Romania

The competitive advantages of doing business in Romania





Reasons for doing business in Romania

Over the longer term, Romania is developing rapidly, with the economy set to outpace its neighbours, helped by EU funding, currency stability and foreign investments.

The short term outlook is similarly positive, following a prolonged electoral period that concluded with the May 2025 presidential election. The extended campaign period and initial uncertainty around the results led to temporary market volatility and currency fluctuations, with the Romanian leu crossing the 5 RON per EUR threshold for the first time amid capital outflows and monetary policy adjustments. Following the conclusion of the electoral process, markets stabilised with the exchange rate settling at approximately 5.05 RON per EUR and capital markets regaining momentum.

Budget deficit hike to be addressed through new Government reform

In the short term, Romania will need several reforms in order to cut its huge budget deficit, reforms that may affect markets. The current account deficit is also an issue that needs to be addressed.

"After a lacklustre 2024, Romania's economy was on course to pick up speed at the start of 2025, due, in particular, to construction, agriculture and services, and better export prospects. However, the uncertainties generated by the imposition of US tariffs, and also by heightened domestic political and fiscal volatility are expected to dampen exports, economic sentiment, and ultimately investment and consumption. This is expected to result in only moderate real GDP growth of 1.4% in 2025 that is set to further strengthen to 2.2% in 2026. Inflation is projected to ease, but to remain high, while unemployment is projected to decline marginally. The general government deficit was 9.3% of GDP in 2024, fueled by very large increases in public wages and pensions. It is projected to decline modestly to 8.6% of GDP in 2025 and 8.4% in 2026, reflecting a package of measures implemented at the end of 2024." read the EC macroeconomic forecast of 19 May 2025.

Currently, there are intense negotiations between the presidency and mainstream parties to form a new government.

In July 2025, the Government will present the EC with a new package of fiscal and budgetary measures aimed at reducing the budget deficit by about 2%, to about 7%. Prior to the EC in July, Romania has run large government deficits since 2020; one of the consequences of not responding in time to EC recommendations may be a halt in the supply of EU funds. Analysts suggest, however, that a mix of measures that are already negotiated and include most likely a tax increase – and possibly a rise in VAT – will be accepted by the EC.

Reasons for doing business in Romania

Rating agencies also await Bucharest's decision, in order to maintain their outlook to investment grade level for long-term debt instruments. Meanwhile, they warn that failing to respond with measures might worsen the rating for long-term debt to "junk" status.

In the short term, analysts agree that Romania must attract more EU funds and implement much-needed fiscal measures that will affect salaries and state expenditure. They forecast an overall rise in GDP for 2025 of 1%.

In energy, the capping and compensation subsidy system for electricity ends on 1 July 2025, which might lead to inflationary pressure. The gas market will also be liberalised in 2026.

Now that a pro-EU president has been elected, it is likely that Romania will see projects that had been put on hold pending the outcome of the election now move ahead, be developed and finalised – especially those utilising EU funds. This will stimulate employment and generate more wealth. Stagnating salary conditions may prove to be attractive for new investors. Inflation and the exchange rate are expected to remain stable, while local interest rates should remain under the current 7.23-7.33% ratio (ROBOR 6/12M rate). Romanian local debt is also very attractive, with the Ministry of Finance offering a plethora of maturities for RON-related bonds with a very attractive return of 7.35-8.35%.

Foreign investments to rise

During the past decade, major international companies and multinationals have either established or relocated engineering, R&D, BPO and CRM centres in or to Romania, while young, multilingual professionals in larger cities are highly ranked worldwide in computer literacy and digital skills. The economy has huge potential for digitalisation services and Romania enjoys one of the world's fastest and cheapest broadband internet services.

Although the investment climate is stable, niche areas are subject to frequent government deregulation, particularly in the field of energy. Even so, billions of euros are invested in energy, in either solar or wind projects, that are due to be completed with or without EU funds during the next several years. Romania has developed an emerging power purchase agreements (PPA) market and offers an attractive Contracts for Difference (CfD) scheme for energy players that want to hedge their investments.

Meanwhile, funding is strong, but below potential, with Romania's economy due to receive about €30 bn up to 2030 from various EU sources, excluding co-financing. Major progress has taken place in the financing of green energy, electro mobility and energy efficiency projects, while digitalisation and sustainability have also been key areas of growth. The EU's Modernisation Fund has allocated €14 bn to Romania between 2021 and 2030. By September 2024, about €17 bn in EU funds have been attracted by the energy sector, since 2007.

At the same time, FDI exceeded €10 bn in 2022 – the highest since 2008, only to drop 34% in 2023, as a direct result of the war in Ukraine and in line with the region. However, FDI recovered by 34.4% in the first four months of 2024, yoy, to €3.223 bn, according to Romania's central bank. FDI net flows (currently revised) in 2023 stood at €6.748 bn, of which €6.996 bn enterprises' equity (comprising equity capital worth €2.070 bn and reinvestment of earnings worth €4.927 bn); also €248 m debt transactions with foreign direct investors and non-resident fellow companies computed as debt (€1.096 bn) less claims (€1.344 bn).

Bucharest's metropolitan area was the zone most invested in (62%), followed by central Romania (Cluj, Sibiu, and Brașov) and western Romania (Timișoara, Oradea, and Arad).

According to Romania's central bank, the breakdown of FDI by main economic activities reveals that more than 87% of the total FDI went to four key sectors: industry (39.2% of FDI), predominantly in manufacturing (30.2%, mainly transport equipment and oil, chemicals, and rubber), trade (17.7%), construction and real estate transactions (17.2%), and financial intermediation and insurance (13.2%). As of 31 December 2022, Germany remained Romania's primary foreign investor, retaining its leading position from the previous period. Following Germany in the ranking of top investing countries are Austria (10.7%), France (9.7%), Italy (7.8%), the United States (6.7%) and the Netherlands (5.3%).

Major industries in Romania include automotive vehicles and parts production, energy, retail and corporate banking (more than 30 banks and 140 non-banking financial institutions), retail and online sales, pharmaceuticals, energy, IT&C, BPO and call centres, textile and footwear production, forestry, agribusiness and food processing. It is also attracting new investment from companies relocating from Ukraine.

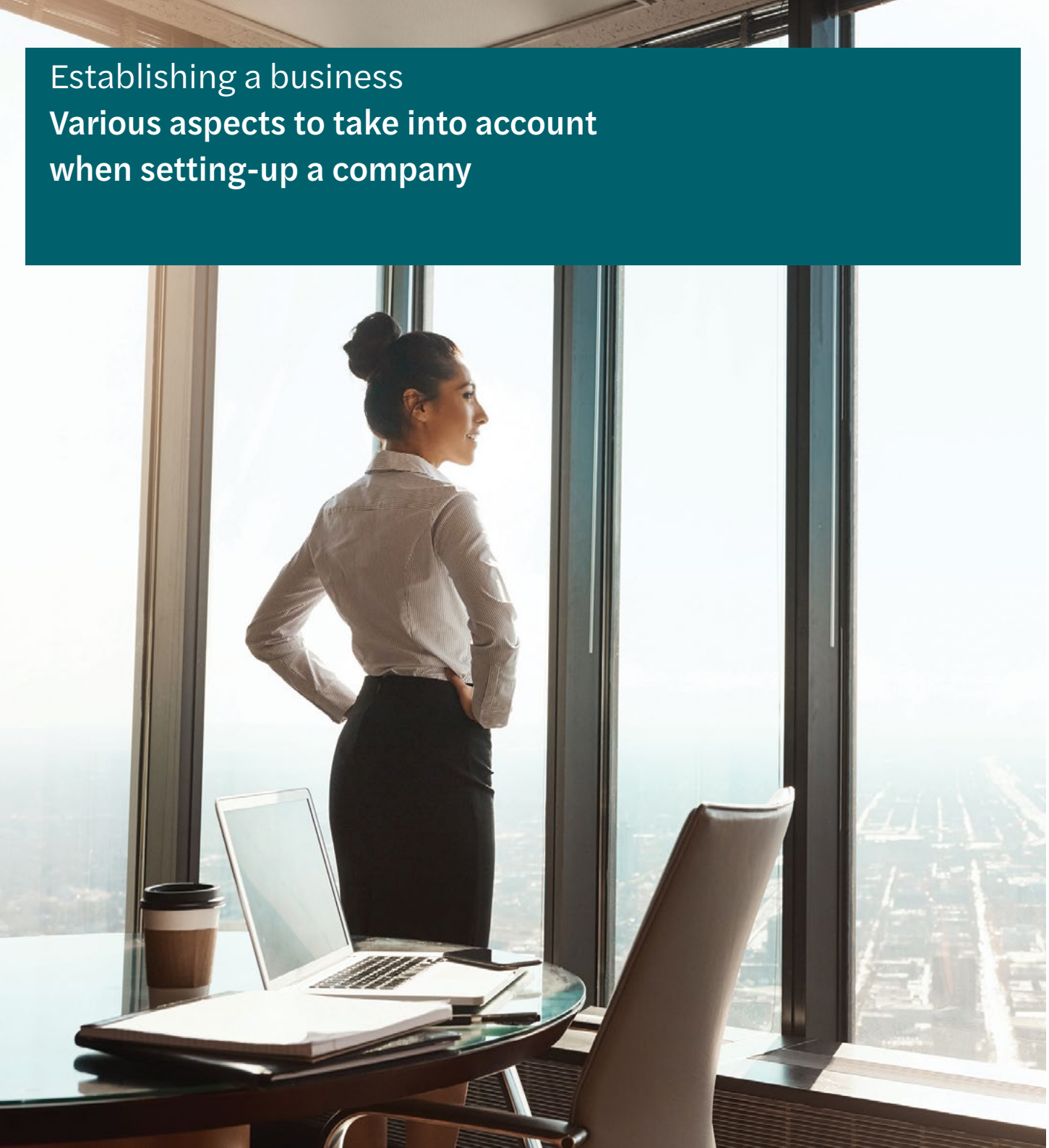
Romania has about 80 industrial parks, both private and public, that offer conditions and facilities fit for various industries. There are also five free trade zones offering quick access to neighbouring markets and special tax regimes.

According to the Foreign Investors Council (FIC) Business Sentiment Index (Mar 2025), 55% of companies responded that they expect revenue growth for 2025 (see table below).

Question	Grow	Stay the same	Contract
Do you expect your revenues from business in Romania to grow in 2025?	55%	31%	14%
Business growth - domestic market	53%	35%	12%
Business growth - export market	29.5%	56.9%	13.6%
Business growth - total	47%	39.2%	13.8%

Source: Foreign Investors Council (FIC) Business Sentiment Index, March 2025.





Establishing a business
Various aspects to take into account when setting-up a company

Romania ranks sixth of the EU's top 10 countries comprising medium-sized companies (50 - 249 employees). In 2021, the number of medium-sized companies in Romania was over 7,700 (Eurostat).

Medium-sized companies in Romania had a cumulative turnover of almost €84.8 bn and over 793,000 employees in 2021. The number of companies in Romania was 633,288, employing 4.33 mn employees. Of the overall 2022 net investments in industry, SMEs had a ratio of 37%, while in services, the ratio was about 75%.

Steps in establishing a company

First, choose a company name by checking its availability at the National Trade Registry Office (ONRC). Name reservation is registered on a national level, so we recommend having several names at hand (in case your first choice is already taken).

Documents needed include the company's articles of association, specimen signatures and statements.

After the incorporation documents are complete and the minimum capital is submitted, documents of registration must be sent to the National Trade Registry Office (ONRC), along with certain registration fees.

The company will be required to register for VAT and, in certain business fields, additional permitting and licensing may be required.

Common types of companies

There are two common types of companies:

A private limited liability company ('SRL') is the most popular type of company in Romania, due to its low administrative requirement, high level of flexibility and low capital required for registration.

An SRL can have between one and 50 shareholders. Its activity codes must be carefully chosen (NACE - CAENs).

Registering a new SRL takes approximately seven business days, once all the papers are lodged.

An SRL can be owned by a single foreign investor, whose liability is limited to the extent of the invested capital.

A registered address must be provided.

A public joint stock company ('SA') is typically suitable for publicly listed companies, large companies or companies with many shareholders. There is a minimum capital requirement of €18,000. At least 30% of the subscribed share capital or 100% of the in-kind contribution must be submitted at registration, with the balance fully paid in a 12-month period from company formation.

Other types of companies

Investors can set up an authorised physical person (PFA) or a sole trader company, which is the simplest form, with no legal identity. It can use more NACE-CAEN codes and can be established or dissolved in three days and is subject to simple accounting rules.

Also, the **'SRL-D',** (or LLC-Debutant), encourages first-time entrepreneurs, and has the advantage that the employer is not subject to social security payments. It can have a maximum of five shareholders and five NACE-CAEN activity codes, and it must be converted to a normal SRL within three years of establishment.

Opening a branch or a subsidiary in Romania

Foreign investors opening a local entity in Romania must choose between business entities with legal personality **(a subsidiary)** or without legal personality **(a branch)**.

A subsidiary has its own office and is established on a permanent basis. While the parent company may decide on the establishment, modification and termination of activities, however, **the subsidiary is fully independent** from the parent company, which holds no liability. When establishing a subsidiary, the same steps for opening a company must be followed. It must be registered with the Trade Registry, articles of association are separate from the parent company and new constitutive documents are drawn up.

It can engage in different business activities from those performed by the parent company.

A distinct entity with its management structure, the subsidiary is fully liable locally.

The branch, however, is just an extension of the parent company and therefore has no legal personality and no independence. The parent company remains fully liable for debts and other financial obligations in Romania.





Romania's tax system

Information about the taxation climate of Romania



Direct tax framework

From a direct tax perspective, the following tax regimes are applicable in Romania:

i. Tax on revenues of microenterprises, in which the revenue of the company is taxed at a rate of 1% or 3%.

ii. Corporate income tax, in which the taxable profit of a company is taxed at a rate of 16%.

Microenterprise tax regime

This system provides for more simplified tax compliance from a direct tax perspective, as well as a lower taxation level, and is meant for entities with a relatively low annual turnover.

A Romanian legal entity can opt for the application of the microenterprise tax regime if the following conditions are met, as of 31 December of the previous year:

- Annual turnover does not exceed RON 1.25m (approximately €250,000) for 2025, and RON 500,000 (approximately €100,000) starting from 2026. This threshold is computed by considering the income obtained both by the legal entity in question and by its related parties.
- A Romanian legal person is related to another person if (among other conditions) a person owns, directly or indirectly, more than 25% of the value/number of shares or voting rights or has the right to appoint or revoke the administrator/majority of the members of the board of directors, management or supervision both at the first legal entity and at the second legal entity. If the person holding the participation titles/voting or appointment/revocation rights is a Romanian legal person, the income of this person is also included.
- If the taxpayer is part of a group, the consolidated turnover should not exceed the threshold of RON 1.25m (approximately €250,000) for 2025, and RON 500,000 (approximately €100,000) starting from 2026 for one member to be able to apply the MET regime. Otherwise, the taxpayer must register for corporate income tax purposes starting from the quarter in which this threshold is exceeded.
- Share capital is held by persons other than the State and administrative-territorial units.
- It is not in the process of dissolution, or liquidation.
- Has at least one full-time employee.
- Has shareholders who hold directly or indirectly more than 25% of the value/number of shares and it is the single entity appointed by the shareholders to apply the microenterprise tax regime.
- Submits financial statements in a timely fashion.

Romania’s tax system

Taxpayers will exit the microenterprise tax regime if their turnover exceeds RON 1.25m (approximately €250,000) for 2025 and RON 500,000 (approximately €100,000) starting from 2026. Under such a scenario, the corporate income tax regime becomes applicable.

If during a fiscal year, the condition of having at least one employee is no longer fulfilled, the microenterprise must switch to profit tax starting from the quarter in which this change occurred. By way of exception, in the case of a company with a single employee, whose employment relationship ends, the legal condition is considered fulfilled if he is replaced within a maximum of 30 days.

Microenterprise tax regimes cannot be applied to Romanian legal entities active in the following fields:

- Banking
- Insurance and reinsurance of the capital market, including intermediation activities in these fields
- Gambling
- Exploration, development, exploitation of oil and natural gas deposits

Computation of tax

Tax rate is:

- 1% applicable for microenterprises that generate revenues below RON 300,000 (approximately €60,000) inclusively, and do not obtain revenues according to the NACE codes mentioned below.
- 3% applicable for microenterprises that obtain revenues exceeding RON 300,000 (approximately €60,000) or that are active in fields corresponding to the following NACE codes (related to software development activities, HoReCa, legal assistance, and medical and dental assistance): 5821, 5829, 6201, 6209, 6210, 6290, 5510, 5520, 5530, 5590, 5610, 5611, 5612, 5621, 5622, 5629, 5630, 6910, 8621, 8622, 8623, 8690.

Under this regime, a company does not deduct expenses for tax purposes, as no profit and loss computation for tax purposes is performed. Thus, no fiscal losses can be recorded under this tax regime and used when the company becomes a profit taxpayer.

Fiscal year

The fiscal year coincides with the calendar year.

Compliance

As a rule, microenterprise tax due is determined, declared and paid on a quarterly basis by the 25th day of the month following the end of the quarter for which the tax is calculated.

For the period 2021 – 2025, the deadline for the microenterprise tax return as well as for payment related to Q4 is 25 June.

Corporate Income Tax regime

The general corporate income tax is 16%.



Romania’s tax system

Taxpayers:

The following corporate categories are defined as taxpayers, and subject to the corporate income tax regime:

- Romanian legal entities, except for taxpayers subject to microenterprise tax, companies active in the hospitality sector, tax-transparent entities, and certain institutions specifically defined in the Fiscal Code.
- Foreign legal entities that carry out activities through one or more permanent establishments in Romania.
- Foreign legal entities according to their place of effective management.
- Foreign legal entities generating income from the transfer of ownership, or any other rights related to immovable property located in Romania.
- Legal entities established according to European legislation, that have their registered office in Romania.
- Foreign legal entities operating in Romania through permanent establishments, in case of non-uniform treatment of hybrid elements or non-uniform treatment of tax residence.
- Fiscal transparent entities, in case of non-uniform treatments of the inverted hybrid elements.

Fiscal year

The fiscal year coincides with the calendar year. Taxpayers subject to corporate income tax with a financial year different from the calendar year may opt for a fiscal year similar to the financial year.

Computation of taxable profit

To compute taxable profit, the accounting profit is adjusted upwards (with non-deductible expenses) or downwards (with non-taxable revenues).

As a rule, expenses are deductible for corporate income tax purposes, provided that they are incurred for business purposes. Deductible expenses are either:

- Fully deductible - expenses incurred for business purposes, salaries, marketing expenses, service expenses, or tax depreciation.
- Partially deductible – financing costs, protocol expenses, and social expenses.
- Non-deductible – sponsorships, corporate income tax expenses, expenses not incurred for business purposes, and expenses not supported with appropriate documentation.



Romania’s tax system

Examples of expenses with limited deductibility

Vehicle related expenses – in the case of road vehicles that are not used exclusively for business purposes (with a maximum authorised mass not exceeding 3,500 kg and have no more than nine passenger seats, including the driver’s seat), only 50% of the expenses related to such vehicles (including fuel, insurance, maintenance, and accessories) can be considered deductible for corporate income tax purposes. This rule applies also for VAT deduction. Additionally, tax depreciation related to such vehicles is limited to RON 1,500 (approximately €300) per month for each vehicle.

Protocol expenses – include expenses incurred to strengthen business relations, such as meetings with clients, potential clients or business partners, corporate gifts, and business lunches. The deduction of protocol expenses is limited to 2% of the taxable base (i.e. the gross result to which corporate income tax and protocol expenses are incurred).

Social expenses – these are limited to 5% applied to the amount of payroll costs and can be granted to employees of the company in special circumstances, such as aid for funerals, aid for serious and incurable illnesses, birth allowances, gifts in cash or in kind, including gift vouchers offered to employees and their children, and health services provided in cases of occupational illnesses and accidents at work. These expenses are not taxable for employees.

Interest and equivalent expenses – borrowing costs are fully deductible up to RON 5m (approximately €1m) in a fiscal year or RON 2.5m (approximately €500,000) for related party borrowing costs that are not related to the acquisition or production of fixed assets.

Borrowing costs exceeding the above thresholds are deductible up to 30% of the taxable base - adjusted for EBITDA: (i.e. accounting profit - non-taxable revenues + corporate tax expense + borrowing costs exceeding the threshold + tax depreciation).

The resulting non-deductible borrowing cost is carried forward until it is fully offset, without a time limitation.

Sponsorship expenses - are considered as non-deductible for corporate income tax purposes but can be deducted as tax credit from the final corporate income tax due to the state budget. The tax relief is equal to sponsorship expenses, but not greater than the minimum of 0.75% of total turnover or 20% of corporate income tax due.

Tax losses carried forward

From 1 January 2024, tax losses can be carried forward for five years and are recovered within an annual threshold of 70% of annual taxable income.

Compliance

Corporate income tax due is paid quarterly (regarding the fiscal year chosen) and finalised on an annual level, as follows:

- **Quarterly Corporate Income Tax return #100** – the deadline for submission and payment is quarterly, until the 25th of the month following the reporting period (only for the first three quarters).
- **Annual Corporate Income Tax return #101** - the deadline for submission and payment is annually, until 25 March of the year following the reporting period.

For the period 2021 - 2025, the tax compliance deadline for the annual corporate income tax return was changed to 25 June (compared to 25 March).

Minimum tax

Taxpayers with a turnover over RON 250m (approximately €50m) from the previous year are required to pay the minimum between the corporate income tax and 1% from turnover.

Credit institutions, both Romanian legal entities and branches of non-resident legal entities in Romania, are obliged to pay a turnover tax, in addition to corporate income tax, at the rate of 2% applied on turnover, for the fiscal years 2024 - 2025 and 1% starting from 2026.

Legal entities active in the oil and gas sector (with principal or secondary activities corresponding to NACE codes 0610, 0620, 0910, 1920, 3522, 3523, 4671, 4681, 4730, 4950, are subject to a specific turnover tax of 0.5%, in addition to corporate income tax. Foreign legal entities with activities in this sector are obliged to provide a bank guarantee of €1m; in the case of non-payment of the tax within 30 days after the expiry of the deadline, the guarantee will be executed and must be re-established within 15 days.

Legal entities active in the oil and gas sector (with principal or secondary activities corresponding to NACE codes 0610, 0620, 0910, 1920, 3522, 3523, 4671, 4681, 4730, 4950, are subject to a specific turnover tax of 0.5%, in addition to corporate income tax. Foreign legal entities with activities in this sector are obliged to provide a bank guarantee of €1m; in the case of non-payment of the tax within 30 days after the expiry of the deadline, the guarantee will be executed and must be re-established within 15 days.

Consolidation for corporate income tax purposes in Romania

The consolidation regime for corporate income tax purposes may be applied by at least two Romanian companies when the ownership condition of a minimum of 75% of the shares for at least one uninterrupted year is met.

Additionally, the participants should also:

- Be exclusively corporate income taxpayers.
- Share the same fiscal year.
- Not be part of another tax group in the field of corporate taxation.
- Not be in liquidation/dissolution.

Moreover, during the period in which the fiscal group is established, the above conditions should be maintained.

From an operational standpoint, one member will be designated as the responsible entity that will handle the computation, submission, and payment of corporate income tax due for the entire group. Tax losses registered by a member of the group can be offset with the tax profits of other entities in the group.

Withholding tax

Withholding tax is applicable on income obtained by non-residents of Romania, from:

- Dividends
- Interest
- Royalties
- Commission fees
- Management or consulting fees, irrespective of where the services are performed
- Revenues obtained from the provision of services in Romania.

Tax rates

- Standard rate is 16%.
- 10% for dividends.
- 10% for income obtained by individuals resident in an EU member state or in a state with which Romania has a Double Taxation Treaty in place.
- 50% in cases in which income is paid in a state with which Romania has not concluded a treaty for the exchange of information and payment is deemed to be related to an artificial transaction.

The tax rate/exemption mentioned in the Double Tax Treaty concluded between Romania and the beneficiary’s country of residence is applicable provided that the beneficiary of the income provides a tax residency certificate.

Moreover, provisions of the parent–subsidiary directive, with respect to interest and royalties are relevant. Thus, the following withholding tax exemptions may be applicable:

- **Dividend distributions:** in case the non-resident (if a resident of an EU member state) owns at least 10% of the share capital of the Romanian entity for an uninterrupted period of at least one year, ending on the date of payment of the dividends, and both companies are corporate income taxpayers.
- **Interest payments and royalties**: in case the non-resident (if a resident of an EU member state) owns at least 25% of the share capital of the Romanian entity for an uninterrupted period of at least two years, which ends on the date of payment and both companies are corporate income taxpayers.

Compliance

- **Informative tax return #207** – the deadline for submission is the last day of February of the current year, for the previous year in which transactions with non-residents occurred.
- **Tax return #100** – the deadline for submission and payment is monthly, until the 25th of the following month in which taxes were withheld.



Tax regime for individuals

Tax residency

A foreign individual will be deemed a Romanian tax resident upon the fulfilment of at least one of the following conditions:

- Has his/her domicile in Romania.
- Has the center of vital interest in Romania.
- Has been physically present in Romania for more than 183 days during any 12-month period ending in the relevant fiscal year.

As a rule, Romanian tax residents are liable to personal income tax in Romania on their global income (obtained from Romania and abroad).

In determining the tax residency status of an individual, the provisions of Double Tax Treaties concluded by Romania are observed. When individuals qualify as residents in both states, the tax residency is determined following the tiebreaker criteria contained therein.

From an immigration perspective, nationals of EU/EEA states do not require a work permit to perform work activities in Romania. However, for stays exceeding 90 consecutive days, a Registration Certificate must be obtained which will also be used for tax compliance purposes.

Romania’s government has implemented special rules for hiring Ukrainian individuals by Romanian entities. Ukrainian individuals may work in Romania without a work permit and visa, under certain specifically defined conditions.

Taxation regime for private income

Considerations for residents

Personal income tax of 10% is due in Romania by individuals who qualify as Romanian tax residents for their worldwide revenues, such as:

- Investment income
- Pension income
- Income from intellectual property
- Other types of revenues.

Employment revenues

Foreign individuals earning income as a salary from activities carried out in Romania and who under specific conditions are thus liable to pay Romanian personal income tax are obliged to register with Romania’s tax authorities to perform the mandatory tax compliance required for declaring and paying the tax due. If Romanian personal income tax is due, monthly personal income tax returns must be submitted to Romania’s tax authorities, together with the settlement of personal income taxes due.

Social Security Contributions

EU / EEA nationals involved in cross-border mobility are subject to EU Social Security Regulations (Regulation 883/2004 and Implementing Regulation 987/2009 are examples). To establish whether social security contributions are due in Romania, in such cases, the EU framework should apply. In principle, if a valid A1 Certificate is available from another country, then the individual would be exempt from social security contributions in Romania.

Alternatively, Romanian legislation in the area of social security contributions would apply to the individual (10% health contribution and 25% pension contribution), depending on the types of revenue categories and structures.

Indirect tax

Applicable VAT rates

- 19% - the standard VAT rate, applicable to transactions that are not subject to reduced rates.
- 9% - applied to food (with certain exceptions), medication for human and veterinary use, orthopaedic products, water for irrigation in agriculture, water supply and sewerage, fertilisers and pesticides used in agriculture, seeds and other agricultural products for sowing or planting, as well as specific categories of services in connection with agriculture, accommodation, restaurant, and catering services, as well as providing real estate as part of social policy.
- 5% - applied to books, newspapers, magazines, and access to museums.

VAT exemption

Certain transactions may be exempt from VAT. Banking, finance, and insurance, medical, welfare, and educational related activities if performed by licensed entities may qualify as VAT exempt without credit.

However, some financial services are subject to the standard VAT rate of 19% (including factoring, debt collection, managing and safekeeping certain equity documents).

Additionally, some transactions are exempt with credit, allowing deductions for related input VAT. These include:

- Goods transported outside the EU, and related services.
- Intra-community supply of goods.
- International transport of passengers.
- Goods placed into free trade zones and free warehouses.
- Supplies of goods to a bonded warehouse, a VAT warehouse, and related services.
- Supplies of goods that are placed under suspensive customs regimes.
- Providing services in connection with goods placed under suspensive customs regimes or goods placed into free trade zones.
- Supplies of goods and services to diplomatic missions, international organisations, and NATO forces.

VAT registration

There is no obligation to register for VAT at the moment of incorporation, unless:

- The company exceeds the legal threshold of RON 300,000 (approximately €60,300).

or

- The company opts to apply VAT.

Tax periods

Tax periods are monthly if annual turnover is higher than RON 500,000 (approximately €100,000) or if intra-community acquisitions of goods have been performed.

Tax periods are quarterly if annual turnover is lower than RON 500,000 (approximately €100,000) or if intra-community acquisitions of goods have not been performed; note that they can be twice annually if prior approval of the tax authority is obtained.

VAT compliance

- VAT return (form 300). The submission date is the 25th of the month following the reporting period.
- Informative VAT return regarding intra-community transactions (form 390). The submission date is the 25th of the month following the reporting period. No return needs to be submitted if no transactions have been performed.
- Informative VAT declaration regarding local transactions (form 394). The submission date is the 30th of the month following the reporting period. No returns should be submitted if no transactions have been performed.
- Intrastat statement (only if the company exceeds the threshold of RON 1m (approximately €200,000) annually for Intra- Community transactions). The submission date is monthly, by the 15th of the month following the month when the movement of goods took place.

Romania’s tax system

VAT reimbursement

In a VAT recoverable position, VAT can be requested via a VAT return when the threshold of RON 5,000 (approximately €1,000) is exceeded.

Generally, the fiscal authority should settle the refund within 45 days. If a VAT refund is delayed by tax authorities, taxpayers are entitled to apply for late payment interest.

In case of a first VAT refund request, the VAT refund decision shall be issued only after a tax audit is completed.

VAT deduction right

Limitations

The right to deduct VAT is limited to 50% for expenses related to the acquisition, maintenance, and repair of vehicles (including leasing and rental) if the vehicles are not exclusively used for business purposes.

There is no right of VAT deduction for alcohol and tobacco products.

VAT adjustments

Input VAT adjustments related to capital goods should be made usually within the adjustment period for 20% or 5% of the input VAT deducted on the purchase/construction of goods, for each year when there is a change of purpose for which the goods are used. However, for cases where capital goods are supplied under VAT exemption, the adjustment should be made one-off for the full remaining adjustment period.

Invoicing

Invoices must be issued by the 15th of the month following the month when transactions are performed.





Other important aspects

E-invoicing in Romania

B2B E-invoicing was introduced in Romania on 1 January 2024, for taxable persons established in Romania as well as for non-residents that are VAT-registered in Romania.

E-invoicing is designed to digitalise the relationship between taxpayers and tax authorities, improve VAT collection rates, and minimise tax evasion.

Since 1 July 2024, the failure of the issuer to transmit the invoice to the national RO e-Invoicing system, as well as the receipt and registration by the recipients – taxable persons established in Romania – of an invoice issued outside the RO e-invoice system will result in a fine equal to 15% of the total value of the respective invoice.

Since 1 July 2024, companies could optionally submit B2C invoices through the RO e-invoicing system, however, the obligation became mandatory on 1 January 2025.

Private Virtual Space

From March 2022, all taxpayers in Romania have been obliged to enrol in the Virtual Private Space (hereinafter “VPS”), which is a free-of-charge electronic communication system developed by Romania’s tax authorities, to improve communication between tax authorities and taxpayers.

To enrol in the system, a digital certificate is required and a specific procedure is to be followed.

SAF-T reporting

The Standard Audit File for Tax (hereinafter SAF-T) is a standard for the electronic exchange of accounting data between tax authorities and taxpayers, to ensure transparency in operations carried out by taxpayers. Form 406 should be submitted in electronic format.

The obligation to submit Form 406 is established depending on the category of taxpayer, as follows:

- Large taxpayers - starting from 1 January 2022.
- Taxpayers who have been classified as large taxpayers starting from 1 January 2022 and who have not been large taxpayers before this date – starting from 1 July 2022.
- Medium taxpayers - starting from 1 January 2023.
- Small taxpayers - starting from 1 January 2025.
- Newly registered taxpayers - after the reference date for the category of the taxpayer in which they were registered, form 406 should be submitted on the last day of the month following the reporting period.

Romania's legislation stipulates a grace period for taxpayers, as follows:

- For monthly basis obligation of submission - up to 6 months for each category.
- For quarterly basis obligation of submission - 3 months for the first reporting.

This grace period is calculated from the last day of the reporting period, granted when the submission requirement becomes effective for the taxpayer.

E-transport in Romania

The RO e-Transport system is designed to monitor the local road transport of goods considered by Romania's tax authorities to have a high fiscal risk, as well as international transports of goods to and from Romania.

Examples of high fiscal risk goods are:

- Certain types of fruits and vegetables.
- Certain products of clothing and footwear.
- Certain beverages (NC 2201-2208).
- Mineral products (NC 2505, 2517).
- Metals (cast, iron and steel under NC 7213, 7214).

The RO e-Transport system tracks the transport of goods purchased and delivered within the community, imports, exports, and the transport of goods between two locations in Romania based on a unique ID number (UIT). The UIT code should accompany the transport during all movements on Romanian territory.

Road vehicles subject to monitoring in the RO e-Transport system are those with a maximum technically permissible mass of at least 2.5 tonnes loaded with high fiscal risk goods and with a total gross weight of more than 500 kg or a total value exceeding RON 10,000 (approximately €2,000).

The obligation to declare high fiscal risk goods to the RO e-Transport system is the responsibility of the following users:

- The recipient listed in the import customs declaration, respectively to the sender listed in the export customs declaration, in the case of goods with a high fiscal risk that are the subject of import or export operations.
- The beneficiary from Romania, in the case of intra-community acquisitions of goods with high fiscal risk.
- The Romanian supplier, in the case of internal transactions or intra-community deliveries of goods with high fiscal risk.
- The depositary, in the case of goods with a high fiscal risk that are the subject of intra-community transactions in transit, both for goods unloaded in Romania to store or for the formation of a new transport from one or more consignments of goods, as well as for goods loaded after storage or after the formation of a new transport in Romania from one or more loads of goods.

e-VAT

In place from 1 August 2024, the system provides taxpayers with pre-filled VAT returns and a Notification for compliance, with a 20-day legal deadline for a response.

The differences identified as well as the explanations provided by the taxpayer in response to the Notification, will be used by Romania's tax authorities to compute the taxpayer's risk analysis. Such consequences will be applicable as of 1 July 2025, when penalties will also be applied if explanations are not provided or only partially provided within the legal deadline. Furthermore, the e-VAT findings that are not properly explained are of relevance for the initiation of tax inspections by tax authorities.

Local taxes

Property taxes

Local tax on land

Anyone who owns land in Romania is subject to a land tax based on the land’s dimensions, location, and use.

Local tax on buildings owned by companies

- Residential buildings are taxed between 0.08% and 0.2%.
- Non-residential buildings are taxed between 0.2% and 1.3%.
- Buildings used in the agricultural businesses are taxed 0.4%
- The taxable value for non-residential buildings may be:
  - The most recent taxable value recorded by authorities.
  - The value included in the revaluation report prepared by a qualified real estate appraiser.
  - The final value of construction works, in the case of new buildings, built during the previous fiscal year.
  - The value of the building is included in the document regarding the transfer of ownership.

Additionally, the taxable value of a building held by a legal entity must be updated every five years by preparing a revaluation report by an authorised real estate appraiser. In case no revaluation is performed in the previous three years the tax rate will be increased to 5%.

Both land tax and building tax are due to be paid by the owner on 31 December of the previous year. Additionally, these taxes are paid annually, in two equal instalments, by 31 March and 30 September. A 10% discount is granted for the full payment performed by 31 March.

Special tax on high value assets

A special tax of 0.3% is applicable to:

- Individuals owning residential estate assets, with a taxable value higher than RON 2.5m (approximately €500,000). The tax is applicable on the amount exceeding the threshold.
- Individuals and legal entities owning cars licensed/registered in Romania, with an acquisition price above RON 375,000 (approximately €75,000). This tax is due for five years from the acquisition and is applicable on the amount exceeding the threshold.

Construction tax

- A tax of 1% is applied from 2025 on the value of buildings existing in the patrimony of the taxpayers as of 31 December of the previous year. The value of buildings for which local taxes are due is deducted from the value of constructions subject to construction tax.
- Construction tax is due by Romanian legal entities, permanent establishments and legal entities incorporated under EU legislation with a registered office in Romania.
- These provisions apply to the value of buildings in industrial, science and technology parks which are exempt from building tax. In the case of buildings owned by the statute or by administrative-territorial units, the tax is due by the taxpayers who have them in administration/concession/lease/rent.

Tax incentives

Corporate income tax discounts

Romanian taxpayers (including Permanent Establishments) can benefit from discounts ranging between 2% and 15%, depending on the net asset position as reflected in the annual financial statements.

The discount applies to the annual corporate income tax due, subject to the fulfilment of certain conditions related to their net asset position:

- Net assets must remain positive.
- The adjusted net asset position increases on an annual basis with the minimum percentage required by the new provisions.

Romania’s tax system

Please refer to the table below for the three categories of discounts, which can be cumulated, depending on the fulfilment of the applicable conditions:

Annual discount	Condition
2%	Positive net assetts
5-10%	Annual increase of the adjusted net asset between 5% – 25% or more
3%*	Annual increase of the adjusted net asset between 5% -20% or more, for each year during the period FY22 – FY25, compared to FY20

*This discount applies from 2022 for the increase of each year compared to FY20 and only if the increase meets the minimum requirement (please note that the minimum increase required varies from year to year).

The discount indicated above can be cumulated and is applicable until the end of the fiscal year 2025 – if the fiscal year is the same as the calendar year – or the modified fiscal year finishing in 2026.



Research & Development incentives

Romania’s tax legislation provides for tax incentives concerning R&D activities, applicable both at the company level and at the level of the employee.

The tax incentives applicable at the company level consist of:

- Uplift for corporate income tax deduction purposes of eligible R&D expenses, specifically an additional deduction of 50% of the eligible R&D expenses and/or accelerated depreciation for equipment and apparatus used in R&D activities.
- Full corporate income tax exemption for companies that carry out exclusively R&D activities in the first 10 years of activity (note that this regulation is awaiting approval from the EC and is presently inapplicable).

The tax incentive applicable for employees consists of a personal income tax exemption of 10% of the salary income earned.

A mandatory step for large taxpayers for the application of tax incentives is obtaining a certification on the nature of the R&D activities by a certified R&D expert included in an official Register.

Tax exemption for reinvested profits

Profit invested in technological equipment, assets used for production, processing and refurbishment, electronic computers and peripheral equipment, machines and household, control and invoicing devices, as well as in software produced and/or purchased, including based on financial leasing contracts, and commissioned or used to carry out economic activity, is exempt from tax.

Permanent establishment, branches and representative offices

Permanent establishment

A permanent establishment (PE) is a fixed place of business through which the activity of a non-resident is wholly or partially carried out either directly or through a dependent agent.

Although Romania is not currently part of the OECD, Romania’s tax legislation provides that the local conditions of assessing a PE are to be complemented by the Commentaries to Article 5 of the OECD Model Tax Convention.

A PE is not a legal entity in Romania and represents an entity solely from a fiscal perspective. The non-resident is liable to pay corporate income tax of 16% applicable to the profits generated by the PE. Additionally, tax legislation provides for all transactions/allocations between a parent entity and its PE to be performed in accordance with the arm’s length principle as detailed below.

Branch

A non-resident legal entity may set up a branch in Romania, operating in the same field as the parent company. The branch has the same legal personality as the parent company and will be subject to the corporate income tax regime.

Representative Office

A non-resident legal entity may establish a representative office in Romania that cannot carry out production, trade, or service activities.

The tax on representative offices is RON 18,000 (approximately €3,600) and is paid annually, by the last day of February of the tax year.

Transfer pricing in Romania

Transactions between related parties are subject to transfer pricing regulations in Romania.

Affiliation between companies is determined based on direct or indirect ownership as well as economic control. Affiliation also applies between individuals, or between individuals and companies.

Romania applies the arm’s length principle, requiring related parties to set the price and terms of their transactions at market value. Transfer pricing rules apply to both domestic and cross-border transactions. Deviation from the arm’s length principle enables tax authorities to adjust prices impacting the corporate tax liability of the local companies. In certain cases, adjustments will also have VAT implications.

Romania’s tax system

Local companies doing business with related parties must prepare a local transfer pricing file, provided the value of the transactions is higher than the following minimum materiality thresholds:

- €100,000, for purchases/sales of tangible or intangible goods.
- €50,000, for services received/rendered.
- €50,000, for interest received/paid for financial services.

Failure to provide the file during a tax inspection will result in penalties, but more importantly, it will give tax authorities the possibility of adjusting prices based on a simplified procedure.

Investors should consider local transfer pricing rules when establishing pricing and terms between Romanian entities and related parties. Overall, the local entity should generate an adequate share of profit considering the functions performed, risks undertaken and assets employed in its business activity.

Since 2024, the Republic of Moldova has also applied transfer pricing regulations in line with OECD guidelines.

Public Country-by-Country Reporting

In September 2022, Romania became the first EU state to transpose the EU Directive 2021/2101 on Public Country-by-Country Reporting (Public CbCR) into domestic law, through Order no. 2048/2022 which was further amended in 2023 by Order no. 1730/2023.

Public CbCR requires both EU and non-EU headquartered multinational groups, with annual consolidated revenue exceeding *€747.5 m for the last two consecutive financial years, to publicly report income tax information (*the Romanian equivalent is RON 3.7 bn according to the Romanian Public CbCR legislation).

Public CbCR obligations

The Romanian legislation follows the general rule set forth in EU Directive 2021/2101 on Public CbCR, whereby the publication obligation lies with the EU parent.

Romanian medium-sized and large subsidiaries, including branches, controlled by an ultimate parent entity that is not governed by the legislation of an EU member state are subject to Public CbCR obligations in Romania. This means that Public CbCR obligations are applicable only to Romanian medium-sized and large subsidiaries, including branches, controlled by a non-EU ultimate parent entity.

An entity’s statutory audit report must state whether for the financial year preceding the audited financial year, the Romanian entity was required to publish the Public CbC report.

Publication timeframe

The publication deadline is 12 months after the end date of the group’s consolidated financial statements. This means 31 December 2025 for in scope groups with December-end 2024 reporting year.

Non-public Country-by-Country Reporting

Country-by-Country obligations are applicable in Romania as transposed from EU Directive (EU) 2016/881 in the Romanian tax legislation.

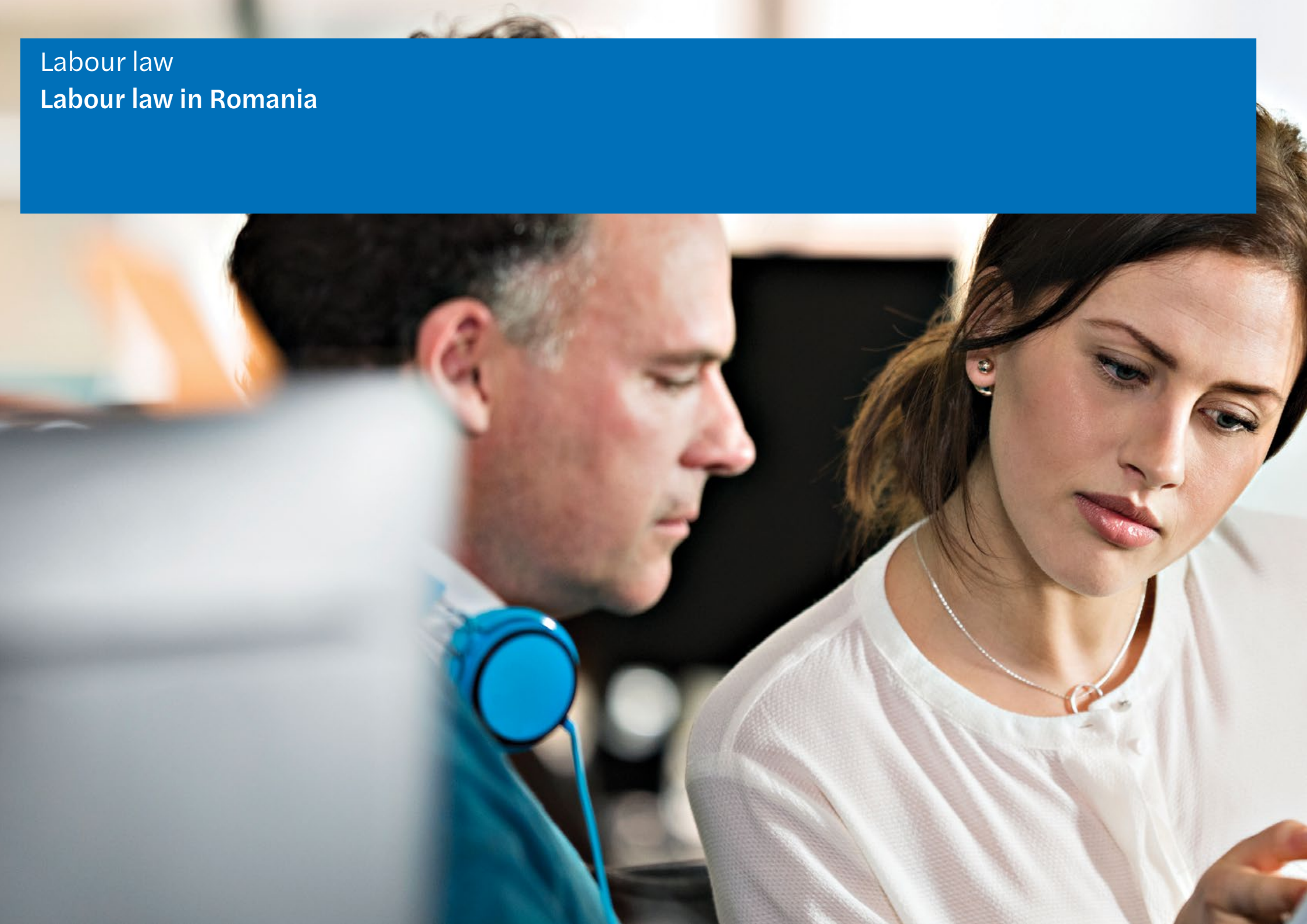
Failure to submit the CbC report (Form R404) can be subject to penalties ranging from €14,000 to €20,000 per FY, pursuant to the Romanian tax legislation.

CbCR obligations are applicable to groups with a consolidated revenue which exceeds €750 million during the fiscal year immediately preceding the reporting fiscal year.

There are two types of potential non-public CbCR obligations in Romania, depending on where the group CbC report is submitted by the group, namely in an EU Member State or outside the EU.

Labour law

Labour law in Romania





General rule quotas due for salary rights, by the employee/employer

Taxes due by the employee:

- Social security (pension): 25%
- Health insurance: 10%
- Income tax: 10%

Taxes due by the employer:

- Insurance contribution for work: 2.25%.
- Disability fund: 4% of the average number of employees' minimum gross salary (due if the average number of employees is at least 50). Alternatively, the employer can hire an equivalent number of persons with disabilities. Furthermore, the employer can purchase products/ services from protected units, as per the provisions stipulated by the law.
- Social contribution: 4% or 8% due to working conditions.

Employees exempted from paying individual social contributions at a minimum gross wage level are:

- Students under 26 years old.
- Employees with disabilities or other individuals allowed by law to work less than 8 hours a day.
- Retired individuals.
- Employees earning salaries from two or more individual employment contracts during the same month and whose cumulative monthly calculation base is at least equal to the gross minimum wage.

Fiscal facilities apply for R&D.

Minimum wage in Romania and economic conditions applicable to determine the salary of an employee

- The employer must establish for each employee at least the minimum gross salary required in Romania, which as of 1 January 2025 is RON 4,050, based on a normal working schedule of 8 hours per day, 40 hours per week.
- The minimum gross salary applied in the construction sector, as of 1 January 2025, is RON 4,582 for a full-time employment contract.

Payments between residents are to be performed in RON.

Employers may grant benefits including, but not limited to, meal vouchers, voluntary pensions, and medical insurance.

When hiring

A written employment agreement is mandatory between the employer and the employee. Further, the employer shall ensure the registration of the employment agreement and other agreements deriving from it (including addenda, and decisions) with the Territorial Labour Inspectorate through the General Register of Employees.

Parties may choose to use the advanced electronic signature or the qualified electronic signature for concluding, amending, suspending, or terminating an individual employment contract. The general rule is that the parties must use the same type of signature, namely the handwritten signature or the electronic signature.

The employer cannot oblige the selected person for employment or, as the case may be, the employee to use the advanced electronic signature or the qualified electronic signature.

According to the legislation, employment contracts must be concluded in Romanian. In practice, the use of a bilingual employment contract is agreed upon, but in case of inconsistencies between the Romanian version and the English version, the Romanian version shall prevail.

Occupational medicine and health and safety at work

Before an employee begins employment, the employer is obliged to obtain proof that the future employee is able to work; this proof must be obtained from an occupational physician. If the employer does not comply with this provision, the employment contract might be considered void.

Employers are also responsible for providing training to employees on health and safety at work.

Employee Handbook / Internal regulation document

This mandatory document establishes the rules that must be observed by the employer and employees. The document must be drawn up by the employer and brought to the attention of employees during their first day of employment. This may be done on paper or in electronic format.

Although Romania's Labour Code regulates relations between employer and employee, an internal regulation is necessary because it contains the specific rules and procedures to be followed within the company, that the Labour Code cannot include.

Collective labour agreement

Collective bargaining for the conclusion of a collective labour agreement is mandatory for all employers with at least ten employees. The initiative to negotiate a collective labour agreement can belong to any of the parties (employer or employees' representatives/union organisations).

If the parties (company and employees' representatives) agree upon the negotiated clauses, a collective labour agreement is to be prepared and registered with the Territorial Labour Inspectorate. The collective labour agreement can only be concluded for a fixed period, between 12 and 24 months, and can only be extended by mutual agreement, once, for a maximum of 12 months.

Anti-harassment policy

From April 2024, employers must implement a structured approach to preventing and combating workplace harassment, including the development of a formal guide and an internal anti-harassment policy.

Government Decision no. 970/2023 provides clear guidelines on workplace harassment, ensuring employers understand their responsibilities while offering clearly understood tools for prevention and resolution.



Public holidays in Romania for 2025 and 2026

Holiday	2025	2026
New Year	1 January (Wednesday)	1 January (Thursday)
New Year	2 January (Thursday)	2 January (Friday)
Epiphany	6 January (Monday)	6 January (Tuesday)
St. John the Baptist	7 January (Tuesday)	7 January (Wednesday)
Romanian Principalities Unification Day	24 January (Friday)	24 January (Saturday)
Holy Friday	18 April (Friday)	10 April (Friday)
Orthodox Easter	20 April (Sunday)	12 April (Sunday)
Orthodox Easter	21 April (Monday)	13 April (Monday)
Labour Day	1 May (Thursday)	1 May (Friday)
International Children's Day	1 June (Sunday)	1 June (Monday)
Orthodox Pentecost	8 June (Sunday)	24 May (Sunday)
Orthodox Pentecost	9 June (Monday)	25 May (Monday)
Assumption of the Virgin Mary	15 August (Friday)	15 August (Saturday)
St. Andrew's Day	30 November (Sunday)	30 November (Monday)
National Day of Romania	1 December (Monday)	1 December (Tuesday)
Christmas Day	25 December (Thursday)	25 December (Friday)
Boxing Day	26 December (Friday)	26 December (Saturday)

+2 days for each of the 3 annual religious holidays, thus declared by authorised religions other than Christianity, for adherents.



Accounting regulations and audit requirements
Points to be considered

The main normative act that regulates Romania's accounting system is the Accounting Law No. 82/1991, and its subsequent amendments.

The Romanian Accounting Law applies to several types of entities and is supplemented by the following accounting regulations:

- M.O.F 1802/2014 regarding Romanian Accounting Standards (hereinafter "RAS") harmonised with EU Directives, for entities whose securities are not admitted for trading on a regulated market.
- M.O.F. 2844/2016 regarding accounting regulations compliant with International Financial Reporting Standards.
- M.O.F. 3103/2017 applicable to non-profit organisations or associations.
- M.O.F. 170/2015 regarding a cash-based accounting system (single entry accounting), applicable to natural persons or associations subject to income tax.

Accounting regulations which are specific to entities active in certain sectors are clarified, and issued by relevant institutions, with the approval of the Ministry of Public Finance. For example, credit institutions or non-banking financial institutions are monitored and regulated by the National Bank of Romania (BNR). Insurance companies and pension funds are monitored and regulated by the Financial Supervision Authority (ASF).

Accounting regulations and audit requirements

Entities applying RAS*	Entities applying IFRS
Limited liability/Share based companies incorporated according to the Companies Law 31/1990	Companies authorised to trade on a regulated market
National companies	Some entities which have Romania's government as the main shareholder
Entities organised as Regii Autonome – RA	Banks
National research and development institutes	Some entities regulated by ASF
Cooperatives	
Branches/Permanent establishments registered in Romania	
Foreign branches of Romanian entities	
Economic interest groups	
Foreign legal entities with their place of effective management in Romania	

*Under the main condition that their securities are not admitted for trading on a regulated market

Romania's accounting framework sets out the regulations and principles that must be followed in general by all entities. Briefly, these specify that:

- Accounting records must be kept in the Romanian language and the national currency (RON).
- Accounting records for transactions in foreign currencies are kept both in national and foreign currencies.
- Directors / legal representatives of the entity (in Romanian, "administrator") are legally responsible for organising and managing the entity's accounting records.
- Accounting is organised in distinct departments, managed by the economic director, the chief accountant or another person authorised to perform this function. These persons must have bachelor's degrees in economics. A person authorised to perform the function of economic director or chief accountant is a person employed according to the law, having obtained qualifications through economic studies and who undertakes the responsibility regarding the management of the entity's accounting.
- Accounting may be outsourced to natural or legal persons, authorised according to the law, members of the Body of Certified Accountants and Authorised Accountants of Romania (CECCAR).
- There is a legal responsibility attributed to the accountant (either a qualified individual or an authorised, licensed company) regarding applying relevant accounting standards.
- The annual financial statements must be signed by the legal representative together with the economic director, chief accountant, or another authorised individual who is employed according to the law and qualified to perform this function, or by a licensed company CECCAR member, in case the function is outsourced.
- Compliance with the specific accounting regulations must be ensured.
- Management accounting is also mandatory for entities acting in certain industry sectors and for which cost calculation is required (the manufacturing sector is an example).
- A standard chart of accounts must be used, with the possibility of customisation depending on the entity's needs.
- Each entity must develop an accounting policy manual and prepare inventory procedures.
- Supporting documents used for booking transactions in accounting records must satisfy compliance requirements according to M.O.F. 2364/2018 regarding financial accounting documents. From 2024, the e-Invoice system became mandatory in Romania for all Romanian entities in relation to all B2B and B2C transactions. The e-Invoice (an archive containing an .xml and bearing the electronic seal of the Romanian tax authorities) serves as a justifying document for accounting purposes.

Accounting regulations and audit requirements

From an operational point of view and in close relation to the accounting, the entity must also observe and comply with various specific regulations, such as:

- BNR regulations, restricting transactions in foreign currencies between residents.
- Reporting requested by the National Institute of Statistics.
- Multiple tax regulations which should be reflected in the accounting records as well (VAT cash accounting system, payroll taxes by category, corporate income tax at the level of the minimum turnover tax).
- Regulations regarding the prevention and fight against money laundering.

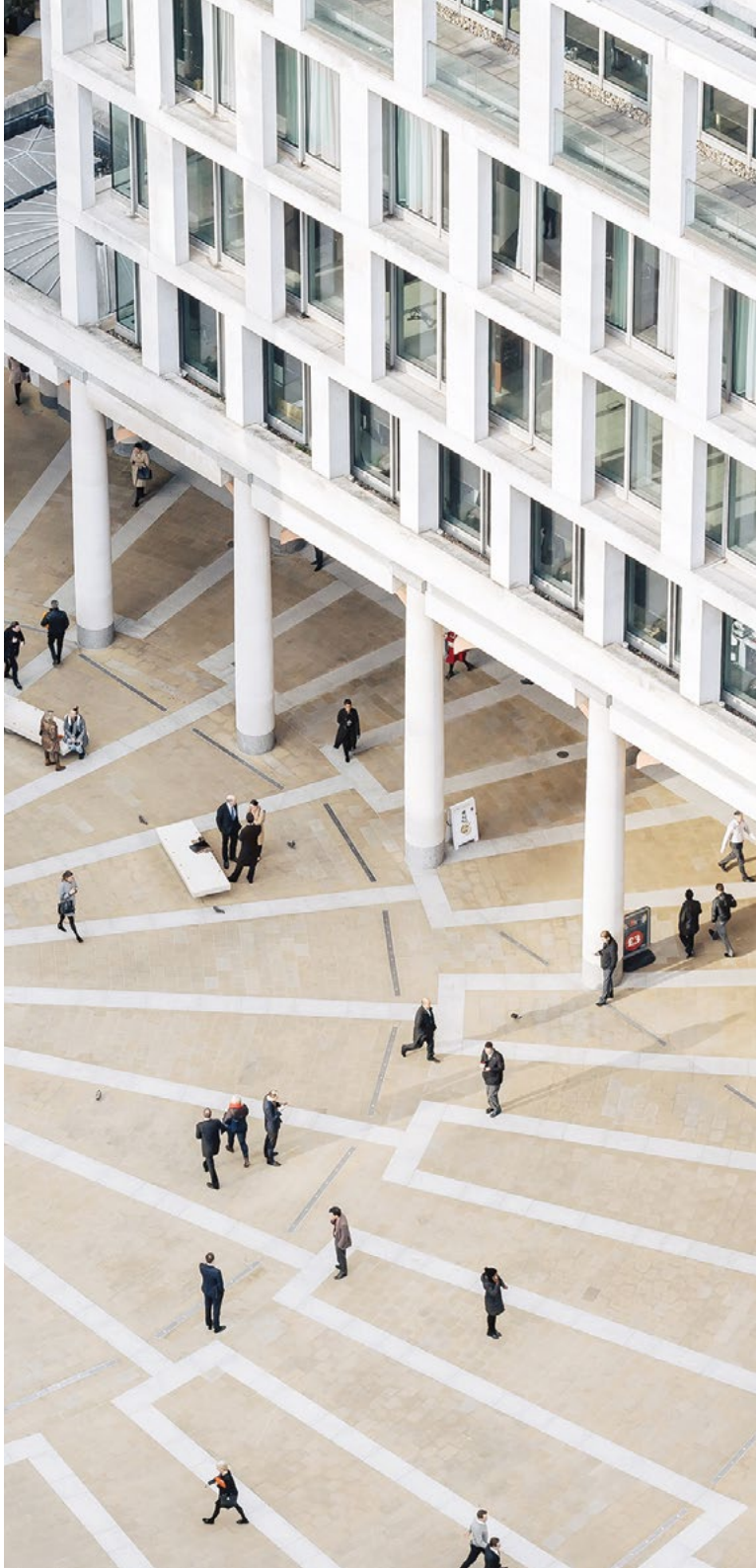
Entities applying the double entry accounting method must prepare the following main accounting ledgers/ registers:

- Trial balance
- General ledger
- Purchase ledger
- Sales ledger
- Fixed assets register
- Cash register
- Stocks register
- Inventory register

Due to increased standardisation and reporting requirements, it is highly recommended that entities use a localised IT solution compliant with Romanian accounting and tax regulations. Electronic archiving is also regulated and permitted.

Entities using IT systems for automatic data processing are obligated to store data recorded in the accounting records for a period of five years. For the same period, the mandatory accounting registers and the supporting documents that served as the basis for the accounting entries must also be kept.

The 5-year period is calculated from 1 July of the year following the end of the financial year in which they were prepared.



Accounting regulations and audit requirements

Financial statements

Financial statements are prepared on an annual basis and the format, content and disclosure notes depend on the specific size classification of the entity, according to M.O.F. 1802/2014.

Category	Criteria to fulfil	Total Assets	Turnover	Average number of employees
Microenterprise	Two out of three individual key indicators do not exceed the thresholds in two consecutive financial years.	RON 2.25m	RON 4.5m	10
Small entity	Are not microenterprises and two out of three individual key indicators do not exceed the thresholds in two consecutive financial years.	RON 25m	RON 50m	50
Medium and large entity	Two out of three individual key indicators exceed the thresholds in two consecutive financial years.	RON 25m	RON 50m	50

Recently there has been an increase in focus on transactions carried out with related parties. The format of financial statements requires a separate presentation of the balances and movements with related parties, as reflected in the accounting evidence.

The full set of annual financial statements comprise:

- Balance sheet
- Profit and loss account
- Disclosure notes*
- Cash flow statement**
- Changes in equity statement**

*Microenterprises must prepare a simplified version as disclosure notes containing minimum reporting requirements.

** Cash flow statement and changes in equity statement are mandatory for medium and large entities, and optional for other entities.

Additionally, annual financial statements must be submitted to the National Agency of Fiscal Administration together with the board of directors' report containing the current year's activity of the entity, its financial position, a description of the main risks and uncertainties facing the entity and disclosure of financial and nonfinancial ratios.

Furthermore, in accordance with the update of OMFP 1802/2014 on 24 January 2024, which is replacing the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on Corporate Sustainability Reporting (CSRD), companies classified as a public interest entity (PIE) with more than 500 employees are required to include in the board of directors' report in the Sustainability Statements prepared in accordance with the European Sustainability Reporting Standards (ESRS).

The content of the report is regulated and audited when required. Non-profit organisations or associations are required to prepare and submit a statement detailing the amounts received in the form of subsidies and sponsorships.

Financial statements are subject to annual approval by shareholders and are submitted to tax authorities. For companies obliged to organise a statutory audit, financial statements must be submitted with the audit report. Additionally, companies subject to statutory audit should also organise an internal audit (either in-house or externalised) coordinated by a registered auditor.

From 2025, financial statements can only be submitted in electronic format.

The deadline for submission of the annual financial statements is the following:

- 31 May, for private companies, national companies, entities organised as "Regii Autonome" and research and development institutes.
- 30 April, for other entities.
- Within 60 days from the end of the financial year, for entities with no activity during the year, as well as those undergoing liquidation.
- If these dates are non-business days, the last reporting day is the next business day.

Accounting regulations and audit requirements

Usually, annual financial statements are prepared at calendar year-end, 31 December. Entities can select another financial year, different from the calendar year, based on a notification submitted to the tax authorities at least 30 days before the beginning of the modified financial year or not later than 30 calendar days after incorporation. In such cases, annual financial statements are prepared for the modified financial year, but a simplified version of the financial reports as of 31 December is also required. Entities that have opted for a fiscal year other than the calendar year will have 120 or 150 days until the filing deadline, depending on the type of entity, to submit the annual financial statements for the chosen financial year. The count begins with the day following the end date of the chosen fiscal year.

Half-year financial reports as of 30 June are also required for entities exceeding a turnover of RON 5m (approximately €1m) in the previous financial year.

Certain groups are required to prepare and submit consolidated financial statements. Consolidation is required for large groups and for small and medium groups (only if one entity under the consolidation perimeter is a public interest entity).

Category	Criteria to fulfil	Total Assets	Turnover	Average number of employees
Small and Medium Group	Subsidiaries and parent company do not exceed two criteria for two consecutive years.	RON 125m (€25m)	RON 250m (€50m)	250
Large Group	Subsidiaries and parent company exceed at least two criteria for two consecutive years.	RON 125m (€25m)	RON 250m (€50m)	250

The parent company is not required to prepare consolidated financial statements if two of the following three criteria are not exceeded, based on the consolidated figures of the parent company and subsidiaries for the most recent financial year:

- Total assets: €25m
- Net turnover: €50m
- Average number of employees: 250

Audit environment and audit requirements

A statutory audit is mandatory for public interest entities – PIEs – and is also required for all companies exceeding, in two consecutive years, two of the following three criteria:

- Total assets in excess of €3.65m.
- Turnover in excess of €7.3m.
- Over 50 employees on average.

In Romania, PIEs include listed companies, banks, insurance, non-banking financial institutions – "IFN"s (including leasing companies, and entities offering consumer loans), pension funds and pension fund managers, state-owned companies, as well as other categories of entities specifically mentioned in the local legislation.

Annual financial statements and the related audit report (where an audit report is required for statutory purposes) should usually be filed no later than 31 May for each relevant financial year, though some entities may need to report earlier, depending on the specific requirements of some regulatory authorities.

From the audit of the financial statements prepared as at 31 December 2024, the financial auditor must analyse whether, for the financial year prior to the financial year for which the financial statements that are subject of the audit were prepared, the entities had the obligation, pursuant to articles 5923-5928 of the Accounting

Regulations approved by OMFP 1802/2014, to publish a report on the information related to income tax and, if

so, if the report was published in accordance with article 59212 of the Accounting Regulations approved by OMFP 1802/2014.

In addition, in accordance with the update of the OMFP 1802/2014 of 24 January 2024, article 5634, companies classified as PIE are required to obtain a separate limited assurance report in accordance with ISAE (International Standard on Assurance Engagements) 3000 (revised) for their Sustainability Statements.

The professional body for audit activities is the Chamber of Financial Auditors of Romania (CAFR), and the oversight body that supervises activities of auditors and the statutory audit market is the Authority for Public Supervision of the Statutory Audit Activity (ASPAAS). Both external and internal auditors need to be licensed by CAFR, while for carrying out external statutory audits, individuals and audit firms need to be authorised by ASPAAS and receive an annual endorsement from the oversight authority.

Auditors of entities regulated by the Financial Supervisory Authority (ASF) need to be authorised by ASF, while auditors of banks need to notify and be approved by the BNR.

Auditors active in Romania include a variety of member firms of international audit and accounting networks, local audit firms and sole practitioners.

The International Standards on Auditing (ISA) have been fully adopted by local authorities.

The EU Audit Directive 2014/56/CE has been transposed into Romanian legislation in July 2017, when Law 162/2017 was published.

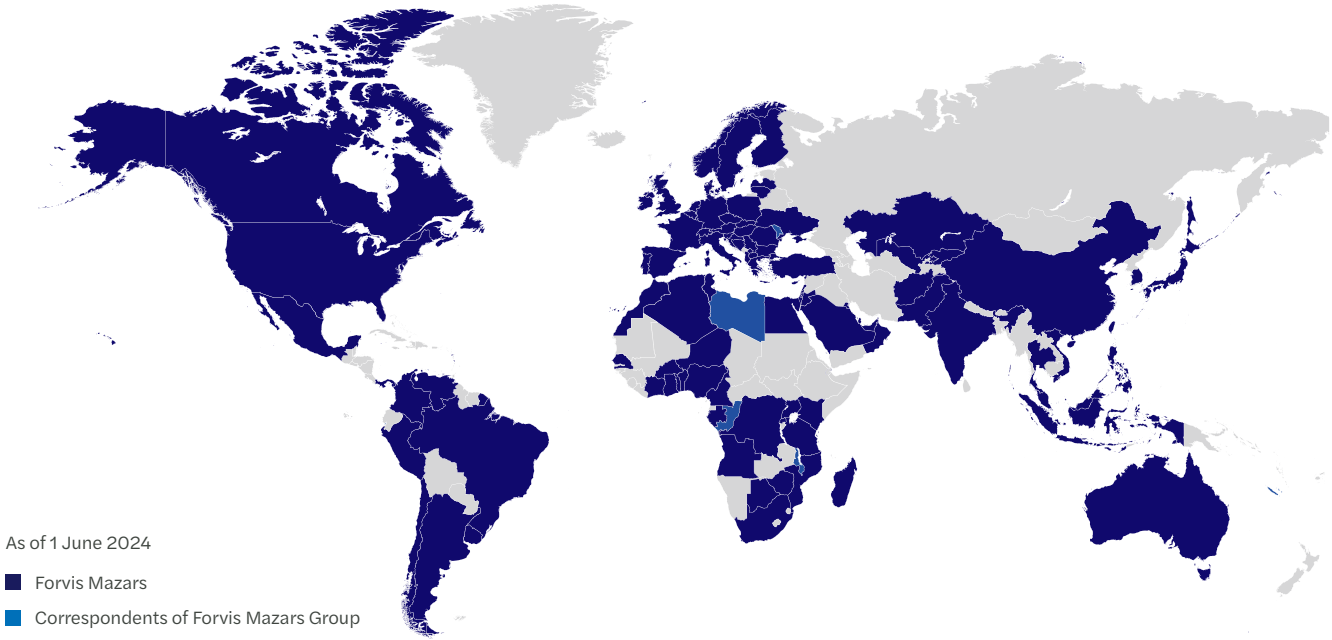


Forvis Mazars in Romania

What can we do for you?



Forvis Mazars in Romania



We are an international audit, tax and advisory firm committed to helping our clients confidently build and grow their businesses. We always seek to understand our clients and their environments, adjusting our recommendations and support accordingly.

In Romania, Forvis Mazars has 30 years of experience in audit, tax, financial advisory, consulting, sustainability, accounting and HR and payroll services. The local team comprises 370 professionals.

Empowered professionals

We help our people develop the highest levels of technical excellence, as we consider that the key to our success is developing their knowledge, skills, confidence, and experience. Therefore, our professionals hold some of the most important certifications for our industry, such as ACCA, CFA, CPA, CISA, and many more. We encourage a pioneering spirit. We respect and reflect the full range of perspectives, cultures, and understanding of our people. This makes our work stronger.

Forvis Mazars is a leading global professional services network operating under a single brand with just two members: Forvis Mazars, LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories.

Both members share a commitment to providing an unmatched client experience, delivering audit & assurance, tax, advisory and consulting services across the globe.

Forvis Mazars in Romania

Agility at scale

We have the scale, capacity, and coverage to support our clients across the globe. We collaborate seamlessly across our sectors, services, and geographies to deliver consistent quality to our clients worldwide. For this reason, our company is technology-driven. We are working with digital solutions to enhance our clients' experiences, such as Signals, our digital collaboration platform, SAF-T reporting tool, our solution to stay compliant with the new fiscal regulations, Atlas, our global audit platform designed to share knowledge and best practices, and enable the delivery of seamless, integrated audits with multidirectional interaction between teams, as well as many tools for automated accounting processes.

Deeper understanding

We are committed to delivering an unmatched client experience. One that feels right, personal, easy, and natural to every client.

In Romania, we host a centre of excellence, which supports our global payroll and compliance practice, with the help of two digital platforms, bringing our customers state-of-the-art technology innovation to help optimise their payroll and compliance operations: PayWorld and InControl.

Our local teams combine cultural awareness and understanding with a global perspective. Among other local initiatives and expertise, we mention the SAP Hub, IFRS Desk, ESEF reporting, IT audit and advisory, and cybersecurity

Bold foresight

We constantly look ahead and anticipate how we can better serve our clients. We welcome new challenges and are unafraid to act when we believe it is the right and responsible thing to do.

We take long-term decisions: managing our firms for the sustained success of our clients and the benefit of future generations. We feel a duty and responsibility to uphold the integrity of our profession and help move it forward.

We are accountable for our actions: we serve the public interest, doing what is right for our clients and society, by focusing on four pillars:

- Diversity and inclusion (women make up 64% of the Romanian leadership team that drives our 2025 strategic plan).
- Humanitarian initiatives (we have reached over 500 beneficiaries through our CSR initiatives).
- Educational projects (over 100 colleagues participated in our first Forvis Mazars Community Day, donating, collectively, over 800 working hours to volunteering in the renovation of a school, with another 130 hours dedicated to our Sustainability Foundation course).
- Environmental impact (we are focusing on recycling and upcycling, by donating clothes and toys, fully equipped laptops, and by organising sustainable DIY deco workshops).



Sources

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Contacts

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