



**10 Advantages that
a foreigner must
know when he
wants to open a
company (SRL) in
Romania.**

2019-2020

10 Advantages that a foreigner must know when he wants to open a company (SRL) in Romania.

Any SRL registered in Romania is recognized throughout the European Union and can conduct business in the European community and beyond.

Citizens from other states benefit in the good sense from the fact that Romania offers many advantages for doing business, due to the low costs and cheap labor, so that up to 300,000 Romanian companies registered with shareholders of other nationality are registered so far.

Then, one of the reasons why it is good for a foreign citizen to open his company in Romania is the one related to the wages in our country, the average income in our country is 400 euros.

1. CIT

Corporate Income Tax (CIT): 16%*

*Taxpayers that are carrying on activities such as gambling and nightclubs are subjects of either 5% rate of the earned revenue or 16% of the taxable profit, depending on which is higher.

2. MICRO-ENTERPRISE TAX RATES

Companies are liable to pay the micro-enterprise tax (instead of corporate tax) provided that:

- Revenues in the previous tax year were below EUR 1,000,000;
- Companies have the possibility to opt to be corporate income taxpayers if their share capital is higher than RON 45,000 and have at least 2 employees;

The micro-enterprise tax is computed as follows:

- 1% for micro-enterprises with at least one employee*
- 3% for micro-enterprises with no employees

More info mail frjacobs@telenet.be

3. WITHHOLDING TAX RATE



WHT rates in relation to non-resident companies are:

- 1% for revenues obtained from gambling activities
- 5% for revenues obtained from dividends
- 50% for payments made by a Romanian company to non-resident company bank accounts (opened in countries that do not have an information exchange agreement concluded with Romania) and only if such payments result from artificial transactions
- 16% in case of any other revenues from Romania

4. VAT



STANDARD VAT

The standard VAT rate in Romania: 19%

REDUCED VAT

A reduced rate of 9% applies to water supply services, food & beverage industry, medical treatments, and prosthesis, etc.

An extra-reduced 5% applies to supplies of social housing under certain conditions and to school books, newspapers, magazines, admission fees to castles, museums, sports events, cinemas, etc.

5. INTRA –COMMUNITY VAT DEDUCTIONS



Access to intra-Community VAT deductions

Another advantage is that the company registered in Romania can become a VAT payer. The advantage of this option is that so the SRL registered in Romania can receive local VAT deductions, but also for intra-Community VAT.

More info mail frjacobs@telenet.be

6. PERSONAL INCOME TAX



Personal Income Tax: 10%*

* IT specialists, employees with disabilities and employees who work in Research and Development (R&D) or Technological Development field are exempted under certain conditions.

7. SOCIAL CONTRIBUTIONS OWED BY THE EMPLOYEE



Social contributions owed by the Employee: 45%

8. SOCIAL CONTRIBUTIONS OWED BY COMPANIES



Social contributions owed by Companies in Romania: 2,25%

9. TAX LOSSES



Losses may be set off against the same types of income:

- Losses that cannot be set off may be carried forward;
- Tax losses may be carried forward for a 7-year period (no carryback is allowed);

10. TAX FOR BUILDINGS OWED BY COMPANIES



- 0.08% – 0.2% of the buildings' tax value for residential buildings;
- 0.2% – 1.3% of the buildings' tax value for non-residential buildings;

Building tax is paid annually in two equal installments. The tax is due for the entire tax year by the person who owns the building as of December 31st of the prior tax year.

More info mail frjacobs@telenet.be