

Romania VAT guide

This guide is an overview of Romania's Value Added Tax ("VAT") system, focussed on how it affects foreign businesses trading with Romania. It is general in nature and unlikely to cover the specifics of your scenario. It should be read as such and not be construed as advice. For advice as to how your business is affected by Romania VAT please contact a Kreston Global Romania VAT specialist.



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What is the tax called

VAT – Value Added Tax

What is the tax authority

National Agency for Fiscal Administration (ANAF)

What type of tax is it

Consumption based tax on consumers, on business transactions and imports

What is it due on

Taxable turnover - VAT is added to the value of supplies of goods and services where the 'place of supply' is Romania

What are the VAT rates

Taxable:

- 19% - default (standard) rate
- 9% – reduced rate
- 5% - zero rate

Exempt:

Exemptions for specific services/goods
9% – reduced rate eg

- Medicines
- Food
- Hotel accommodation and similar
- Agricultural inputs
- Water supply and sewage services
- Restaurant except alcohol
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5% - reduced rate eg

- Books
- Entrance fee to museums and events
- Organic food
- Solar panels and ecofriendly heating systems
- Heating supply for population and public facilities in the cold season

- Leisure passenger transport
- Houses – subject to limitations (value less than EUR 120,000, area less than 120 sqm, sold to individuals)

Exempt from VAT eg

- Finance
- Insurance
- Real estate – old houses, agricultural land (optional)
- Hospitalization
- Dentistry
- Education by eligible bodies

What does a VAT number look like

RO 8025280

Is there a registration limit

For Romanian established businesses – EUR 60,000
For non-Romanian established businesses – NIL

When does a non-established entity need to register

If it imports into or trades goods in Romania or if the place of supply of services is deemed to be Romania, unless the buyer is considered the person in charge to paying the tax.

When is the place of supply in the Romania

A supply of goods that takes place in Romania. Also, special rules for services, no matter where the supplier belongs, such as:

- B2B services (to Romanian businesses)
- Land and property related
- Digital, telecommunications and broadcasting
- Services, including admissions, linked to physical performance, including artistic, cultural, educational, sporting, entertainment, exhibition and conferences/meetings
- Restaurant and catering
- B2C intermediary services
- Hire of means of transport
- Passenger and freight transport

Any special rules

- Electronically supplied services and distance sales – subject to OSS Scheme
- Supply of Second hand goods
- Services provided by travel agents
- Supply of Investment gold, art, antiques

Does a non-established entity need a fiscal representative

Fiscal representation is not required for EU companies.
Fiscal representation is required for non EU companies. The representative must accept joint responsibility for the payment of the tax.

How often do VAT returns need to be submitted
Are penalties imposed for late registration

Monthly, or quarterly for small business (yearly taxable sales below EUR 100,000)
Yes – up to 5 years – the unpaid tax is due plus a % penalty (0.03% per day standard + 0 - 0.08 per day depending if the registration and the VAT returns are submitted following the taxpayer initiative or as a result of the authorities' findings. The 0.08% per day may be reduced to quarter if paid immediately. Failing to submit the VAT return when due is subject to 100 Euros fine.

Are penalties imposed in other circumstances

- Late payment: 0.03% per day
- Penalty for declaring a smaller amount – 0.08% per day (reduced to a quarter if paid immediately)
- Fines for various VAT returns (regular VAT return - EUR 100 Euros, domestic list of transactions up to EUR 1,000, EU VAT return - EUR 100)

Can VAT incurred by overseas businesses be recovered

Where a non-Romanian established entity incurs VAT in Romania whilst on business, such as in attending a conference, provided there is no registration requirement in Romania. Rules are different for EU and non EU entities.

Can VAT be deducted

VAT incurred on expenditure can be reclaimed where it is used in connection with 'taxable' sales (VAT subject sales, export, B2B services taxable in another country, intercommunity sales). Formal requirements are added.

VAT on expenditure used in connection with exempt supplies cannot usually be reclaimed.

Do I need to issue an invoice

Invoices must be raised except:

- Sales made by shops if an electronic receipt is issued.
- Access to museums, theatres, sport events. There are specific requirements for what is included on VAT invoices. Invoices may be raised in foreign currency but the VAT amount must be quoted in local currency (RON).

Other

Reverse charge is applicable for domestic transactions such as: real estate if taxable, cereals, wood, some electronics