

Tax Flash April 2025

Amendments regarding Construction Tax

We would like to remind you that, starting from January 2025, a construction tax was introduced under GEO no. 156/2024.

Subsequently, through GEO no. 21/2025, the construction tax was amended and supplemented. Among the most important changes, we note the following:

1. Amendment of the tax rate and tax base for constructions

The initial rate of 1%, applicable to the value of constructions for which no building tax is due, has been replaced with two differentiated rates, as follows:

- 0.5% – applicable to the net value of constructions held in the taxpayer's assets as at 31 December of the previous year (or the last day of the modified fiscal year preceding the year for which the construction tax is due); and
- 0.25% – applicable to the value of constructions subject to contracts, agreements, or other legal instruments granting rights of administration, concession, free use, or lease, in the case of constructions belonging to the public or private domain of the state or local authorities, as at the same reference date.

2. Definition of the net value of constructions: the net value of constructions is defined as the debit balance of the accounting accounts corresponding to constructions, minus the accumulated accounting depreciation. It is important to note that impairment adjustments are not deducted when calculating this value.

3. Explicit exclusions from the construction tax:

- Constructions located within Romania's territorial sea are excluded from the scope of the construction tax. Only constructions located on Romanian territory, as defined by the national border, are taken into account.
- No construction tax is due for constructions that are exempt from local building tax, according to Article 456 of the Fiscal Code.
- Investments made by taxpayers in constructions used based on contracts, agreements, or other legal instruments granting rights of administration, concession, free use, or lease — or, where applicable, based on lease agreements, management contracts, joint ventures, or similar arrangements — are not subject to the construction tax if, by 31 December of the previous year (or the last day of the modified fiscal year preceding the year for which the tax is due), those investments have not materialized into constructions as defined under Article 497 of the Fiscal Code.

4. Rules for newly established or dissolved taxpayers: clear mechanisms have been introduced to recalculate the construction tax proportionally to the period during which the taxpayer existed in the relevant fiscal year. In addition, explicit rules have been established for determining the tax due by newly established entities.

5. Bonus for early payment of the construction tax: taxpayers who declare and pay the annual construction tax in advance are eligible for a 10% bonus on the tax amount, provided that the payment is made:

- by 25 May, inclusive, of the year for which the tax is due; or
- by the 25th day of the fifth month, inclusive, in the case of taxpayers with a modified fiscal year.

Source: Emergency Ordinance no. 21/2025 for amending and supplementing Title X of Law no. 227/2015 on the Fiscal Code, as well as for amending and supplementing certain other legislative acts, published on April 4, 2025.

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