OWNER'S GUIDE

Romanian Tax & Regulations for Property Owners

What foreign owners of Romanian residential property need to know about VAT, rental income tax, health contributions, and the fiscal reforms of 2025–2026 — in plain language.

Updated for the 2025–2026 fiscal framework

21%	~8%	1–3%
STANDARD VAT FROM AUG 2025	EFFECTIVE LONG-TERM RENTAL TAX	TAX ON SALE OF PROPERTY

How to use this guide

Romania overhauled several parts of its tax code in 2025, with further changes taking effect in January 2026. This guide summarises the rules most relevant to a foreign individual who owns — or is considering owning — residential property in Romania and letting it out. It is written to be read alongside professional advice, not to replace it.

> **Important.** Tax is specific to your circumstances, your residence country and any applicable treaty. Rates, thresholds and transitional windows change. Confirm the current position with a Romanian tax adviser before acting. Figures below reflect the framework as understood in early 2026.

1 · VAT on purchase

Under Law 141/2025, Romania's **standard VAT rate rose from 19% to 21%** on 1 August 2025, and the former reduced rates of 5% and 9% were merged into a single 11% rate. VAT generally applies to the purchase of new-build property from a developer; established resale property between private individuals is normally outside VAT.

The transitional reduced rate for housing

A reduced **9% VAT** rate on qualifying homes survives on a transitional basis until **1 August 2026**. To qualify, the following conditions must generally be met together:

- the home has a usable area of no more than **120 sqm**;
- the value does not exceed **RON 600,000** (excluding VAT);
- the buyer is an individual, purchasing individually or jointly;
- a pre-contract with the required minimum advance payment was in place before the cut-off.

> **Practical effect.** New-build purchases completing after the transitional window closes will typically carry the full 21% rate. Where a purchase straddles the deadline, the VAT treatment should be stated explicitly in the contract — this is a common source of dispute.

2 · Tax on rental income

Rental income earned by an individual from Romanian property is taxable in Romania, whether the owner is resident or non-resident. Non-residents must register for Romanian personal income tax. The mechanics differ by rental type.

Long-term letting (the standard case)

Net taxable income is the gross rent under the lease **less a flat 20% expense allowance** (no receipts required). The income tax rate is **10%** on that net figure.

20%
Flat expense deduction from gross rent (no documentation needed)

10%
Income tax rate applied to the net amount

~8%
Effective tax on gross rent (10% × 80%)

From rental income earned in 2025 onward, individuals are no longer required to estimate income tax and health contributions in advance; reporting and payment follow the actual income for the year.

Short-term letting (under 30 days — e.g. Airbnb/Booking)

From 2026, income from letting a personal residence for periods under 30 days is taxed on a **flat 30% expense deduction** with the same 10% rate, giving an effective tax of roughly **7% of gross**. Letting between one and seven rooms is treated as rental income; more than seven rooms is treated as an independent business activity, with different rules. Hosts must keep a rental-income ledger.

Rental type	Expense deduction	Tax rate	Effective on gross
Long-term lease	20%	10%	~8%
Short-term (<30 days, 1–7 rooms)	30%	10%	~7%
>7 rooms / commercial scale	Treated as independent business activity — seek advice		

3 · Health insurance contribution (CASS)

Beyond income tax, a health insurance contribution may apply. CASS is due when annual net rental income — alone or combined with other in-scope personal income — exceeds a threshold linked to the minimum gross salary.

- For 2026, the entry threshold is **6 minimum gross salaries (RON 24,300)**.
- The contribution is **10%**, applied to a base that is capped at **24 minimum gross salaries (RON 97,200)**.

Because CASS aggregates across income types, an investor with several income streams in Romania should model it explicitly rather than treat rental tax in isolation.

4 · Tax on sale of property

When an individual sells Romanian real estate, tax is assessed on the transaction price and the public notary withholds and remits it. From 2026 the rates are:

Holding period	Tax on selling price
Property held more than 3 years	1%
Property held 3 years or less	3%

This is a transaction tax on price, not a capital-gains tax on profit — a favourable structure for a longer hold. Non-residents are equally liable and must be registered; treaty relief may apply to how the gain is ultimately taxed in the home country.

5 · Owning through a company (SRL)

Some investors hold property through a Romanian limited company (SRL). Two regimes are relevant:

- **Micro-enterprise:** a 1% tax on revenue for companies below the qualifying turnover ceiling — from 1 January 2026 the threshold falls to **EUR 100,000** of revenue. Above that, standard corporate rules apply.
- **Dividend tax:** distributing profit to the owner attracts dividend tax, which rises from 10% to **16%** on dividends distributed from 1 January 2026.

> **Individual vs. company.** There is no universally correct answer. Direct individual ownership is simpler and benefits from the flat deductions above; an SRL can help at scale or where liability, succession or reinvestment matter. The right structure depends on the number of units, your exit horizon and your home-country tax position. We model both before acquisition.

6 · Local taxes and annual obligations

Owners pay an **annual local building tax** set by the municipality, based on the property's taxable value. The valuation basis and administration are being reformed from 2026, so the exact amount for a given year should be confirmed with the local tax authority (Direcția de Impozite și Taxe Locale). Annual obligations to plan for include the local building and land tax, the personal income tax return for rental income, any CASS due, and building/service charges where applicable.

7 · Double taxation — Austria, Germany, Israel

Romania has double taxation treaties with Austria, Germany and Israel (among many others). Where a treaty applies, its provisions prevail over domestic rules. In practice this usually means income and gains from Romanian property are taxed in Romania first, with relief in the home country to avoid taxing the same income twice — but the exact mechanism (exemption vs. credit) depends on the specific treaty and income type. This is the area where home-country advice matters most; we coordinate with your local adviser rather than replace them.

Owner's fiscal checklist

When	Action
Before purchase	Confirm VAT treatment in the contract (21% vs. transitional 9%); model individual vs. SRL ownership; check treaty position at home.
At purchase	Register with the Romanian tax authority (non-residents); ensure notary documentation is complete.
Each year	File the personal income tax return for rental income; assess and pay CASS if over threshold; pay local building/land tax.
On letting	Choose the correct regime (long vs. short term); keep a rental-income ledger for short-term lets.
Before sale	Check holding period for the 1% vs. 3% rate; confirm notary withholding; review treaty relief on the gain.

ADEL Invest handles the recurring compliance — registration, filings, local tax, and clean records — so that owning at a distance feels like owning locally.

Sources & disclaimer

Summarised by ADEL Invest from public sources as of early 2026, including Law 141/2025 as reported by EY, Kinstellar, Accace and RSM Romania; PwC Tax Summaries; and Colliers Romania. This guide is general information, not tax or legal advice, and does not create an adviser relationship. Thresholds in RON reflect the 2026 minimum gross salary and change annually. Always obtain advice specific to your circumstances before acting.

You own the asset.
We run the operation.

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