

CMS România | Romania imposes temporary windfall tax for the oil, gas, coal industries and the refining sector



On 28 December 2022, the Romanian Government passed Government Ordinance no.186/2022 (GEO), which introduces taxation of excessive profits generated by companies and permanent establishments operating in the oil, natural gas, coal, and refining sectors. This GEO was mandated by EU Regulation no. 2022/1854 on emergency action to address high energy prices, according to which member states were required to adopt and publish plans to implement temporary solidarity contributions on excessive profits generated by companies and permanent establishments operating in the oil, gas, coal and refining sectors by 31 December 2022.

The GEO imposes a 60% overcharge, the so called solidarity contribution ("Contribution") on excess profits made by oil, gas, coal and refining companies. Specifically, the Contribution will apply to revenue that exceed the average profits of the last four years (i.e. 2018, 2019, 2020 and 2021) by more than 20%.

The Contribution is temporary, applicable only for 2022 and 2023, and is also applicable to legal entities affiliated with the companies listed above if they achieved at least 50% of their turnover in 2022 or 2023 from their relationship with these entities.

The Contribution will be calculated, declared and paid annually up to and including 25 June of the following year.

The amounts representing the value of the Contribution will be paid into a separate RON account opened with the State Treasury through the competent central fiscal authorities.

The National Fiscal Administration Agency President will approve the template and content of the Contribution statement no later than 30 days from the GEO's entry into force.

For more information on this GEO and taxation regulations in Romania's energy sector, contact your CMS client partner or local CMS experts: **Varinia Radu, Ramona Dulamea and Madalina Constantinescu.**