

CMS | Romania implements changes to the construction tax



On 4 April 2025, Romania published and enforced Government Emergency Ordinance no. 21/2025, amending and supplementing Title X of Law no. 227/2015 on the Tax Code (GEO 21/2025), in the Official Gazette.

GEO 21/2025 was issued in response to concerns on the reintroduction of the construction tax, which went into effect on 1 January 2025 through Government Emergency Ordinance no. 156/2024 after being published on 31 December 2024 in the Official Gazette.

The construction tax was reintroduced without going through public consultations. Hence, the business community reported difficulties in applying this construction tax, particularly in determining the taxable base, and expressed concerns about the impact of this tax on investments. This feedback ultimately led to the 4 April amendments contained in GEO 21/2025.

The most important changes contained in GEO 21/2025 are summarised below.

The construction tax rate was reduced from 1% to 0.5%. The tax base is the net value of the constructions, computed as the difference between the gross accounting value of the constructions and the cumulated depreciation.

A reduced rate of 0.25% is applicable on the value of the buildings owned by the Romanian state, which are subject to management, concession, free use and lease contracts.

The following are not subject to construction tax:

- constructions exempt from building tax;
- investments not finalised by the end of the respective year and thus do not qualify as buildings under the Tax Code.

The tax only applies to construction located on Romanian territory, excluding those in Romania's territorial waters.

In addition, GEO 21/2025 introduced provisions for the computation of the construction tax for entities that cease to exist during the respective year, for newly established entities, and regarding the declaration and payment deadlines of the tax for taxpayers with a fiscal year different from the calendar year.

A 10% discount is granted to taxpayers that declare and pay the construction tax in full by 25 May of the year for which the tax is due or by the 25th day of the fifth month of the modified tax year, as applicable.

The changes to the construction tax introduced by GEO 21/2025 apply starting with 2025 tax year, or with the modified tax year beginning in 2025, as applicable.

For more information regarding the construction tax and how it will affect your Romania-based business, contact your CMS client partner or local CMS experts: **Roxana Popel** and **Andrei Tercu**.