
News regarding tax on constructions

17 September 2014

In brief

The Commission for economic policy, reform and privatisation with the Chamber of Deputies, in its meeting on 9 September 2014, cleared the draft law approving Government Emergency Ordinance no. 102/2013 amending Law 571/2003 on the Fiscal Code and regulating financial and fiscal measures. The amendments pertain primarily to the tax on constructions and stipulate a tax decrease from the current 1.5% to 1% and the exclusion from the tax base of fit-outs made to rented spaces. The changes will be effective from 1 January 2015, if the Parliament approves them.

In detail

Effective from 1 January 2014, Government Emergency Ordinance No. 102/2013 introduced the tax on constructions, of 1.5% levied on the value of the buildings not subject to the building tax.

Thus, the tax base for the construction tax includes, among others, fit-out works (reconstruction, modernisation, reinforcement,

improvement, extension) made by landlords or tenants to rented buildings (and which do not increase the value of the building by more than 25%). This provision has significantly affected owners / landlords and tenants of commercial spaces.

Therefore, if the Parliament approves these amendments, starting from 1 January 2015, the original law provisions will apply, whereby improvement

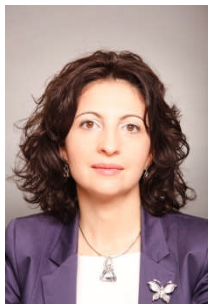
works (which exceed 25% of the building's value) must be notified to landlords and will be subject to the building tax.

The takeaway

Fit-out works made to rented buildings will no longer be subject to the tax on constructions, regardless of the value of the works as a portion of the building's value.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:



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