

Amendments to the Fiscal Code and other regulatory acts regarding gambling activities

21 January 2015

In brief

Government Emergency Ordinance no. 92/2014 has been published amending certain fiscal measures and modifying certain normative acts (the "Ordinance"). It brings a series of amendments and updates regarding taxation on gambling as well as other specific regulations for this industry.

The Ordinance amends and supplements Government Emergency Ordinance no. 77/2009 regarding the organisation and operation of gambling as well as Law no. 571/2003, regarding the Fiscal Code.

In detail

1. Amendments to the Fiscal Code regarding income from gambling

- The income tax rates applicable to income from gambling activities have been modified.
- The non-taxable amount of RON 600 is no longer applicable to income from gambling activities obtained from the same organiser / payer in a single day. For income from prizes, however, the non-taxable amount of RON 600 remains applicable for each prize.

Income from gambling activities subject to income tax withholding at source

- Amounts received as income from gambling activities are subject to income tax withholding at

source, with a rate of 1% being applicable to all amounts received by a participant from an organiser of gambling activities. Income from gambling activities which exceeds the equivalent of EUR 15,000 is taxed at a rate of 16% and income which exceeds the equivalent of EUR 100,000 is taxed at a rate of 25%.

- Payers of income from gambling activities subject to income tax withholding at source have certain declarative obligations.

Income from gambling activities not subject to income tax withholding at source

- Income tax withholding is not applicable for individuals who obtain income from participating in on-line gambling, slot-

machines, lottery tickets and poker tournaments.

- Individuals who obtain income from such gambling activities which are not subject to income tax withholding at source have to submit to the competent tax authorities a tax return regarding the income obtained, for each tax year, by 25 May of the year following that in which the income was obtained.
- Organisers of such gambling activities that are not subject to income tax withholding at source have certain declarative obligations.
- The income tax rates applicable for income from gambling activities which is not subject to income tax withholding are also provided, namely: 1% for amounts not exceeding the

equivalent of EUR 14,999; 16% for amounts between EUR 15,000 – EUR 99,999; 25% for amounts exceeding the equivalent of EUR 100,000.

Income from gambling activities obtained by non-residents

- Income from gambling activities practised in Romania by non-residents is subject to income tax withholding at source by the payer of the income, by applying an income tax rate of 1% for all the amounts received by a participant from an organiser of gambling activities. An exception is made for income obtained from gambling activities which are not subject to income tax withholding at source (namely, on-line gambling, slot-machines, lottery tickets and poker tournaments).

2. Amendments to the organization and operation of gambling

- The calculation method of operation permit taxes has been modified. For certain types of gambling, the tax is calculated by taking into account the income derived, as defined in the Ordinance.
- A 10% discount is awarded for full payment in advance

of the tax related to the operating permit.

- The taxes related to the licence to organise gambling have been updated and are denominated in EUR currency.

Other amendments

- New taxes have been introduced such as the video lottery tax and the vice tax for slot-machine gambling.

[Source: Official Gazette of Romania, no. 957, 30 December 2014]

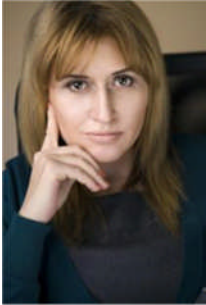
The takeaway

- The income tax rates applicable to income from gambling activities have been modified.
- The non-taxable amount of RON 600 previously applicable for income from gambling activities no longer applies.
- Income from gambling activities practised in Romania by non-residents is subject to income tax withholding at source by the payer of the income, with an income tax rate of 1% being applicable. The provision is not applicable to income from gambling activities which is not subject to income tax withholding at source, by the payer of the income.
- The types of income from gambling activities which are not subject to income tax withholding at source are specifically mentioned.
- The taxes applicable to gambling have been increased and updated. Several clarifications have also been made regarding gambling activity.

These amendments enter into force on 13 February 2015.

Let's talk

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



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