Taxation of capital gains in Romania

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More and more individuals and legal entities are investing in stocks, bonds, ETFs, investment funds, or cryptocurrencies. Others generate income from interest, dividends, and the transfer of securities.

The Romanian Tax Code summarizes these (and others) as income from investments. Below, we outline the principles governing their taxation.

1. Dividend income

Dividends distributed by companies to individuals are taxed at a rate of 10%, with the tax withheld at source. As a result of this withholding tax, shareholders receive the net amount of the dividends.

The situation is somewhat more complicated for persons who are tax resident in Romania and receive dividends from abroad. Such dividends must be taxed in Romania, although any tax already paid in another country may be credited in Romania through the application of international double taxation treaties.

From 2026, the tax rate on dividends will increase. Resident and non-resident individuals and legal entities will owe 16% instead of 10% on dividends distributed as of January 1, 2026, unless exemptions apply.

2. Interest income

Interest earned on bank deposits is subject to a **10%** tax, which is withheld by the bank at source. On the other hand, interest on government bonds issued for the general public is tax-exempt, which has made these instruments increasingly attractive. According to press reports, government bonds purchased by the general public accounted for around 20% of Romania's national debt this year.

3. Income from the transfer of securities

Currently, the tax code provides for differentiated taxation of gains from the transfer of securities depending on the holding period.

- Securities sold **more than 365 days** after acquisition are taxed at **1%** on the capital gain.
- Securities sold **within 365 days** of acquisition are taxed at **3%** on the capital gain.

The same rules apply to transactions involving derivative financial instruments.

Brokers are responsible for calculating and withholding income tax at source for each transfer or transaction.

Investments in cryptocurrencies have come under scrutiny by the Romanian tax authorities, as the platforms on which the transactions take place do not usually withhold tax at source. Therefore, taxpayers must file an annual tax return for gains from such transactions. The applicable tax rate is 10% of the gain made on each transaction, calculated as the positive difference between the sale price and the purchase price, including the direct transaction costs.

4. Income from the transfer of investment gold

Gains from the sale of investment gold is calculated as the difference between the sale price and the purchase price, including related expenses. Taxpayers must submit an annual tax return for such gains, which are taxed at a rate of 10%.

5. Income from the liquidation of a legal entity

Taxable income arising from the liquidation of a legal entity corresponds to the difference between the distributions in cash or in kind and the capital contribution of the beneficiary natural person. The tax rate applied to this income is 10%. The tax is withheld by the company in liquidation and must be paid to the state budget by the time the final liquidation report is submitted.

Digression: Health insurance contributions (CASS)

Individuals earning income from capital investments must analyze the amount of such income in a tax year to determine whether they are required to submit the annual uniform declaration for the payment of health insurance contributions (CASS).

There are three assessment thresholds for the payment of CASS: 6, 12, or 24 gross minimum wages. For 2025, the gross minimum wage amounts to 4,050 lei. Individuals whose net income from investments, as well as from other sources (rent, intellectual property rights, etc.) below the upper limit of 6 gross minimum wages are not required to submit the annual declaration.

Conclusion

The taxation of capital gains is a constantly evolving area that is influenced by both market dynamics and state's budgetary constraints. For investors, understanding tax regulations is not only a legal obligation but also a form of financial protection. A well-understood tax system enables long-term planning, optimization of returns and avoidance of compliance issues.

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