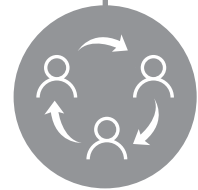


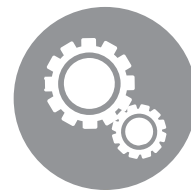


rubikhub



Investor's Guide

Invest in North-East Romania



North-East Regional Development Agency

HQ - Lt. Drăghiescu 9, 610125,
Piatra Neamț, Romania

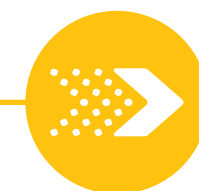
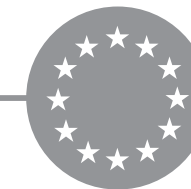
Brussels Office - Avenue Louise 54,
1000, Brussels, Belgium

adnrdest@adnrdest.ro
+40 233 218 071

www.adnrdest.ro

Foreign Direct Investment Coordinator

Sebastian Hrib
sebastian.hrib@adnrdest.ro
+32 496 724 998





Dear Potential Investor,

We warmly invite you to discover the North-East Region of Romania, where you will find unmatched opportunities, highly educated people, a great potential market and investment diversity.

We are aware of the fact that you are not just buyers of assets and shares, but also, looking to develop strategic, long-term investments by creating win-win, long-lasting relationships. In the same manner, on our end, the intention is not to just attract investment; but to **build strong relationships based on fairly shared knowledge, trust, and common interests** with people who want to experience the joy and take on the opportunity of discovering our region.

The top reasons that give us faith in our regional potential and confidence in our ability to play in the upper league, are both, our people, the ever-growing number of young, well-educated and well-trained population and, at the same time, the new programming period, where the **North-East Regional Program is set up to prepare a favorable ground for North-East Romania to become competitive, sustainable, resilient and inclusive space** where you will want to live, learn, work and invest!

With **1,7 billion EUR financial support available from the EU** for our region only, and with the North-East RDA as the Management Authority for the 2021-2027 North-East Regional Program, major improvements are on the way! For instance, the new RP focuses on improving the administrative capacity of the region, thus getting closer to the real needs of our region, identifying projects and the right people, investment worthy.

With this in mind, we invite you to discover the places, the opportunities and the people!

Vasile Asandei
General Director

North-East Regional Development Agency



PROJECT MANAGEMENT ASSISTANCE

Assisting worldwide entrepreneurs in project implementation (one point of contact/assigned project manager)



Consultancy and guidance during all stages of the decisional process (state aid & fiscal incentives, legal fiscal policy framework & regulation)



Main liaison between local / regional authorities, universities, R&D and Innovation centers



Facilitator for European funding



Mapping the best investment opportunities of the region (from brownfield or greenfield locations to joint-ventures, mergers and acquisitions opportunities)



Accessing the partnership resources of the Enterprise Europe Network



Connecting investors with the entrepreneurial environment through the business incubator Rubik HUB



COMMON GOALS



Assisting with site selection and identifying local suppliers



Customized solutions for developing new or existing working sites



Matchmaking investor's needs with the local resources (natural resources, labor placement and training companies, logistic services)



Identifying business counterparts along vertical or horizontal value chains and organizing investment events



High quality "after-care" services



ZOOM IN	FINANCIAL INFORMATION
LOCATION Central and Eastern Europe NEIGHBOURS Bulgaria, Republic of Moldova, Serbia, Ukraine and Hungary CAPITAL Bucharest POPULATION 19.1 mill. (2022) AREA 238,391 km ²	GDP Growth 4,8% (2022) CURRENCY EUR/RON RON 4.93 (2022) Inflation rate 13,8% (2022) FDI stock €100.3B (2021) FDI flows €8.9B (2021) Unemployment rate 5.6% (2022)

INTERNATIONAL POLICIES

2004 NATO membership 2007 EU membership 2019 EU Presidency

COMPETITIVE ADVANTAGES

S & P BBB-Stable MOODY'S BBB3-Stable LABOR COSTS RANKING (2021) 2nd, one of the most competitive labor force in the CEE (€8.5) MAXIMUM BROADBAND SPEED 2nd in EU for average peak connection speeds GATEWAY to a 500 million consumers market 2nd largest country in CEE (the 9th in EU27) and population (the 7th in EU27)	FITCH BBB-Stable Natural gas & Electricity prices EU ranking (S1 2022)* 7th lowest natural gas prices 8th lowest electricity prices *Source: Eurostat, Excluding VAT and other recoverable taxes and levies WORLD BANK EASE OF DOING BUSINESS 55th , ahead of Hungary, Cyprus, Croatia, Bulgaria, Luxembourg MARITIME opening represented by the Black Sea and the Danube harbors AT THE CROSSROADS OF 3 GREAT MARKETS the European Union, the CIS states and the Middle East
--	--

Part of the historical province of Moldova, the North-East Region of Romania is an area where history, culture, and tradition complement the natural environment, particularly attractive. The North-East Region is the largest development region of Romania in terms of the number of inhabitants and the area owned, being composed of six counties:

Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui.

ZOOM IN	EMPLOYMENT
POPULATION (2022) 3,221,819 NUMBER OF MUNICIPALITIES 17 NUMBER OF CITIES 29 AREA 36,850 km ²	UNEMPLOYMENT RATE (2022) 6.6% COMPANIES (2021) 72,382 EMPLOYEES (2021) 629,635

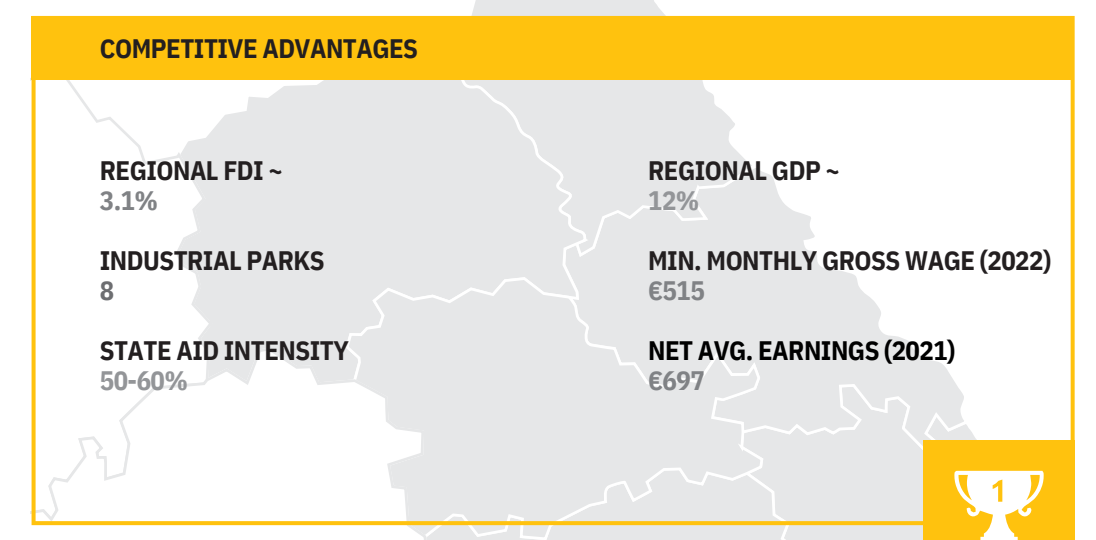
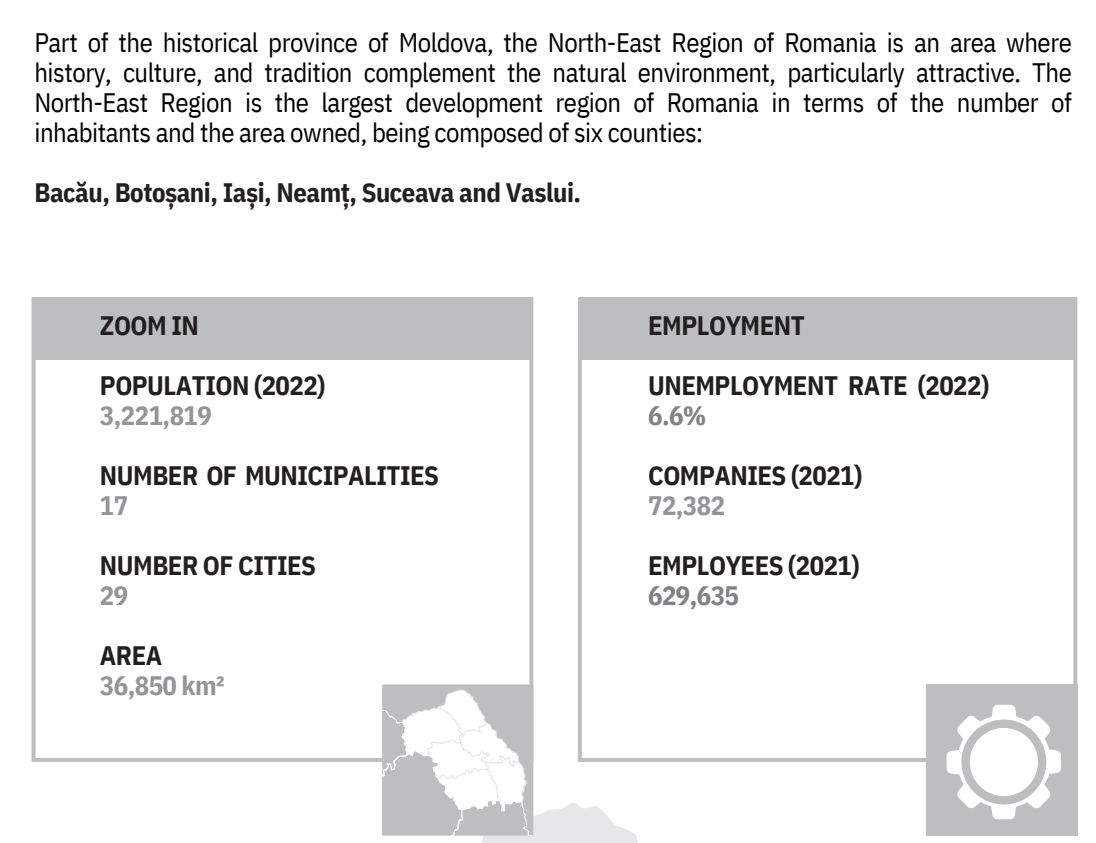
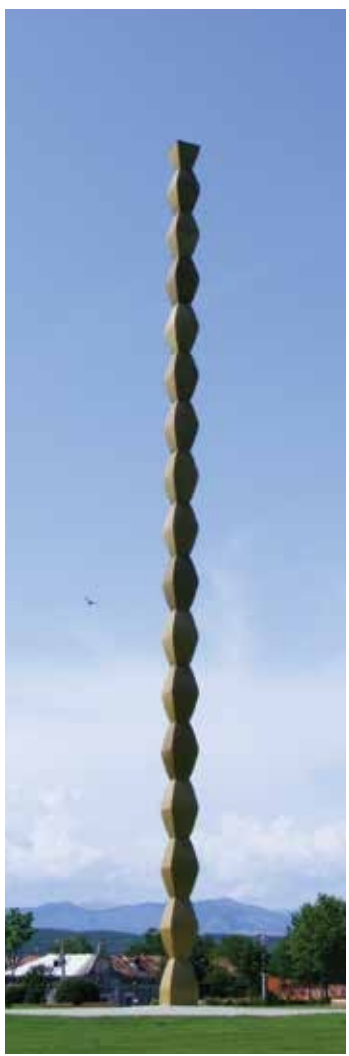
COMPETITIVE ADVANTAGES

REGIONAL FDI ~ 3.1% INDUSTRIAL PARKS 8 STATE AID INTENSITY 50-60%	REGIONAL GDP ~ 12% MIN. MONTHLY GROSS WAGE (2022) €515 NET AVG. EARNINGS (2021) €697
---	--

The North-East region of Romania boasts a robust network of power generation facilities, transmission lines, and distribution networks, ensuring a **reliable and efficient energy supply**. Additionally, the communication infrastructure, including **high-speed internet connectivity** and modern telecommunication systems, provides seamless connectivity for businesses. Moreover, a **well-established legal framework** and a strong presence of law firms ensure reliable legal assistance and protection of investors' interests. Lastly, the region's healthcare infrastructure offers **top-quality medical facilities and services**, ensuring the well-being of investors and their employees.

GEOGRAPHY

Relief The region is divided into 3 zones: <ul style="list-style-type: none"> the Carpathian mountains - 28% the Subcarpathian area - 12% the eastern plateau area - 60% 	Hydrographic network The region is crossed by two major rivers: <ul style="list-style-type: none"> Siret (42,890 km²) Prut (10,990 km²) 	Climate Average annual temperatures - 8-9° C.
---	---	---



Educational Infrastructure



The higher education system in the region boasts several renowned universities, offering a wide array of programs across various disciplines. These institutions, with their exceptional faculty and state-of-the-art facilities, provide an environment conducive to academic excellence, innovation, and personal growth.

3 UNIVERSITY CENTERS: IAȘI, BACĂU, SUCEAVA

Institution	No. of Faculties	Location
“Alexandru Ioan Cuza” University	15	Iași
“Gheorghe Asachi” Technical University	11	Iași
“Grigore T. Popa” University of Medicine and Pharmacy	4	Iași
“Ion Ionescu de la Brad” University of Life Sciences	4	Iași
“George Enescu” University of Arts	3	Iași
“Ștefan cel Mare” University	11	Suceava
“Vasile Alecsandri” University	5	Bacău

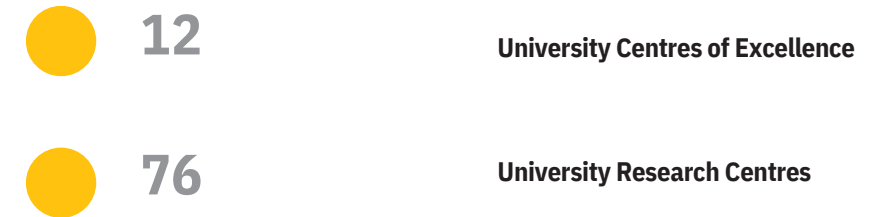
4 PRIVATE UNIVERSITIES

Institution	No. of Faculties	Location
“George Bacovia” University	1	Bacău
“Apollonia” University	2	Iași
“Petre Andrei” University	5	Iași
“Dimitrie Cantemir” Ecological University	6	Iași



Educational Infrastructure

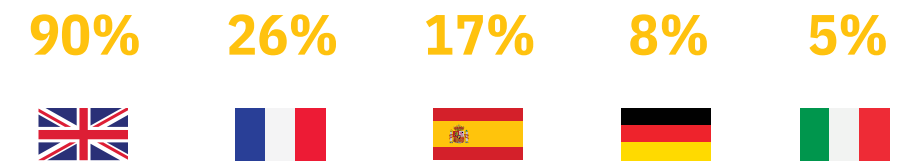
NE Romania’s Innovation Infrastructure (NCHE SR CERTIFIED)



LANGUAGES STUDIED BY ROMANIAN STUDENTS

97% of Romanian high school students study 2 or more foreign languages. The predominant languages are English, French, German and Spanish, yet initiatives for teaching Japanese, Nordic languages or the entire Latin language family (Spanish, Italian, French) exist.

University students in Romania are proficient in [% of total]:



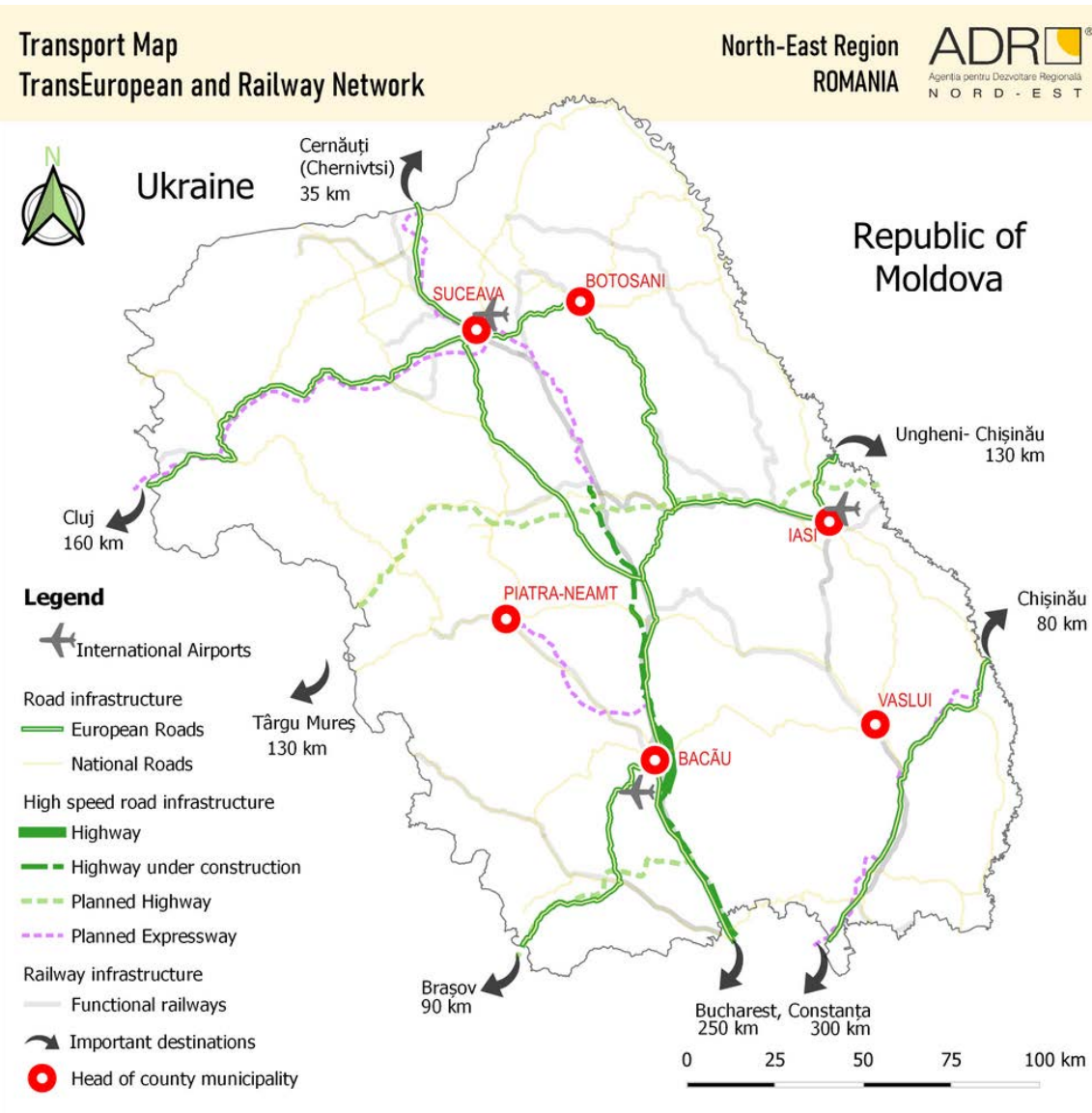


In the North-East Region there are 3 international airports - Iași, Bacău and Suceava, serving both domestic and foreign flights. Iași Airport also offers general cargo facilities.



THE NORTH-EAST REGION IS CROSSED BY A SERIES OF EUROPEAN ROAD CORRIDORS:

- Bucharest** • Bacău • Roman • Suceava • **Siret** (border checkpoint and crossing point) E 85
- Suceava** • Vatra Dornei • **Cluj Napoca** (E 576) which connects with E 60 Cluj Napoca–Oradea **Bacău** • Braşov •
- Piteşti** (E 574 which makes the connection with E 70 Craiova – Vidin – Skopje) **Bucharest** • Bârlad • Albiţa (border crossing point) • **Chişinău** (E 581 which crosses Vaslui County)
- Roman** • **Târgu Frumos** with ramifications to Botoşani (E 58) and Iaşi – Sculeni (border crossing point – E 583)



At a national level, a Master Plan for Transport of Romania (TEN-T) has been developed as a short, medium, and long-term, document that is designed to provide a clear strategy for the development of the transport sector in Romania for the next 15 years. The **A7 motorway**, also known as the Ploieşti–Siret Motorway or the Moldavia Motorway, is a partially built motorway in Romania that will link Ploieşti to the north-eastern part of the country, running through Buzău, Focşani, Bacău, Roman, Paşcani, and Suceava, and connecting to Ukraine's M19 highway near Siret along the Pan-European Corridor IX.

IAȘI AIRPORT

AIRLINES Tarom (Romania) Wizz Air (Hungary) Ryanair (Ireland) Austrian Airlines Viena (Austria)

Local authorities and the European Union invested approx. 60 million EUR in the modernization of the passenger terminals, a new 2400 m flexible runway and lighting systems.

Iași Airport also offers general cargo facilities.



Air Infrastructure

BACĂU AIRPORT

AIRLINES Aeroitalia (Italy) Wizzair (Hungary) HiSky (Moldova)

SUCEAVA AIRPORT

AIRLINES Tarom (Romania) Wizz Air (Hungary) Ryanair (Ireland)

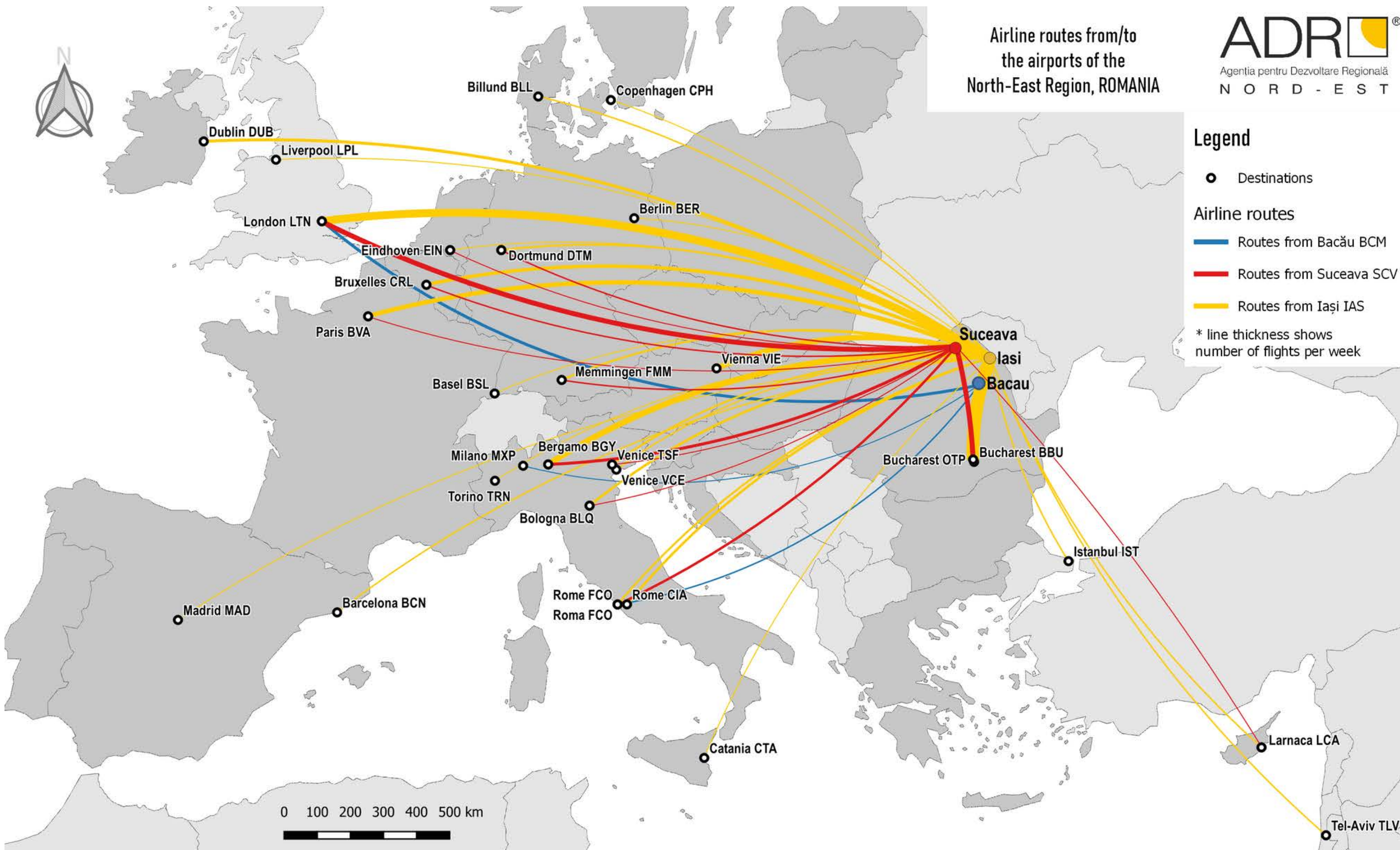


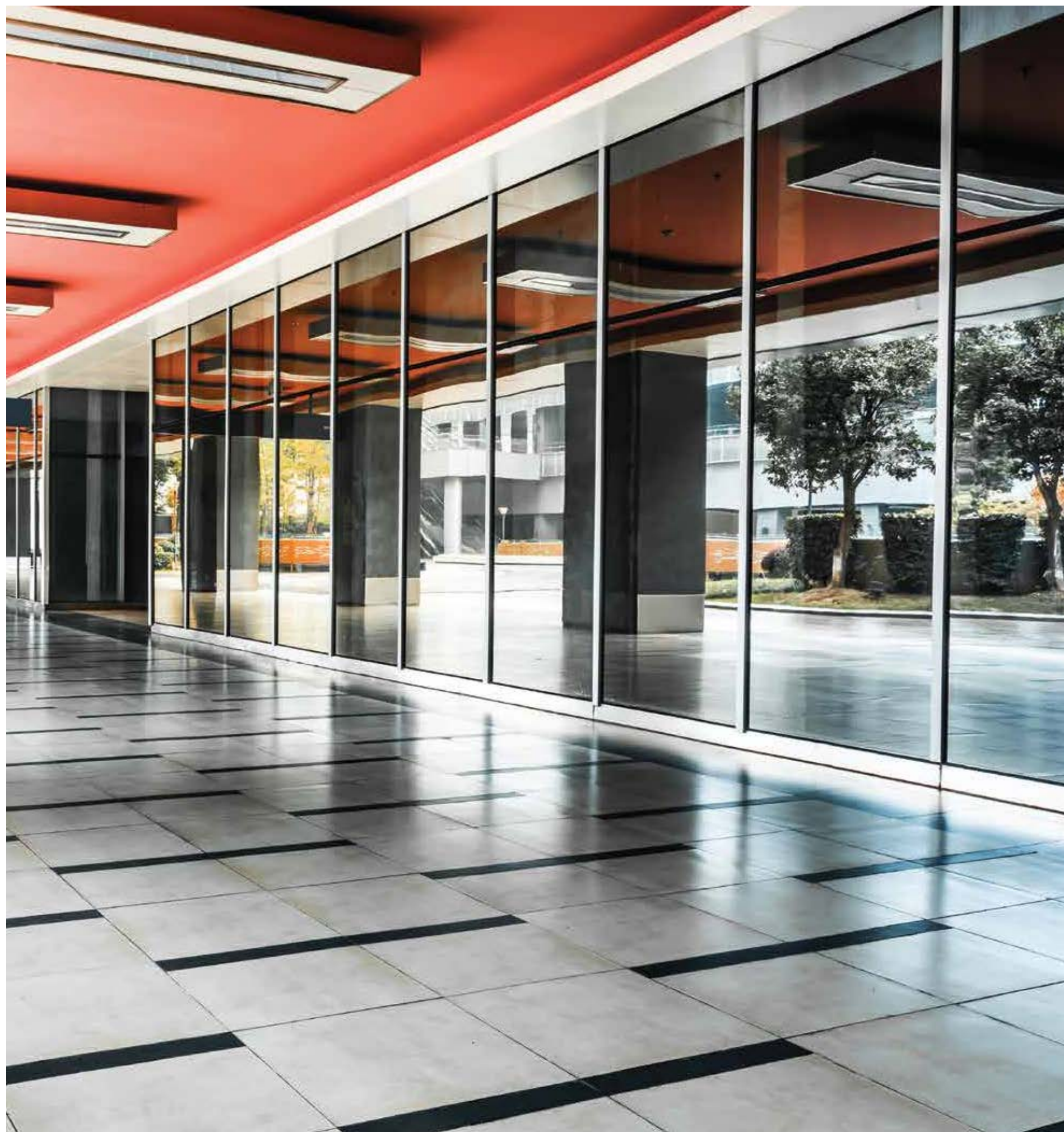
Airline routes from/to the airports of the North-East Region, ROMANIA



Legend

- Destinations
- Airline routes
 - Routes from Bacău BCM
 - Routes from Suceava SCV
 - Routes from Iași IAS
- * line thickness shows number of flights per week





“ 8 industrial parks and 9 clusters are spread across the North-East Region, playing the role of regional industrial and innovation hubs that promote both local and foreign key sectors such as IT&C, agro-food or biotechnologies.



Why invest in the North-East Region?

SUPPORTING YOUR BUSINESS

Solid network of training organizations and HR integrated services;

Qualified human resources, flexible and creative, good English literacy;

Less bureaucracy – more proficiency – timely, customized and efficient business support services provided by the North-East RDA;

Supportive regulatory framework for regional development (including the recent fiscal relaxation);

Strong university center;

Rich pool of local resources and opportunities;

Wide range of banking services available;

Quality life – unspoiled nature, quality food, well-known tourist area;

Easy access to local institutions.



BOOSTING YOUR BUSINESS

The highest rate of active population in the country, at competitive costs (compared to EU countries and Romania's other regions);

Competitive costs for utilities and real estate;

Industries with traditions in the region; Land availability;

Variety of foreign languages spoken;

Power of adaptability.



EXISTING INDUSTRIAL PARKS IN THE NORTH-EAST REGION

HIT Park, Bacau County

Total Area: 10.85 ha + 60 ha (extension in progress)
Located at a distance of 12 km from Bacau city, this is the first industrial park in Romania that is exclusively dedicated to the IT&C industry, start-up companies and local representatives of multinational companies. It is currently in the process of expansion.

Botosani Industrial Park, Botosani County

Total Area: 13 ha
Located in the northern part of Botosani, on the National Road DN 29B, it has easy access through land and rail links, air connections through Suceava, Iasi and Bacau airports;

Mecanica Ceahlau Park, Neamt County

Total Area: 10,46 ha
Located near Piatra Neamt, the land has access to the county road DN 15 (0.5 km) which connects to the European Road E 85.

Bucovina I Industrial Park, Suceava County

Total Area: 12,59 ha
Located across the Stefan cel Mare International Airport of Suceava, 12 km away from the city center, road exit in 3 km to National Road DN29, 14 km from railway station Itcani-Suceava, exhibition center, industrial pavilions and business incubator.



EXISTING INDUSTRIAL PARKS IN THE NORTH-EAST REGION

MIROSLAVA INDUSTRIAL PARK I & II, Iasi County

Total area: 70 ha; Ease of access:

Extremely valuable human resources that can be provided by the existence of the oldest and most prestigious university center, in Iasi, with more than 60,000 enrolled students; The presence of other important investors in the commune of Miroslava;

LETGANI, Iasi County

Total area: 18,6 ha;

Located at 16 km away to Iasi, 2nd largest city in Romania, known as the Cultural Capital of Romania, with 8 public and private universities and 5 cultural centers.

The presence of other important investors in the commune of Letcani;

Ease of access:

Located at 16 km away to Iasi, 2nd largest city in Romania, known as the Cultural Capital of Romania, with 8 public and private universities and 5 cultural centers.

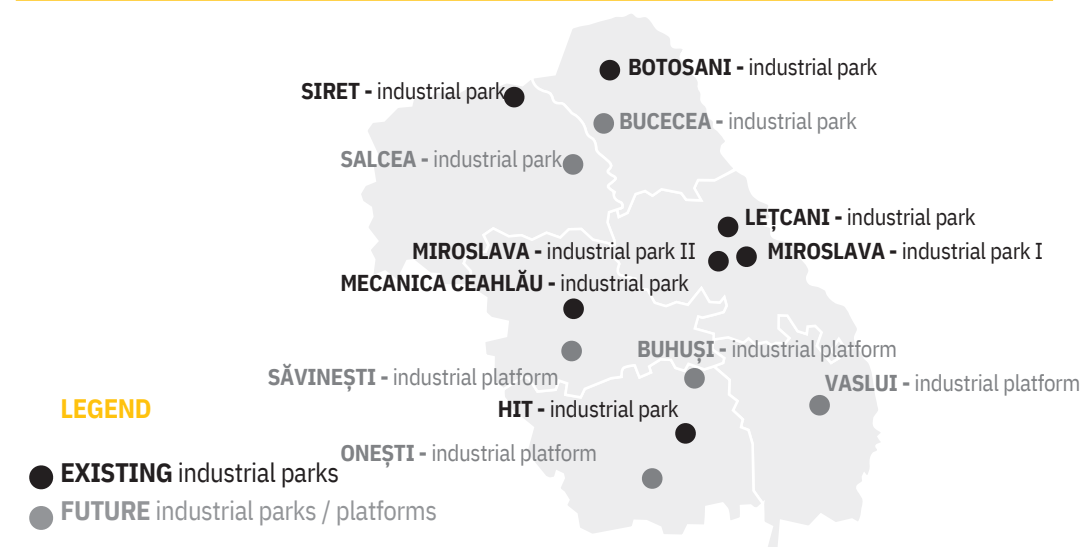
SIRET, Suceava County

Total area: 15,9 ha, with the possibility of expansion to 25 ha;

Direct access to the European Road - E85; The average net salary in Suceava County is lower by 100-190 Euros compared to the average net salary being paid in Western Suceava - 43 km, Iasi - 168 km, Bacău - 191 km. Siret City Hall is collaborating with the Trade Register, Suceava County Council and the "Lațcu Vodă" Technical College to support investors.

INDUSTRIAL PARKS LEGAL INCENTIVES:

- Deduction of taxes perceived for destination or for the removal of the industrial taxes due to the local budgets of the park area from agrarian circuit; administrative-territorial units;
- Tax deduction for the land coincident with the industrial park area; according to law, by the local public authority.
- Exemption from the payment of some change or for the removal of the industrial taxes due to the local budgets of the park area from agrarian circuit; administrative-territorial units;
- Any other facilities which can be awarded, industrial park area; according to law, by the local public authority.
- Tax deduction for buildings pertaining to industrial park infrastructure;



LEGEND

- EXISTING industrial parks
- FUTURE industrial parks / platforms

The North-East Region of Romania nurtures a clean, stable and safe business environment through links to the macroeconomic framework conditions of the EU and through the implementation of multi-annual investment strategies guided by the Regional Development Plan and the Research and Innovation Strategy for Smart Specialisation (RIS3) 2021-2027.

Based on that, our team started a mapping and appraisal process of the existing high-potential value chains in the region. The main focus of this process is on closing the loops in each value chain, to make the transition to a circular economy, and to transform the missing links into investment opportunities.

SECTOR OF ORIGIN	FUNDAMENTAL FIELD	DEVELOPMENT DIRECTIONS & IDENTIFIED VALUE CHAINS
AGRO-FOOD & WOOD INDUSTRY	Smart-farming	Agriculture 4.0, IoT for agriculture, machines, equipment and installations for agriculture and the food industry
	Climate friendly agriculture	Adaptation of crops and animals to climate changes, use of no-till technology, biodiversity conservation and sustainable management of ecosystem services, ecological agriculture
	Food safety	Development of new safe and healthy foods, Food traceability and control, development of short chains - valorization of local agri-food products
	Forestry sector and wood industry	Precision, geospatial management technologies for forest management, the adaptation of forest species for production systems with increased resilience to climate changes and natural hazards, eco-efficiency in the exploitation of forest resources
	Alternative energy sources	Technologies for production and utilization of energy from alternative sources, Energy recovery of the biogas from the city treatment plants, Hydrogen production technologies for energy utilization
ENERGY & ENVIRONMENT	Energetic efficiency	Energy efficiency management in public institutions, energy storage solutions, innovative solutions for saving energy consumption among household consumers
	Water solutions	Innovative solutions to make water consumption more efficient, waste water treatment and purification technologies, water quality control, sludge treatment and recovery
	Air solutions	Advanced systems for evaluating atmospheric and indoor air quality
	Circular economy	Evaluation of the sustainability of processes, products and services, innovative solutions for waste treatment and recovery, ecological design of products adapted for circularity, advanced systems for monitoring the use of resources
	IT&C	Industrial modernisation & cybersecurity
Big data		Artificial Intelligence, Machine Learning
Smart city		Urban mobility apps, Public Administration digitalisation,
Development of new ICT products and testing solutions		Education based on ICT solutions, gamification of education, ICT in the automotive industry

Key sectors



Key sectors

SECTOR OF ORIGIN	FUNDAMENTAL FIELD	DEVELOPMENT DIRECTIONS & IDENTIFIED VALUE CHAINS
TOURISM	Computers and information technology	IT&C solutions for tourism accommodation, vehicle renting, tour operators, restaurants, tourism agencies and tourism destination management – reservation through ERP solutions, web portals
	Healthy lifestyle	Tourism for a healthy lifestyle, Medical tourism/treatments, Medical recovery, Balneotherapy and physiotherapy, Nutrition and dietetics
	Eco-tourism	Adventure tourism, authentic Romanian experiences, relaxation in nature, culinary tourism, agro-tourism, Smart Villages
	Business tourism	Meetings, Incentives, Conferences, and Exhibitions
HEALTH	Medical and pharmaceutical biotechnologies	Personalized therapies, new active substances and medicines, advanced technologies and materials in pathogen testing and detection programs, regenerative medicine
	Precision and preventive medicine	Medical devices, technologies, diagnostic tools and methods, innovative treatment, interdisciplinary support in the palliative care of patients with multimorbidities or complex needs, medical devices, technologies, tools and innovative prevention methods, advanced systems and therapies to increase the quality of life in chronic diseases progressive
	e-Health	Methodological development and practical implementation of a framework of e-competences in the medical field, ICT hardware and software solutions in the prevention, diagnosis and management of diseases, AI in medicine, personalized diagnostic imaging
	Biosecurity	Antibioresistance, research in the field of antimicrobial agents, emerging diseases, innovative prevention methods - plasma and PAW
TEXTILES	High-tech processes and applications	Ecodesign manufacturing processes, Zero waste textile processes and technologies
	Technical and functional textiles	Smart textiles for the interior, protective textiles and footwear
	Digital fashion	Smart design, digital textiles printing

The North-East Region has great potential as a European tourism center. Separated from Western Europe through the impressive Carpathian chain, an important part of the region is still unexplored and unknown to foreign tourists.

Suceava, Neamt, and Bacau counties are recognized for the majesty of the mountain massifs and the charm of the famous monasteries.

The Eastern part - Botosani, Iasi, and Vaslui counties - impresses visitors with various tourist attractions, including the traditional, untouched rural localities with ancient churches and many other interesting places, filled with culture and history, worth visiting.

Through the simple way of life, close to the nature and preservation of the ancient traditions, through their hospitality, the inhabitants of this area complete the picturesque painting offered to the tourists eager for the novelty.

MOUNTAIN AREAS

The Carpathians Mountains chain, located on the western border of the region, is covered by alpine pastures and forests rich in flora and fauna. A whole range of mountain sports can be practiced into the region: rafting, rock climbing, skiing, mountain biking, riding.

MONASTERIES WITH EXTERIOR FRESCOES

In the fifteenth and sixteenth centuries, a series of unique monasteries were built, which are today the UNESCO's international heritage. Their specific element is external frescoes painted in Byzantine style. Many of these monasteries are located in the historic land of Bucovina (Suceava county).

SALINE

Saline from Targu Ocna (Bacau) and Cacica (Suceava) are true underground museums and treatment resorts. Visitors who walk through the tunnels and chapels in the depths are excited about what they see. They can practice a range of sports here, or they can recreate themselves in specially designed clinics in the resort, recommended especially for the treatment of respiratory problems.

SPA RESORTS

In the Carpathian chain, there are numerous spa resorts, famous for the springs with thermal and mineral water. They are the most important source of mineral water in south-eastern Europe. Patients from all over Europe come here to treat various affections. The most popular resorts are Slanic Moldova (Bacau), Vatra Dornei (Suceava), and Baltatesti (Neamt).



PARKS AND NATURAL RESERVATIONS

Bacau County has natural forest reserves at Runc-Racova and Paraul Alb. In Botosani there is a natural forest reserve: Tudora and a geological one: Stanca Costesti. In Neamt County, there is a National Park: Bicz / Ceahlau and a bison reserve: Vanatori. The geological reserve from Dealul Repedea and the botanical one from Valea Lunga are located in Iasi County.

Suceava County is the richest in natural reserves, among them: Rarau-Giumalau, Zamostea Lunca, Slatioara, Pojorata, and Zugreni.

In Vaslui County there are forest reserves at Balteni, Badeana, Seaca Movileni, and Harboanca-Brahasoia, paleontological reserves at Manzati and geological at Nutasca-Ruseni.

LAKES

One of the least known features of this region is a large number of lakes and ponds. Many of these are located in the counties from the eastern region - Botosani, Iasi, Vaslui and are often surrounded by forests. Pisciculture abundance makes fishing the main attraction.

BUSINESS TOURISM

Traveling is one of the most enjoyable life experiences. Being a tourist, even for just a few days, can make everyone feel the happiest, but this depends greatly on the quality of services in the tourism sector.

When talking about business and corporate tourism, the North East Region can be a unique experience and the highest quality standards for any Romanian or foreign entrepreneur.

Business tourism development in Romania is felt in figures. In 2018, over 2.7 million foreign tourists entered the country and spent more than 1.4 billion euros. 56.7% of them came for business, congresses, courses, fairs, and exhibitions. The same is available also for Romanian tourists that stayed in hotels in the country, especially those in the North-Est Region, the figures for business and corporate tourism far exceeding those of traditional, recreational tourism.

This was possible due to significant investments in this sector, tourism in the North-East Region offering a diversity of accommodation facilities (tourism and agrotourism guesthouses, motels, and hotels from 2 to 5 stars), which have all necessary infrastructure. Combined with special landscapes that this region has, but also with the interest of foreign and local entrepreneurs to develop and implement their ideas here, made from the North-East Region one of the favorite business destinations.





The government is committed to aiding emerging entrepreneurs through more and more incentives. Coupled with a tax system that is one of the friendliest in the EU, even more accessibility is the next step for growth.



Employment cost structure

Payrolls and Contribution	Employee	Employer
Income tax	10%	N/A
Health insurance contribution	10%	N/A
Social (Pension) insurance contribution	25%	N/A
Work insurance contribution	N/A	2.25%
TOTAL	45%	2.25%

The social security and health insurance assessment base of an employee in Romania is derived from salary income.

For the construction, IT&C and agriculture fields, there are special provisions applied regarding due taxes and exemptions by case.

Romanian tax system VAT – 19% Personal Income Tax – 10 %

VAT 9% hotel accommodation, restaurant and catering services, medical treatments and prosthesis, water and sewer, food and non-alcoholic drinks, etc.

LEGISLATION

VAT rules are based on the principles of the Council Directive 2006/112/EC on the Common System of Value Added Tax. The Directive is implemented in Romania by Law No 227/2015 and related Methodological Norms.

TAXABLE PERSON

Legal entities and individuals that carry on independently an economic activity.

TAXABLE ACTIVITIES

- The supply of goods and services in relation to an economic activity within the territory of Romania
- The intra-Community acquisition of goods/services having the place of supply within the territory of Romania
- The import of goods into Romania

TAX PERIOD

The standard fiscal period is the calendar month. For taxable persons whose previous year-end turnover is lower than EUR 100,000 and did not perform intra-Community acquisitions of goods, the fiscal period is the calendar quarter.



TAX ASSESSMENT

Periodical VAT returns (monthly or quarterly, by the 25th day of the following month) and the Local Sales and Purchases List (monthly, by the 25th day of the following month).

The payable VAT liability consists of the output VAT, due on the supply of goods and services carried out, less the input VAT of the same period (monthly or quarterly, by the 25th day of the following month).

The refundable VAT (when input VAT is higher than output VAT) can be requested for the refund or carried forward until the statute of limitation period expires (5 years).

REVERSE CHARGE

Reverse charge applies for the intra-Community acquisitions, where both parties are registered for VAT purposes.

COMPANY INCORPORATION

A limited liability company is established in Romania following the procedure stipulated by Law no. 31/1990. A commercial entity can be registered within 3 days, starting from the date of submitting all the necessary documents to the Trade Register.

VAT REGISTRATION

Normal VAT registration

The mandatory VAT registration for taxable persons having the place of business activity in Romania should be performed when the annual turnover of EUR 88,500 (RON 300,000) is exceeded. Voluntary VAT registration before the threshold is exceeded is also possible. Non-resident taxable persons established in Romania through fixed establishments and non-residents having no actual presence in Romania can register without observing the above threshold. However, a VAT number must be in place before the commencement of the economic activity.

VAT group registration

Companies that are legally independent but are closely related financially, economically and from an organizational point of view may form a tax group if administered by the same tax office and having the same tax period. Transactions between the members of the group will still fall within the scope of VAT.

RESIDENCE

A company is considered as resident in Romania if it is set-up under Romanian law, has its legal seat or its place of effective management in Romania.

TAXABLE INCOME

Resident companies are taxable on their worldwide income, unless a double tax treaty stipulates otherwise. The taxable profit of a company is calculated as a difference between the revenues and expenses registered according to the applicable accounting regulations, adjusted by deducting non-taxable revenues and tax deductions and by adding non-deductible expenses. Also, elements similar to revenues and expenses are taken into account when calculating the taxable profit. Non-resident companies that are carrying on activities in Romania through a permanent establishment are required to pay corporate income tax for the taxable profit attributable to the permanent establishment.

Romanian tax system



**CORPORATE & INCOME
TAX RATE: 16%****REINVESTED
PROFIT TAX: 0%****DIVIDEND
TAX RATE 5%****Tax Period**

The calendar year or the fiscal year for the companies that have chosen, according to the applicable accounting regulations, to apply a fiscal year different from the calendar year.

Tax returns and assessment

As a general rule, the corporate income tax is calculated quarterly. For the first three quarters, the filing and the payment of the corporate income tax are performed quarterly, until the 25th of the first month following the end of the quarters. The final computation and payment of the corporate income tax for the whole calendar year need to be performed by March 25th of the following year.

There are exemptions from the above general rule that apply to companies such as:

- Companies that have chosen the fiscal year different from the calendar year have to declare and pay the annual corporate income tax until the 25th of the third month after the ending of the fiscal year changed.
- Non-profit organizations, companies that obtain revenues mainly from agricultural activities, educational units, religious cults and other taxpayers specifically mentioned by law have to declare and pay the annual corporate income tax by February 25th of the following year.
- Credit institutions and branches of foreign credit institutions in Romania are required to apply the system of quarterly advance payments.

Deductions

As a general rule, are considered deductible expenses those expenses which are incurred for the purpose of carrying on the business activity, unless they are specifically mentioned by law as limited deductibility expenses or non-deductible expenses.

Carryforward of losses

Companies are allowed to carry forward fiscal losses declared in the annual corporate income tax statement for a period of seven years. Recovery of the losses shall be performed in the sequence of their recording.

Withholding tax

The applicable WHT rates in relation to non-resident companies are:

- 1% of the revenues obtained from gambling

activities

- 5% of the revenues obtained from dividends (dividends paid by Romanian companies to resident companies in one of the EU member states are exempt from taxation if the beneficiary of the dividend has held, at the time of distribution, a minimum of 10% of the shares of the Romanian company for an uninterrupted period of at least one year)
- 50% for payments made by Romanian companies into non-resident companies bank accounts that are open in countries that do not have an information exchange agreement concluded with Romania and only if such payments result from artificial transactions
- 16% in case of any other revenues obtained from Romania

Interest & Royalties

As a general rule, the interest and royalties paid to non-resident companies are subject to 16% withholding tax.

However, as Romania is an EU member state, the EU Interest and Royalties Directive can be applied. Therefore, interest paid by Romanian companies to resident companies in one of the EU member states is exempt from taxation if the beneficiary of the interest has held, prior to the time of payment, at least 25% of the share capital of the Romanian company for an uninterrupted period of at least two years.

International aspects - double tax treaties

In order to apply the provisions of the relevant Double Taxation Treaty (DTT), the non-resident recipient of the income should provide to the Romanian payer a tax residence certificate attesting its tax residency for the purpose of the DTT.

In case the tax rates mentioned in the domestic legislation differ from the rates mentioned in the applicable DTT, then the most favorable rate will apply.



Investment Support Fiscal incentives

OTHER BUSINESS - RELATED TAXES

Excise duties – The following products are subject to excise duties: alcohol and alcoholic beverages, manufactured tobacco products, energy products, and electricity.

Customs duties – Goods imported from non-EU countries are subject to import customs clearance.

IT&C

0% income tax for employees

Eligibility criteria:

- Bachelor's degree in one of the **14** technical specializations available;
- Employee is hired on a software engineer/programmer/software analyst position;
- Annual revenue per exempted employee must be over **USD 10 000**.

**R&D**

0% income tax for employees

0% income tax for R&D companies for the next 10 years

Deduction of R&D eligible expenses:

- Depreciation of R&D equipment, salaries for R&D personnel;
- **50%** of these expenses can be deducted from the taxable income.

**OTHER**

0% profit tax for the reinvested profit in new technological equipment used for business purposes

- If a company benefits from exemption on the income tax for reinvestment it will not benefit from accelerated depreciation.



The state aid budget from 2021-2027 is estimated at 300M euro. The intensity percentage of the aid in the North-East Region varies in each county as follows:

- 60% for Suceava, Botosani, Neamt, Bacau and Vaslui
- 50% for Iasi

Investment of minimum €1m (GD 807/ 2014)

ELIGIBLE COSTS

- Construction of new buildings
- Renting costs for existing buildings
- CAPEX aimed at technical installations and tools
- Acquisition of intellectual property

Creation of minimum 100 jobs regardless of the investment location (GD 332 / 2014)

ELIGIBLE COSTS

- Salary costs registered for a 2 consecutive year period resulted as a direct consequence of the investment
- Salary costs are comprised of gross average annual salary plus benefits

Supporting investments in the manufacturing industry of minimum €3 m (GD 959 / 2022)

ELIGIBLE COSTS

- Starting a new unit
- Expanding the capacity of an existing unit
- Diversifying the production of a unit through products that were not previously manufactured in the unit
- Fundamental change of the general production process of an existing unit
- Creating new jobs

Investors that set up manufacturing locations or offices in an industrial, scientific, or technological park benefit from the exemption on taxes charged for changing land destination.

COMPANIES ALREADY BENEFITTING FROM ROMANIAN STATE AID

Continental – Iași, Atos – Iași, ZF Group – Roman, Endava Romania – Iași,

Ness Romania – Iași, Phinia (ex. Delphi) – Iași



In December 2021, Maquinaria Agrícola Solà took the decision of establishing a new subsidiary branch in Romania, Solà Agriculture S.R.L., to set up a local production facility for agricultural equipment. It was a very hard decision due even though Maquinaria Agrícola Solà already provide planters, seeders, and spreaders to the Romanian market for the last ten years, the production of components and machines was always centralized in Spain.

Thanks to the invaluable help of the North-East Romania Regional Development Agency, we started the process of opening the new company, looking for specialists in each area of interest (Real State, Providers, Consultancy, etc) and also applying for state aid finance resources.

We really appreciate the collaboration of all the team involved in the project and the constant and perseverance hard work they bring us every day.

Jordi Solà Bonet
Managing Director



“With approximately 2000 employees, Conduent was the first company from Romania which offers innovative and complete solutions, gaining an important position on the Outsourcing services market. Currently, we conduct our activity in four cities, Iași - Headquarters, Bucharest, Oradea and Bacău, offering support within two business areas: Business Process Outsourcing (BPO) and Customer Care (CC).”

Florentina Vasiliu
Head of HR - Albania, Romania, Hungary & SSC

Continental

Continental Iași has been established in 2006. In 11 years of activity, the Research & Development center grew from a number of 30 people in 2006 to over 1500 employees, becoming the largest high technical education employer from Iași. During this period, the company invested over 40 million EUR locally.

"In 2006 the company saw in the North-East Region of Romania a high development potential for the engineering and IT sector thanks to the northeastern young people and specialists market. This potential soon turned out to be valid. We were really glad to discover that when we established the Iași headquarters, many of our Continental colleagues from other Romanian locations, originally from the Moldova region, decided to return here and to work within the local team. Also, an important pillar in the Iași headquarters development is represented by the collaboration with the universities from Iași, through the dedicated programs for students and graduates."

Marian Petrescu
Continental Iași Director

"The colleagues from Iași manage to combine technical knowledge with creativity and to develop complex projects like hybrid cars and automatic driving. These pioneering solutions generate an automotive systems development. And especially these projects recommend the company as an attractive and progressive-minded employer."

Dr. Christian von Albrichsfeld
Continental Romania General Manager

The Research and Development Center in Iași includes divisions like Chassis & Safety, Interior and Powertrain.

Top foreign investors in North-East Region

Automotive



IT&C



Textile and fibres



Top local investors in North-East Region

Trade construction materials,
interior design



Processing and preserving
poultry meat



Manufacture of basic
pharmaceutical products



Water capture, treatment
and distribution



Manufacture of clothing



Manufacture of shirts
and blouses



Manufacture of measuring,
checking, controlling, navigating
instruments and devices



Construction work for residential
and non-residential buildings



Producer of paints and varnishes





“ Each investment starts with a small seed that grows roots and becomes fruitful, building lasting relationships that bring both social and economic growth to the region.

We strongly believe that in the near future the North-East Region of Romania will be one of most people's favorite destinations in Europe where anyone would like to live, learn, work or invest.

