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WORKING PAPER

The impact of the Minimum Turnover Tax on the economy: a sectoral analysis



With the support of

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I. General considerations

1. Regulation

The minimum turnover tax (IMCA) is implemented by Law no. 296/2023, i.e.:

a) a minimum corporate income tax of 1% of the turnover has been introduced for companies with a turnover exceeding EUR 50 million in the previous tax year;
b) the minimum tax is calculated according to the following formula:

IMCA = 1% x (VT - V_s - I - A), where the indicators have the following meaning:

IMCA - minimum turnover tax, determined cumulatively from the beginning of the tax year/modified tax year to the end of the quarter/calculation year;

- VT - total income, determined cumulatively from the beginning of the tax year/modified tax year to the end of the quarter/calculation year, as applicable;

- V_s - income deducted from the total income, determined cumulatively from the beginning of the tax year/modified tax year to the end of the quarter/calculation year, as applicable, representing:

(i) non-taxable income referred to in Articles 23 and 24;
(ii) income related to the costs of product inventories;
(iii) income related to the costs of ongoing services;
(iv) income from the production of tangible and intangible fixed assets;
(v) income from subsidies;
(vi) income from indemnification by insurance/reinsurance companies for damage to goods in the form of inventories or to their own tangible assets;
(vii) income representing excise duties which have been simultaneously reflected in the expenditure accounts;

- I - the value of fixed assets in progress resulting from the acquisition/production of assets, entered in the accounting records from January 1, 2024, or from the first day of the modified tax year beginning in 2024, respectively;
- A - book depreciation at historical cost of the assets acquired/produced from January 1, 2024/the first day of the modified tax year beginning in 2024. The book depreciation of the assets included in the value of indicator I is not included in this indicator;

c) in the case of tax groups, the responsible legal entity determines the turnover by adding up the turnovers of the group members.
The minimum turnover tax does not apply to economic operators regulated/licensed by the Romanian Energy Regulatory Authority that, in the previous year, derived income from distribution/supply/transmission of electricity and gas exceeding 95% of their total income, less the income included in indicator Vs referred to in paragraph (3), letters (i)-(vii).

2. Applicability

i) Basically, the 1% minimum turnover tax has the following impact on companies:
- Companies with a profit rate equal to or exceeding 6.25% are usually not affected. They only pay a corporate income tax. The exceptions, however, are companies that need to recover tax losses from previous years, for which the minimum turnover tax has an impact if the corporate income tax due is lower than the minimum turnover tax;
- Companies with a profit rate between 1% and 6.25% pay the minimum turnover tax, with the result that the actual corporate income tax rate, recalculated after the application of the minimum turnover tax, varies between 100% (for companies with a profit rate of 1%) and 16% (for companies with a profit rate of 6.25%);
- Companies with a profit rate of less than 1% are operating at a loss, as the minimum turnover tax exceeds the profits;
- For companies operating at a loss, the minimum turnover tax increases the losses.

ii) The minimum turnover tax creates a problem for tax groups (groups of companies which, under certain conditions, may calculate a consolidated corporate income tax and offset losses against profits), an instrument introduced precisely to facilitate the cash flow of companies registered in Romania by allowing the offset of losses of certain group companies against the profits of other companies in the group. The turnover of the tax group is determined by adding up the turnovers of the member companies of the tax group, so that the probability of exceeding the EUR 50 million threshold will increase, whereas the profit rate of the tax group, where the group includes companies that record losses, will decrease in accordance with the mechanism described above.

iii) The inclusion of excise revenues, which are simultaneously recorded in both the expenditure accounts and in the list of revenues to be deducted, is natural, given that, for traders of excisable/excised products, a significant portion of the revenues consists of the excise duty included in the selling price of the products, and, therefore, also in the revenues. However, the legislator has omitted to deduct from the base for calculating the minimum turnover tax other types of taxes and duties that also have an impact on revenues, such as:

- non-oil royalties (where the additional tax applies to oil and gas companies);
- clawback tax for pharmaceutical companies;
- local taxes and duties;
- building tax, reintroduced from 2025.

It is important to note that, long after the entry into force of the minimum turnover tax (on January 1, 2024), the Government approved, under Decision no. 1393/2024 ("GD 1393/2024"), published in the Official Gazette no. 1125/11.11.2024 (i.e. 315 days after its entry into force!), methodological rules restricting the scope of the provision allowing excise duties to be deducted from the base for calculating the minimum turnover tax only to excise duty payers (authorized warehousekeepers, importers of excisable products, certified consignees, etc., i.e. the persons that place the excisable products on the market), thus eliminating this possibility for companies in the distribution chain (which, in fact, bear the excise duty and pass it on through the selling price, down the chain, to the final consumer). We should not forget that excise duty, like VAT, is an indirect tax that is passed on down the distribution chain and will be borne only by the final consumer. Considering that most of these companies have Romanian capital, there can be no suspicion that they would shift their profits to foreign jurisdictions through transfer pricing, and it is obvious that the minimum turnover tax was not designed as a tool to combat profit shifting through pricing outside Romania, but only as a tool of overtaxation to generate additional budget revenues.

The legal appeal procedure has already been initiated against GD 1393/2024 on the grounds that, by adopting this GD, the Government has impermissibly supplemented the law, and the Courts of Appeal of Cluj and Bucharest have ordered the suspension of the application of the provision pending the judgment of the claims. It is important to note that the application of an administrative act may be suspended only if two cumulative conditions are met: (i) the act appears to be unlawful, and (ii) the application of the act causes an imminent danger to the company.

In addition, we believe that the issue of multinational companies shifting profits through pricing is highly exaggerated for a simple reason: lack of motivation. Most Romanian companies with foreign capital have their parent companies in Germany, Austria, the Netherlands, France or Italy, where the corporate income tax rate is at least 25%, i.e. higher than in Romania (16%). In this case, it makes no sense to shift profits through pricing to the parent companies in order to pay a higher tax. On the contrary, it would be much more efficient for the group to shift profits to Romania and for the parent companies to receive dividends untaxed under the Parent-Subsidiary Directive, achieving a net gain of at least 9% (in case of a 25% corporate income tax).

Moreover, Romania has effective transfer pricing rules implementing the OECD Transfer Pricing Guidelines down to its comments. In this context, the introduction of the minimum turnover tax to combat profit shifting may be regarded as a declaration of inability to act on the part of the Romanian State and, implicitly, reflects the legislator's lack of confidence in the capacity of the National Agency for Fiscal Administration to enforce compliance with the laws, especially considering that all companies falling within the scope of the minimum turnover tax are obliged to prepare transfer pricing files for all transactions concluded with related companies.

iv) The legislator has also failed to take into account that, in addition to companies in the electricity and gas supply/distribution sectors (which are excluded from the scope of application, as the price of their services is regulated by the Romanian Energy Regulatory Authority), there are other companies that are obliged to sell at regulated prices (pharmaceutical distributors, for very expensive innovative medicines), with permitted mark-ups well below 1% of the selling price, which generates losses for these companies and creates the risk of the supply disruptions for these medicines.

v) The minimum turnover tax also creates significant distortions of competition between companies with comparable turnovers operating in the same industry, in the case of companies with a turnover slightly below the EUR 50 million threshold and those with a turnover slightly above it, as the former are not subject to the minimum turnover tax (e.g. Company 1 with a turnover of EUR 49.9 million vs. Company 2 with a turnover of EUR 50.1 million).

3. Impact of the minimum turnover tax

Given the financial impact of the minimum turnover tax, we cannot rule out the possibility of increased moral hazard, a downward trend in profitability and a self-perpetuating economic decline in the following period, also as a result of the measures taken to counteract the effects of the minimum turnover tax through:

- company spin-offs to reduce the turnover below EUR 50 million and to avoid the application of the minimum turnover tax;
- changes in business models, from the production and sale of finished products to the so-called lohn and invoicing for production services only;
- relocation of certain importers abroad, with business continuing through local distributors;
- reduced investment in development and technology, as companies seek to avoid additional risks due to taxation, even in years with low or negative profits;

- abandonment of fiscal consolidation in Romania;
- higher prices for final consumers, especially in sectors where companies have high costs, low margins and difficulties to adjust their cost structure;
- declining demand and, thus, in the medium term, reduced revenues due to price increases, thus exacerbating the financial downturn.

4. Methodology

Since company financial statement data for 2024 are not yet available, we have taken into consideration the data available for 2022 and 2023 to analyze the impact that the minimum turnover tax would have had if it had also been applicable in 2023.

The following data were collected for each legal entity:

- NACE group;
- NACE division;
- Company name and status;
- Turnover, net profit/loss and gross profit (RON);
- Average number of employees.

The exchange rate used was RON 5/EUR 1.

We consider that the analysis is also relevant for 2024, as the micro-analysis included in Annex 4 (legal entities with turnovers exceeding EUR 50 million, listed on the Bucharest Stock Exchange) shows a downward trend in both turnover and gross profit margins for most of these companies, both in 2023 compared to 2022 and in 2024 compared to 2023.

We have analysed all legal entities with turnovers exceeding EUR 50 million in 2022 and 2023, excluding credit institutions and oil and gas companies, and have presented the results, both consolidated (all these companies) and sectoral (grouped by each main NACE code, from A to R).

The analysis aims to illustrate the magnitude of the systemic effect, without examining the granularity at the level of each legal entity.

The analysis considers the direct impact on companies and refers to ecosystem and value chain effects only in the case of the automotive industry for illustrative purposes. In fact, the impact on any entity at any point along the value chain extends to all downstream companies, regardless of their size.

The analysis of the impact of the minimum turnover tax can be conducted at different levels, but each level of detail adds methodological challenges, without necessarily providing significant value in terms of conclusions.

The ripple effect of the minimum turnover tax in the economy could have been seen by analysing the Input-Output Table in the National Accounts. This tool enables the mapping of the interdependencies between economic sectors and provides in-depth insight into how a fiscal shock (such as the introduction of the minimum turnover tax) impacts all companies in the value chain. However, it is published with a 36-month lag, so for a measure that became effective in 2024, the analysis based on this tool cannot accurately anticipate the effects for 2025, making updated projections impossible.

Moreover, the systemic impact of the minimum turnover tax is evident even without a complex analysis. The cascade effects are predictable. A more advanced model would only confirm what the simplified analysis already demonstrates: increasing the tax burden at one level of the value chain generates cumulative effects and distortions throughout the chain. Thus, any attempt to overly refine the modelling of the impact of the minimum turnover tax would be a theoretical exercise without any concrete benefit to the decision-making process.

As regards the oil and gas sector, we have excluded from the analysis the companies whose main activities corresponds to one of the NACE codes included in the Order of the Minister of Finance no. 1533/2024 ("OMF 1533/2024"), and we do not rule out the possibility that some of the legal entities under review will be subject to the additional turnover tax (an additional tax of 0.5% of the tax base, payable by oil and gas companies), and not to the minimum turnover tax.

Data were collected from November 2023 to September 2024, with B2I.APP serving as the main source, and were confirmed using data published by the Ministry of Finance at https://mfinante.gov.ro/apps/agenticod.html. Where appropriate, companies were added using information from https://www.listafirme.ro.

Other data were collected either from the web sources listed as links in the corresponding Annexes, or from the following:

- www.bnro.ro;
- www.insse.ro;
- www.bvb.ro;
- https://pages.stern.nyu.edu/adamodar/ for profit margins in various industries - Aswath Damodaran is a Professor of Corporate Finance at the Stern School, New York University, and publishes relevant annual datasets. In cases where data for actual margins were unavailable (sectors divided into divisions), we have calculated an average margin.

II. Results of the analysis for companies with a turnover exceeding EUR 50 million in 2023

1. General analysis

We have identified a total of 1,087 companies, of which three have been excluded (one in dissolution and two in judicial reorganization), leaving 1,084 companies in the analysis.
These 1,084 companies have their main object of activity distributed across:

- 255 four-digit NACE codes;
- 65 two-digit NACE codes out of a total of 88 at national level. In practice, the minimum turnover tax applies to companies in 75% of the national NACE codes, representing the majority of the economy;
- Cumulative turnover: RON 1,083,577,648,777 (approximately EUR 216.7 billion). Given that the total turnover of the economy in 2023 amounted to RON 2,672 billion (EUR 545 billion), the turnover of the affected companies accounts for approximately 40% of the total turnover of the economy;
- Average number of employees: 959,908.

Out of the 1,084 companies analysed, 747 (i.e. 69% of the total number) have the corporate income tax below the minimum turnover tax, and, therefore, owe the minimum turnover tax.

Their situation is summarized in the following table:

Number of companies	Average number of employees	Cumulative turnover (RON)	Cumulative turnover (EUR)	% of turnover analysed	Impact of the minimum turnover tax
148 loss-making companies	169.653	143.461.266.445	EUR 28,7 billion	13,24%	**Loss increase**
90 net profit-making companies	54.001	87.532.653.415	EUR 17,5 billion	8,08%	**Shift to loss**
509 net profit-making companies	446.880	530.484.388.344	EUR 106 billion	48,96%	**Profit margin decrease**
747 companies in total	**670.534**	**761.478.308.204**	**EUR 152,2 billion**	**70,27%[1]**	

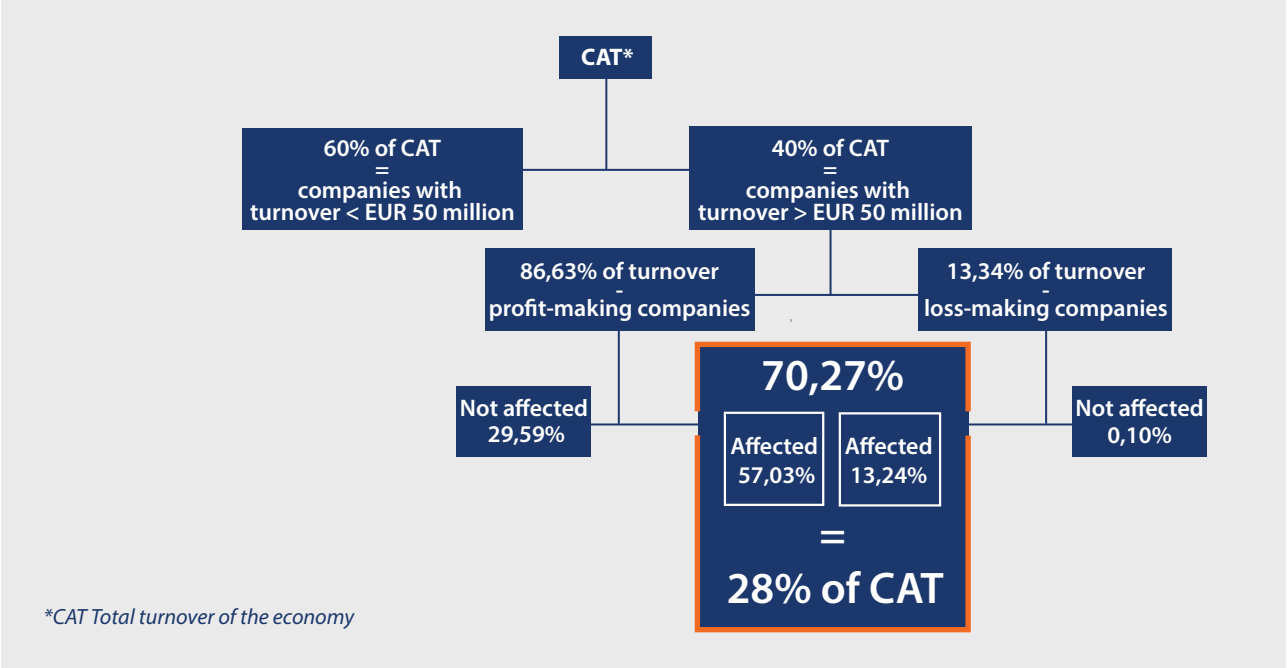
Among these companies, the 148 loss-making companies are the most severely impacted by the minimum turnover tax, particularly those whose losses result from difficult market conditions (e.g. automotive industry) rather than ongoing investments (which can be stopped), where the minimum turnover tax may lead to closure/relocation to other jurisdictions in extreme cases. Activities which create approximately 170,000 jobs are thus jeopardized.

Similarly, the 90 companies that are shifting from profit to loss due to the minimum turnover tax (with profit margins below 1%) face a comparable, albeit less severe, situation.

For 509 companies, the minimum turnover tax reduces profits margin due to overtaxation.

The way in which the minimum turnover tax impacts Romanian companies is reflected in the following flowchart:

[1] *% calculated on values in RON, without rounding.*



An analysis of the data above reveals the additional amount that could be collected from the minimum turnover tax: RON 5.085 billion (EUR 1.017 billion), which is approximately equal to the expectations of the Government.

This amount results as follows:

- EUR 286.5 million from companies recording losses, calculated by applying a 1% rate to the turnover;
- EUR 730.8 million from companies with profit margins below 6.25%, calculating the difference between 1% of the turnover and the corporate income tax paid.

It is important to note that we have not taken into consideration the amounts deducted from the base for calculating the minimum turnover tax as we did not have access to the required information, which is not publicly available for all companies.

A further analysis of the gross and net margins at the level of each NACE section (included in Annex 3) reveals that Romanian companies generally have lower margins (in some sectors even significantly lower) than those operating in other markets, whether European or global. These differences can be attributed to factors such as high operating costs, market structure, demand dynamics, pricing strategies, intense competition and local regulations (including the minimum turnover tax), where applicable. A tax regime such as the minimum turnover tax affects the already fragile profit margins of companies. Lower profit margins increase financial pressure and vulnerability to cost fluctuations, limit investment and innovation, which are essential for sustainable economic growth, and reduce market attractiveness. To counter the negative impact of the minimum turnover tax on profitability, companies may increase prices (passing on costs to consumers and creating tax-induced inflationary pressure), cut costs through operational restructuring (including layoffs), split and/or reduce operations or even exit the market.

In an already fragile economic environment, the minimum turnover tax creates a tax burden that is not aligned with the actual profitability of companies, disproportionately impacting low-margin sectors. Such high-risk regulation for economic growth not only undermines the competitiveness of Romanian companies compared to those in other European markets, but also reduces their investment capacity, impacts consumers, increases the risk of inflation and amplifies the negative effect on the entire economy through its impact on the value chain.

2. Analysis by NACE codes

The analysis was carried out first by Sections and then by Divisions (2-digit codes).
The consolidated results of the analysis are presented in the Table above.

Comments:

There are only four Sections that are not affected by the minimum turnover tax, corresponding to small-scale activities:

- Section P – Education;
- Section S – Other service activities;
- Section T – Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use;
- Section U - Activities of extraterritorial organisations and bodies;

ii) The remaining 17 Sections are all affected by the minimum turnover tax in at least 50% of the companies included in each Section;

iii) The only Section where the percentage of affected companies is below 50% is Section F – Construction: 34 out of 76 companies are affected (44.7%);

iv) The Sections with the highest number of companies present are:

- Section G – Wholesale and retail trade, with 404 companies, of which 316 are affected (78%);
- Section C – Manufacturing, with 338 companies, of which 234 are affected (66.3%).

2. Section A – Agriculture, forestry and fishing

Before analysing the impact of the minimum turnover tax on companies included in this Section, it is important to note that these companies were also impacted by changes in payroll taxation in 2024. The exemption from payroll tax and social health insurance contribution approved by the Parliament in June 2022 was first limited to salaries up to RON 10,000/month (the tax and social health insurance contribution being calculated only on amounts exceeding this threshold) and later completely eliminated. The exemption from social health insurance contributions was first eliminated in 2024, followed by the complete elimination of the payroll tax exemption in 2025. It is very likely that these changes have resulted in increased payroll costs for companies.

This sector has also been affected by prolonged drought in recent years, cereal imports from Ukraine, and the negative effects of the de facto restriction of supplier credit in Romanian agriculture under GEO 31/2024.

Companies **NACE A**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**18**	**14**	1	2	11	**4**
Turnover	**EUR 2,65 billion**	**EUR 2,26 billion**	EUR 83,9 million	EUR 348 million	EUR 1,83 billion	**EUR 386 million**
Number of employees	**18.572**	**16.643**	1	415	16.227	**1.929**

The distribution of the 18 companies accross 2-digit NACE divisions is as follows:
- NACE 01 – Agriculture, forestry and fishing: 17 companies, of which 13 are affected;
- NACE 02 – Forestry and logging: 1 company, which is affected;
- NACE 03 – Fishing and aquaculture: 0 companies.

It should also be noted that most of the companies in this section have Romanian capital, meaning that one of the key assumptions underlying the introduction of the minimum turnover tax (i.e. multinational companies shift profits to their parent companies) cannot be sustained. Moreover, the only affected company in NACE 02 division is Romsilva SA, which is fully owned by the Romanian State.

2. Section B – Mining and quarrying

Unfortunately, this business sector is underdeveloped in Romania (although we are a country abundant in various mineral resources), which is also reflected in the number of companies with a turnover exceeding EUR 50 million:

Companies **NACE B**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**4**	**2**	1	-	1	**2**
Turnover	**EUR 0,4 billion**	**EUR 210 million**	EUR 66,5 million	-	EUR 143,8 million	**EUR 206,5 million**
Number of employees	**3.362**	**1.468**	609	-	859	**1.894**

The distribution of the affected companies accross 2-digit NACE divisions is as follows:
- NACE 07 – Mining of metal ores: 1 company;
- NACE 09 – Mining support service activities: 1 company.

It should also be noted that one of the two affected companies has Romanian capital, while the other is owned by a company in which the Romanian State holds a minority shareholding and has a representative on the Board of Directors. Therefore, the theory of profit shifting abroad is not supported in this case either.

2. Section C – Manufacturing

The situation of the manufacturing industry is addressed in the "Risks for Romania" section on page 4 of the Report on the macroeconomic situation in 2025 and its projection for the years 2026-2028, published by the Romanian Government along with the draft State Budget Law and the draft State Insurance Budget Law for 2025:
"The structural challenges in manufacturing, particularly in the automotive industry, are substantial and have significant spillover effects, being driven by energy transition, fast technological progress, changing consumer preferences and global competition."

Our analysis confirms this thesis.

In this context, the introduction of a minimum turnover tax, even in a sector already facing difficulties, makes no sense and only exacerbates the structural issues that have been acknowledged by the Government itself.

Returning to this Section, it is the second most represented in the list of companies impacted by the minimum turnover tax:

Companies **NACE C**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**338**	**234**	55	22	157	**104**
Turnover	**EUR 65,9 billion**	**EUR 45,5 billion**	EUR 12 billion	EUR 2 billion	EUR 31,5 billion	**EUR 20,4 billion**
Number of employees	**342.997**	**256.875**	57.437	14.836	184.602	**86.122**

Their distribution acrross 2-digit NACE divisions is as follows:

- Out of the 35 divisions, 33 are represented by companies affected by the minimum turnover tax;
- NACE 19 division is included in the OMF 5433/2023 within the scope of the additional turnover tax and is therefore excluded from the analysis;
- NACE 21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations is the only division not affected.

Given the importance of this Section and the large number of 2-digit NACE divisions involved, we present below an analysis of the impact of the minimum turnover tax on each division.

NACE 10 – Manufacture of food products

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 10**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**59**	**39**	9	6	24	**20**
Turnover	**EUR 7,4 billion**	**EUR 5,17 billion**	EUR 1,4 billion	EUR 477 million	EUR 3,3 billion	**EUR 2,2 billion**
Number of employees	**41.158**	**23.264**	5.975	3.260	14.029	**17.894**

NACE 11 – Manufacture of beverages

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 11**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**13**	**4**	2	-	2	**9**
Turnover	**EUR 3,1 billion**	**EUR 923 million**	EUR 198 million	-	EUR 725 million	**EUR 2,1 billion**
Number of employees	**10.007**	**1.991**	951	-	1.040	**8.016**

NACE 12 – Manufacture of tobacco products

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 12**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**3**	**2**	-	-	2	**1**
Turnover	**EUR 592 million**	**EUR 0,4 billion**	-	-	EUR 406 million	**EUR 186 million**
Number of employees	**2.777**	**1.521**	-	-	1.521	**1.256**

NACE 13 – Manufacture of textiles

The minimum turnover is estimated to have the following impact:

Companies **NACE C 13**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**8**	**8**	3	1	4	-
Turnover	**EUR 761 million**	**EUR 0,76 billion**	EUR 234 million	EUR 50 million	EUR 477 million	-
Number of employees	**5.285**	**5.285**	2.344	498	2.443	-

NACE 14 – Manufacture of wearing apparel

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 14**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**2**	**1**	-	-	1	**1**
Turnover	**EUR 116 million**	**EUR 58,6 million**	-	-	EUR 58,6 million	**EUR 57,4 million**
Number of employees	**1.936**	**978**	-	-	978	**958**

NACE 15 – Tanning and dressing of leather; manufacture of luggage, handbags, saddlery and harness and footwear; dressing and dyeing of fur

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 15**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**3**	**3**	1	-	2	-
Turnover	**EUR 197 million**	**EUR 197 million**	EUR 70 million	-	EUR 127 million	-
Number of employees	**2.710**	**2.710**	917	-	1.793	-

NACE 16 – Manufacture of wood and of products of wood and cork, except furniture

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 16**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**9**	**7**	6	-	1	**2**
Turnover	**EUR 1,47 billion**	**EUR 1,35 billion**	EUR 927 million	-	EUR 426 million	**EUR 118 million**
Number of employees	**5.114**	**3.768**	2.955	-	813	**1.346**

NACE 17 – Manufacture of paper and paper products

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 17**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**11**	**9**	2	2	5	**2**
Turnover	**EUR 0,9 billion**	**EUR 616 million**	EUR 142 million	EUR 147 million	EUR 327 million	**EUR 284 million**
Number of employees	**4.719**	**3.696**	506	938	2.252	**1.023**

NACE 18 – Printing and reproduction of recorded media

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 18**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**2**	**1**	-	-	1	**1**
Turnover	**EUR 169 million**	**EUR 59 million**	-	-	EUR 59 million	**EUR 110 million**
Number of employees	**641**	**209**	-	-	209	**432**

NACE 20 – Manufacture of chemicals and chemical products

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 20**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**16**	**9**	1	1	7	**7**
Turnover	**EUR 2,53 billion**	**EUR 1,85 billion**	EUR 372 million	EUR 280 million	EUR 1,2 billion	**EUR 679 million**
Number of employees	**6.892**	**3.621**	921	1.449	1.251	**3.271**

NACE 22 – Manufacture of rubber and plastic products

The minimum turnover tax is estimated to have the following impact

Companies **NACE C 22**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**18**	**12**	3	1	8	**6**
Turnover	**EUR 4,2 billion**	**EUR 2,85 billion**	EUR 1,4 billion	EUR 51 million	EUR 1,4 billion	**EUR 1,3 billion**
Number of employees	**20.350**	**14.693**	6.762	119	7.812	**5.657**

NACE 23 – Manufacture of other non-metallic mineral products

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 23**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**21**	**7**	2	-	5	**14**
Turnover	**EUR 2,7 billion**	**EUR 538 million**	EUR 144 million	-	EUR 394 million	**EUR 2,2 billion**
Number of employees	**11.672**	**3.506**	929	-	2.577	**8.166**

NACE 24 – Manufacture of basic metals

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 24**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**16**	**12**	6	1	5	**4**
Turnover	**EUR 3,48 billion**	**EUR 2,38 billion**	EUR 1,64 billion	EUR 68 million	EUR 676 million	**EUR 1,1 billion**
Number of employees	**15.781**	**12.410**	8.358	204	3.848	**3.371**

NACE 25 – Manufacture of fabricated metal products, except machinery and equipment

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 25**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**18**	**14**	2	3	9	**4**
Turnover	**EUR 1,98 billion**	**EUR 1,57 billion**	EUR 204 million	EUR 280 million	EUR 1,09 billion	**EUR 409 million**
Number of employees	**8.028**	**7.706**	1.300	1.084	5.322	**322**

NACE 26 – Manufacture of computer, electronic and optical products

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 26**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**22**	**17**	2	1	14	**5**
Turnover	**EUR 2,68 billion**	**EUR 1,98 billion**	EUR 167 million	EUR 97 million	EUR 1,72 billion	**EUR 689 million**
Number of employees	**22.944**	**17.847**	1.891	450	15.506	**5.097**

NACE 27 – Manufacture of electrical equipment

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 27**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**27**	**23**	4	2	17	**4**
Turnover	**EUR 5,58 billion**	**EUR 4,94 billion**	EUR 719 million	EUR 174 million	EUR 4,05 billion	**EUR 632 million**
Number of employees	**29.623**	**27.938**	5.433	996	21.509	**1.685**

NACE 28 – Manufacture of machinery and equipment n.e.c.

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 28**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**13**	**12**	2	-	10	**1**
Turnover	**EUR 4,97 billion**	**EUR 4,69 billion**	EUR 220 million	-	EUR 4,47 billion	**EUR 284 million**
Number of employees	**17.525**	**15.898**	1.600	-	14.298	**1.627**

NACE 29 – Manufacture of motor vehicles, trailers and semi-trailers

This sector is by far the largest of all the 2-digit NACE divisions under review, both in terms of turnover and number of employees, and one of the most impacted by the minimum turnover tax. The sector is also important in terms of the ecosystem it creates within the economy, which we can generically refer to as the "automotive industry".

It is already well-known that the automotive industry is severely affected across the EU, with the largest European manufacturer (VW Group) already announcing plant closures (in October 2024)[2]. The decline in car production in the western part of the EU is inevitably leading to fewer orders for suppliers of car components, which make up the majority of the 50 companies included in the analysis of the the minimum turnover tax impact for NACE 29. Companies outside of NACE 29, but which are part of the automotive industry ecosystem will also be affected.

[2] *https://edition.cnn.com/2024/10/28/business/volkswagen-factory-closures-layoffs/index.html*

Moreover, not only companies with a turnover exceeding EUR 50 million will be impacted by the challenges the automotive industry is facing for various reasons (such as the component shortage caused by COVID, the cessation of exports to Russia, competition from Chinese companies, the substantial investments made or required to be made to accommodate the restrictions caused by the Green Deal, the sharp rise in energy prices caused by the same Green Deal and the war initiated by Russia against Ukraine, etc.), but also companies with a turnover below EUR 50 million that produce car components. However, these companies will not be directly affected by the additional burden of the minimum turnover tax.

We have identified a significant number of companies within the scope of the minimum turnover tax that are not included in the NACE 29 division, but belong to other closely related divisions, such as:

- NACE 15 – Tanning and dressing of leather (DTR Draxlmaier Sisteme Tehnice SRL);
- NACE 22 – Manufacture of rubber and plastic products (Continental Automotive Products SRL, Michellin Romania SRL, Optibelt Power Transmission SRL, Pirelli Tyres Romania SRL);
- NACE 23 – Manufacture of other non-metallic mineral products (Sisecam Automotive SRL);
- NACE 26 – Manufacture of computer, electronic and optical products (DPR Draxlmaier Procese de Producție Romania SRL);
- NACE 28 – Manufacture of machinery and equipment n.e.c. (Bosch Automotive SRL);
- NACE 46 – Wholesale trade, except of motor vehicles and motorcycles (Martur Automotive Seating and Interiors SRL).

We have also identified companies with a turnover exceeding EUR 50 million in 2022, but which no longer appear on the list within the scope of the minimum turnover tax in 2023:

- NACE 27 – Manufacture of electrical equipment (EBM – PAPST Automotive & Drives SRL, ROMBAT SA).

The analysis of the estimated impact of the minimum turnover tax on the above-mentioned companies which are part of the ecosystem does not differ from the analysis of companies included in NACE 29:

Companies **Automotive Ecosystem**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**9**	**8**	3	-	5	**1**
Turnover	**EUR 4 billion**	**EUR 3,05 billion**	EUR 1,2 billion	-	EUR 1,85 billion	**EUR 0,95 billion**
Number of employees	**19.555**	**16.962**	6.107	-	10.855	**2.593**

Returning to the companies in the NACE 29 division, the minimum turnover tax is estimated to have the following impact:

Companies **NACE C 29**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**50**	**42**	10	2	30	**8**
Turnover	**EUR 19,84 billion**	**EUR 13,31 billion**	EUR 4,24 billion	EUR 131 million	EUR 8,94 billion	**EUR 6,53 billion**
Number of employees	**108.913**	**92.211**	16.595	2.836	72.780	**16.702**

NACE 30 – Manufacture of other transport equipment

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 30**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**11**	**7**	-	2	5	**4**
Turnover	**EUR 1,38 billion**	**EUR 996 million**	-	EUR 309 million	EUR 687 million	**EUR 384 million**
Number of employees	**9.783**	**7.820**	-	3.002	4.818	**1.963**

NACE 31 – Manufacture of furniture

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 31**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**3**	**3**	-	-	3	**-**
Turnover	**EUR 614 million**	**EUR 614 million**	-	-	EUR 614 million	**-**
Number of employees	**8.689**	**8.689**	-	-	8.689	**-**

NACE 32 – Other manufacturing

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 32**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**3**	**1**	-	-	1	**2**
Turnover	**EUR 155,5 million**	**EUR 51 million**	-	-	EUR 51 million	**EUR 104,5 million**
Number of employees	**2.255**	**554**	-	-	554	**1.701**

NACE 33 – Repair and installation of machinery and equipment

The minimum turnover tax is estimated to have the following impact:

Companies **NACE C 33**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**1**	**1**	-	-	1	**-**
Turnover	**EUR 90 million**	**EUR 90 million**	-	-	EUR 90 million	**-**
Number of employees	**560**	**560**	-	-	560	**-**

2. Section D – Electricity, gas, steam and air conditioning supply

This Section is the most susceptible to misinterpretation regarding the impact of the minimum turnover tax, as there is a possibility that some of the companies included in the analysis fall within the scope of the additional turnover tax (gas sales) and, therefore, not within the scope of the minimum turnover tax. Furthermore, some of the companies included in the analysis may be excluded from the application of the minimum turnover tax if at least 95% of their revenues derive from supplies at tariffs regulated by the Romanian Energy Regulatory Authority.

The minimum turnover tax is estimated to have the following impact:

Companies **NACE D**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**39**	**22**	8	2	12	**17**
Turnover	**EUR 17,2 billion**	**EUR 9,1 billion**	EUR 2,7 billion	EUR 2,2 billion	EUR 4,2 billion	**EUR 8,1 billion**
Number of employees	**36.874**	**12.420**	6.129	801	5.490	**24.454**

2. Section E – Water supply; sewerage, waste management and remediation activities

This Section includes 3 divisions, of which 2 (NACE 36 – Water collection, treatment and supply and NACE 38 – Waste collection, treatment and disposal activities) fall within the scope of the minimum turnover tax, with 5 companies (of which 0 affected), and 17 companies (of which 10 affected) respectively. NACE 37 – Sewerage is not represented, most likely consisting of local companies with a turnover below EUR 50 million.

The minimum turnover tax is estimated to have the following impact:

Companies **NACE E**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**17**	**10**	5	1	4	**7**
Turnover	**EUR 1,65 billion**	**EUR 1,02 billion**	EUR 436 million	EUR 87 million	EUR 502,4 million	**EUR 631 million**
Number of employees	**14.885**	**4.956**	4.489	0	467	**9.929**

2. Section F – Construction

The construction sector has significant economic importance, as evidenced by the relatively large number of companies (76) falling within the scope of the minimum turnover tax (with a turnover exceeding EUR 50 million). However, this sector is relatively less affected by the minimum turnover tax, with only 35 companies in this situation (46%), being one of the very few sectors where this percentage is below 50%, with 42 companies not affected. Nevertheless, all three 2-digit NACE divisions (NACE 41 – Construction of buildings, NACE 42 – Civil engineering and NACE 43 – Specialised construction work) are represented among the affected companies (with 16, 16 and 3 companies respectively).
All these companies were impacted in 2023 by the limitation of the exemption from payroll tax and social health insurance contribution only to salaries up to RON 10,000/month, and in 2024 by the elimination of the exemption from social health insurance contribution and the taxation of meal vouchers. In 2025, they will be further impacted by the elimination of the payroll tax exemption and the increase in the social security contribution rate (due to the reintroduction of the contribution to the second pillar).

The minimum turnover tax has the following impact:

Companies **NACE F**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**76**	**34**	3	2	29	**42**
Turnover	**EUR 9,83 billion**	**EUR 5,43 billion**	EUR 693 million	EUR 139 million	EUR 4,6 billion	**EUR 4,4 billion**
Number of employees	**35.119**	**19.667**	1.867	361	17.439	**15.452**

2. Section G – Wholesale and retail trade; repair of motor vehicles and motorcycles

Section G includes the largest number of companies subject to the minimum turnover tax (with a turnover exceeding EUR 50 million), as well as the largest number of companies affected by the minimum turnover tax (i.e. 316 – 78.2%).

We have excluded companies with NACE 4671 from the analysis – Wholesale of liquid and gaseous fuels and NACE 4730 – Retail sale of automotive fuel as their main object of activity, as these are subject to the additional turnover tax (additional 0.5% turnover tax for companies in the oil and gas sector).

Note: We cannot rule out the possibility that, due to the inadequate regulation of the additional turnover tax, some companies within Section G may be considered by the National Agency for Fiscal Administration as being subject to the additional turnover tax rather than the minimum turnover tax. This is possible because the scope of the additional turnover tax may include companies that derive income from activities (either main or secondary) under NACE code 4730 – Retail sale of automotive fuel in specialised stores, which includes the retail sale of motor oils and coolants (antifreeze).

If, in the case of retail companies, it is debatable whether the sale of these products falls under NACE code 4730 (it is more likely to be classified under NACE code 471 – Retail sale in non-specialised stores), the classification under NACE code 4730 is as clear as possible in the case of companies that operate car repair shops where they sell motor oil or antifreeze. This category also includes companies that sell motor vehicles (as all of them typically have car repair shops). However, it is important to note that, in practice, we also encountered retail companies with fuel stations in logistic centers, and in one instance, even a gas station (Carrefour Militari), which makes them oil and gas companies subject to the additional turnover tax. These inconsistencies were only partially addressed by GO 3/2025, which applies only to 2025, and not to 2024.

This issue is likely to persist for large construction or transport companies, all of which operate their own diesel fuel stations for their truck fleets. If these stations are also permitted to refuel trucks that do not belong to them, for a fee, we cannot rule out the possibility that the National Agency for Fiscal Administration will consider these companies as falling within the scope of the additional turnover tax, rather than the minimum turnover tax.

Also, considering the provisions of GD 1393/2024 (appealed by taxpayers in administrative proceedings), whereby the Government limited the group of companies that can deduct excise duties from the base for calculating the minimum turnover tax to excise duty payers only, we cannot exclude the possibility that the impact of the minimum turnover tax on companies distributing tobacco and alcohol products will be significantly higher than estimated (if the legal actions taken by some of these companies are unsuccessful). The impossibility to deduct excise duties (which account for a significant part of the selling prices of excisable/excised products) from the base for calculating the minimum turnover tax will drastically reduce the already low profit margins of companies in this category.

Returning to the minimum turnover tax, it has the following impact:

Companies **NACE G**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**404**	**316**	48	45	223	**88**
Turnover	**EUR 91 billion**	**EUR 70,8 billion**	EUR 7,5 billion	EUR 10,1 billion	EUR 53,2 billion	**EUR 19,7 billion**
Number of employees	**233.897**	**178.309**	28.919	17.820	131.570	**55.588**

- All three 2-digit NACE divisions are represented:

  - NACE 45 – Wholesale and retail trade and repair of motor vehicles and motorcycles (46 companies);
  - NACE 46 – Wholesale trade, except of motor vehicles and motorcycles (211 companies);
  - NACE 47 – Retail trade, except of motor vehicles and motorcycles (59 companies).

It is important to note that a significant part of the affected companies (in particular those included in NACE 45 and NACE 46) are companies with Romanian capital, which are unlikely to shift profits abroad.

2. Section H – Transportation and storage

The minimum turnover tax has the following impact:

Companies **NACE H**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**53**	**35**	8	7	20	**18**
Turnover	**EUR 6,8 billion**	**EUR 4,72 billion**	EUR 1,7 billion	EUR 915 million	EUR 2,1 billion	**EUR 2,1 billion**
Number of employees	**103.500**	**91.644**	46.480	11.692	33.472	**11.856**

- four out of five 2-digit NACE divisions include companies affected by the minimum turnover tax:
  - NACE 49 – Land transport and transport via pipelines (16 companies);
  - NACE 51 – Air transport (1 company);
  - NACE 52 – Warehousing and support activities (13 companies);
  - NACE 53 – Postal and courier activities (5 companies).

Similarly, it is important to note that a significant part of the total number of companies have Romanian capital, and the only company under NACE 51 – Air transport is TAROM SA, a company with marginal profit which ended up operating at a loss.

2. Section I – Hotels and restaurants

Although this sector has significant economic importance, the companies included in this section are significantly underrepresented in the analysis (only 4 companies with a turnover exceeding EUR 50 million): this situation is explained by the fragmented market, as well as the business model (1 restaurant/1 hotel – 1 company – SPV or franchising); otherwise, it is difficult to explain why large companies in the industry, operating many restaurants/hotels/clubs, are not included in the list.

The minimum turnover tax has the following impact:

Companies **NACE I**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**4**	**3**	-	-	3	**1**
Turnover	**EUR 667 million**	**EUR 454 million**	-	-	EUR 454 million	**EUR 213 million**
Number of employees	**11.267**	**7.308**	-	-	7.308	**3.959**

2. Section J – Information and communication

It is noteworthy that a relatively large number of companies in the leading industry of the Romanian economy (and not only) have been affected in recent years, with more than 50% of the companies being impacted by the minimum turnover tax. This can be attributed to the fact that the Romanian segment of the industry holds a low value-added position in the global value chain, as none of the companies listed with a turnover exceeding EUR 50 million have IPRs registered in Romania.

The minimum turnover tax has the following impact:

Companies **NACE J**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**51**	**31**	11	3	17	**20**
Turnover	**EUR 9,7 billion**	**EUR 5,5 billion**	EUR 2,7 billion	EUR 413 million	EUR 2,4 billion	**EUR 4,2 billion**
Number of employees	**80.835**	**43.200**	14.164	3.324	25.712	**37.635**

- four out of six 2-digit NACE divisions include companies that are affected:
  - NACE 58 – Publishing activities (3 companies, all in software publishing);
  - NACE 61 – Telecommunications (10 companies);
  - NACE 62 – Computer programming, consultancy and related activities (21 companies);
  - NACE 63 – Information service activities (1 company).
- two out of six divisions include companies that are not affected:
  - NACE 59 – Motion picture, video and television programme production (1 company);
  - NACE 60 - Programming and broadcasting activities (3 companies).

2. Section K – Financial and insurance activities

We have excluded all banks from this section, as they are subject to an additional 2% income tax and fall outside the scope of the minimum turnover tax.

The minimum turnover tax has the following impact:

Companies **NACE K**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**13**	**9**	-	1	8	**4**
Turnover	**EUR 4 billion**	**EUR 2,51 billion**	-	EUR 312 million	EUR 2,2 billion	**EUR 1,5 billion**
Number of employees	**6.234**	**3.296**	-	670	2.626	**2.938**

2. Section L – Real estate activities

As in the HoReCa industry, this sector has very few companies with a turnover exceeding EUR 50 million, despite being an extremely important economic sector that also includes the development and sale of apartments. The explanation is the same: the business model, where each real estate project being is developed by separate companies. The number of employees is also extremely low (2,133 employees, with 2,009 of them – 94.2% – being RAPPS employees), for the same reason: project companies have very few employees, outsourcing services to specialized firms.

The minimum turnover tax has the following impact:

Companies **NACE L**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**4**	**2**	2	-	-	**2**
Turnover	**EUR 309 million**	**EUR 172 million**	EUR 172 million	-	-	**EUR 137 million**
Number of employees	**2.133**	**41**	41	-	-	**2.092**

Although RAPPS has reported losses, it pays tax exceeding the minimum turnover tax, so we have considered that it unaffected.

2. Section M – Professional, scientific and technical activities

Similarly, the relatively low number of companies with a turnover exceeding EUR 50 million may seem surprising, but we have a highly fragmented competitive sector, represented by both Romanian-owned and, mostly, foreign-owned companies. Furthermore, several large consultancy companies (Big 4) do not appear on the list due to the internal division of their activities into separate entities, as a result of the professional regulations.

The minimum turnover tax has the following impact:

Companies **NACE M**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**27**	**17**	2	3	12	**10**
Turnover	**EUR 2,3 billion**	**EUR 1,52 billion**	EUR 126 million	EUR 199 million	EUR 1,2 billion	**EUR 779 million**
Number of employees	**15.884**	**8.284**	1.315	899	6.070	**7.600**

- All five 2-digit NACE divisions are affected:
  - NACE 70 – Activities of head offices, management consultancy activities (6 companies);
  - NACE 71 – Architectural and engineering activities (3 companies);
  - NACE 72 – Research and development (1 company);
  - NACE 73 – Advertising and market research (6 companies);
  - NACE 75 – Veterinary activities (1 company).

2. Section N – Administrative and support service activities

Similarly, the relatively low number of companies with a turnover exceeding EUR 50 million (particularly in NACE 77 - Rental and leasing) may also seem surprising, but it is the result of the organizational structure of large owners: 1 property, 1 company (SPV).

The minimum turnover tax has the following impact:

Companies **NACE N**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**21**	**11**	2	2	7	**10**
Turnover	**EUR 2 billion**	**EUR 1,18 billion**	EUR 108 million	EUR 147 million	EUR 926 million	**EUR 824 million**
Number of employees	**34.209**	**17.014**	3.971	3.380	9.663	**17.195**

- four of the six 2-digit NACE divisions include companies that are affected:
  - NACE 77 – Rental and leasing activities (1 company);
  - NACE 78 – Employment activities (3 companies);
  - NACE 79 – Travel agency and tour operator activities (3 companies);
  - NACE 81 – Services to buildings and landscape activities (4 companies).

2. Section O – Public administration and defense; compulsory social security

As expected, this is an underrepresented section in this study, with only one company (CNAIR) having its profit margin impacted.

2. Section P – Education

There are no companies with a turnover exceeding EUR 50 million in this section.

2. Section Q – Human health and social work activities

This section is also underrepresented, including only companies whose main activity is covered by NACE 86 – Human health activities. This can be attributed to the market dynamics: on the one hand, there is a large number of small clinics with turnovers below EUR 50 million, and on the other hand, there is a significant concentration of large clinic networks, many of which were also created through the acquisition of smaller competitors.

The minimum turnover tax is estimated to have the following impact:

Companies **NACE Q**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**8**	**5**	2	-	3	**3**
Turnover	**EUR 893,2 million**	**EUR 690,4 million**	EUR 326 million	-	EUR 364,4 million	**EUR 202,8 million**
Number of employees	**11.855**	**8.780**	4.231	-	4.549	**3.075**

2. Section R – Arts, entertainment and recreation

As expected, this section also includes a relatively low number of companies with a turnover exceeding EUR 50 million. The only division represented is NACE 92 – Gambling and betting activities.
This section is also the least affected by the minimum turnover tax.

The minimum turnover tax has the following impact:

Companies **NACE R**	**Total**	**Affected**				**Not affected**
		Total, of which	Loss increase	Shift to loss	Margin decrease	
Number of companies	**6**	**1**	-	-	1	**5**
Turnover	**EUR 657 million**	**EUR 58 million**	-	-	EUR 58 million	**EUR 599 million**
Number of employees	**7.475**	**16**	-	-	16	**7.459**

3. Micro-analysis of the impact of the minimum turnover tax on companies listed on the Bucharest Stock Exchange with a turnover exceeding EUR 50 million

We have considered that a separate analysis of the impact of the minimum turnover tax on companies listed in Romania would be useful for several reasons:

- More frequent publication of the financial statements, enabling us to access data to analyse the changes in turnover and gross margins, including for the first half of 2024;
- Listed companies are companies with Romanian majority capital, ensuring there is no suspicion that they might shift profits to parent companies in other countries;
- Corporate governance in Romania is at the highest possible level;
- Companies included in the analysis are distributed across several industries, which we deem to be relevant.

We have excluded oil and gas companies, as well as listed banks, from this analysis.

Given that the number of companies subject to the minimum turnover tax is relatively low, we present our conclusions both by sections and 2-digit NACE divisions, as well as for each individual company. It is important to note that these companies are also included in the above statements.

We have identified a total number of 18 companies falling within the scope of the minimum turnover tax, grouped into the following areas of activity:

- 9 companies in Section C – Manufacturing, of which:
  - 1 company (Vrancart) in NACE Division 17 – Manufacture of paper and paper products, impacted by a decline in profit margin;
  - 1 company (Chimcomplex) in NACE Division 20 – Manufacture of chemicals and chemical products, impacted by a decline in profit margin;
  - 3 companies (Antibiotice, Biofarm, Zentiva) in NACE Division 21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations, which are not impacted;
  - 1 company (Teraplast) in NACE Division 22 – Manufacture of rubber and plastic products, impacted by a decline in profit margin;
  - 1 company (ALRO) in NACE Division 24 – Manufacture of basic metals, impacted by an increase in losses (!);
  - 2 companies (Aerostar, IAR BV) in NACE Division 30 – Manufacture of other transport equipment, of which 1 company (Aerostar) is impacted by a decline in profit margin.

With the exception of the three pharmaceutical producers, which are not affected by the minimum turnover tax, we note that five out of the six remaining companies are impacted. Among them, four companies experience a reduction in profit margins and one company (ALRO, which is by far the largest) is impacted in the most severe way, by an increase in losses.

3 companies (Transelectrica, Nuclearelectrica and Hidroelectrica) in Section D –Electricity and thermal energy production and supply, none of which is affected by the minimum turnover tax.

III. Conclusions

Maintaining the minimum turnover tax not only severely impacts entire business sectors – potentially leading to company closures – but also undermines Romania's ability to attract new investment. It is difficult to believe that investors would decide to invest in a country where they are obliged to pay a tax (i.e. the minimum turnover tax), calculated on the income derived, even before making any profit.

Furthermore, the minimum turnover tax creates a discriminatory tax environment, distorting competition between companies with a turnover exceeding EUR 50 million (to which the minimum turnover tax does not apply) and those subject to the minimum turnover tax, regardless of their profitability.

The minimum turnover tax will discourage the business scale-up and expansion of the Romanian companies, fostering market fragmentation both through the creation of parallel businesses to evade tax liabilities, which undermines market integrity, and through the spin-off of Romanian companies to avoid the minimum turnover tax, which reduces economic efficiency.

The minimum turnover tax not only limits the organic growth of companies, but will also lead to changes in business models through shifts to low value-added *lohn/toll manufacturing* operating models, thus reducing the competitiveness of the Romanian industry and resulting in the relocation of some businesses abroad, with a negative impact on budget revenues.

In addition to its negative economic impact, the fiscal return of this measure is limited: the estimated additional budget revenues amount to only around EUR 1 billion, significantly less than the approximately EUR 8.5 billion Romania loses each year just from uncollected VAT (with a VAT gap of 30.6%, the highest in the EU).

The minimum turnover tax does not solve the main issue of tax evasion, but imposes additional costs on compliant companies, without addressing the real causes of the budget deficit.

Following the analysis of the impact of the minimum turnover tax on all companies achieving a turnover of more than EUR 50 million in the economy and its impact on each of the NACE Sections/Divisions under review, **we can only conclude that the minimum turnover tax should be eliminated as soon as possible**, since:

1. It distorts the market and encourages artificial business fragmentation;
2. It causes unfavorable structural changes in business models and relocation abroad;
3. It undermines the competitiveness of local companies and discourages investment;
4. It generates low tax revenues while the economic costs are disproportionate.

In light of the above, we do not consider that the minimum turnover tax can be revised in a way that would benefit either the economy or the budget. The only logical and responsible course of action is its complete elimination as soon as possible.

IV.Annexes

This study includes the following Annexes:

- Annex 1 – Full text of the regulation on the minimum turnover tax (Article 183 of the Tax Code);
- Annex 2 – List of companies with a turnover exceeding EUR 50 million in 2023, broken down by NACE Sections;
- Annex 3 – Analysis of the impact of the minimum turnover tax on companies with a turnover exceeding EUR 50 million in 2023;
- Annex 4 – Micro-analysis of listed companies with a turnover exceeding EUR 50 million, from 2022 to 2024.

This study was conducted between October 2023 and February 2025 by a team composed of the founders of the Tax Institute – Gabriel Biriș (lawyer), Ruxandra Jianu (tax consultant) and Ana Bobircă (PhD, Associate Professor at the Bucharest University of Economic Studies), in collaboration with Roxana Voicu-Dorobanțu (PhD, Associate Professor at the Bucharest University of Economic Studies).


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