FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2016/17 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 30 April 2016, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com
IMPORTANT DISCLAIMER

This publication should not be regarded as offering a complete explanation of the taxation matters that are contained within this publication. This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisors, and ensuring that such advice specifically relates to their particular circumstances.

PKF International Limited (PKFI) administers a family of legally independent firms. Neither PKFI nor the member firms of the network generally accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

PKF INTERNATIONAL LIMITED
JUNE 2016

© PKF INTERNATIONAL LIMITED
ALL RIGHTS RESERVED
USE APPROVED WITH ATTRIBUTION
### STRUCTURE OF COUNTRY DESCRIPTIONS

#### A. TAXES PAYABLE

- National and other taxes
- Company tax
- Branch profit tax
- Branch of a foreign entity
- Permanent establishment
- Representative office
- Value added tax (VAT)
- Fringe benefits
- Local taxes
- Building tax
- Land tax
- Vehicle tax
- Other taxes
- Excise duty
- Social security contributions

#### B. DETERMINATION OF TAXABLE INCOME

- Depreciation
- Inventory
- Capital gains and losses
- Dividends
- Interest deductions
- Losses
- Foreign sourced income

#### C. FOREIGN TAX RELIEF

#### D. CORPORATE GROUPS

#### E. RELATED PARTY TRANSACTIONS

#### F. WITHHOLDING TAXES

- Interest and royalties
- Dividends

#### G. EXCHANGE CONTROLS

#### H. PERSONAL TAXES

- Individual social contributions
- Tax residency

#### I. TREATY AND NON-TREATY WITHHOLDING TAX RATES
MEMBER FIRM

<table>
<thead>
<tr>
<th>City</th>
<th>Name</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bucharest</td>
<td>Florentina Susnea</td>
<td>+40 21317 3190</td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="mailto:florentina.susnea@pkffinconta.ro">florentina.susnea@pkffinconta.ro</a></td>
</tr>
<tr>
<td>Bucharest</td>
<td>Adrian Marghescu</td>
<td>+40 21252 3880</td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="mailto:adrian.marghescu@pkfconsultor.ro">adrian.marghescu@pkfconsultor.ro</a></td>
</tr>
<tr>
<td>Timisoara</td>
<td>Carmen Mataragiu</td>
<td>+40 25620 1175</td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="mailto:carmen.mataragiu@econometrica.pkf.ro">carmen.mataragiu@econometrica.pkf.ro</a></td>
</tr>
</tbody>
</table>

BASIC FACTS

Full name: Romania
Capital: Bucharest
Main languages: Romanian
Population: 21.2 million (2013 PRB)
Major religion: Christianity
Monetary unit: New Romanian Leu (RON) / Euro (EUR)
Internet domain: .ro
Int. dialling code: +40

KEY TAX POINTS

- Corporate income taxes are chargeable on resident companies as well as non-resident companies with a permanent establishment in Romania. Capital gains are generally treated as ordinary business income and taxed accordingly.
- Residents and non-residents owning at least one building are subject to a real estate tax.
- Dividends paid to non-resident companies are subject to withholding tax, with some exceptions. Generally dividends paid by resident companies to other resident companies are tax exempt.
- Transactions between legally related parties are subject to arm’s length requirements for tax purposes. Starting 2016 proper transfer pricing documentation is mandatory for most large and medium sized companies.
- There is no concept of group tax relief. Profits and losses cannot be transferred between related parties.
- The standard VAT rate is 20%, while a reduced rate of 9%, namely 5% applies to certain goods and services.
- Residents, and certain non-residents are subject to individual income tax on their worldwide income and capital gains.

A. TAXES PAYABLE

NATIONAL AND OTHER TAXES

COMPANY TAX

The following entities are subject to corporate income tax in Romania:
- Legal entities registered in accordance to Romanian law;
- Foreign legal entities doing business in Romanian through permanent establishments;
- Foreign legal entities which derive income from or in connection with real estate transactions or from transactions with participations in Romanian legal entities;
- Foreign legal entities and individuals doing business in Romania through associations with or without legal personality (partnerships);
- Resident individuals associated with Romanian legal entities for revenues derived in or outside Romania, though associations without legal personality - for which the individual tax is
determined, withheld and paid by the Romanian legal entity;

- Companies with a registered office in Romania incorporated in accordance with EU legislation.

Romanian resideny is determined based on the location of the head office or place of effective management. The standard corporate income tax rate is 16%, payable quarterly up to the 25th of the following month with a final adjustment for the year end. The final corporate income tax statement and afferent payment is due by March 25th of the following year. Certain categories of corporate income tax payers however are required to deposit the statement and pay the final tax by February 25th of the following year.

Resident banks, credit institutions and other similar legal entities as well as Romanian branches of foreign based banks are liable for quarterly pre-payments of the annually determined corporate income tax. The fiscal year coincides with the calendar year. The law allows for motivated changes in respect to a company’s fiscal year provided they are affiliates of a non-resident company applying a different fiscal year than the calendar one (i.e. to follow the same regime as the mother company).

Companies may choose an annual corporate income tax system, whereby quarterly payments are also required. This system must be applied for at least two consecutive years once adopted, and a prior notification of the tax authorities is mandatory. Some categories however are exempted from the application of these provisions, namely:

- Newly established companies;
- Have registered a tax loss in the previous year;
- Have been temporarily suspended;
- Have had no activity either at the registered or at the subsidiary office;
- Have been registered as a micro-company subject to a flat 3% income tax in the past year.

**BRANCH PROFIT TAX**

Foreign entities are generally subject to income tax in Romania, provided that the income was derived from Romania. This is determined based on the type of activities it has undertaken here, and whether they are indeed related to Romania. Income derived from Romanian established branches, permanent establishments or representative offices of foreign entities shall also be subject to Romanian corporate tax income.

**BRANCH OF A FOREIGN ENTITY**

Branches have to be registered with the Romanian tax authorities. The registration, filing and payment requirements are similar to those imposed for a Romanian company. A distribution of funds to the head office is not treated as a dividend distribution and no withholding tax liability should arise. However, profits are transferred at the year end, after the head office approves the financial statements of the branch. The taxable profits of the branch are subject to general Romanian tax rules, provided that the following conditions are met:

- Taxable income shall consist only of that income which can be assigned to the branch;
- Expenses deducted shall consist only in those expenses incurred in relation to the branch’s activity.

**PERMANENT ESTABLISHMENT**

A permanent establishment is not necessarily a legal entity but is taxable in Romania. The income obtained by a permanent establishment is taxable in Romania, provided that it is recognized as the place through which the activity of a non-resident is conducted, fully or partially, directly or through a dependent agent. Once a permanent establishment is created, the profits of the foreign enterprise derived from the activity performed by the permanent establishment may be taxed in Romania.

**REPRESENTATIVE OFFICE**

A representative office may only conduct auxiliary or preparatory activities. A representative office
cannot trade in its own name and cannot engage in any commercial activity. Any representative office registered in Romania is liable to a EUR 4,000 yearly tax, payable in RON at the exchange rate announced for the payment date. The tax is payable in two instalments: by June 25th and December 25th.

**VALUE ADDED TAX (VAT)**

Companies with an annual turnover of at least EUR 65,000 (calculated at the 1 January 2007 exchange rate) must register for VAT purposes. Companies with a turnover below this threshold may register upon request. The general VAT rate is 20%, while a 9% VAT rate is applicable to various goods and services such as:
- Food including non-alcoholic beverages destined for human as well as for animal consumption
- Restaurants and catering services
- Medicine and certain medical products such as prosthetics
- Hotel, camping and other assimilated services

Additionally a 5% VAT rate is applied to:
- The sale of property carried out as a part of the country’s social policy,
- For books, newspapers and magazines, school books
- Cinema tickets and other entertainment services

From 1 January 2010, Romania has been incorporating EU VAT directives into its domestic law, namely:
- 2008/8/CE Directive regarding the place of supply of services- B2B and B2C rules;
- 2008/9/CE Directive regarding VAT reimbursement for individuals established in the EU;
- 2008/117/CE Directive regarding the fight against tax fraud related to community operations.

In addition to the abovementioned changes, certain amendments have been made to allow for the harmonization of Romanian legislation with the EU VAT Directives, such as:
- A clarification of the definition “established in Romania” in the sense of “fixed establishment”;
- Rules regarding the chargeability of VAT for consignment stock, goods supplied for testing and conformity checking, call of stock and supply of immovable property;
- Turnover for small enterprises includes the operations for which the place of taxation is deemed to be abroad (provided the tax would be deemed as deductible should the operations be performed in Romania).

The provisions of 2010/45/CE directive regarding invoicing have also been assimilated. The imports of goods is subject to VAT at regular rate, while all exports are VAT exempted. Starting January 2014, the VAT cash accounting system has suffered significant changes in the sense that it is no longer mandatory for companies registering a turnover of under RON 2,250,000 (approximately EUR 500,000), but optional for all those complying with the conditions imposed by the law. Non-resident taxpayers are however still not eligible for applying this system.

**FRINGE BENEFITS**

Under Romanian tax laws fringe benefits are any benefits received by the employee under their employment contract, if applicable. Benefits in kind or cash must be taxed together with salary income at the same time they have been granted by the employer.

The income tax rate is 16% and it is subject to withholding by the income payer.

**LOCAL TAXES**

Romanian local taxes are set as a maximum percentage by the Tax Code, applicable to both individuals and legal entities. Starting January 2014 non-resident individuals are granted the right to own land in Romania.
BUILDING TAX

Residents or non-residents owning one or more properties in Romania are subject to real estate tax. All buildings, regardless of their purpose are taxed based on declared value (which for buildings destined for the use of all economic activities shall be determined periodically by an authorised appraiser). Tax rates for buildings differ depending on their destination (residential, mixed or business) at rates ranging from 0.08% to 2% per year as set by local counsel decree. Building tax exemptions are granted for limited periods to those owners performing architectural improvement work on buildings.

LAND TAX

Land tax is due on each fixed rate per hectare owned, depending on the location of the land within a certain determined area and depending on the use of the land. The tax is payable annually in equal instalments.

VEHICLE TAX

Vehicle tax is payable by owners of both land/water vehicles registered in Romanian. The tax depends on the capacity of the engine and is determined as a fixed amount per 200 cubic centimetres. The tax is payable annually in equal instalments. Other local taxes and duties include fees for certificate and permits issuing, for using advertising and publicity materials and hotel fees.

OTHER TAXES

Certain legal documents are subject to stamp fee. A relatively new tax is the “special building tax” which is due for certain types of constructions not covered by the local buildings tax. This tax was set at 1% applied to the book value of the special construction starting January 1st 2016.

Statements regarding this special building tax must be handed in by May 25th, while the payment is due in two equal instalments (i.e. May 25th and September 25th). Local councils and county councils may charge duties for the temporary use of public spaces as well as for entrance to museums, memorial houses or historical, architectural or archaeological monuments. Duties are also payable for the possession or use of certain special purpose constructions or assets, as well as for activities which impact the environment. The Waste Directive 2008/98/CE has been implemented in Romanian legislation starting 2005 giving rise to environment tax for producers and distributors of goods damaging to the environment as well as packaged goods.

EXCISE DUTY

Excise duty is due as a fixed amount per unit or as a percentage of a specified taxable base. Romania has two categories of Excise Duties:

a) Harmonised Excise duties for: beer, wine, fermented beverages other than beer and wine, intermediate products, ethylic alcohol, tobacco products, energy products, electricity;

b) Duties for other excisable products such as: green, roasted and soluble coffee.

Excise duty legislation is in line with EU Directive 2008/118/CE concerning the general arrangements for excise duty.

SOCIAL SECURITY CONTRIBUTIONS

Social security contributions are payable by both the employee and employer as a total of 36.3% of the taxable income divided as 15.8% for the employer and 16.5% for the employee. Different percentages apply however to employees working in special conditions, thereby raising the total contribution percentage up to 49.82%.
B. DETERMINATION OF TAXABLE INCOME

DEPRECIATION

Romanian tax legislation makes specific distinction between accounting and tax depreciation. For fixed assets, fiscal depreciation is calculated based on rules set out by local tax legislation and deductibility no longer depends on the depreciation determined based on purely accounting rules. The straight line method is generally preferred by tax legislation, but in certain conditions the digressive method may also be used. Under the accelerated method, the maximum depreciation in the first year of use is limited to 50% of the asset value.

INVENTORY

Inventory must be valued according to generally accepted accounting principles at the lower of cost or market value.

CAPITAL GAINS AND LOSSES

Taxable capital gains are included in taxable income and taxed at normal rate. Income earned by non-residents from the sale of real estate located in Romania is also taxed with the general corporate income tax rate of 16%.

DIVIDENDS

Dividends paid to resident companies are subject to a final withholding tax of 5%, except where the company receiving the dividends holds at least 10% of the shares for a period of minimum 1 year at the date the dividend is paid.

Dividends paid to non-resident companies are tax exempted provided that the actual beneficiary of the dividends holds a minimum of 10% of the shares of the Romanian company for an entire year prior to dividend payment. Provided at the date the dividends are paid the 1 year term is not fulfilled, the beneficiary can still request the reimbursement of the paid dividend tax after the term is fulfilled.

INTEREST DEDUCTIONS

The deductibility of interest expenses and net foreign exchange losses related to loans is limited under the safe harbour rule and thin capitalisation rule. This however does not apply to interest and forex arising on loans obtained from credit institutions, non-banking institutions or other entities which grant loans in accordance to the law.

Starting January 1st 2016 under the safe harbour rule, the interest on currency loans other than those obtained from financial institutions, is limited to 4%. Under the thin capitalisation rule, the debt to equity ratio must be higher than 3:1. Should the ratio fall outside these limits, interest and exchange rate differences shall be deemed as non- deductible for that fiscal year.

LOSSES

Ordinary losses incurred after 1 January 2009 can be carried forward for seven years.

FOREIGN SOURCED INCOME

 Resident companies are subject to tax on their worldwide income. Foreign losses may be deducted only from foreign income on a source by source basis. Foreign exchange gains from the revaluation of an asset or liability at the year-end are deemed to be realized and are taxable.
C. FOREIGN TAX RELIEF

In the absence of a treaty, unilateral relief is provided by way of an ordinary credit for income taxes paid abroad. This credit may not exceed the tax owed in Romania for the same income.

D. CORPORATE GROUPS

There is no consolidation or group taxation in Romania. Members of a group must file separate tax return. Losses incurred by members of a group cannot be offset against profits made by other group members.

E. RELATED PARTY TRANSACTIONS

Transactions between related parties should fall under the arm’s length principle, otherwise the Romanian tax authorities have the right to adjust the income or expenses incurred by the taxpayer, so as to reflect market value. Traditional transfer pricing methods as well as any other methods which are in line with OECD Guidelines may be used for setting transfer prices. Starting January 1st 2016 transfer pricing files have become mandatory for large and medium companies undertaking operations with related parties above certain thresholds, namely:

a) Yearly for large companies registering related party transactions of:
   - 200,000 euro for interest received/paid for financial services
   - 250,000 euro for services received/rendered
   - 350,000 euro for transactions concerning the acquisition/sale of tangible or intangible assets

b) Upon request during tax audits for large and medium sized companies registering related party transactions of:
   - 50,000 euro for interest received/paid for financial services
   - 50,000 euro for services received/rendered
   - 100,000 euro for transactions concerning the acquisition/sale of tangible or intangible assets

The tax legislation applicable from January 1st 2016 also requires that all other medium sized and large companies registering related parties transaction which did not total the values mentioned above within a year, should maintain proper documentation attesting to the fact that the arm’s length principle was followed.

F. WITHHOLDING TAXES

As a general rule, non-resident companies are subject to 16% withholding tax on income derived from Romania such as interest, royalties, dividends, revenues derived from liquidation of a Romanian legal entity.

INTEREST AND ROYALTIES

The applicable tax rate is 16% unless a lower treaty rate applies.

DIVIDENDS

Starting January 1st 2016 a 5% flat tax is withheld as dividend tax, except where a lower tax is provided by a treaty. In order for the latter to apply, all non-resident taxpayers must provide a tax residency certificate.

G. EXCHANGE CONTROLS

The exchange control regulations applicable in Romania are managed by the Romanian National Bank. A notification to the Romanian National Bank is required prior 10 days prior to concluding
monetary capital operations on a short-time basis, and some limitations to such transactions apply.

H. PERSONAL TAXES

The following categories of taxpayers are subject to income tax:

a) Resident individuals, namely any person who meets at least one of the following conditions:
   • Has an address located in Romania
   • The center of his vital interests is located in Romania
   • He resides in Romania more than 183 days in any 12 months period;

b) Non-resident individuals who perform an independent activity through a permanent establishment in Romania

c) Non-resident individuals who perform dependent activities in Romania

d) Non-resident individuals who obtain other income from Romania.

INDIVIDUAL SOCIAL CONTRIBUTIONS

Individuals obtaining revenue from independent activities (including intellectual property rights), agricultural activities and associations without a legal personality are considered tax payers to the public pension insurance system and the public health insurance system. In case of voluntary insurance to the public pension system, the contribution rate is 36.3% divided as 15.8% for the employer and 16.5% for the employee. The general applicable individual social contributions are:

• Social insurance contribution: 10.5%
• Health insurance contribution: 5.5%
• Unemployment insurance contributions: 0.5%

Starting with January 1st 2016, tax legislation regarding independent activities and the taxation of income derived from it has been dramatically changed, as a result of introducing a mandatory social insurance contribution. The income basis for calculating this contribution has however been limited to a maximum threshold of five average gross salaries per month.

Certain dependency criteria have been established, which may deem a certain activity as dependent and as a result generate a full taxation and social contributions withholding. The new Tax code applicable since January 1st 2016 has rewritten the dependency criteria thus clarifying the conditions under which certain independent activities may be reconsidered.

TAX RESIDENCY

In the absence of a tax residency certificate, regardless of the existence of a tax treaty between two states, foreign citizens will be taxed as Romanian residents if one of the following criteria is met:

• The centre of their vital interests is located in Romania;
• They spend more than 183 aggregate days within 12 consecutive months ending in the concerned calendar year.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

The rates in the table below contain the withholding tax rates applicable to dividend, interest and royalty payments by Romanian companies to non-resident under the tax treaties currently in force. In a specific case, where a treaty rate is higher than the domestic rate, the latter will apply.

<table>
<thead>
<tr>
<th>Country</th>
<th>Dividends</th>
<th>Interest(1)</th>
<th>Royalties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individuals</td>
<td>Qualifying Companies(2)</td>
<td>%</td>
</tr>
<tr>
<td>Albania</td>
<td>15</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Algeria</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Country</td>
<td>Dividends</td>
<td>Qualifying Companies(2)</td>
<td>Interest(1)</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------</td>
<td>-------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td></td>
<td>Individuals</td>
<td>Companies</td>
<td>%</td>
</tr>
<tr>
<td>Armenia</td>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Australia</td>
<td>15</td>
<td>5(3)</td>
<td>10</td>
</tr>
<tr>
<td>Austria</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>15</td>
<td>10(3)</td>
<td>10</td>
</tr>
<tr>
<td>Belarus</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Belgium</td>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina(4)</td>
<td>5</td>
<td>5</td>
<td>7.5</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>15</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Canada</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>China</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Croatia</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Cyprus</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Denmark</td>
<td>15</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Ecuador</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Egypt</td>
<td>10</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Finland</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>France</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Georgia</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>15</td>
<td>5(3)</td>
<td>0/3(6)</td>
</tr>
<tr>
<td>Greece</td>
<td>20</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Hungary</td>
<td>15</td>
<td>5(8)</td>
<td>15</td>
</tr>
<tr>
<td>India</td>
<td>20</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Ireland</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Israel</td>
<td>15</td>
<td>15</td>
<td>5/10(10)</td>
</tr>
<tr>
<td>Italy</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Japan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Jordan</td>
<td>15</td>
<td>15</td>
<td>12.5</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Korea(DPRK)</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Korea(Rep)</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Kuwait</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Latvia</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Lebanon</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Lithuania</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>15</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Macedonia</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Malta</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mexico</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Moldova</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Morocco</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Namibia</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Country</td>
<td>Dividends</td>
<td>Interest(1)</td>
<td>Royalties</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------</td>
<td>-------------</td>
<td>-----------</td>
</tr>
<tr>
<td></td>
<td>Individuals Companies</td>
<td>Qualifying Companies(2)</td>
<td>%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>15</td>
<td>5(3)</td>
<td>0/3(14.15)</td>
</tr>
<tr>
<td>Nigeria</td>
<td>12.5</td>
<td>12.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Norway</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Pakistan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Philippines</td>
<td>15</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Poland</td>
<td>15</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Portugal</td>
<td>15</td>
<td>10(17)</td>
<td>10</td>
</tr>
<tr>
<td>Russia</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Serbia &amp; Montenegro(4)</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Singapore</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Slovenia</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>South Africa</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>12.5</td>
<td>12.5</td>
<td>10</td>
</tr>
<tr>
<td>Sudan</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Sweden</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Syria</td>
<td>0</td>
<td>0</td>
<td>7.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>20</td>
<td>15</td>
<td>10/20/25(19)</td>
</tr>
<tr>
<td>Tunisia</td>
<td>12</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Turkey</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Ukraine</td>
<td>15</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>United States</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Vietnam</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Zambia</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

NOTES:
1. Many treaties provide an exemption for certain types of interest, e.g. interest paid to the state local authorities, central bank, export credit institutions or in relation to sales on credit. Such exemptions are not considered in this column.
2. Unless otherwise indicated, recipient companies qualify for the reduced rates if they hold at least 25% of the capital or the voting power in the Romanian company, depending on the applicable treaty.
3. This rate applies to participations of at least 10%.
4. The treaty concluded with the former Yugoslavia.
5. The lower rate applies to royalties for computer software and industrial, commercial or scientific equipment.
6. The lower rate applies if, and as long as, Germany, under its domestic law, does not levy withholding tax on interest paid to a resident Romanian.
7. The higher rate applies to industrial royalties.
8. The rate applies to participations of at least 40%.
9. The lower rate applies to copyright royalties.
10. The 5% rate applies to interest paid in connection with the sale on credit of any industrial or scientific equipment, or of any merchandise by one enterprise to another enterprise or on a loan.
granted by banks.
11. The 10% rate applies to cultural royalties and the 15% to industrial royalties.
12. The lower rate applies to industrial royalties, know-how and equipment leasing.
13. The lower rate applies to industrial royalties (excluding patent royalties) and know-how.
14. The lower rate applies if, and as long as, the Netherlands does not levy a withholding tax on interest/royalties paid to a resident of Romania.
15. Interest paid to a bank or financial institution and interest paid on a loan made for a period of more than two years are exempt.
16. The 10% rate applies to royalties paid by companies registered at the Romanian Agency for Development and carrying on specific activities. The 15% rate applies to film royalties.
17. A minimum holding period of 2 years applies.
18. The lower rate applies to industrial royalties.
19. The 10% rate applies to interest paid to financial institutions; the 20% rate applies to interest on credit sales.
20. The lower rate applies to cultural royalties.