

THE VALUE ADDED TAX (VAT) RATES IN ROMANIA AS COMPARED TO EUROPEAN UNION

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Abstract

In Romania, the value added tax as an indirect tax appeared in 1993 along with the transition to the market economy, replacing the turnover tax, used between 1989 and 1993, and the single tax, used before 1989. The value added tax is a general neutral single indirect tax which is to be paid divided into fractions in all the stages of the business cycle, in order to be tolerated by the final consumer. According to the Fiscal Code, the scope of the VAT includes the operations that meet at the same time the following requirements: the operations that constitute a supply of goods or a delivery of services within the scope of the tax, made by payment; the place of supplying goods or delivering services is thought to be in Romania; the supply of goods or the delivery of services are made by a taxable person; the goods supply or the services delivery result from one of the economic activities under the law. At present, there are three VAT rates in Romania: the standard rate of 24%, which is applied to the tax basis for the taxable transactions that are not tax-free or for the transactions which are not liable to reduced rates; the reduced rate of 9%, which is applied to the tax basis for the following services: the bakery, the access to castles, the museums, the memorials, the monuments, the zoos, the delivery of textbooks, books, newspapers and magazines, the delivery of human and veterinary drugs, etc; the reduced rate of 5%, applied to the tax basis for the delivery of social housing as part of the social policy, including the ground on which they are built.

Key words: value added tax, standard rate, reduced rate, Romania, European Union
