

Romania: New taxes for gambling operators from 1 January 2019



On 29 December 2018, the Government Emergency Ordinance 114/2018 ("GEO 114/2018") adopting several tax measures for various industries was published in the Official Gazette.

The GEO 114/2018 introduces a new tax on online gambling operators, starting on 1 January 2019. More precisely, online gambling operators are subject to a monthly tax of 2% calculated on the value of participation taxes cashed-in during the previous month. This new tax is in addition to the license and authorization taxes currently in force.

The new tax is payable by the 25th of the following month (i.e. the first payment deadline is 25 February 2019 in respect of the payment for January 2019).

Further guidance on the computation method is expected from the Romanian National Office for Gambling ("NOG"). The GEO 114/2018 does not provide any indication on the timeline for the NOG to issue such secondary legislation, but it is assumed that further guidance will be available in due course before the first payment deadline of this new tax.

Although the new tax was imposed by the Government without effective prior consultation with the industry, the final wording adopted is more diluted in comparison to the initial text of the draft GEO announced in mid-December.

The initial intention of the Government was to impose an annual tax of 3% on participation taxes cashed-in during the previous year for land-based operators, and of 5% for online gambling operators. This tax was originally intended to apply in relation to total participation fees cashed-in during the previous year i.e. 2018, which could have led to retroactive effects. As a result of the outcry from the gambling industry, the new tax was converted from an annual tax into a monthly one, and only applies going forward.

An additional annual contribution of EUR 5,000 for online operators, and EUR 1,000 for land-based operators, was introduced through the GEO 114/2018 in order to finance the NOG's activities in relation to responsible gaming and combatting gambling addiction.

Lastly, the GEO 114/2018 increased the annual fixed fee for each slot machine from EUR 2,600 to EUR 3,600.

For further details on the new legislation and how it can affect your business, please contact Cristina Popescu, Senior Associate and Andrei Tercu, Senior Tax Manager - CMS Romania.