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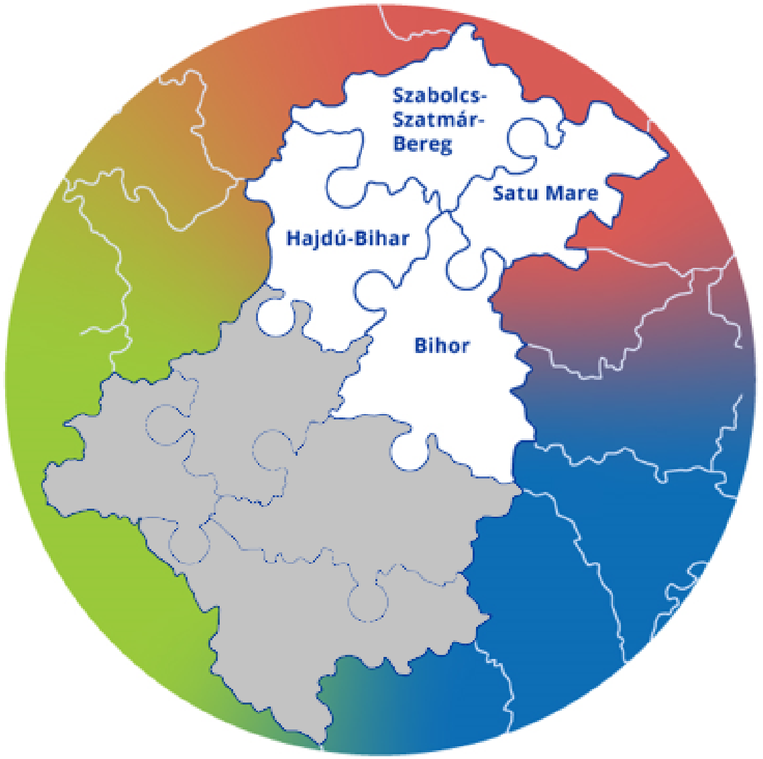
Romania - Hungary

GOVERNMENT OF ROMANIA

HUNGARIAN GOVERNMENT

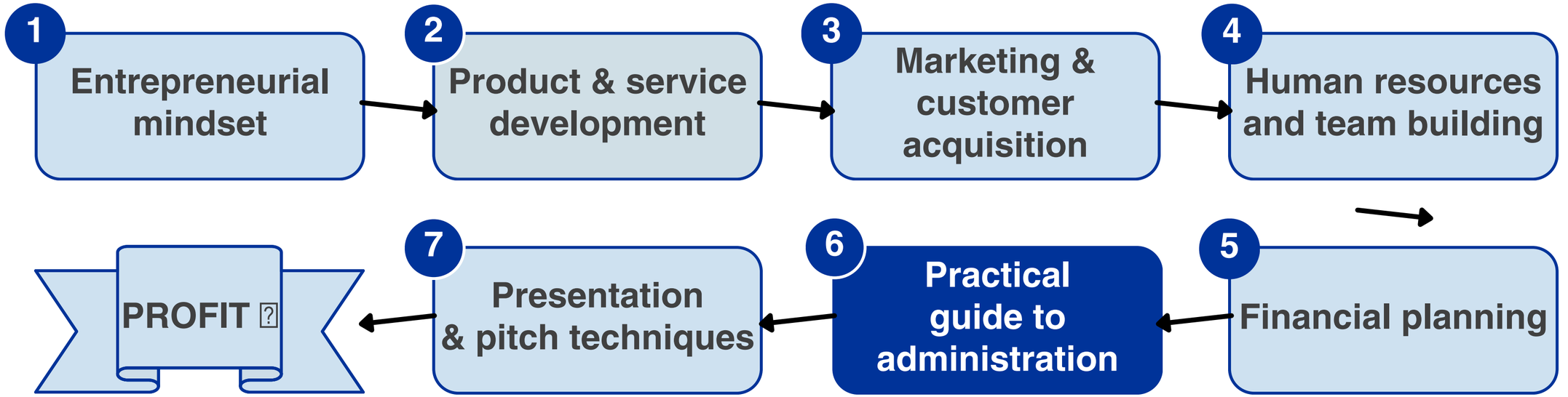
INSPIRE

Improving **N**etworks and **S**ervices to **P**romote **I**nnovative and **R**esilient **E**ntrepreneurship



Location: Nyíregyháza & Oradea
Business support workshop

interreg-rohu.eu


1
Entrepreneurial mindset
2
Product & service development
3
Marketing & customer acquisition
4
Human resources and team building
5
Financial planning
6
Practical guide to administration
7
Presentation & pitch techniques
PROFIT

Questions we attempt to answer

1. How can I *establish* a business in Hungary/Romania?
2. What *legal forms* exist, and which one should I choose?
3. What do I need to know about *taxes*?

The easiest choice:

(Step 0: Consult an accountant or tax advisor – most Chambers of Commerce offer related counselling services.)

Sole proprietorship (SP)

- Fast and free procedure
- Great for beginners with not a lot of start-up capital
- Unlimited freedom… but also liability, a.k.a. you are responsible for the fulfilment of obligations with <u>all</u> your assets (as opposed to an Ltd which is the short version for **l**imi**t**e**d**)
- Must have the necessary qualification for the given activity (you can check the requirements **HERE**)
- Flexibility – you can switch to a company form any time (or pause/stop your activities)

How to start

- Online or in-person **registration** (even if you register in-person, you'll need an online profile on the official government platform, **Ügyfélkapu+**)
    - Providing **personal data**
    - Identifying the registered "office" **location** (if it's not owned by you, you need
      a certificate from the owner to prove that they consent to the registration)
    - Indicating your **area(s) of activity** – check beforehand whether they require qualifications by law (if so and you don't have them, you can't start a sole proprietorship or you need an employee with the necessary qualifications)
    - Making a (huge!) decision on **taxes**

Different ways of (not) paying taxes

You can be **tax-exempt** (AAM) if…

- No major investment is planned,
- You are calculating with a **smaller income** (under 12 million HUF annually),
- **Private individuals are your main customers**, and
- Your activities are not too costly.
- In addition, **some activities are exempt from VAT by law** (e.g., insurance activities, health care, certain types of education).
  As a result, you won’t have to pay VAT (unless you exceed the annual income limit), but you are also not entitled to deduct VAT from your expenses.

Different ways of paying taxes

If you must pay taxes, there are several options to choose from. If **private individuals are your only customers**, you can have a **fix monthly payment** (a.k.a. KATA).

- Annual limit of income: 18 million HUF
- Monthly fixed payment: 50 000 HUF (disadvantage: you must make this payment even when you don't have an income in the given month)

  Monitoring is key! If you exceed the limit, you must pay a 40% tax.

  *Example: You started your business on March 1, 2024 – you have 10 months until the end of the year, so your upper limit is 18M/12*10 = 15 million HUF. If you are under it, you only pay the 50 000 HUF in every month. However, if you have 16 million HUF, you pay an additional 400 000 HUF ((16M-15M)*0.4).*

  Pro tip: If you register your business on March 29, you still must pay the 50 000 HUF for March so **it's better to register at the beginning of a month**.

Different ways of paying taxes

If not KATA, then what?

Option 1: **Entrepreneurial income tax** (based on personal income tax rules)

- Full-time entrepreneurs are obliged to pay the minimum contributions every month which is approx. 140 000 HUF. Part-time entrepreneurs are only taxed based on year-end profit (see below).
- *Timing:* end of the year
- *Amount:* 9% of the profit + dividend tax of the after-tax profit (15% personal income tax, 13% social contribution tax – with the latter, there is an upper limit above which you no longer pay)

Different ways of paying taxes

If not KATA, then what?

Option 2: **Flat-rate taxation**

- Certain percentage of the income is the tax basis – depends on the activity, but it's **mostly around 60%** (see paragraphs 50-56 of the related **LAW**)
- Full-time entrepreneurs: there's a minimum amount – even if the income is less than the minimum wage, it must be paid based on that
- *Timing:* paid continuously during the year
- *Amount:* 15% personal income tax, 18.5% social security tax, 13% social contribution
  Pro tip: Option 1 is more advantageous for part-time entrepreneurs because here they will need to pay contributions (similarly to full-time entrepreneurs). However, a tax-free zone has been introduced which might be good for low-income part-time entrepreneurs.
  CALCULATOR

Other (mandatory) registrations

Chamber of Commerce

- (Online) registration with the regional Chamber of Commerce
- *Timing:* within 5 days of the business registration
- *Amount:* 5 000 HUF annually (paid immediately for the registration year and then until March 31 of every year)

Local municipal government

- Mandatory for paying the **business tax**
  - Option 1: Based on a report done until May 31 (about the previous year)
  - Option 2: Simplified procedure in case of KATA
    - Paid in two equal instalments (March 15, September 15)
    - Basis (by law): 2.5 million HUF

Additional tasks

- Business **bank account** – mandatory (except in case of tax-exempt status) **within 15 days** of the registration
  - If you fail to do this – and thus fail to manage your business's finances on a dedicated account – you can expect a serious penalty!
- Invoices can be generated on paper but it’s mandatory to provide data to the national tax authority (NAV) about every invoice → it’s better to use a software (e.g., **Számlázz.hu**, **Billingo**)

Other business forms

- Bt. or Kkt.
  - **Two members** are required – one liable for the company's debts with all of their assets, while the other is liable with the assets they have invested in the partnership
    - In the case of a Kkt., both members are fully liable.
  - Great for family businesses and/or businesses with low capital requirements (there’s no mandatory amount) and low risk
  - Disadvantage: **you will need a lawyer** to establish it **and** (most likely) **an accountant** for bookkeeping + activities cannot be suspended, and termination is more complicated than that of a sole proprietorship

Other business forms

- Kft.
  - Usually based on a **business partnership** – the owners are only liable with the assets they have invested in the company
  - Significant start-up costs and investment are required, and the business is expected to have a **higher profit**
    - Company profits can be **distributed as dividends or reserved** for various purposes
  - **Everything** (e.g., starting, suspending, terminating) **costs money**
  - No KATA – having an **accountant** is mandatory

Taxation in the case of a Bt.

- **Corporate tax** (TAO)
  - Similar to Option 1 (slide 8) BUT owners here have a choice – sole proprietors must take out every profit and pay its related % as tax, while the owners of a Bt. can decide to reserve the money
  - **Small business tax** (KIVA)
    - 10%, replacing the 9% tax + the 13% social contribution tax → those with significant salary costs can save larger amounts

Consulting an accountant is even more important in these two cases!

Example of an SP with KATA – costs

- Establishing a sole proprietorship – free (mostly online)
- Chamber membership fee – 5 000 HUF per year
- Business tax – 50 000 HUF per year (2% of the 2.5 million flat rate)
- Bank account – not needed in case of AAM, otherwise it varies based on the bank and its package deals
- Taxes: 50 000 HUF per month
- Accountant: 30-50 000 HUF per month (not necessary but recommended at the beginning)
- Software: depends on the service provider (it can even be free)

How can I establish a business in Romania?

From idea to legal form in just a few steps:

- Registration with the National Trade Register Office (ONRC)
- Online portal available (www.onrc.ro / portal.onrc.ro)
- Provide personal data, object of activity (CAEN code), registered office (needs proof of ownership or rental contract)
- Decide on the right legal form for your path

How to start

Option 1: **Online registration**

- Use the portal: portal.onrc.ro
- You need:
  - A **qualified digital signature** (issued by an accredited provider in Romania)
  - Electronic copies of documents (ID, proof of headquarters, specimen signature)

Option 2: **In person**

- Go to your county ONRC office
- You need to bring:
  - Identity card / passport
  - Proof of headquarters (ownership deed, rental/commodate contract, or owner's consent)
  - CAEN code(s) for your business activity (you must check if authorization is needed)
  - Specimen signature (can be signed on the spot)
  - Standard ONRC forms (they provide them at the counter, or you can download them in advance: portal.onrc.ro)

Other things to prepare (for both options):

- Company name reservation (for SRL/SA) – done at ONRC or online
- Proof of share capital deposit (for SRL: min. 1 RON, deposited at any bank)
- Articles of Association (for SRL/SA, drafted with a lawyer or downloaded template)
- Receipts for ONRC fees (approx. 100–150 RON for PFA, 200–300 RON for SRL)
- List of CAEN codes: onrc.ro

Timeline:

- 2–3 working days after submission, you receive the Registration Certificate with CUI (unique identification code).

Main legal forms in Romania

1. **PFA** – Persoană Fizică Autorizată
   - English: Sole Proprietorship / Authorized Natural Person
   - Best for: freelancers, consultants, small activities
   - Features:
     - Simple & cheap registration (~100–150 RON)
     - Unlimited liability (you risk personal assets)
     - Can employ up to 3 people
     - Must prove qualification for some CAEN codes

Main legal forms in Romania

2. **II** - Întreprindere Individuală
   - English: Individual Enterprise
   - Best for: one person managing multiple activities or larger scope than PFA
   - Features:
     - Single owner, broader CAEN flexibility
     - Unlimited liability (personal assets at risk)
     - Can hire up to 8 employees

Main legal forms in Romania

3. **IF** - Întreprindere Familială
   - English: Family Enterprise
   - Best for: family-run businesses
   - Features:
     - At least 2 family members as owners
     - Work and profits shared within the family
     - Unlimited liability (family assets exposed)
     - Can hire up to 8 employees

Main legal forms in Romania

4. **SRL** – Societate cu Răspundere Limitată
   - English: Limited Liability Company (Ltd)
   - Best for: entrepreneurs who want safety and growth
   - Features:
     - Most popular form in Romania
     - Can be set up by 1 or more associates
     - Limited liability (risk only the invested capital)
     - Minimum share capital: 1 RON
     - Requires accountant & more formalities
     - Dividends taxed at 8% + CASS (health contribution, if threshold exceeded)

Main legal forms in Romania

5. **SA** – Societate pe Acțiuni
   - English: Joint Stock Company (JSC)
   - Best for: big companies, banks, corporations
   - Features:
     - Requires minimum 2 shareholders
     - Minimum share capital: 90,000 RON
     - Capital divided into shares (can be listed on stock exchange)
     - Complex structure: General Assembly + Board of Directors
     - Higher costs & stricter reporting obligations

What do I need to know about taxes?

- **Microenterprise tax:** 1% on turnover (if under 500,000 EUR turnover, at least 1 employee)
- **Corporate tax:** 16% on profit (if conditions for microenterprise not met)
- **VAT:** 21% standard, 11% reduced rates, must register if > 300,000 RON/year turnover
- **Income tax for PFAs**:

Normă de venit (fixed income norm, depending on activity and county) OR
Real system (based on accounting records, profit = income – expenses, tax = 10%)
Social contributions: CAS (25%) + CASS (10%) mandatory if above thresholds

Ways you can legally reduce taxes

1. Stay VAT-exempt
   - If your turnover is under 300,000 RON/year, you don’t have to register for VAT.
   - Result: you don’t charge VAT, but you also can’t deduct VAT from expenses.
2. Choose PFA with “normă de venit”
   - For some activities, tax is calculated on a fixed income norm (set per county and CAEN code).
   - Often cheaper and simpler than paying on real income.
   - Limit: max. €25,000 equivalent turnover.
3. Use the microenterprise regime (SRL)
   - Turnover under €250,000/year → you can pay 1% (with employee) or 3% (without employee) of turnover instead of 16% profit tax.
   - Simple and predictable if your costs are low.
4. Benefit from legal exemptions
   - Certain activities (education, health, insurance, financial services) are VAT-exempt by law.

Registrations and obligations

- Chamber of Commerce is not mandatory (different from Hungary), but **ONRC registration is obligatory**

- Accounting obligations –
  - SRL must hire a certified accountant.
  - PFAs can keep single-entry books themselves or use an accountant.
  - Skipping proper accounting = fines + blocked activity.

- Local taxes – the place where your business is registered (apartment, office, rented space) is subject to local building and land tax.
  - Example: if you register your SRL at home, your apartment might be partially reclassified for tax purposes.

Registrations and obligations

- Special authorizations – some activities need extra permits:
  - Food-related → sanitary-veterinary authorization (DSV)
  - Transport → license from ARR
  - Medical services → approval from Ministry of Health
  - Tip: always check your CAEN code to see if it’s “with authorization” or “free”.

- Business bank account –
  - Mandatory for SRL / SA → needed for share capital deposit and daily operations.
  - Optional for PFAs → but recommended, otherwise personal and business money mix up.
  - Banks often ask for the ONRC Certificate + Company Statute when opening the account.

ANAF (National Agency for Fiscal Administration)

- The central tax authority in Romania — responsible for collecting taxes and monitoring compliance.
- Main tool: SPV – Spațiul Privat Virtual (Private Virtual Space)
  - Where you file tax returns, check obligations, upload e-Factura.
- Website: anaf.ro — includes forms, guides, deadlines.

Example:
If you are a PFA, you log into SPV to submit the single return (Declarația Unică) each year.

Invoicing, accounting and costs

- Invoicing
  - Since 2024, **RO e-Factura** is mandatory for transactions with the state (B2G) and certain risk categories (alcohol, construction, fruits/vegetables, electronics, etc.).
  - Gradually, all businesses will be included (B2B as well), so check if your CAEN code is on the list.
  - Invoices are uploaded through the **ANAF SPV** (Spațiul Privat Virtual) platform.
  - You need an account and a digital certificate to log in.
  - Info and tutorials: anaf.ro → “e-Factura” section.
  - Example: A transport company must issue e-Factura to both public institutions and private clients.

Invoicing, accounting and costs

    - Accounting
- PFAs:
  - Can use single-entry bookkeeping (register income/expenses manually).
  - Or hire an accountant (recommended if income is high or VAT applies).
  - Forms and returns are submitted online via ANAF SPV.
- SRL:
  - Must use double-entry accounting with a certified accountant.
  - Monthly or quarterly declarations filed through ANAF SPV (D100, D112, D300, etc.).
  - Annual financial statements published in the ONRC Bulletin.

- **Good to know**: ANAF regularly updates forms → always check ANAF portal for the latest versions.

Invoicing, accounting and costs

- Costs
- Registration fee at ONRC:
  - ~200–300 RON for SRL (includes trade register + publication)
  - ~100–150 RON for PFA/II/IF
- Accounting services:
  - PFAs: from 200–300 RON/month (depending on complexity)
  - SRLs: usually 500–1,000 RON/month (with VAT and payroll services)

- Digital certificate for ANAF/RO e-Factura: ~200–300 RON/year (mandatory for online filings).



Key takeaways:

- ONRC = registration,
- ANAF = taxes,
- SPV = online portal for all filings,
- e-Factura = electronic invoicing system.

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Romania - Hungary







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Thank you for your attention!

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