

## Romania announces new reduced VAT rates

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As of 1 November 2018, the Value Added Tax (VAT) rate has been reduced to 5% for the following categories of services:

- ▶ Accommodation in the hotel sector or similar-function sectors, including rental of camping grounds (currently subject to the reduced VAT rate of 9%)
- ▶ Restaurant and catering services, except for alcoholic beverages, other than beer (currently subject to the reduced VAT rate of 9%)
- ▶ The right to use sports facilities for the purpose of practicing sport and physical education, other than those already VAT exempt (currently subject to the standard VAT rate of 19%)
- ▶ Services that allow access to benches, amusement parks and recreational parks (currently subject to the standard VAT rate of 19%)

The extension of the reduced VAT rate of 5% as of 1 November to the above-mentioned services will have a significant impact, mainly for the economic agents carrying out activities in the HORECA sector (i.e. hotels, restaurants, catering, coffee shops). Thus, these economic agents should analyze the characteristics of the provided services, in order to apply the corresponding reduced VAT rate, namely 9% or 5%.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young SRL, Bucharest**

- ▶ Jean-Marc Cambien      [jean-marc.cambien@ro.ey.com](mailto:jean-marc.cambien@ro.ey.com)
- ▶ Nina Sava                [nina.sava@ro.ey.com](mailto:nina.sava@ro.ey.com)

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