Fiscal policy for 2027 presented by Prime Minister: Reducing burden on labor, stimulating investments, fairer taxation

Fewer taxes on labor. More incentives for investments. Tougher on vices. Fairer on exemptions. Simpler for the economy – these are the objectives of the new fiscal policy, presented today by Prime Minister Vasile Tofan.

The fiscal policy for 2027 proposed by the Government will reduce the tax burden on income from work, stimulate investments, protect basic consumption, and increase the contribution of high-profit sectors and harmful products to the budget.

“The way a country organizes its taxes influences how its economy works. If we want more people to work legally, we must tax labor in a way that encourages legal employment. If we want companies to invest more, we must leave them more capital for investments. If we want to discourage vices — tobacco, vaping, especially among young people, excessive alcohol consumption, gambling, if we want to prevent the environment from being polluted by fireworks — this must also be reflected in fiscal policy. And if we want a state that can pay pensions, salaries, roads, schools, hospitals, and security, we need a tax system that is simpler, fairer, and harder to evade,” said Prime Minister Vasile Tofan.

One of the main measures proposed is the **increase of the personal exemption from 29,700 to 40,000 lei per year**. Thus, the amount of non-taxable salary income will increase by 10,300 lei per year. The estimated impact on the budget is about 800 million lei. “This is a measure that leaves more money in the pockets of those who work. Combined with the increase in the minimum wage, which will come into force on January 1, it will allow us to further reduce under-the-table payments,” Prime Minister Tofan noted.

To support investments, **reinvested profit will be taxed at a 0% rate**, and the eligibility threshold for applying this incentive will increase from 100 to 200 million lei. The estimated budgetary cost of this measure is approximately 400 million lei.

“This is especially important for companies that have grown, that export, that need equipment, financing, inventories, expansion. At the same time, if a company wants to withdraw its money from the business, it will pay tax at that moment, plus an increased dividend tax of 8%. So we want to discourage withdrawing funds and encourage reinvesting them," the Head of Government added.

The fiscal policy also provides for a higher contribution to the budget from sectors and products with social or health impact. In the gambling sector, a 6% tax will be applied, which is expected to bring around 500 million lei additionally to the budget. At the same time, excise duties on tobacco products (+20%) and vaping products (+50%) will be increased, and excise duties will be introduced for sugary drinks, energy drinks, and pyrotechnic articles. In the case of pyrotechnic articles, the excise duty will be 25% of their value.

Regarding the **value added tax (VAT)**, Prime Minister Vasile Tofan underlined that opinions after the first draft version were taken into account: "We know that any VAT change on food, medicines, gas or energy can affect families. That is why we chose a much more cautious approach."

Thus, in order to protect household consumption, the reduced VAT rate of 8% will be maintained for essential products, including bread, vegetables and fruits, most dairy products, and medicines. For other food products and for sectors such as agriculture, HoReCa, accommodation and tourism, a rate of 12% is proposed.

In the case of **energy and natural gas**, the new rules will come into force only after the cold season — from April 1, 2027. For the first 150 cubic meters of natural gas consumed monthly, the 8% VAT rate will be maintained. For the first 100 kWh of electricity, a 0% VAT rate will be applied, and thermal energy will also benefit from the zero rate. Consumption exceeding these limits will be taxed at the standard rate of 20%.

To ensure a level playing field between domestic and foreign traders, **goods ordered from foreign platforms will be subject to VAT**. A fixed fee of 12 lei per parcel is also envisaged.

The fiscal policy also aims at **fairer taxation of income earned from labor and from capital**. The income tax rate on capital gains will be increased from 6% to 12%, and the rate applied to dividends from 6% to 8%.

At the same time, a **solidarity tax for the banking sector** will be introduced. The income tax applied to banks' profits will increase from 12% to 18%, a measure that is expected to generate approximately 450 million lei in additional revenue for the state budget.

“We cannot build a European economy with a tax system full of exceptions, loopholes, and treatments that are hard to explain. We cannot ask for investments if we tax capital before it is put to work. We cannot ask for legal work if legal work is excessively burdened. We cannot protect young people if we treat vaping and harmful products like ordinary products. We cannot support local trade if we accept unequal tax competition from abroad. Instead, we can start correcting things. That is why this package is about balance,” Tofan concluded.

The draft fiscal policy for 2027 will be subject to public consultations and discussed with the business community, trade unions, local authorities, and citizens.