

Novelties regarding the reduced VAT for residential properties

By the **Law 30/2019** approving the Government Emergency Ordinance no. 25/2018 regarding the amendment and supplementing of certain normative acts, as well as approving certain fiscal-budgetary measures, starting with **January 1st, 2019**, article 291 paragraph (3) letter c), point 3 of the Fiscal Code has been amended, namely **the conditions under which one may benefit from the reduced VAT quota (i.e., 5%) have changed.**

Thus, under the previous regulations, in order to benefit from this reduced VAT quota, the following conditions had to be met:

1. The buyer had to be an individual or a family, any single individual or family being able to acquire **only** one home with a reduced quota of 5% ;
2. The plot of land on which the home was built had to have a surface not exceeding 250 m², including the soil print of the home, in the case of individual homes, and in the case of buildings that had more than two homes, the joint quota of the land related to each home had to have a surface not exceeding 250 m², including the soil print related to each home.

According to the new regulation, the provisions according to which one could benefit from the reduced quota only once have been eliminated, and thus, **now the acquisition of several pieces of real estate with the same VAT quota of 5% is possible.**

In addition, the provisions regarding the maximum surface of the plot of land on which such pieces of real estate are built have been eliminated. Consequently, this quota of 5% may be applied also in case the plot of land exceeds in surface 250 sq. m., but the real estate complies with the other parameters (i.e., the useful surface of the constructions of maximum 120 sq.m. and the selling price – both of the construction and of the plot of land – of maximum lei 450,000, without VAT).

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