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PRESS RELEASE

The Bucharest Stock Exchange is becoming more and more accessible to investors: starting with 2023 there will be a system of withholding taxes for capital gains

From the beginning of next year, the stock market investors will benefit from lower taxes for profitable transactions and from a simplified taxation procedure. The law was promulgated today, May 20, by the President of Romania, and it provides that the tax on capital gains for individual investors to be retained at source, with two tax levels, i.e. 1% for holdings over one year and 3% for holdings of less than one year, while losses won't be compensated. The obligation to calculate, withhold at source, declare and pay the tax will fall on the intermediaries and fund managers.

'The local stock market is more and more present in the daily universe of Romanians and will become, from the beginning of next year, even more accessible to potential investors. We believe that the adoption of differentiated taxation of profits and the withholding of taxes generated by capital gains will have a major impact on the development of the Romanian capital market. And not only on the capital market, but also on the economy, by increasing the financing capacity for Romanian entrepreneurs. In recent years, the stock exchange mechanisms have become increasingly used, both in the private and public spheres, for financing. Now, by simplifying taxation, we created all together the means to increase this financing capacity', said Radu Hanga, President of the Bucharest Stock Exchange.

'The promulgation by the President of Romania of the law on simplifying investor taxation on the capital market makes us increasingly confident in the prospects of market development and the role it can and it must have in the Romanian economy. We would not have been at this point without the support of the entire community of the capital market, of all those who put their shoulders to the drafting and transposition of an idea in a law that would support the Romanians and the Romanian economy. We thank the initiators of the law, as well as the Financial Supervisory Authority, the Association of Fund Administrators in Romania, the Romanian Association of Banks and the Brokers Association who believed in this approach', said Adrian Tanase, CEO of the Bucharest Stock Exchange.

The [legislative proposal](#) on amending and supplementing Law no. 227/2015 on the Fiscal Code, which includes simplifying the taxation of capital market investors, was registered in the Senate



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for debate on October 13, 2021, and adopted by the senators in February 2022. The Chamber of Deputies, decision-making forum, adopted in April 2022 the legislative proposal. The initiators of the legislative project are PNL deputies Sebastian Burduja, Gabriela Horga, George Tuta and USR senator Claudiu Muresan, the project being supported by the Bucharest Stock Exchange, the Financial Supervisory Authority, the Association of the Fund Administrators in Romania, the Romanian Association of Banks and the Brokers Association.

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