

PRACTICAL STUDY ON THE IMPACT OF LOCAL TAX INDEXING IN JANUARY 2026 AT UAT Q88 IN THE AI ERA (FIRST PART)

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Abstract: Local taxes and fees represent a significant share in the revenues of Territorial Administrative Units (TAU). The research is based on the effects of the practical transposition of the legal framework the indexation the fiscal 2026, respectively, the amendment of article 491 of the Fiscal Code by Emergency Ordinance number 78/2025. The purpose of the research is focused on obtaining the answer to the question: whether the regulatory intervention aimed at increasing local taxes and fees achieved its goal in the first month of 2026. The result of the research illustrates the practical impact in January 2026, differentiated Territorial, the application indexation of local taxes and fees, of the efficiency, effectiveness and effects produced, compared to January 2025. Practically, in the new philosophy of the indexation of local taxes and fees, we refer on the one hand to the effects predicted at the level of 2025, which envisaged a significant increase in local taxes and fees for 2026, on ground generated by the behavior of taxpayers, individuals and legal entities, in response to this indexation applied to local taxes and fees.

Keywords: taxpayers, indexation, impact, local taxes, local fees

1. Introduction

A significant part of the revenues generated by Territorial Administrative Units (TAUs) come from local taxes and fees. In a more generous grouping of taxes and duties, the national regulation, namely the Fiscal Code of Romania, included local taxes and duties in letter (h) of Art. 2 entitled “Taxes, duties and mandatory social contributions”. We note that, for local taxes and duties, the Fiscal Code has dedicated Title IX, entitled “Local taxes and duties”, which includes articles from 493 to 495. The main objective of our research is the impact at end January 2026 at a Territorial Administrative Unit (UAT) Q88 in Romania, as a result of the application of the new regulation entitled “Emergency Ordinance number 78 of December 17, 2025 amending law no.

239/2025 on the establishment of measures for the recovery and efficiency of public resources and for the modification and completion of certain normative acts” [8]. The ordinance was assumed by the Prime Minister, Public Works Development Administration, in Bucharest on December 17, 2025, registered under number 78, the issuer of which is the Government of Romania, published in the “Official Gazette no. 1172 of December 17, 2025” [7]. This Emergency Ordinance number 78 of December 17, 2025, aims to modify Law number 279/17.12.2025 and establish measures that aim, to public sources, to make public resources more efficient in the context of modifying and completing certain normative acts. The first part of this Study focuses on practical aspects affecting

building taxes at the Territorial Administrative Unit – UAT Q88. Status of taxpayers of local taxes and fees is held by individuals and legal entities who have property rights over assets such as buildings, land, and means of transportation. The Fiscal Procedure Code defines the taxpayer as “any natural or legal person or any other entity without legal personality that owes, according to the law, taxes, fees and social contributions” [5]. Regarding the concept of “Property”, the Constitution of Romania, in Art. 136 – “Property”, classifies property into two categories: “(1) public and private property. (2) Public property is guaranteed

and protected by law and belongs to the state or administrative-territorial units. (3) public interest resources energy assets, (4) assets are may under leased” [1]. First part of this Practical Study aims at practical aspects that affect taxes on buildings at the Territorial Administrative Unit – UAT Q88. In this context, an important aspect I appreciated was the definition of some concepts and the presentation of the meaning of these concepts in the light of the Fiscal Code of Romania, which represents the national regulation and the corollary for taxes, social contributions and fees, in whose dimensions local taxes and fees are also circumscribed.

Table 1 Definitions of concepts

No.	Concepts	The significance of concepts
1.	Building	Number of building levels and their foundations.[2]
2.	Annex Building	Buildings cellars, pantries, barns, storerooms, warehouses, garages and the like. [2]
3.	Mixed-use building	Building used for both residential and non-residential purposes. [2]
4.	Non-residential building	Without residential designation. [2]
5.	Residential building	Building intended for residential use, with annex facilities and utilities. [2]
6.	Eligibility criteria	Residential, non-residential, mixed.
7.	Rules	Fiscal norms approved by the Government, by decision, and are published in the Official Gazette of Romania, Part I. [4].
8.	Street nomenclature	The list containing the names of all streets in an administrative-territorial unit, the identification numbers of the buildings on each owner for domicile headquarters entity. [2]
9.	Affiliated persons	A person is affiliated if: a) they are spouses or relatives up to the third degree inclusive; b) least 25% of the value or voting rights of a legal person or if he/she effectively controls the legal person. [3]
10.	Non-resident individual	Natural person set out in point 28. [3]
11.	Individual Residence	Meets person's working. [3]
12.	Romanian legal entity	That was operates legislation. [3]
13.	Legal entity established under European law	Through the European regulations. [3]
14.	Foreign legal entity	Under law. [3]
15.	Real estate	Structure into a land. [3]
16.	Resident	In accordance with the Romania and outside Romania, according to the provisions of this law and the treaties in force concluded by Romania. [3]
17.	Rank of a locality	The rank assigned to a locality according to the law. [2]
18.		The property land identified by its address, individualized by its own street name and the postal code assigned from the home address. [2]

18.	Areas within the locality	Areas depending planning urban planning documentation, registers, records to the real estate-municipal cadastre. [2]
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Source: Tax Code [2], [3] and [4]

2. Placing the signs on buildings at the Territorial Administrative Unit - UAT Q88

The establishment of building taxes at the Territorial Administrative Unit - UAT Q88 is carried out. From the perspective of the Fiscal Code, Title XI, Chapter II "Building tax and building tax", the issues that arise for the taxation of buildings and housing are:

1. Building tax/tax - individuals and
2. Building tax/tax - legal entities.

From the perspective of individuals HCL at the Territorial Administrative Unit - UAT Q88 treats the Building Tax/Tax - individuals in:

1. Non-residential buildings - individuals and
 2. Mixed-use buildings - individuals.
- Building tax and tax – individuals. Residential buildings and annex buildings, individuals were fixed based on Art. 457 of buildings, within the limit of a quota of 1.00%, subject to compliance with:

(1) Building rate established paragraph (1) for the year 2026 cannot be lower than the rate established for the year 2025;

(2) By taxable value, expressed in lei/sqm.

Table 2 Correction coefficient related to the rank of the locality according to article 457 alin. (6)

Area within the locality	Locality rank UAT Q88					
0	1	2	3	4	5	6
a.					1,11	1,08

Source: [6]

From the perspective of legal entities, UAT Q88 treats the Tax/Tax on Buildings - Legal Entities. The amount of the tax or tax on buildings of legal entities is reported to the conditions imposed by Art. 460 of the Fiscal Code, as follows:

1. For non-residential buildings, the rates are 1.00%, applied to.
2. For non-residential buildings in the agricultural sector, the rate on.
3. Taxable value is the value as of December 31 and can be:
 - a) the last taxable value from the tax authority's records;
 - b) the value from an evaluation report;
 - c) the final value of the construction works;
 - d) the value from the deed of transfer of ownership;
 - e) for buildings financed through financial leasing, the value resulting from an evaluation report;
 - f) the building tax takes into account the value recorded in the owner's accounting;
 - g) the taxable value of the building is updated every 5 years based on a building evaluation report.
4. Taxable last 5 years, the building tax rate is 5%, subject to notification to the taxpayer by October 31 of the current year.
5. Last 5 years, difference in tax according to paragraphs (1) and (2) will be owed by the building owner.
6. The amount of the building tax rate for 2026 cannot be lower than that established for 2025.

In a synthetic presentation, Tax rates for individuals and legal entities.

Tabel 3 Approved quota

Crt No	Contributor	Year	Approved quota
1.	Individuals	2026	0,10%.
2.	Legal entities	2026	1,00%

Source: [6]

The increases in the percentage rates were aimed at "ensuring sustainable economic growth, as well as expanding the tax base, as a source for increasing the revenues of the consolidated general budget" [7] and "establishing measures to recover and

streamline public resources"[9]. Payment of building taxes at UAT Q88:

- a. By 31.03 and 30.09.2026, inclusive.
- b. A discount up to 10% is granted.
- c. The building tax, by.
- d. For several buildings within the UAT Q88 area, the building tax is paid cumulatively
- e. Taxes related to concession, rental, administration or use contracts, are paid
- f. Taxes related to periods of less than one month, the legal entity pays them, by the 25th inclusive of the month following each month of the contract's validity period.

The exemption or reduction "applies to persons who hold supporting documents that are submitted to the local fiscal body within the deadline established by the decision of the local council " [9].

3. Conclusions:

Territorial Administrative Unit - UAT Q88, is a town hall of a rural commune in Transylvania. We conducted a comparative analysis at this Territorial Administrative Unit - UAT Q88 that took into account, on the one hand, the impact of indexing local taxes on buildings and, on the other hand, tracked the dynamics of revenue from taxpayers of the Territorial Administrative Unit - UAT Q88 at the level of January 2026. at UAT Q88 compared to January 2025, circumscribed in the era of artificial intelligence technology. The research led us to the following results:

1. By Decision of the Local Council of the Territorial Administrative Unit - UAT Q88, it was established:

- the local taxation and levy system starting from, the operational organization and configuration of the IT program according to the assumed regulations;
- the quota for the bonus was established in a percentage of 10% for those taxpayers who cumulatively meet two conditions:
 - a. pay in full the debts for all types of taxes that fall under their responsibility;
 - b. make full payment by March 31, 2026;

- for the calculation of taxes on buildings that generated oversolvency among taxpayers, measures were taken that consisted of:

- a. operational organization;
- b. configuration of the computer program for oversolvency situations, which are two in number:

- ✓ the tendency and recommendation is that the calculated surplus remains in the account;
- ✓ the possibility of withdrawing the calculated surplus

2. The comparative analysis illustrates the following aspects regarding the collection of taxes and fees on buildings at UAT Q88

- The number of taxpayers who paid taxes in January 2026 increased compared to taxpayers who paid taxes in January 2025 by 65%;
- Revenues increased in January 2026 compared to revenues generated in January 2025 by 31.7%;
- The causes that led to the increase in revenues were generated by the following actions.

a. UAT Q88 initiated:

- ✓ A collaboration with a topographic surveying company to carry out cadastral measurements for all households;
- ✓ the topographic surveying company also carried out measurements for buildings owned by legal entity taxpayers;
- ✓ the measurements for houses and buildings were carried out with a dual purpose
- ✓ for the correct determination of the areas for houses and buildings;
- ✓ for cadastral registration.
- ✓ It was proven that people built and did not declare;

The measurements revealed larger differences than the areas declared until 31.12.2025.

a. People have become aware of the need for measurements

- ✓ in the field, on the spot;
- ✓ the need and need for updating to update the UAT Q88 database;
- ✓ the correct determination of taxes and fees for UAT Q88;
- ✓ the need and need for updating for taxpayers;
- ✓ tabulation on real areas;
- ✓ in January 2026, the areas were

modified in addition to those declared until 31.12.2026.

a. indexation with the new regulations was carried out on new, larger, real building surfaces which constitute a substantial increase in income;

b. No tax inspections were carried out at the level of UAT Q88;

c. Taxes on buildings and homes were paid until 31.12.2025 based on declarations.

3. Emphasis is placed on digitalization.

4. Emphasis is placed on the correct and efficient functioning of legal regulations.

5. Emphasis is placed on the acquisition of new processing equipment.

6. Reduction of operational staff in tax matters as a result of technology.

References

- [1] Constitution of Romania, republished, art. 115 para. (4).
- [2] Fiscal Code Art. 2 updated with Emergency Ordinance number 8/2026.
- [3] Fiscal Code Art.453 updated with Emergency Ordinance number 8/2026.
- [4] Fiscal Code - Annotated Edition with Methodological Norms approved by H.G. 1/2016, last update: Government Decision no. 602/2025. The text is updated by IT means and does not represent a republish.
- [5] Fiscal Procedure Code (Law no. 207/2015) - updated on 17.12.2025.
- [6] Decision of the Local Council of the Territorial Administrative Unit - UAT Q88.
- [7] Emergency Ordinance no. 8/2026 no. 8 of 24 February 2026 on the establishment of economic recovery measures, the increase in productive investments and competitiveness, as well as for the amendment and completion of certain normative acts in the fiscal and budgetary field published in: Official Gazette no. 147 of 25 February 2026.
- [8] Official Gazette no. 1172 of 17 December 2025.
- [9] Emergency Ordinance no. 78 of 17 December 2025 for the amendment of Law no. 239/2025 on the establishment of certain measures for the recovery and efficiency of public resources and for the amendment and completion of certain normative acts issued by the Government of Romania published in the Official Gazette no. 1172 of 17 December 2025.
- [10] Law no. 239/2025 on the establishment of certain measures for the recovery and efficiency of public resources and for the amendment and completion of certain normative acts.