

COMPARATIVE PRACTICAL STUDY ON THE IMPACT OF LOCAL TAX INDEXING IN JANUARY 2026 IN THE AI ERA (PART TWO)

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Abstract: *For the Territorial Administrative Units, local taxes and fees represent an important source of financial resources for local budgets. Our research is a continuation of the first part of the work entitled "Practical study on the impact of local tax indexation in January 2026 at UAT Q88 in the AI era - (Part One)." In this context, we extended the research to a Territorial Administrative Unit (UAT) that we called Q10, from the north-west of the country in order to analyze the ways in which Emergency Ordinance number 78/2025, Ordinance number 8 and 9 of 2026 are applied. The purpose of this stage is to conduct a comparative analysis between the two Territorial Administrative Units in relation to the requirements of the new legal regulations on local taxes and fees regarding construction and housing. The research analysis illustrates the differentiated impact between the two Territorial Administrative Units, respectively between UAT Q88 and UAT Q10, and the research result allowed us to observe the similarities, differences and causes that led to the different impact on the behavior of taxpayers, individuals and legal entities, as a reaction to this indexation applied to local taxes and fees of a construction and housing nature at the end of January 2026 in the Territorial Administrative Units UAT Q88 and UAT Q10.*

Keywords: Subject of taxation, individuals, legal entities, differentiated impact, local taxes

1. Introduction

The main objectives of our research are: 1. The aspects of the legal regulations contained in the Fiscal Code of Romania regarding local taxes and fees concerning buildings and dwellings belonging to individuals and legal entities identified in Title IX, [2] and 2. The extension of our analysis from the first part of the Study entitled “Practical Study on the Impact of Local Tax Indexation in January 2026 at UAT Q88 in the AI Era (Part One)” to a Territorial Administrative Unit (UAT) Q10 in northwestern Romania where we followed the modalities of the application of the new regulation entitled “Emergency Ordinance number 78 of December 17” [8].

The first part of this Study aims at theoretical aspects that affect taxes on buildings and housing at the Territorial Administrative Unit - UAT Q10, reported to the requirements of the Fiscal Code regarding the taxation of buildings, for the year 2026 amended by the promulgation of Law no. 239/15.12.2025, which was amended by the provisions of OUG no. 78/17.12.2025 [8].

The Fiscal Procedure Code specifies in Art. 4 Principle of legality point (1) that, "The tax claims and corresponding obligations of the taxpayer/payer are those provided by law." [3], while in Art. 16 - Equality in rights, the Constitution of Romania, states in point (1) "Citizens are equal before the law and public

authorities, without privileges and without discrimination." [1].

The third part aims at comparative practical aspects that affect building taxes in the two Territorial Administrative Units – UAT Q88 and UAT Q10.

The fourth part of this practical study aims at synthesizing the results of the research in three categories, 1. Similarities, 2. Differences and 3. Causes that led to the differential impact of the transposition into practice of the assumed legal regulations that affect building taxes in the Territorial Administrative Unit – UAT Q88 and the Territorial Administrative Unit – UAT Q10.

2. Tax Code requirements regarding building taxation for 2026

For residential buildings and annex buildings, for which the owners are individuals, Art. 457 of the Fiscal Code, indicates the application of percentage rates related to a range of rates between 0.08% - 0.2%.

The percentage rate selected by the UATs is applied to the tax base which is represented by the taxable values of the buildings.

The percentage rate selected by the UATs is established by Decision of the Local Council.

Table 1 Percentage rates indicated

Crt. No.	Naming			Taxable value lei/sqm			
		Without water, sewage, electricity and heating installations according to the Fiscal Code		%	With water, sewage, electrical and heating installations According to the Fiscal Code		%
0.	1.	2.		3.	4.		5
1.	Building type	Taxable value in 2025	The value given for the year 2026, by the Fiscal Code	x	Taxable value in 2025	The value given for the year 2026, by the Fiscal Code	x
2.	A. Building with chemical treatment	894	1606	179,64	1490	2677	179,66
3.	B. Building with exterior walls made of wood, natural stone	298	535	181,35	447	803	179,64
4.	C. Annexe	259	469	181,08	298	535	179,53
5.	D. Annex building with exterior walls made of wood	112	201	179,46	185	335	289,18
6.	E. In any of the types of buildings provided for in letters A - D	75%, of the value correspond ing to each	75% of the value correspo nding to	X	75% of the value correspo nding to	75% of the value correspo nding to	X

		group of buildings	each group of buildings		each group of buildings	each group of buildings	
7.	F. In semi-basement	50% of the value corresponding to each group of buildings	50% of the value corresponding to each group of buildings	X	50% of the value corresponding to each group of buildings	50% of the value corresponding to each group of buildings	X

Source: [6]

For non-residential buildings, the Fiscal Code has established Art. 458 (1) owned by individuals for which the building tax involves the selection of a rate between 0.2 - 1.3%, the tax base of which can be:

- the value resulting from an evaluation

report;

- the final value of the construction works;
- the value of the buildings resulting from the transfer of ownership, for buildings acquired in the last 5 years;

Table 2 Percentage rates indicated by the Fiscal Code by building types

Crt. No.	Naming	Residential quota % art. 457 para. (1)	Non-residential/agricultural share assessed in the last 5 years, art. 458 para. (1)	Non-residential/agricultural quota assessed for more than 5 years, art. 458 para. (4)	Mixed building quota without declared non-residential area
0	1	2	3	4	5
1.	Rural area quota	0,1000	0,2000	2,000	0,3000
2.	Urban area quota	0,0800	0,2000	2,000	0,3000

Source: [2]

For mixed-use buildings owned by individuals, the Fiscal Code has established Art. 459 (1), mixed-use buildings, by adding together:

a) calculated under Art. 457;

b) indicated a declaration on one's own responsibility.

Regarding the building tax rate for mixed-use buildings owned by individuals that was established for the fiscal year 2026

- it cannot be lower than the rate established for the year 2025.

- if the building address is a fiscal domicile without economic activity, the tax will be calculated according to Art. 457;

- if the owner does not declare the use for non-residential purposes, the building tax is determined by applying the rate of 0.3%, which is applied to the taxable base, respectively, to the taxable value calculated according to art. 457.

For buildings owned by legal entities, the Fiscal Code has established Art. 455 paragraph (2) based on which for, the range of rates between 0.2% - 1.3% is allocated. The

taxable base is the taxable value of the building. For non-residential buildings, the rate of 0.4% is applied to the taxable base, which is represented by the taxable value of the building. The Fiscal Code represented highlighted and can be:

- 1). the last taxable value;
- 2). the value resulting from an evaluation report;
- 3). the final value of the construction works;
- 4). the value of the buildings from the transfer of ownership;
- 5). for buildings financed under a financial leasing contract, the value results from an evaluation report;
- 6). for buildings on which building tax is paid, the tax base is the value recorded in the building owner's accounting.

The taxable value of buildings of legal entities.

- is updated once every 5 years;

- the building valuation report is prepared only by an authorized appraiser;

- the provisions of paragraph (6) do not apply in the bankruptcy procedure;

- the revisions of paragraph (6) do not apply to buildings that are exempt from paying the building tax/fee;

- If:

- the building owner has not updated the taxable value of the building in the last 5 years, the building tax/fee is 5%;

- has last 5 years difference in tax will be owed by the building owner;

- the building tax rate for the year 2026 cannot be lower than that established for the previous year 2025.

3. Comparative analysis of the Territorial Administrative Units UAT Q88 and UAT Q10

Table 3 Comparison criteria and comparative analysis

Crt. No.	COMPARISON CRITERIA	Territorial Administrative Units UAT Q88 and UAT Q10	
		COMPARATIVE ANALYSIS	
0.	1.	2.	
1.	Local Council Decision	Local Council Decision UAT Q88	Local Council Decision UAT Q10
2.	Local taxation and levy system	- configuration of the IT program for the application of the assumed ordinances; - operational organization; - assumed ordinances; - the building tax rate cannot be lower than the rate established for 2025;	- configuration of the IT program for the application of the assumed ordinances; - operational organization; - assumed ordinances; - the building tax rate cannot be lower than the rate established for 2025;
3.	Bonus rate applied	1. 10%, for payment at the counter; 2. 10%, for online payment; 3. I pay in full; 4. deadline March 31, 2026;	1. 7%, for payment at the counter; 2. 10%, for online payment; 3. I pay in full; 4. deadline March 31, 2026;
4.	For situations of oversolvency	1. operational organization; 2. configuration of the computer program for the application of the assumed order; 3. the recommendation is that the calculated surplus remain in the account;	1. operational organization; 2. configuration of the informatics program for the implementation of the assumed order; 3. payment of the surplus;

5.	Number of payers in 2026 compared to January 2025	1. has increased;	1. has decreased;
6.	Revenues in January 2026 compared to January 2025	1. have increased;	1. have decreased;
7.	Taxes on buildings and homes were calculated until 31.12.2025 at the level	1. Declarative	2. Declarative
8.	Digitization	1. at the operational level;	1. at the operational level; 2. the online payment option was indicated;
9.	Declaration of areas	1. Real based on measurements;	1. Based on the declarations
10.	Indexing	1. Applied to the value of real areas	1. Applied to the value of the declared areas;

Source: Author

Conclusions

The comparative analysis of taxes and fees on buildings carried out in January 2026 for the two UATs, Q88 and Q10, led us to identify some similarities and differences that we present below.

A. Similarities:

1. For residential buildings and annex buildings, the two UATs took into account that their value should not be lower for individual owners than the quota established for 2025.
2. The taxable value of the buildings is expressed in lei.
3. Operational measures were taken and the IT program was configured to apply indexation.
4. The taxable value of the buildings is established by multiplying the constructed area by the corresponding taxable value, in lei/m², according to the Local Council Decisions.
5. Emphasis is placed on digitalization.
6. Emphasis is placed on the correct and efficient functioning of legal regulations.
7. Emphasis is placed on the acquisition of new processing equipment.

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

9. The rebates are 10 percent.

10. 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.

B. Differences:

1. Obtaining the bonuses is conditioned differently:
 - at UAT Q88:
 - a. taxpayers pay the debts in full for all types of taxes that fall under their responsibility;
 - b. make the full payment by March 31, 2026;
 - at UAT Q10:
 - a. taxpayers pay the debts in full for all types of taxes;
 - b. benefit from 7%, for payment at the counter;
 - c. benefit from 10%, for online payment;

- d. make the full payment by March 31, 2026;
- 2. For situations of over-solvency:
 - at UAT Q88:
Two trends have emerged:
 - a. the calculated surplus remains in the account;
 - b. possibility of withdrawing the calculated surplus.
 - at UAT Q10:
 - a. withdrawal of the calculated surplus.
- 3. The comparative analysis illustrates the following aspects regarding the collection of taxes and fees on buildings:
 - at UAT Q88
 - a. The number of taxpayers who made the payment in January 2026 increased compared to January 2025;
 - at UAT Q10:
 - a. The number of taxpayers who made the payment in January 2026 decreased compared to January 2025;
- 4. Revenues:
 - at UAT Q88:

a. Revenues increased in January 2026 compared to January 2025;
- at UAT Q10:

a. Revenues increased in January 2026 compared to January 2025;

C. Causes:

The increase in revenues was generated by the concrete actions taken by UAT Q88 for individuals and legal entities, as presented in the conclusions in the first part of our Study.

Against the background of the commitments to reform the legislative framework in the field of taxes and local fees, assumed by the Government of Romania through the National Recovery and Resilience Plan (PNRR), the provisions of the Fiscal Code regarding the taxation of buildings, land and cars for the year 2026 have undergone changes through the promulgation of Law no. 239/15.12.2025, [10], amended by OUG no. 78/17.12.2025,[9].

References

- [1] Constitution of Romania, republished.
- [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] Decision of the Local Council of the Territorial Administrative Unit - UAT Q10.
- [8] 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.
- [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.