



GUIDE ON THE TAXATION OF DIVIDENDS RECEIVED FROM ROMANIA BY NON-RESIDENT SHAREHOLDERS

This guide is for informational purposes and explains the taxation applicable to dividends paid by Banca Transilvania to shareholders who are not tax residents of Romania, effective January 1st, 2026.

According to Romanian tax law, starting with 2026, the dividends paid by Romanian companies to persons who are not tax residents of Romania are taxed at the time of payment, by withholding at source, at a standard rate of 16%, applicable to all non-resident beneficiaries of dividend income.

However, in certain situations, the applicable tax may be reduced based on a double taxation avoidance agreement concluded between Romania and the shareholder's tax residency country. In this case, in compliance with the legal conditions and procedures, the tax rate provided for in the respective agreement applies if it is more favorable than the standard rate provided for by the Romanian tax law.

The application of the rate provided for by the double taxation avoidance agreement is subject to compliance with the requirements provided for by the applicable tax legislation, including, where applicable, being the beneficial owner of the income.

Next, this guide briefly outlines the options available for applying the reduced tax rate, as well as the conditions that must be met, both before and after the payment of dividends.

APPLICATION OF THE FAVORABLE RATE PROVIDED FOR BY THE DOUBLE TAXATION AGREEMENT

I. Prior to dividend payments – Simplified Procedure

The simplified procedure allows the direct application of the reduced tax rate provided for by the double taxation avoidance agreement in force between Romania and the shareholder's tax residence country, at the very moment the dividends are paid.



To benefit from this favorable rate, the shareholder must submit to Banca Transilvania, prior to the payment of dividends, the tax residence certificate, issued by the competent tax authority in their country of residence.

The certificate must be submitted:

- in the original (physical or digital format) or as a legally certified copy issued by an authorized entity in Romania,
- accompanied by a legally authorized translation into Romanian.

The document must be submitted prior to the payment of dividends for the respective year, to the address: Cluj-Napoca, 30- 36 Calea Dorobantilor, Cluj County, ZIP code 40017, Romania, or to the email address: actionariat@btrl.ro.

In the event that the tax residence certificate is not submitted on time, the dividends will be taxed according to the general rule, via withholdings at source, applying the standard rate of 16%.

The submitted tax residence certificate must be valid and in effect on the date of dividend payment and is taken into account for all dividend payments made during its validity period, exclusively for dividends related to shares issued by Banca Transilvania.

If the shareholder also holds shares issued by other companies, it is necessary to submit a separate tax residency certificate to each issuer.

II. After Dividend Payments – Tax Recovery Procedure

The tax recovery procedure allows for the refund of a portion of the tax withheld at source following the payment of dividends, when the tax was withheld in Romania at the standard rate of 16%, and the double taxation avoidance agreement provides for a lower rate.

Thus, the difference between the 16% withholding tax and the favorable rate applicable according to the double taxation avoidance agreement between Romania and the shareholder's country of tax residence can be recovered.

To benefit from this recovery, the following documents must be submitted to Banca Transilvania:

- **the tax residency certificate**, in original (physical or digital format) or as a



legally certified copy issued by an authorized entity in Romania, accompanied by a legally authorized translation into Romanian.

- **tax refund request** - duly completed and signed by the dividend beneficiary or by their authorized representative.

The documents must be sent within the legal limitation period of 5 years, calculated from the date of dividend payment, to the address: Cluj-Napoca, Calea Dorobantilor no. 30-36, Cluj County, postal code 40017, Romania, or to the email address actionariat@btrl.ro.

If the documents are not submitted within the legally stipulated period, the right to recover the tax is lost.

REPORTING REQUIREMENTS

As a general rule, shareholders who are not tax residents of Romania and who receive dividends from Romanian companies are not required to file tax returns in Romania for such income.

The tax on dividends is withheld directly at source by the dividend payer, in accordance with the applicable tax legislation.

However, dividend income received from Romania may be subject to declaration in the shareholder's country of tax residence, in accordance with the legislation applicable in that country.

For further clarification regarding tax obligations in the state of residence, it is recommended to consult a local tax advisor.

PARTICULAR SITUATIONS

I. Individuals

In certain situations, depending on individual circumstances, for example, if a non-resident individual had their domicile or residence in Romania at the time of receiving dividend income, additional tax obligations may arise in Romania. In such cases, the non-resident individual may be required to file a Single Tax Return and, where applicable, may owe social contributions, including contributions to the public pension system, depending on the applicable social security rules.



The application of these rules depends on the specific circumstances of each shareholder, the duration of their stay in Romania and any applicable international social security agreements. Given the complexity of these situations, non-resident individuals are advised to consult a tax advisor or contact the relevant tax authorities for guidance specific to their own situation.

II. Investment funds and other types of non-resident entities

If the beneficiary of dividend income is a non-resident investment fund or another entity organized in a specific legal form (for example, collective investment undertaking – UCITS, alternative investment funds – AIFs or other investment vehicles), the application of the favorable tax treatment may be subject to the provision of additional clarifications and declarations regarding the entity's tax status.

In this regard, in order to apply the reduced tax rate according to the double taxation avoidance agreement or Romanian tax legislation, Banca Transilvania may request the completion of an affidavit, through which the income beneficiary of the dividends certifies the following essential aspects:

- is the beneficial owner of the dividend income;
- it is not a fiscally transparent entity and is subject to taxation in the state of residence (profit tax or other similar tax);
- dividend income is taxable at the level of the entity that holds the status of shareholder;
- has no legal or contractual obligation to pass on the dividend income to other persons;
- is a tax resident exclusively in a state with which Romania has concluded a double taxation avoidance agreement and is not in a situation of dual residency;
- meets the conditions for applying the favorable tax rate in accordance with the Tax Code and the double taxation avoidance agreement.

The declaration is completed and signed by the legal representative of the entity and may be requested together with the tax residency certificate and other relevant supporting documents.



Note: This document is made available to shareholders exclusively for informational purposes, to provide an overview of the general taxation regime applicable to dividends received in Romania by non-residents.

The information contained in this document does not constitute tax, legal or financial advice. The applicable tax regime may vary depending on the individual tax situation of each shareholder, the country of tax residence, as well as the applicable legal provisions, which may be subject to changes.

For clarifications specific to their personal situation, shareholders are advised to consult a tax advisor or, as appropriate, to contact the competent tax authorities in their country of tax residence directly.

Banca Transilvania

Financial Markets and Due Diligence Office

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