



**LILLY FAMILY
SCHOOL OF PHILANTHROPY**
INDIANA UNIVERSITY

The 2025 Global Philanthropy Environment Index Romania

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Foundation, Federal

Five main social issues addressed by these organizations: Basic Needs, Early Childhood Education, Health and Medical Research, Religion, Social Services

Average time established by law to register a philanthropic organization: 61–90 days

Average cost for registering a philanthropic organization: USD 280 [USD 9 for reserving the name of PO from the Ministry of Justice, an initial patrimony of the NGO (no amount specified for associations, two or ten times the minimum salary for a foundation), a fee of USD 24 for the court tax, and an optional USD 250–500 for a lawyer to represent the founding member in front of the court]

Government levels primarily regulating the incorporation of philanthropic organizations: National Government (Ministry of Justice for registering the name of the PO) and Local Courts (for obtaining legal personality).

¹ Authors of the 2025 GPEI report are providing updated narratives and scores to the 2022 GPEI report.

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PHILANTHROPIC ENVIRONMENT SCORES

Year	Ease of operating a PO	Tax incentives	Cross-border philanthropic flows	Political environment	Economic environment	Socio-cultural environment	Overall score
2025 GPEI	4.33	2.75	4.75	4.20	3.50	3.80	3.89
2022 GPEI	4.13	3.00	5.00	4.35	3.90	3.80	4.03
2018 GPEI	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Indiana University Lilly Family School of Philanthropy, 2025 *Global Philanthropy Environment Index*

KEY FINDINGS

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 4.5

Individuals and legal entities can establish philanthropic organizations (POs) if legal requirements are observed. Fundamental freedoms of expression, association, and peaceful assembly are mostly protected. POs are not required to obtain legal personality; however, the functioning of unregistered POs is significantly limited by unclear legal and fiscal status and the impossibility of opening bank accounts to receive funding, as only POs registered as legal entities can open bank accounts. POs are free to pursue any purpose for the benefit of their members or for public benefit if it respects existing legislation.

Courts register POs, which may take a few weeks or months. Courts carry out duties professionally, partially consistently, independently, and apolitically. Rulings are transparent and include written explanations. In case of denial, the right to appeal is provided. Legal requirements for reviewing and deciding upon registration are provided; however, they are often not respected in the overcrowded courts. If the procedure is fulfilled and documents are complete, the court has no grounds to reject registration; however, because of vague legislation, judges may require the documents to be modified as they deem fit. The level of competence of judges regarding PO legislation varies.

Registration requirements remain a relative burden and partially limit freedom of association. Overall, the procedure has become simpler regarding required documentation through the modification of the legislation in December 2020, reducing the bureaucratic requirements and minimum capital. The registration process is relatively inexpensive for associations, costing between USD 30 and USD 500 if a lawyer is needed.

The law is relatively permissive regarding who may become a founder. There are limitations on age and the legal right to act and for individuals with negative fiscal records or without legal documents. Current minimum capital legal requirements for all forms of POs are reasonable. For associations and federations, the minimum amount is USD 50; for foundations, the minimum is 10 times the minimum salary or 2 times the minimum salary for grantmaking foundations.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 4.5

Current legal provisions specify the requirements for the mandate and attributions of the governing bodies of POs. While these legal requirements do not constrain the direction or activities of a PO (as long as they are legal), they do regulate the organization's internal affairs in significant ways. Current legislation includes the possibility for POs to be closed down by courts at the request of public authorities or any other party when the purpose, activity, or modalities of action of the PO become “illegal or against public order”; when it works for a different purpose than the one written in its statute; or when it becomes bankrupt.

There are no limits regarding contacting and collaborating with other civil society organizations, businesses, or government sectors within or outside the country (as long as these are legal). There are no restrictions on participating in networks, using the Internet, and using all forms of social and digital media. Requirements are standardized for all types of POs and are clear—requirements include the annual balance sheet and fiscal documents as well as registration in a registry for POs reported to fiscal authorities; the legal beneficiary reported to the Ministry of Justice; certain types of transactions reported to the authority focusing on preventing and deterring anti-money laundering activities; and under certain conditions, there are General Data Protection Regulation (GDPR) related reporting requirements.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.0

There is no direct government discretion in shutting down POs; however, government bodies may require the termination of POs before a court. As the functioning procedures are thoroughly defined by law, to the extent that it impinges on the management and functioning of POs, POs frequently do not have the capacity to respect key legal requirements, which leads to *de jure* termination and makes it easy to request their dissolution. POs receive notice and can be heard in court before termination; however, the court is limited to approving the request for shutting down the PO in the case of key legal provisions that lead to *de jure* termination are not respected. In such cases, and based on the current legislation, members of the POs can register a new PO.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 2.5

The tax system is partially favorable to making charitable donations. There are tax incentives at the national level as follows:

- Legal entities can deduct donations, sponsorships, and other contributions from their profit tax within the limit of a) 0.75 percent of their annual turnover when the fiscal code does not specify other rules; or (b) 20 percent from their profit tax, whichever is lower. Legal entities that pay income based on the annual turnover can no longer provide deductible sponsorship or donations from the revenue tax starting in 2025.
- Individuals can direct 3.5 percent of their income tax towards POs by filling in a form and sending it to the fiscal authority (online or on paper). The fiscal authority processes the request and transfers the resources to POs. However, this procedure will be discontinued from 2025 onwards.

The process is clear, but no other tax incentives similar to those in the United States exist for individuals. Furthermore, the tax incentive for companies is under-utilized, as a study by Ernst & Young (EY) Romania, the Association for Community Relations (ARC Romania), and Hospice Casa Speranței found in 2018. Despite the increased number of changes to the fiscal rules, the process appears to be predictable.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 3

The fiscal system is slightly favorable to POs. All POs can receive support from private donors, and all legally registered POs are eligible for tax exemption on donations, sponsorships, grants, and a series of other types of income, including membership fees, dividends, and fees charged on certain activities. Other tax benefits are extremely rare—property tax is exempt only for properties donated through a bequest, profit tax is exempt only for religious civil society organizations and foundations established through a bequest, and some benefits are also extended to organizations declared of public interest. In late 2023, the government discontinued a set of benefits for POs, especially regarding sponsorships from small and medium enterprises (SMEs) and the possibility for individuals to direct a percentage of their income tax toward POs.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 4.5

Cross-border donations are not restricted, except for occasional high banking fees and commissions for currency exchange. No tax incentives are available unless the organization is also registered in Romania. This includes countries within the European Union (EU)/European Economic Area (EEA) area. As the Romanian government discontinued the possibility for SMEs (*microintreprinderi*) to offer sponsorships, this also limits the sending of cross-border donations.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 5

The legal regulatory environment is favorable to receiving cross-border donations. Foreign foundations operating in Romania can receive tax-free donations and certain non-taxable income if it relates to their mission.

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 4.5

Between 2021 and 2023, there has been significant improvement regarding the political environment's openness towards philanthropy. The space for POs continued to expand as POs proved instrumental and essential in addressing the COVID-19 crisis (Fierăscu, Fejes & Cibian, 2022). The utility of POs continued to be proven during the humanitarian crisis related to the ongoing war in Ukraine (Cibian & Fejes, 2022).

The political system recognizes independent groups as actors for social change. Tensions may arise between the government and POs, but it is likely that they will be resolved without many negative consequences for POs. Also, the government creates some opportunities for POs to contribute to policy development and implementation. Despite these developments, the government and political actors generally do not treat the nonprofit sector as an equal partner. For example, consultations are often formal and have little consequence on adopted laws and policies. The current political climate is stable; however, the recurrent crises encountered in the past years may affect the allocation of resources.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.9

Public policies and practices favor philanthropy, though there is still space for improvement. Through the fiscal benefits presented above, the government promotes a cultural philanthropic tradition; however, recent policy changes reduce governmental support for philanthropic culture. Especially the elimination of individuals' right to direct a part of their income tax and of SMEs to offer sponsorship are bringing a significant impact on the philanthropic sector.

POs broadly have equal access to resources and opportunities, though improvements are needed on all accounts—specifically access to donors, services, training, networking opportunities, and funding sources. Donors and funders of POs are free to support any cause and organization without government intervention. Some coordination exists between government agencies to support PO registration and reporting; however, there is no consistent national policy, white paper, or political roadmap for developing philanthropy and the nonprofit sector. This is largely due to a lack of political support and vision on the topic and limited government strategic thinking in this field. Sometimes, government agencies may pressure POs, especially those active in human rights, investigative journalism, and civic education.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 3.5

The economic context is relatively favorable for philanthropy. While current economic conditions enhance the autonomy and sustainability of the philanthropic sector, this is a relatively incipient level. Romania's economy was centralized until the early 1990s, and a market economy and wealth accumulation—two important preconditions for philanthropy—are slowly emerging. Therefore, while the current system has progressed, more is needed to ensure and enhance the autonomy and sustainability of the philanthropic sector.

As Romania is going through a period of relatively constant economic growth (apart from the periods of global economic crisis and the COVID-19 pandemic), leading to an increased standard of living for many and increased development of the business and corporate sectors, economic conditions nurture increased giving. At the same time, the government and courts struggle to mitigate corruption with slow but increasing success. Nevertheless, the impact of the COVID-19 pandemic remains present and is further augmented by a high indebtedness of the Romanian economy. Overall, during the analyzed period for Romania, there has been economic growth and increasing support for POs. In the future, an unpredictable and mixed economic outlook depends on the impact of the war in Ukraine on global and European economies.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 3.8

Socio-cultural values and practices are increasingly favorable for philanthropy. That is supported by social norms for helping those in need and supporting religious establishments. Romania had a philanthropic tradition before Communism, as monasteries, hospitals, and schools were established through philanthropic means. After the Communist regime, norms related to rebuilding dysfunctional communities emerged. Giving increased with the development of community foundations, evolving fundraising practices, and online and text message (SMS) giving mechanisms (Fejes 2023; Cibian et al., 2023).

With stronger donor care and volunteer management practices, trust in the nonprofit sector and recognition for its impact on society continues to increase. A culture of volunteering is well established. The pandemic and war in Ukraine allowed the sector to show its utility and reposition itself nationally. Nationally, giving increased significantly (Fejes, 2023; Cibian & Drăghiciu, 2023), showing a growing understanding among citizens of what POs do and trust in the sector. Limitations related to age and social status affect one's engagement in philanthropic activities. Infrastructure for youth engagement in civil society is limited, while the number of think tanks and academic centers studying the field is reduced. While the sector is consolidating, multiple vulnerabilities remain relevant. (Cibian, 2022).

VII. Keywords and Recommendations for Philanthropy

These questions are used to provide a general picture of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Three key recommendations to improve the environment for philanthropy

- Strengthen systemic characteristics for making the philanthropy and civil society sector sustainable and resilient, including adequate fiscal policy and sensible bureaucratic requirements commensurable to the capacity levels of philanthropic organizations and other civil society organizations.
- Focus on enhancing the capacity of networks, federations, and partnerships.
- Focus on the well-being and mental health of PO staff and leaders.

Lasting innovation or impacts in the nonprofit sector and philanthropy in response to the COVID-19 pandemic

- Diaspora giving
- Increased collaboration between POs
- Increased collaboration between the philanthropic/NGO sector and government
- Online/digital giving
- Prioritized support for vulnerable populations
- Unrestricted/Less-restricted private funding
- Virtual or hybrid workplace

Issues or trends are emerging as significant to the nonprofit sector and philanthropy

- Adoption of artificial intelligence (AI)
- Increase of nationalism

- Increase of organized religion
- Role of media/journalism
- Social justice and equity

After the crises related to COVID-19 and the war in Ukraine, the philanthropy sector is more consolidated, relying on more trust from the general public. At the same time, the legal and bureaucratic context has changed for the worse, with limited fiscal incentives and more economic challenges confronting some of the key contributors to the sector.

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