

TAXATION OF INTELLECTUAL PROPERTY IN ROMANIA. A QUALITATIVE ANALYSIS OF TAXPAYERS' EXPERIENCES WITH THE FISCAL REGIME

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Abstract: The taxation of income derived from intellectual property rights currently constitutes both a fiscal challenge for authorities and a major area of interest for Romanian taxpayers, as well. Intellectual property represents, for some, an additional source of income, while for others it is their sole means of livelihood: writers, visual artists and musicians, inventors, researchers, designers, and professionals in the creative and educational industries. An evaluation of the legislative framework and current practices in Romania regarding the taxation of intellectual property income highlights both the benefits and limitations of the existing fiscal regime. Most analyses focus primarily on normative aspects, leaving insufficiently explored the direct experiences of those involved. In this context, the present study aims at understanding taxpayers' perceptions and attitudes through a qualitative approach, employing in-depth semi-structured interviews (n=7) to achieve the following objectives: a. assessing the level of knowledge and practices regarding the taxation of intellectual property income in Romania; b. determining the characteristics of an optimal fiscal regime which should respond to both administrative requirements and taxpayers' needs; c. investigating the limitations of current Romanian fiscal provisions, necessary for clarifying applicability and outlining future solutions tailored to specific economic domains such as the creative industries or the educational sector. Hence, this analysis extends the scope of research by emphasizing the taxpayers' behaviours and proposes directions for fiscal reform based on the real experiences of system users.

Keywords: intellectual property; taxation; Romania; taxpayers; qualitative research

JEL Classification: K34, H32, O34.

1 Introduction

In Romania, the taxation of income derived from intellectual property rights (including copyright and similar rights regulated according to Law 8/1996) represents an intricate domain set at the intersection of fiscal regulations, the dynamics of economic creative fields, and taxpayers' experiences. The legislation for the taxation of income and social contributions of intellectual property rights in Romania consists of: Law 227/2015 on the Fiscal Code, amended and supplemented, Government Decision No. 1/2016 approving the Methodological Norms for the application of the Fiscal Code, Order No. 7.015 of 18 December 2024 introducing the official model, contents, and procedural requirements for the submission and management of Form 212 *Single Tax Return on income tax and social contributions owed by individuals*. These instruments also establish the legislative and administrative basis for the regulation of personal taxation and social security obligations.

In an economy like Romania where intellectual property may constitute either a supplementary source of income or the sole financial resource for numerous professionals like writers, visual artists and musicians, inventors, researchers, designers, as well as specialists in education and creative industries, the method in which

such income is taxed becomes essential for encouraging taxpayers and incumbents to use such rights and to increase both the quantity and quality of intellectual products at the national level.

Although the current legislative framework provides a set of provisions regarding the taxation of copyright and other forms of intellectual property, its analysis reveals both benefits and limitations. Benefits we identified include the recognition of the specificity of such income and its marketability to be used by taxpayers and attempts to integrate it into a fiscal regime adapted to its particularities so as taxpayers would benefit from clear legislation regarding their income. Limitations, however, are, in our view: administrative complexity as perceived by taxpayers, complex clarifications which they do not fully understand, and difficulties encountered in applying the provisions.

Under such circumstances, this study does not focus on the normative and legal dimensions of taxation of such rights, but it presents the direct experiences of those who produce intellectual property and such rights. Moreover, this paper aims to fill in this gap through a piece of qualitative research focused on taxpayers' perceptions, attitudes, and behaviours. The research method of using semi-structured in-depth interviews allows for a detailed investigation of taxpayers' knowledge, practices, and experiences regarding the taxation of intellectual property income, as well as the identification of the characteristics of an optimal fiscal regime that responds to both administrative requirements and to the real needs of system users. Furthermore, the research would highlight the limitations of current fiscal provisions, an essential stage in clarifying their applicability and formulating future solutions adapted to the Romanian economic ecosystem. Hence, through this qualitative approach, the analysis would emphasize taxpayers' experiences and the ways in which they perceive and manage fiscal obligations. The main contribution of the study lies in offering an integrated perspective on the taxation of intellectual property in Romania, combining legislative analysis with taxpayers' experiences and opening the way toward equitable solutions for the future.

2 Literature review

The taxation of income derived from the exploitation of intellectual property rights constitutes a distinct domain within Romanian fiscal framework, with particularities stemming from the specific nature of these rights. The fiscal law emphasizes that income from intellectual property is divided into two major categories:

- industrial rights: inventions, know-how, registered trademarks, franchises, etc., recognized and protected through official documents issued by competent institutions
- copyright and related rights, such as literary, artistic, and scientific works, mostly encouraged and developed within the creative industries (Volintiru & Miron, 2014).

Taxpayers earning revenues from intellectual property rights (assignors) are subject to income tax of 10%, which is considered final in nature. This means that, once calculated and paid, the tax fully discharges the fiscal obligation associated with such income and it does not require any additional adjustments or declarations beyond the statutory framework. Hence, it is guaranteed the clarity and predictability in the treatment of intellectual property revenues within the broader fiscal system. Taxpayers for intellectual property income can operate in two distinctive ways (ANAF, 2021):

- according to a contract of assignment of intellectual property rights, the legal instrument regulating the transfer of rights and the corresponding remuneration between a physical person (assignor) and its assignee. The 10% revenue tax is applied through the flat-rate expenses method, where the net income is calculated as gross income minus flat-rate expenses, set at 40% of gross income.
- as independent legal parties opting to apply the real system of taxation, which allows net income to be determined based on own accounting records. This option is generally valid for two consecutive fiscal years. Consequently, taxpayers engaged in creative or intellectual activities bearing intellectual property rights are integrated into the broader fiscal regime for self-employed individuals, thereby reinforcing uniformity in compliance standards and predictability in the application of tax law.

Moreover, flat-rate expenses mean a range of deductible categories which reflect both statutory obligations and contractual arrangements. The most common such expenses are: social contributions legally owed for health and pension (with some exceptions), commissions arising from contractual relationships, amounts transferred to collective management organizations or other income payers as compensation for the services rendered in administering intellectual property rights on behalf of the rights holders. Such inclusions highlight the dual fiscal and institutional dimension of flat-rate expenses, ensuring that both mandatory

contributions and intermediary service costs are recognized within the broader framework of income taxation and rights management.

According to Article 150 of Law No. 227/2015 on the latest Fiscal Code [2], individuals who obtain income from intellectual property rights are exempt from the obligation to pay the social insurance contribution under specific circumstances. Such exemption applies to persons insured within their own social insurance systems who are not legally bound to contribute to the public pension scheme, to the retired, and to individuals who already earn income from salaries or income assimilated to salaries. This provision reflects the principle of avoiding overlapping social insurance obligations and ensures that contributors are not subject to redundant pension liabilities when they are already covered by alternative insurance arrangements or by virtue of their employment or retirement status.

Thus, the fiscal regime applicable to intellectual property income in Romania is characterized by a dual approach: on the one hand, simplified through flat-rate expenses, and on the other, flexible through the possibility of opting for the real system. The literature (Cernuşca, 2025) on the topic exemplifies different situations, making us conclude that such flexibility seeks to balance the efficient administration of fiscal obligations with the specificities of the economic fields which use and encourage the generation of intellectual property revenues. The impact on taxpayers whatsoever and their opinions and attitudes are to be researched as follows.

3 Research Methodology

The primary aim of this study is to investigate the experiences of taxpayers with the Romanian fiscal methods of taxation of the income derived from intellectual property rights. In a fiscal and economic Romanian context marked by legislative changes (Bostan, 2025) and subsequent social pressures, this analysis seeks to highlight how taxpayers' assignors of intellectual property rights perceive the current fiscal regime, their level of knowledge, and the difficulties encountered in applying the provisions. This approach should provide a solid foundation for formulating fiscal reform recommendations adapted to the specificities of the industries using and encouraging intellectual product development and assignment, as well as for strengthening the economic power of professionals in these fields.

Hence, this study is qualitative and exploratory, designed to clarify the research topic. Qualitative research is based on semi-structured in-depth interviews, aimed at collecting taxpayers' perceptions, attitudes, and behaviours, thus offering direct insight into their real experiences with assigning intellectual property. The specific objectives (SO) of the research are:

SO1. Identify taxpayers' attitudes and opinions regarding the taxation applied to intellectual property income in Romania

SO2. Identify economic sectors which should encourage the generation of intellectual property income

SO3. Highlight the limitations of the current fiscal regime applicable to intellectual property income and determine the characteristics of an optimal taxation system to encourage taxpayers generate intellectual property income.

Moreover, the qualitative method employed was the semi-structured in-depth interview, whose main advantage lies in its sociable and pleasant environment for debate, allowing participants to freely express their opinions (Bărbulescu, Nicolau & Munteanu, 2021) and maintaining study focus (Quillivic & Payet, 2024). The research instrument consisted of a list of topics and sub-topics for open discussion, presented in Table 1.

Table 1. Discussion topics addressed in in-depth interviews

Topics	Sub-topics
1. On the taxation of intellectual property in Romania	1.1. Importance of taxation of intellectual property income 1.2. Role of the legislative framework of intellectual property income in supporting taxpayers
2. On taxpayers earning income from intellectual property	2.1. Taxpayers' practices regarding taxation of intellectual property income 2.2. Industries encouraging income from intellectual property rights 2.3. Difficulties in applying fiscal provisions and perceptions of equity expenses
3. On limitations and perspectives of taxation of intellectual property	3.1. Limitations of the current system of taxation of intellectual property income 3.2. Characteristics of an optimal fiscal regime adapted to taxpayers' needs and administrative requirements

(source: original)

The research population is statistically represented by the taxpayers who owe taxes for their income from intellectual property. Unfortunately, no records of such category could be found at national level. Nor could the

total tax paid to the national budget. We collected primary data by phone interviews at the beginning of November 2025 and we used the snowball as sampling method. Under such circumstances, we used a sample of seven subjects for this research (n=7). Participants were selected to provide relevance to the studied population, in spite of the lack of representativeness caused by the relatively small number of subjects and of not using a saturation method. The depth of the primary data provided by them is the major advantage of this method (Burmeister & Aitken, 2012), whatsoever.

In this regard, the seven participants, aged between 25 and 63 years, held 100% Romanian citizenship, with 14.3% residing in rural areas. Their educational background ranged from Bachelor education graduates (42.7%) to doctoral studies (57.3%), this independent variable providing important insights into the level of knowledge and openness toward the fiscal regime applicable to income derived from intellectual property rights. With respect to their labour market status, 71.4% were members of academic staff whereas 14.3% were operating in the arts field and 14.3%, in industry. The diversity of professional status and educational background provided us with various perspectives on the application and collection of taxation of intellectual property income. The main criterion for their inclusion in the sample was their positive answer to the question whether they had even generated income from intellectual property rights and we consider this sample appropriate for the contextual understanding of human experiences and social phenomena (Christou, 2025). All participants consented to take part in the study, with their identities being only partially identifiable.

4 Research Results

4.1 Taxpayers' attitudes and opinions regarding the taxation applied to intellectual property income in Romania

The majority of participants (85.7%) highlighted the importance of collecting taxation for income generated by intellectual property within the Romanian fiscal system, even if they all admitted that such income is not high. Only one participant (14.3%) stated that such taxation was used by companies to replace individual employment contracts which would be highly taxed, 'with at least 45%' as he said, 'for sportspersons and musicians' – he was against this type of taxation. All the participants highlighted that they received income from intellectual property, of which 42.85% as writers, 42.85% as researchers and 14.3% as painters. While 71.4% had contracts with a company who also withheld at source their income tax and contributions to the health and social security, 28.6% worked as a registered physical person which had their own accounting recordings (and independently paid taxes according to the fiscal law).

Moreover, participants emphasized the role of this taxation in helping the government to correctly collect taxes, the Fiscal Code offering by this means a stable framework for creators and supporting at the same time the creative industries, research and innovations. Subjects also concluded that in order to ensure the extended visibility of cultural industries (music, cinematography, design, visual and performing arts, etc.) and encourage their production, this type of taxation is essential to consolidate the national cultural heritage on the basis of equitable remuneration for authors. At the same time, it is guaranteed the coherence at the national level of the regulatory framework, aiming at Romania's alignment to the international standards. So, it provides clear rules for the declaration and taxation of income, thereby reducing uncertainty for taxpayers and encouraging voluntary compliance with the Fiscal Code.

Furthermore, a subject highlighted the accurate role of taxation of intellectual property income in the prevention of economic practices which exploit legal gaps. Hence, the reduction of the fiscal evasion risk is done by the compliance with clear rules regarding the declaration of the intellectual property income and its corresponding taxes. Finally, the generation of budgetary resources through the taxation of this category of income is particularly significant in the era of perpetual technological development and artificial intelligence, where digital expansion has become a defining feature of cultural production.

Under such circumstances, 85.7% of the subjects considered that this taxation ensured transparency within the Romanian fiscal framework which subsequently, strengthened public trust in national institutions. The role of taxation is to offer clear guidance and explicit presentation of information regarding the determination of the taxable base and the detailed calculations involved, as well as the proper distinction between income of a salaried nature and income derived from copyright. Equally important is the relevant specification of the declarative obligations and the correlated payment deadlines. Thus, the support, encouragement, and protection of authors and their creations can be achieved by applying reduced tax rates, exemptions based on specific criteria and categories of works, as well as grants and subsidies for research and development. Finally, most participants considered that the adaptation of the fiscal norms to the current trends in digitalization and monetization would

grant taxpayers' easier access to new fiscal instruments and mechanisms, such as the virtual fiscal accounts and online payments.

4.2 Industries encouraging generation of intellectual property income

When asked to exemplify the industries which encourage the production of intellectual property and the generation of such income, all the seven subjects named the cultural and creative industries (CCIs) referring to the outcomes which may be defined as cultural or creative and naming 'authorship' or 'copyright' as keywords. In relation with intellectual property, traditional arts ranked the first with 33.3% in absolute values in the total number of answers. The named arts were: music, sculpture, painting and architecture. Then, literature, scholarly work, publishing and print media ranked the second, with 28.2% in absolute values. Content creators received 15.4% in absolute values and we included here the production of all written, visual, video, audio and interactive content, used generally in social media. Moreover, contemporary arts like design, performing arts, cinema and photography were named by subjects, with 12.8% in absolute values. Last, newly emerged industries like video gaming received 5.1% in total responses whereas one respondent included herein pharmacy (2.6%) and another subject, IT and software development (2.6%).

4.3 Constraints and future directions for the fiscal taxation of intellectual property income

The major difficulty encountered with taxation of intellectual property income is given by the fact that taxpayers might not have a clear situation of the amount to be paid or of the fiscal contributions they should pay. Actually, the taxation of such income is of 10% of the net value. There are also two other contributions mandatory to be paid to the national budget: the health insurance (10%) and the retirement insurance (25%), but there are some progressive thresholds which set them to certain values. Actually, 42.9% participants complained about the fact that when they owed income for intellectual property rights, they did not know whether the taxation and contributions were paid by the employer or not. The missing of such payment was perceived as a risk by them, who would need to discharge debts by themselves later, together with consequent penalties. For such reason, they avoid, as a general rule, such contracts.

In order to protect employees of such a risk, the law should stipulate the employers' obligation to present the taxpayer with the official document showing that the payment of due tax and contributions was processed. Moreover, one subject underlined the fact that if the taxpayer was in charge of keeping own accounting records and process the payments (legally acting as a registered physical person), he or she would pay the lowest amount possible, which, on the long term, would result in low pensions at the retirement (encouraging fiscal evasion, too). Such risk of poverty is presented in the literature (Singerman, 2025), so a strategy for raising national awareness on this topic should be implemented.

Another constraint is given by the fact that a taxpayer in contract with a publishing house or art provider cannot check its sales, does not receive a sales report for his or her works and thus, the income is unknown. The lack of transparency was mentioned by 28.6% of the participants. Under such circumstances, there is a need for legal professional training with respect to the intellectual rights so as to help taxpayers work with contracts and fiscal regulations and protect themselves. Moreover, the correlation between art value on the market (sales volumes collected from buyers) and intellectual property contracts with assessors should be better regulated.

Furthermore, we highlight the constraints presented by 71.4% participants with regard to the documents required to calculate taxation of intellectual property rights. The law stipulates the submission of Form 212, the Single Tax Return. Its completion may be difficult for taxpayers with no fiscal knowledge or experience, so payment for external accounting service is needed, especially as there is a high risk that some legislative changes may have occurred and taxpayers would be unaware of them. In addition, physical support and submission is not too much encouraged due to Romania's digitalisation strategy, difficult for people with low digital skills (Petraş, 2024). As online procedure, it may create issues with its submission as the platform fails to properly work or with its completion, if the user does not have licensed software. When asked how satisfied they were with the completion and submission of Form 212, the sample average score was 1.71 out of 5 which shows total dissatisfaction.

A strategy would be that people working in the cultural and creative industries be part of professional unions and associations to receive proper training and consultancy with regard to legal issues with intellectual property rights, to be legally represented, if needed, and to be able to bargain at national level in terms of their rights. This way, authors would reduce financial constraints generated by contracts that stipulate high percentages and commissions related to the logistical support of the work created within the specific circuit of the field. At the same time, authors, who in general seek simplicity and predictability in procedures, would declare income either as copyright or as independent activities and take advantage of fiscal law and facilities with a sense of equity. The fiscal regulations should encourage taxpayers with simpler regulations and procedures easier to be

understood and used, as all the participants in the study stated. They characterized the present taxation for intellectual property income as ‘too bureaucratic’, ‘too complex’, ‘inconsistent’, ‘failing keeping up with modern industries and tech’ or ‘unfriendly with taxpayers. As one subject highlighted, ‘fiscal legislation is difficult to interpret, accompanied by bureaucratic procedures and a prevailing perception of inequity in its application’.

To add, subjects also highlighted difficulties in classifying the types of their income, together with the incorrect declaration of earnings, the lack of reporting their full fiscal obligations or the misapplication of taxation rules resulting from the misunderstanding of fiscal information contained in the regulations. The volatility of income owed for intellectual property is low due to its seasonal and irregular character and can create additional obstacles in estimating revenues accurately, thereby ‘complicating taxpayers’ compliance and fiscal predictability’.

5 Conclusion

The findings of this piece of qualitative analysis shows that taxpayers for intellectual property income acknowledge the importance of complying with fiscal regulations and agree that there is a need for encouraging fiscal law in their economic fields as a means of protecting authorship, consolidating national cultural heritage and ensuring equitable remuneration for authors. At the same time, taxation is perceived as a mechanism that provides coherence and predictability within the fiscal framework, but taxpayers should receive more support and their obligations should be simplified in form. Participants emphasized that clear rules for declaration and payment reduce uncertainty and encourage voluntary compliance, while also contributing to the prevention of fiscal evasion and the generation of budgetary resources in an era of digital expansion.

However, this study emphasizes noteworthy constraints faced by taxpayers, including difficulties in classifying income, the inappropriate or incomplete declaration of fiscal obligations, and the instability of revenues due to their seasonal and irregular character. Administrative complex and bureaucratic procedures as well as the lack of transparency in contracting intellectual property further worsen these challenges, at the same time creating perceptions of inequity and discouraging compliance, moreover when taxpayers lack fiscal knowledge. The dissatisfaction expressed with regard to Form 212 completion and submission shows the pressing need for simplification and digital adaptation of fiscal procedures, particularly for individuals with limited fiscal or digital literacy.

By considering the results hereinbefore presented, we underline the fact that future fiscal reforms should prioritize transparency, simplification, technological change and adaptability to the realities of the taxpayers, mostly working in the cultural and creative industries. However, specialized training, appropriate institutional support, and the involvement of professional unions or associations could empower authorship assignors and assignees to comply with their fiscal obligations more effectively. By taking into account taxpayers’ experiences into the design of fiscal policy, Romania will provide a more equitable and efficient taxation system to both secure compliance and foster the sustainable development of intellectual property as a dynamic constitutive part of the national economy.

To conclude, an optimum fiscal system for the taxation of intellectual property should be characterized by: clarity, simplicity, and transparency, whereas ensuring that Romanian taxpayers are able to easily classify their income, declare it correctly, and comply with obligations without experimenting any bureaucratic burdens. Such a system must be governed by logical and clear rules adapted to the volatility and irregularity of intellectual property revenues, while upkeeping equity through balanced social contributions and exemptions that avoid overlapping liabilities. At the same time, this optimum fiscal system should integrate digital tools, transparent reporting from buyers and intermediaries of intellectual property rights as well as accessible online payment mechanisms, thereby reducing uncertainty and encouraging voluntary compliance. By aligning national regulations to international standards and by offering targeted incentives, as for example reduced rates or subsidies for producing intellectual outputs and research to generate proprietary rights, the fiscal system would not only secure significant resources, but would also boost the sustainable growth of cultural and creative industries and reinforce trust in Romanian public institutions. A platform for online completion, thus eliminating physical or digital documents, would be a great solution for taxpayers to reduce time spent with reading and informing themselves on fiscal regulations and working with fiscal documents.

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