

2008

TAXATION IN MOLDOVA

Information for companies operating internationally

INTRODUCTION

This **brochure** is intended for Moldavian-based companies that operate internationally and for international companies wishing to set up a business in Moldova. The **brochure** offers a general overview of the taxes to which companies in Moldova are liable.

When looking for a location for business, more and more companies base their decision on the tax system of the country in question. There are numerous other factors that also have an impact on a country's business and investment climate, such as its geographic location, infrastructure, political and social stability and wage levels.

Moldova has a relatively small, but very open, economy. The Government has always acknowledged that the tax system should not constitute an obstacle to companies with international operations. This is reflected in the way in which corporate profits are taxed.

Taxes are levied both at the national and local levels.

The national taxes include: income tax, VAT, excise taxes, private tax, customs duties, and road taxes.

Local taxes include: immovable property tax, natural resources taxes, territory development tax; tax for organizing auctions and lotteries in the administrative-territorial unit; tax for advertising placement; tax for the use of local symbols; tax for trading and/or social services units; market tax; tax for temporary living; resort tax; tax for rendering of the municipal, urban and rural (communal) passenger transportation services; car parking tax; dog owners tax; tax for development of localities situated in the border zone with customs (offices) posts for border crossing.

CORPORATIVE INCOME TAX (CIT)

Taxpayers

The following entities are CIT liable:

- Moldovan companies;
- Foreign companies doing business in Moldova through a Permanent Establishment.

Permanent Establishment (PE)

PE represents a fixed place of business through which the non-resident carries on, wholly or partly, entrepreneurial activity on the territory of Moldova either directly, or through a dependent agent.

If a PE is generated, Moldova has the right to tax the income derived from the activity performed on the territory of Moldova. The PE needs to be registered with the tax authorities within three days from the appearance of the tax liability.

When assessing its taxable income, the PE is allowed to deduct the expenses incurred while generating it, subject to certain limitations and restrictions.

Representative Office

Representative Office of non-resident companies is not entitled to perform any economic/commercial activity and do not have the status of a legal entity.

Representative Office of a foreign entity is treated as a local taxpayer and consequently incurs the same tax liabilities as domestic entities, except for CIT.

Territoriality

- Resident legal entities are taxed on their world-wide income.
- Foreign legal entities are taxed on their world-wide income from Moldovan sources or on income derived through activity performed by a Permanent Establishment.

CIT Rate

- The current standard CIT rate is 0%.

The CIT rate is applied to both Moldovan entities and foreign entities operating through a Permanent Establishment in Moldova.

Computation of Taxable Income

All entities doing business in Moldova are required to keep their accounts by calendar year.

The accounting period for CIT is considered to be the calendar year at the end of which the taxable income is determined and the taxable amount is calculated.

For a new legal entity, the tax year is considered the period beginning on the registration date till the end of the calendar year.

For reorganised legal entities and for legal entities that ceased to exist, the tax period starts with the calendar year till the removal from the State Register.

The taxable income

The taxable income of a company is calculated as the difference between the revenues derived from any source and the expenses incurred in obtaining taxable revenues, throughout the tax year, of which non-taxable revenues are deducted and to which non-deductible expenses are added.

The annual accounts are used as the basis for calculating taxable income.

Non-taxable revenues

The most relevant non-taxable revenues are:

- Contributions to the capital of a legal entity in exchange for an 80% equity interest in the capital of the given entity;
- Money received from special funds and which are used in accordance with the funds' destination;
- Income derived from property or money received free of charge based on a Government decision;
- Interest received on corporative securities in the form of bonds issued for a period exceeding three years (until 2010);
- Interest received on bank deposits made for a period exceeding three years (until 2010);
- Interest received on state securities (until 2015).

Deductibility of expenses

As a general rule, expenses are deductible only if incurred for the purposes of generating taxable income and are considered as ordinary and necessary.

Deductible expenses

Among deductible expenses considered to be incurred for the purposes of generating taxable income are the following:

- The ordinary and necessary expenses paid out or incurred by the taxpayer during the tax year, exclusively for entrepreneurial purposes;
- Amortisation of intangible assets;
- Research and development expenses incurred during the tax year as current expenses;
- Interest payments, provided they represent a usual and necessary expense incurred in connection with the business activity, except for certain specific cases;
- Depreciation of fixed assets calculated depending on the category of property and in accordance with the category of property and the established rates.

Limited deductibility

The deductibility of certain expenses is limited, including:

- Business trip expenses and representation expenses, expenses on insurance of legal entities, within the limits approved by the Government;
- Waste, spoilage and exhalation expenses, within the annual limitation established by company directors;
- Repairs expenses of fixed assets recorded in the balance sheet (up to 15% of tax value);
- Repairs expenses of fixed assets (used according to the operational leasing agreement, within the limit of 15% of the lease payment amount);
- Bad debts;
- Expenses not justified by supporting documentation – 0,1% of the total amount of the taxable income;
- Philanthropic and sponsorship expenses borne for the benefit of specific beneficiaries – up to 10% of taxable income;
- Interest payable for the benefit of the foreign investor in specific cases.

Fully non-deductible expenses

A number of expenses are specifically non-deductible, including:

- Amounts paid to interdependent persons without approval of necessity and which do not correspond to the market value;
- Expenses incurred by activities generating non-taxable income;
- CIT, as well as other taxes paid to third parties;
- Amount paid for the acquisition of land;
- Amount paid for the acquisition of property for which the depreciation is calculated;
- Losses resulting from the sale or exchange of property, fulfilment of works and rendering of services between interdependent parties;
- Payments made in favour of patent holders;
- Contributions to the reserve fund, done before taxation;
- Fines and penalties;
- Payments, other than salary (including benefits in kind), made in favour of employees.

Accounting and tax depreciation

There is an explicit distinction between accounting and tax depreciation.

Depreciable property means tangible property, recorded in the balance sheet and used within the entrepreneurial activity, of a kind which is likely to lose value, because of wear and tear or obsolescence and which has a period of exploitation exceeding one year and for which the value exceeds MDL 3000 (EUR 182).

In case the acquisition of the fixed assets is partially financed from external sources, their depreciation for tax purposes will be partially computed with respect to totally external financing of fixed assets' acquisition the depreciation for tax purposes will not be computed at all.

Depreciation of fixed assets is calculated depending on the category of property and in accordance with the established rates under the declining balance method of depreciation. The assigning of fixed assets for depreciation purposes to one of five categories is carried out taking into consideration certain specific regulations. The Catalogue of fixed assets provides a regulated recommendable useful life time for each separate fixed asset being as following:

Property Category (Tax depreciation rate)	Useful life in years (UL)
I category (5%)	$UL \geq 40$
II category (8%)	$40 > UL \geq 25$
III category (10%)	$25 > UL \geq 20$
IV category (20%)	$20 > UL \geq 10$
V category (30%)	$UL < 10$

Thin capitalisation rules

As a general rule, deduction of interest and negative exchange differences is allowed for tax purposes, provided, they are borne for deriving taxable incomes.

Specific rules on the deductibility on the tax treatment for exchange differences related to foreign currency borrowing shall apply:

Deductibility of interest on borrowings

There are different deductibility rules for the interest related to loans (credits), used for carrying out operational activities and for the interest related to loans (credits) used for investment activities performed on an occasional basis.

If the interest paid by the Moldovan Company relates to its operational or day-to-day activity, the expenses incurred are treated as ordinary and necessary for carrying out entrepreneurial activity and the interest paid is totally deductible.

The deduction of interest paid or calculated by a legal entity (except for financial institutions) to individuals or other legal entities is allowed only within the limits of the National Bank of Moldova prime interest rate (refinancing rate) for November of the year prior to the current financial year.

The interest on borrowings should be capitalised to related fixed assets until they are put into operation.

If the interest relates to an investment activity performed by the Moldovan Company, on an occasional basis or is not substantial, the interest is deductible within the limits of this income.

Deductibility of exchange differences arising from foreign currency borrowings

The exchange differences incurred within the reassessment of the foreign currency borrowings are treated either as income or expenses for the respective tax period and are taxed /deducted accordingly (i.e. based on the general rule).

However, under certain special circumstances (e.g. high depreciation of the national currency) and according to specific tax provisions, foreign exchange differences may not be treated as expenses, but are capitalised to the balance sheet value of the related assets.

Transfer pricing

The transfer pricing rules are at an initial stage in Moldova. The tax law stipulates that transactions concluded between joint owners or related persons are taken into consideration, only if the interdependence of these persons does not influence the outcome of the transaction.

With reference to the transactions carried out by Moldovan companies with related parties, tax law provides the following:

- no deduction is allowed for losses incurred on the sale or exchange of property, performance of work or supply of services between related parties, carried out either directly or through intermediate parties;
- no deduction is allowed for expenses incurred in relation to related parties, if they do not correspond to the justified market price and do not represent necessary and ordinary business expenses.
- Under tax law, the sources of information on market prices for specific transactions are the following:
 - information from public and statistics authorities and bodies regulating the price formation, or, should it be unavailable;
 - information on market prices published or made public through the mass-media, or
 - official data and/or data made public on quotations (transactions registered) set at the stock exchange nearest the seller's (purchaser's) headquarters. When no transactions have been registered at this stock exchange or the sales (purchases) took place at a different stock exchange, the information on quotations set at this stock exchange

In addition, according to the tax law:

- taxpayers also have the right to present data on market prices from other sources to the tax authorities, and
- the tax authorities has the right to use such information only if there are reasons to consider it trustworthy.

Tax losses

Tax losses can be carried forward in equal instalments, for five years following the year in which the losses were incurred.

The loss carry forward is allowed, provided the Company records taxable incomes. Should not all instalments be carried forward and the Company records tax losses, the remaining part of the previously tax losses may not be cumulated.

For the purpose of reducing the tax base due to tax losses from previous periods, the tax base shall firstly be reduced by losses incurred earlier.

Reporting and Payment Requirements

As a general rule, CIT is paid on a yearly basis, by 31 March of the year following the reporting one.

However, all legal entities, including the PE of non-residents, whose annual CIT liability for the previous year exceeds MDL 400 (EUR 24), have to perform interim tax payments on a quarterly basis (up to 31 March, 30 June, 30 September and 31 December). The size of the interim quarterly tax payment is computed as $\frac{1}{4}$ of the forecasted CIT for the current year or of the CIT due for the previous year.

Agricultural entities and farms pay interim taxes twice a year (31 March and 31 December).

These interim payments are deductible upon calculation of the company's annual CIT.

An annual CIT return has to be prepared (based on the annual Financial Statement) and submitted to the tax authorities by 31 March of each year, following the tax year-end of 31 December.

Representative offices must also submit to the tax authorities by 31 March of the year following the reporting year specific Tax Reporting Statement on the activity conducted during the year.

Capital gains

As a general rule, real estate assets and shares are treated for tax purposes as capital assets. The income earned from their sale is therefore deemed a capital gain, equal to 50% of the difference between the purchase and the sale price. The capital gain is included on the Moldovan Company's annual income and taxed based on the general rule. Capital losses can be carried forward to the next year to offset future capital gains. The capital gain rule applies to Moldovan Companies selling these assets on an occasional basis and whose ordinary activity does not include transactions with lands, buildings and shares.

Should such assets be sold within the frame of the ordinary business activity (i.e. operational activity), the capital gain's taxation rule does not apply.

Consequently, CIT is calculated according to the general rule by applying the standard tax rate to the Company's total taxable income.

Dividend tax

Dividends distributed by resident companies are treated as taxable income for all the categories of beneficiaries.

Resident legal entities include dividends in their gross income and apply the 0% CIT rate. As regards the dividends paid out to non-residents, as well as to resident individuals, a 15% domestic WHT rate applies (except for resident individuals under certain specific circumstances). In case of distribution to individuals, this taxation is a final one.

The preliminary CIT payment is not applicable on interim dividend payouts.

Withholding tax (WHT)

WHT on payments to residents

Each resident entity that makes payments in the form of interest, royalties, service fees or payments to individuals for lease, rent or usufruct of movable and immovable property, must withhold and pay to the budget a WHT at the following rates:

- 10% final withholding of an individual's income derived from lease, rent, usufruct of movable and immovable property, advertising campaign, gambling;
- 15% final withholding of an individual's income from monetary and non-monetary payments performed for the benefit of individuals, which are treated as non-deductible for the paying company and non-taxable for the recipients thereof;
- 5% final withholding of the value of the contract for possession and/or use of immovable property by individuals, who do not perform entrepreneurial activity;
- 15% of interest paid to individuals (except for individual entrepreneurs and farms) and royalties. The beneficiary deducts (i.e. recover) the 15% WHT from his due income tax;
- 5% of payments to individuals (except for individual entrepreneurs and farms). The beneficiary deducts (i.e. recover) the 5% WHT from his due income tax.

WHT on payments to non-residents

Non-residents are subject to WHT (without deducting the related expenses) as follows:

- 10% for service fees received by a non-residents for services if they were performed on the territory of Moldova;
- 10% of capital gain received from sale of real estate located on the territory of Moldova or from the sale of the shares, if the shares are sold to a Moldovan resident. The taxable basis is estimated based on the capital gain rule, namely 50% of the difference between the amount of the proceeds and the tax book value of the assets;
- 10% on interests and royalties;
- 10% on other income;
- 15% of dividends;
- 15% of both monetary and non-monetary payments made to non-residents individuals and legal entities, which are treated as non-deductible for the paying company and non-taxable for the recipients thereof.

The Double Tax Treaty (DTT) concluded by Moldova with the relevant country may provide for a more favourable regime than the one provided by the local provisions. For the application of a DTT, the foreign beneficiary of such incomes provides the Moldovan entity with its tax residency certificate before the payments are actually made.

Double Tax Treaties (DTT)

As of 1 January 2008 the Republic of Moldova applies 37 Double Tax Treaties in force with the following states: the Republic of Albania, the Republic of Armenia, the Republic of Austria, the Republic of Azerbaijan, the Republic of Belarus, the Kingdom of Belgium, Bosnia and Herzegovina, the Republic of Bulgaria, Canada, the People's Republic of China, the Czech Republic, the Republic of Croatia, the Republic of Estonia, the Federal Republic of Germany, the Hellenic Republic, the Republic of Hungary, Japan, the Republic of Kazakhstan, the Republic of Latvia, the Republic of Lithuania, the Republic of Macedonia, the Republic of Montenegro, the Kingdom of the Netherlands, the Republic of Poland, Romania, the Russian Federation, the Republic of Serbia, the Republic of Slovakia, the Swiss Confederation, the Republic of Tajikistan, the Republic of Turkey, Ukraine and the Republic of Uzbekistan, the Republic of Hungary, the Republic of Slovenia, State of Israel, and the Sultanate of Oman.

For avoiding double taxation the Republic of Moldova uses the credit method of tax paid abroad. A tax paid abroad is creditable for the year in which the income is taxable in Moldova.

According to the double taxation treaties concluded by the Republic of Moldova with regard to taxation of non-residents' income are applied the rates foreseen in the tax treaties, which are lower than the rates provided by the internal tax legislation. If, however, the rate in the treaty is higher than rate according to legislation, it is applied the rate foreseen by legislation.

The applicable withholding income tax rate according to double taxation treaties are reflected in Appendix I.

PERSONAL INCOME TAX (PIT)

General

- Resident individuals are taxed on their Moldovan sourced income and on financial and investment income derived from abroad.
- Non-residents individuals are taxed on income deriving from sources located in Moldova.

The PIT rates for individuals are differentiated and depend on the size of their annual taxable income.

The tax law applies to the following progressive individual tax rates:

Income brackets	Income tax
up to MDL 25,200 (EUR 1,527)	7%
above MDL 25,200 (EUR 1,527)	18%

Income tax is withheld from the employee's salary and paid by the employer at the same time as monthly salaries are paid. Payment is made through a bank payment order. The employer files monthly tax returns concerning the salaries paid and the related taxes withheld.

A foreign individual on a local employment contract is in the same position as a Moldovan employee (unless employed by a specific international organisation).

If a person has any other income except salary, he/she should file a tax return with the tax authorities before 31 March of the subsequent tax year.

Territoriality and Residence

A person is considered resident of Moldova, if one of following conditions is met:

- He/she has a permanent home address in Moldova, even if at the time he/she is abroad for study, treatment, or on a business trip;
- He/she is physically present in Moldova for a period exceeding 183 days during a tax year.

A person is considered a non-resident of Moldova, if none of the above conditions are met or if:

- The person has the status of diplomat or consular official (or member of family);
- The person is an official of an international organisation established based on an inter-state agreement to which Moldova is party, or is a member of the family of such official;
- The person is in the country solely for study or on a business trip;
- The person crosses territory of Moldova (transit).

Gross income

The taxable income base (including benefits in kind) from all sources is reduced by the deductions and exemptions an individual is entitled to.

Individual taxable income includes:

- Income from any professional or entrepreneurial activity;
- Benefits in kind, payments received for personal services, provided in the form of salary, bonuses from employers, honorarium, commission fees etc.;
- Rental fees;

- Capital gains on sale, exchange or alienation of capital assets;
- Interests, royalty, annuity (except social security benefits and benefits received on the basis of interstate agreements);
- Investment or financial income from abroad (dividends, interests, royalty and rent payments received from non-residents).

Non-taxable sources of personal income are:

- Business trip allowances;
- Benefits from insurance contracts;
- Compensation for health damage and other sickness compensation on health insurance contracts;
- Dividends received by resident individuals, who do not perform entrepreneurial activity, from a resident business entity;
- Interest received on bank deposits (until 2010);
- Interests on corporative securities in the form of bonds (until 2010);
- Interests on securities that are instruments of the monetary market Members' deposits on personal saving accounts with citizens' Savings and Loan Associations (until 2010);
- Interests on state securities (until 2015);
- Income of personnel of certain international organisations;
- Donated or inherited patrimony;
- Compensation for moral damage;
- Indemnity for professional disease;
- Gains from promotional campaigns where their value does not exceed MDL 630 (EUR 38.2).

Employee Gross Income

Employee's gross income includes basic pay, overtime pay, supplementary pay, awards and bonuses, compensation for unused holiday or vacation time, and all other monetary or in kind benefits, as well as other services obtained without payment. Income from each item is defined as the total amount of revenues received, irrespective of the period in which it was generated.

Taxation of Non-residents

Taxable income of a non-resident is taken into account only if it is received from sources located in Moldova. Expenses, losses and other payments directly related to the income are not deductible.

The salary of non-residents working in Moldova is subject to income tax at the same rates as those of Moldovan residents. Individuals, who are non-residents, are not entitled to personal exemptions, spouse exemption or dependant's exemption.

Salary of foreign personnel in certain international organizations and diplomatic offices are exempt from taxes, when provided by appropriate arrangements.

Exemptions and Deductions

Each resident taxpayer is allowed to claim a personal exemption of MDL 6,300 (EUR 382) per year.

Deduction of personal and family expenses is prohibited.

Tax Administration

The salary income tax is deducted by the employer and paid through a bank transfer within one month following the month in which the salary payment was made.

Annual tax returns must be filed with tax authorities personally (before 31 March of the year following the tax year) if the taxpayer has various incomes in addition to salary.

The following people are required to file an income tax return:

- Individual residents with tax liabilities for payment of income tax;
- Individual residents who do not have tax payment liabilities, but derive income from sources other than wages and exceed the amount of personal exemption of MDL 6,300 (EUR 382) a year;
- Individual residents who do not have tax liabilities, but derive income from wages exceeding MDL 25,200 (EUR 1,527) a year;
- Individual residents, who do not have tax liabilities, but derive income from wages and any other sources exceeding MDL 25,200 (EUR 1,527) per year.

If salary is the only source of income, an employee does not need to file a tax return.

If income tax was calculated, withheld or paid incorrectly, the taxpayer has the right to submit to the tax authorities, within the established terms, a new tax return with accurate data. Any overpaid amount should be offset against debts on other taxes or reimbursed to the taxpayer. It can also be offset against future income tax.

SOCIAL SECURITY AND HEALTH INSURANCE

Social Security Contributions

Both employers and employees are required to contribute to the social security system.

- Employers must pay social security contributions of 24% of the gross salary for their employees to the Social Security Fund.
- Employees pay an individual contribution of 5% of their gross salary.

Residents of Moldova, who work abroad may conclude an individual contract with the National House of Social Insurance, and pay an annual fixed social security contribution of MDL 2,920 (EUR 176) for 2008.

Employers calculate and withhold social contributions when salaries are calculated. These contributions are payable until the end of the month following the reporting period. The social security contribution is deductible for income tax purposes for both the employer and the employee.

Social security contributions are not payable for or by expatriates unless they have expressed their wish to benefit from the Moldovan social security system.

Health Insurance Contributions

The employer and the employee are each required to pay a health insurance contribution of 3.0% of the gross salary.

The compulsory medical insurance contribution, calculated as a percentage of wages and other forms of payment and remuneration, is established at the rate of 3.0% for each payer category (employers and employees).

The legislation also provides for an annual fixed amount of the health insurance contribution paid by other categories of taxpayers, which constitutes MDL 1,893 (EUR 115) for 2008.

Specific provisions apply to expatriates.

VALUE ADDED TAX (VAT)

General

The tax law describes the supply of goods as being the transfer of ownership over goods by selling, exchanging or free (partly-paid) transfer, including in kind salary payout, transfer of goods under a financial leasing arrangement, etc.

The supply of services is defined as being the activity of providing any services, including the transfer of property under rental, usufruct, operational leasing and other arrangements, the provision of assembling and building work, etc.

Import of goods and services

VAT on imported goods is payable in customs on the amount of the customs value and import customs duties, except for VAT.

Services provided by non-resident suppliers to residents of Moldova, having the place of supply in Moldova, are deemed as being imported, being hence generally VAT-able in Moldova. In such cases, import VAT liabilities should be settled on the date the payment when these services are performed (i.e. external invoices are settled).

Territoriality rules

The taxation of services with VAT is strictly related to the territoriality rules.

Under VAT regulations, the place of supply for services is generally deemed as being at the supplier's premises, except for certain specific instances, namely:

- Services connected to immovable assets are VAT-able where the respective immovable assets are being located;
- Transport services are VAT-able depending on the way the transport is being performed, on the basis of the journey distance;
- Services related to movable tangible goods, services related to culture, art, education, sport or other similar area, as well as ancillary services to transportation (e.g. loading/unloading) have the place of supply where services are actually supplied;
- Rental of movable tangible assets is taxed with VAT at the place where the service is being benefited of;
- Advertising, consulting, legal, accounting services, hiring and supply of staff, etc. are deemed as having the place of supply at the beneficiary's premises;
- Processing on customs territory of foreign goods has the place of supply at their destination, etc.

The place of supply for goods is considered the place of their location at the moment the delivery or the transfer into possession to the customer is performed. If the transport of goods is performed by the customer or a transport company, the place of delivery is deemed as being where the transport begins, except for the export of goods.

The place of supply for electricity/gas is considered the place of their reception.

Taxable amount

Under the general rule, the VAT-able amount of a taxable supply represents the value paid or payable, excluding VAT. If a supply is entirely or partly settled in kind, the taxable amount is deemed as being equal to the market value of the supply.

The VAT-able amount of a taxable supply may not be less than the cost of production, the purchase price, and the customs value of imported goods or the cost of services, except for certain specific cases.

In instances where the supply is performed at a price below the market level due to specific reasons agreed upon between the supplier and the customer (e.g. if the customer is an employee), where the goods/services acquired for business purposes are subsequently supplied free of charge to employees, etc., a taxable supply at the market value is deemed to take place from a VAT standpoint.

Additionally, there are certain specific circumstances, under which the VAT legislation requires the adjustment of the previous taxable amount of a supply (e.g. price changes, returns, discounts).

As regards the taxable amount for financial leasing, the interest element of a lease installment is not included therein.

Taxable regimes

Standard rate

The standard VAT rate is 20%.

It is applied on the amount of the taxable supply of goods/services performed on the internal market of Moldova, as well as on the taxable amount of the imported goods/services.

Reduced rates

Certain goods are subject to reduced VAT rates, namely: 8% and 5%.

- The reduced 8% VAT rate applies to supplies of bread and bakery products and milk and dairy products in Moldova, except for baby-food which is VAT exempt, as well as to the supply/import of pharmaceutical drugs and sugar produced from sugar beet.
- The reduced 5% VAT rate applies to the supply/import of natural and liquefied gas.

Nil VAT rate

The 0% VAT rate is applied to:

- The export of goods and services;
- All kind of international transportation for passengers and goods (including expeditionary services);
- Utilities (electricity, thermal energy and hot water) provided to population;
- Goods and services imported to Free Economic Zones (FEZ) from outside the customs territory of Moldova, imported from the FEZ outside the customs territory of Moldova, imported to FEZ from the rest of the customs territory of Moldova, as well as goods delivered between the residents of different FEZ of Moldova;
- Services provided by light industry entities on the territory of Moldova in accordance with processing contracts placed under customs regime of active processing;
- Import and/or delivery on the territory of Moldova of goods, services designed for official use of diplomatic missions in Moldova, as well as for personal use or consumption by members of diplomatic, administrative and technical personnel of such missions and by members of their families living with them.

VAT exemptions

Exempt from VAT are imports of goods and services, supplies of goods and services by the taxpayers as a result of their business activity in Moldova.

The main VAT exemptions apply to the following items:

- Dwellings, land, rental thereof, except for the commission fees related to such transactions;
- Food and non-food products for children;
- State property purchased as part of the privatization process;
- Financial services;
- Medical services, except for cosmetic services; medicine raw material, materials, goods, primary and secondary packing materials used for preparation and production of drugs;
- Import of tax stamps for further marking of excisable goods;
- Goods imported by legal entities for non-commercial purposes, whose customs value does not exceed EUR 50;
- Goods and services imported and/or supplied to international organizations for the performance of technical assistance projects in accordance with the relevant treaties to which Moldova is a party;
- Goods and services financed from loans and grants offered to the Government or granted under state guarantee, from loans granted by international financial institutions (including the Government's share), as well as from grants provided to budgetary institutions;
- Goods introduced into Moldova on the basis of an international leasing agreement and placed under the regime of temporary admission;
- Fixed assets destined to be included as a contribution to the statutory capital;
- Goods imported by individuals for personal use not exceeding a set threshold.

VAT may not also be applied on:

- Goods released on the customs territory and placed under transit, processing under customs control, bonded warehouse, etc;
- Moldovan originating goods previously exported and released back within three years in the same status;
- Goods placed under temporary admission and compensatory goods obtained from outward processing arrangements according to the Moldovan customs legislation.

Out of VAT scope

The total or partial transfer of the right to carry on the business activity by one taxable subject to another is deemed as being out of the VAT scope, provided the recipient:

- Is a taxable subject or becomes by way of this transfer;
- Continues performing this entrepreneurial activity.

VAT deduction

General VAT deduction rule

Input VAT incurred in relation to the acquisitions of goods and services may be deducted, provided they are incurred by a VAT-payer for performing VAT-able operations within its business activity.

Import VAT settled in relation to the services provided by non-resident suppliers deemed as being imported may be deducted, only if they are related to the performance of taxable supplies within the business activity and provided the import VAT was actually paid to the state budget.

Before carrying out the registration for VAT purposes, it is possible to deduct the input VAT only if incurred on acquisitions of fixed assets for agricultural purposes, construction and reconstruction of agricultural goods, etc.

VAT payers with mixed regime

Input VAT incurred for acquisitions destined for performing both VAT-able and VAT exempt operations is deducted on a pro-rata basis.

The pro-rata is calculated monthly as a ratio of the revenues obtained from VAT-able operations and the revenues from both VAT-able and VAT-exempt operations, both amounts being calculated minus the payments in advance.

The final pro-rata is calculated according to the same ratio above, but based on the yearly amounts. Related differences are recorded in the VAT return for December.

Non-deductible input VAT

VAT paid or due to be paid on acquisitions of goods/ services used for performing VAT exempt operations may not be deducted. Related VAT amounts should be treated as costs/expenses.

VAT paid for the acquisition of goods/services that are not used for business purposes may not be deducted for VAT purposes.

VAT registration

Any companies, except for government bodies, non-profit organizations, public agencies, medical sanitary public and private institutions and holders of business patents, is required to register with the local tax authorities as a VAT-payer, if during any 12 consecutive months it performs taxable supplies of goods/services exceeding the threshold of MDL 300,000 (EUR 18,000). The same rule is applicable for the import of services, if their amount being added to the value of the supplies of goods/services performed during any 12 consecutive months exceeds the same threshold.

The tax law granted the opportunity to also voluntarily register for VAT purposes, if the total amount of taxable supplies of goods and/or services exceeds MDL 100,000 (EUR 6,060). The mandatory condition to be fulfilled to voluntarily register for VAT purposes refers to the requirement that purchases are paid through bank accounts opened with financial institutions, having tax relationship with the Moldovan budgetary system.

Upon the registration of the VAT payer, the local tax authorities are required to issue a VAT registration certificate.

VAT compliance

Tax period

The tax period for VAT purposes is considered as being the calendar month, starting with the first day of the month. VAT returns are submitted monthly with the tax authorities by the end of the month following the reporting one.

Invoicing

The supplier carrying out a taxable delivery must submit a VAT invoice to the buyer. The VAT invoice is issued when the VAT becomes chargeable (i.e. at the date of supply).

Nevertheless, different VAT chargeability rules are in place for supplies of goods and of services. Therefore, the chargeability on supplies of goods is considered the date when

they are transferred to the customer. If the goods are transported, chargeability arises when the transportation begins, except for the export of goods.

The VAT chargeability for supply of services arises when one of the following occurs: the services are rendered; the VAT invoice is issued; the partial/entire payment is performed. At the same time, the law stipulates that no VAT invoice is issued for payments cashed in advance, or on export of goods/services.

Different invoicing rules apply for supplies of goods/ services performed on a permanent basis, under operational and financial leasing agreements, as well as for supplies of immovable assets and building of units on the customer's territory

Ledgers

VAT payers are also required to keep detailed and complete records of all supplied and purchased goods/ services by keeping sale and purchase VAT ledgers, respectively.

VAT refund

VAT payers are entitled to a refund of VAT in a specific amount if they meet the following conditions:

- Deductible input VAT exceeds the output VAT charged on the supplies of goods and/or services;
- The type of activity consists in production of bread/milk and bakery/diary products, respectively, of supplies subject to the 0% VAT rate.

For these purposes, VAT payers are being assigned different categories of trustworthiness (i.e. with one category from the three existing ones).

The VAT amount to be reimbursed is capped at 20% of the figure subject to the reduced/nil VAT rate. The term of reimbursement provided under the law is 45 days from the date the claim is submitted to the tax authorities.

Leasing companies may also fall under the VAT refund procedure, if the input VAT amount exceeds the output VAT amount within the financial/operational leasing agreements. The refundable difference is capped at 20%.

If the second condition is not met by a business, the exceeding amount of the deductible input VAT would not be refundable, but only carried forward to the next tax period, settling against future output VAT liabilities.

Legal entities which make capital investments (expenses), except the investments for dwelling purposes and investments in transport carriers, in localities other than Chisinau and Balti may obtain VAT refund for these capital investments (expenses), given compliance with certain conditions.

EXCISE TAXES

Excise taxes imposed on certain consumer goods such as coffee, caviar, beer, wine, alcohol, cigarettes, petrol, diesel fuel, perfumes, cars, video and audio equipment.

The following are liable to taxation with excise taxes:

- Any legal or individual entities producing and/or processing excisable goods on the territory of Moldova;
- Any legal or individual entities importing excisable goods, unless there is specific exemption provided.

Legal or individuals entities performing the above mentioned activities must possess excise taxes certificates, granted by the tax authorities before such operations are actually carried out. It is mandatory for legal or individual entities, upon submitting the relevant applications to the tax authorities, to attach the details of the excise premises.

If excisable goods are exported, the excise taxes payment liability remains valid up to the moment the repatriation of currency is made and the necessary proof documents (i.e. contracts, payment documents and the bank excerpt, import customs declaration) are provided to the tax authorities. The export of excisable goods by non-excise liable persons may be performed, provided no refund right of the previously paid excise taxes is exercised.

Excisable goods imported into Moldova as humanitarian aid or within technical assistance projects, as established by the Government, as well as excisable goods temporarily imported into the country, or transiting the country, or placed into a bonded warehouse, duty-free shops, processing under customs control arrangement, etc, are subject to excise tax exemption.

Certain excise liable goods are subject to mandatory excise stamp marking and labeling.

Excise tax rates are set either as fixed amounts per unit of goods, as a percentage of the customs value of goods or as a combined rate.

The list of excisable goods and excise tax rates are reflected in Appendix II.

CUSTOMS DUTIES

General

The list and value of the customs duty rates depending on the customs tariff classification of the goods which is based on the Harmonized Commodity Description and Coding System.

Generally, the customs duties are expressed as percentages applied to the customs value (i.e. ad valorem duty rates). The maximum ad valorem rate of customs duties on imported goods is 35% of the customs value of the goods.

There are also established specific and combined customs duties.

Customs Valuation

The customs valuation is performed in accordance with the GATT customs valuation principles.

The customs value is determined based on one of the six provided methods (i.e. transaction value, transaction value of identical goods, transaction value of similar goods, deductive value, computed value, reserve method), each one being applicable, provided the previous is not.

Under the transaction value method of customs valuation, the customs value is determined based on the price paid or payable, adjusted - if appropriate - by certain other elements (i.e. among others - cost of transportation, insurance, loading/unloading on the external route).

Customs duties exemptions

The following exemptions from customs duty are provided:

- Goods imported by legal entities for non-commercial purposes, whose customs value does not exceed EUR 50;
- Goods imported by individuals for personal use not exceeding a set threshold;
- Goods imported to Free Economic Zones (FEZ) from outside the customs territory of Moldova, imported from the FEZ outside the customs territory of Moldova, imported to FEZ from the rest of the customs territory of Moldova, as well as goods delivered between the residents of different FEZ of Moldova;
- Goods temporarily released on or out of customs territory under customs surveillance within the respective customs destinations;
- Goods placed under transit, bonded warehouse;
- Fixed assets destined to be included as a contribution to the statutory capital;
- Moldovan originating goods previously exported and released back within three years in the same status and the compensatory products obtained under outward processing;
- Goods and services imported and/or supplied to international organizations for the performance of technical assistance projects in accordance with the relevant treaties to which Moldova is a party;
- Goods and services financed from loans and grants offered to the Government or granted under state guarantee, from loans granted by international financial institutions (including the Government's share), as well as from grants provided to budgetary institutions;
- Goods introduced into Moldova on the basis of an international leasing agreement and placed under the regime of temporary admission;
- Certain movable goods imported by legal entities carrying out leasing activity.

Under the Free Trade Agreements (FTA) Moldova has concluded with other countries, the preferential tariff treatment (i.e. exemption from customs duties) is granted upon import and/or export of goods with preferential origin, provided a certificate of origin is available.

Moldova has concluded FTA with several Commonwealth of the Independent States (CIS) countries and is also a CEFTA contracting state.

Customs Regime for Individuals

Citizens of Moldova, as well as foreigners, are allowed to move in or out of Moldova any goods under a simplified customs regime, provided such goods are not used for business or commercial purposes. Individuals are exempt from the payment of customs duties of goods whose customs value does not exceed EUR 200 and which are not used for entrepreneurial or commercial activities.

ROAD TAXES

Road taxes are levied for the use of roads and/or of zones for the protection of roads outside local areas.

The system of road taxes entails the following:

- Road tax applied to vehicles registered in Moldova (this tax applies also to vehicles temporarily registered in Moldova);
- Road tax applied to vehicles not registered in Moldova;
- Road tax applied to vehicles of which the total weight, load and axle or overall dimensions exceed the allowable limits;
- Tax for performing building and assembling works within zones for road protection which are situated outside the local area (e.g. buildings and improvements, parking areas, except for units aimed at providing road services);
- Tax for placing advertising within zones for road protection which are situated outside the local area (e.g. advertisements, panels, stands, installations and constructions (situated separately or on building walls and roofs), suspended electro mechanic and electronic hangings, other technical advertising means);
- Tax for placing equipment for road service purposes within zones for road protection which are situated outside the local area (e.g. fuel stations, technical service stations, vulcanization stations, wholesale units, enterprises for public alimentation, etc).

IMMOVABLE PROPERTY TAX

Immovable property tax is paid on land and/or constructions located on it by the proprietor or owner of material rights.

Residents and non-residents owning immovable property located on the territory of Moldova have similar obligations.

Immovable property is based on the value of the property. It is divided into a real estate tax and a land tax.

The following are subject to taxation: immovable property, including land located within or outside the municipal area, and/or improvements to it (buildings, apartments, etc.).

The maximum real estate tax rate used for entrepreneurial activity is 0.1% of the property's book value.

The maximum real estate tax rates used for non-residential properties are range between 0.1% and 0.3% of the property's book value, depending on their location.

The subject to taxation for residential properties, such as apartments and individual living houses located in municipalities and towns, including the communities adjacent to them, is the market value. So, for Chisinau, the tax rate is set at 0.02% of the re-assessed value of taxable property. All other municipalities should set their own rates (0.02% being the minimum allowed), in order to achieve an average increase of 10% in revenues from this particular tax compared to the previous year. For large properties (with surfaces comprised between 100 and 200 square meters), the tax rate is 3 times bigger, and for very large real estate (more than 200 square meters), it is 28 times bigger.

Land tax rates are based on the classification and fertility level of the land.

The real estate tax is paid quarterly by legal entities and by 15 August or 15 October of the current year by individuals.

The land tax is paid in equal instalments no later than 15 August and 15 October of the current year.

NATURAL RESOURCES TAXES

The system of natural resources taxes includes:

- Water tax;
- Geological exploration tax;
- Geological investigation tax;
- Mineral Extraction Tax;
- Tax on usage of underground areas for the construction of underground structures not related to mining operations;
- Tax on exploitation underground structures within the performance of entrepreneurial activity, not related to mining operations;
- Standing wood tax.

Tax reports should be submitted quarterly until the last day of the month following the reporting quarter.

Water Tax

Taxpayers are legal and individuals entities registered as entrepreneurs engaged in the extraction of water from the water fund, as well as those that use water at hydroelectric power plant.

The object of taxation is the amount of water extracted from the water fund, or the volume of water used by hydroelectric power plant.

The water tax is levied at the following rates:

- per every 1 cubic meter of water extracted from the water fund - MDL 1 (EUR 0.06);
- per every 1 cubic meter of the natural mineral water extracted, other water extracted for bottling bottles – MDL 16 (EUR 0.97);
- for every 10 cubic meters of water used water by hydroelectric power plant – MDL 0.06 (EUR 0.004).

The tax is paid quarterly.

Payers of water tax, consuming up to 100 cubic meters of water per year pay the water tax and submit a report once a year to 31 December of the reporting year.

The individual entrepreneur, a peasant (farm), in which average number of employees, during the tax period, not exceeding three units and who are not registered as VAT payer, submits a single tax report on water tax before 31 March following the tax year, and pay the taxes at the same time.

Geological exploration tax

Taxpayers are legal and individuals entities, that carry out geological exploration except for institutions financed from the budget.

The object of taxation is the contracted (estimated) value of the works for geological exploration.

The tax rate is set at 2 % of the contracted (estimated) value of the works.

The tax is paid before the start of work on the geological exploration.

Geological investigation tax

Taxpayers are legal and individuals entities, that carry out geological investigation except for institutions financed from the budget.

The object of taxation is the contracted (estimated) value of works for geological investigation.

The tax rate is set at 2 % of the contracted (estimated) value of the works.

The tax is paid before the start of work on the geological investigation.

Mineral Extraction Tax

Taxpayers are legal and individuals entities, registered as entrepreneurs and that carry out the extraction of minerals.

The object of taxation is the cost of extracted minerals.

The tax rates are established as a percentage of the cost of extracted minerals and are as it following:

1. Metallic and non-metallic raw materials for industry (granite, diatomite, tripoli, flux limestone, fireproof and molding, raw quartz glass and ferrosilicon, etc) - 7%
2. Non-metallic construction materials (cement raw materials, chalk, ornamental stones, saws, building sand, sand-gravel mixture, pebbles, gravel, clay brick, etc.) - 6%
3. Oil, gas - 20%
4. Gypsum, sandstone - 10%

While calculating the tax it is taken into account the volume of production and associated mineral extraction loss.

The tax is paid quarterly.

Tax on usage of underground areas for the construction of underground structures not related to mineral extraction

Taxpayers are legal and individuals entities, registered as entrepreneurs.

The object of taxation is the contracted (estimated) value of works for the construction of structures.

The rate is set at 3% of the contracted (estimated) value of works for the construction of structures.

The tax is paid before the start of construction works.

Tax on exploitation of underground structures within the performance of entrepreneurial activity, not related to mineral extraction

Taxpayers are legal and individuals entities, registered as entrepreneurs.

The object of taxation is the book value of exploitation underground structures.

The tax rate is set at 0.2% of the book value of underground structures.

The tax is paid quarterly throughout the period of exploitation structures.

Standing wood tax

Taxpayers are forest users - legal and individuals entities, registered as entrepreneurs and resident individuals who are not involved in entrepreneurial activities.

The object of taxation is the volume of standing wood available for cutting roots in the forest fund of forests and vegetation, and the forest estate.

The tax rates are established in MDL for a cube meter and depending on the breed of forest, timber groups and the appointment of heat on the stump of wood.

Forest users - legal and individuals entities, registered as entrepreneurs pay tax quarterly.

Forest users - resident individuals who are not involved in entrepreneurial activities pay tax before receiving permission (forest felling ticket or ticket) issued by forestry authorities.

LOCAL TAXES

The system of local taxes includes:

- territory development tax;
- tax for organizing auctions and lotteries in the administrative-territorial unit;
- tax for advertising placement;
- tax for the use of local symbols;
- tax for trading and/or social services units; market tax;
- tax for temporary living;
- resort tax;
- tax for rendering of the municipal, urban and rural (communal) passenger transportation services; car parking tax;
- dog owners tax;
- tax for development of localities situated in the border zone with customs (offices) posts for border crossing.

The maximum tax rate, taxable base, terms of tax payment and submit of tax reporting are reflected in Appendix III.

The individual entrepreneur, a peasant (farm), in which average number of employees, during the tax period, not exceeding three units and who are not registered as VAT payer, submits a single tax report on local taxes before 31 March following the tax year, and pay the taxes at the same time.

Concrete rates of local taxes are set by local governments, taking into account the characteristics of objects of taxation.

APPENDIX I

TAX TREATIES WITHHOLDING TAX RATES (%)*

No.	State	Dividends	Interest	Royalties
1.	The Republic of Albania	5 (25)** / 10	5	10
2.	The Republic of Armenia	5 (25) / 15	10	10
3.	The Republic of Austria	5 (25) / 15	5	5
4.	The Republic of Azerbaijan	8*** / 15	10	10
5.	The Republic of Belarus	15	10	15
6.	The Kingdom of Belgium	15	15	0
7.	Bosnia and Herzegovina	5 (25) / 10	10	10
8.	The Republic of Bulgaria	5 (25) / 15	10	10
9.	Canada	5 (25) / 15	10	10
10.	The People's Republic of China	5 (25) / 10	10	10
11.	The Republic of Croatia	5 (25) / 15	5	10
12.	The Czech Republic	5 (25) / 15	5	10
13.	The Republic of Estonia	10	10	10
14.	The State of Israel	5 (25) / 10	5	5
15.	The Federal Republic of Germany	15	5	0
16.	The Hellenic Republic	5 (25) / 15	10	8
17.	The Republic of Hungary	5 (25) / 15	10	0
18.	Japan	15	10	0 / 10
19.	The Republic of Kazakhstan	10 (25) / 15	10	10
20.	The Republic of Kyrgyzstan	5 (25) / 15	10	10
21.	The Republic of Latvia	10	10	10
22.	The Republic of Lithuania	10	10	10
23.	The Republic of Macedonia	5 (25) / 10	5	10
24.	The Republic of Montenegro	5 (25) / 15	10	10
25.	The Kingdom of Netherlands	5 (25) / 15	5	2
26.	The Sultanate of Oman	5	5	10
27.	The Republic of Poland	5 (25) / 15	10	10
28.	Romania	10	10	10 / 15
29.	The Russian Federation	10	0	10
30.	The Republic of Serbia	5 (25) / 15	10	10
31.	The Slovak Republic	5 (25) / 15	10	10
32.	The Republic of Slovenia	5 (25) / 10	5	5
33.	The Swiss Federal Council	5 (25) / 15	10	0
34.	The Republic of Tajikistan	5 (25) / 10	5	10
35.	The Republic of Turkey	10 (25) / 15	10	10
36.	Ukraine	5 (25) / 15	10	10
37.	The Republic of Uzbekistan	5 (10) / 15	10	15

*This list includes only the double tax treaties which are currently applicable.

** If the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends.

*** If the beneficial owner is a company and the foreign invested capital is not less than USD 250000.

APPENDIX II

LIST OF EXCISABLE GOODS AND EXCISE TAX RATES

CN code	Description	Unit measures	Excise rate
0901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion	Value in MDL	10%
160430	Black caviar and black caviar substitutes	Value in MDL	25%
2101	Extracts, essences and concentrates of coffee and preparations with a basis of coffee extracts, essences and concentrates thereof or with a basis of coffee	Value in MDL	10%
220300	Beer made from malt	Litre	1,35 MDL
220410110	Champagne	Value in MDL	10% but not less than 2,50 MDL/litre
220410191	Classical spumante wine	Value in MDL	10% but not less than 2,50 MDL / litre
220410192	Natural spumante wine	Value in MDL	10% but not less than 2,50 MDL / litre
220410991	Sparkling wine (fizzy)	Value in MDL	10% but not less than 2,50 MDL / litre
220421	Wine other than sparkling wine and spumante, grape must with fermentation prevented or arrested by the addition of alcohol, in containers holding 2 litres or less: - Of an actual alcoholic strength by volume not exceeding 13% vol.; - Of an actual alcoholic strength by volume exceeding 13% vol.	Value in MDL Value in MDL	10% but not less than 1,25 MDL / litre 10% but not less than 1,50 MDL / litre
220429	Wine other than sparkling and spumante wine, grape must with fermentation prevented or arrested by the addition of alcohol, in containers holding not less than 2 litres: - Of an actual alcoholic strength by volume not exceeding 13% vol.	Value in MDL	5% / but not less than 0,25 MDL / litre

	- Of an actual alcoholic strength by volume exceeding 13% vol.	Value in MDL	5% / but not less than 0,30 MDL / litre
220430	Other grape must in fermentation or with fermentation arrested otherwise than by the addition of alcohol	Value in MDL	5% but not less than 0,25 MDL / litre
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances	Value in MDL	10% but not less than 1,50 MDL / litre
2206	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included	Value in MDL	10% but not less than 0,15 MDL / litre
220710000	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher, except for designed for perfumery or toilet preparations	Litre absolute alcohol	0,09 MDL / %vol./litre
220720000	Ethyl alcohol and other spirits, denatured, of any strength	Litre absolute alcohol	0,09 MDL / %vol./ litre
2208	Undenatured ethyl alcohol of an alcoholic strength by volume by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages:		
	- Of an alcoholic strength by volume not exceeding 9% vol.	Value in MDL	12% but not less than 0,12 MDL/litre
	- Of an alcoholic strength by volume exceeding 9% but not exceeding 25% vol.	Value in MDL	30% but not less than 0,10 MDL/litre
	- Of an alcoholic strength by volume exceeding 25% vol.	Value in MDL	50% but not less than 0,40 MDL/litre
240210000	Cigars, cheroots and cigarillos, containing tobacco	1000 pieces	1 460 MDL
240220	Cigarettes containing tobacco:		
	- containing cloves	1000 pieces	6,00 MDL + 3%
	- not containing cloves	1000 pieces	4,40 MDL
240290000	Other cigars, cheroots and cigarillos, containing tobacco substitutes	1000 pieces	7,30 MDL
270710100	Benzol (benzene) for use as a power or heating fuel	Ton	1 200 MDL
270720100	Toluol (toluene) for use as a power or heating fuel	Ton	1 200 MDL
270730100	Xylol (xylenes) for use as a power or heating fuel	Ton	1 200 MDL

270750	Other aromatic hydrocarbon mixtures of which 65% or more by volume (including losses) distils at 250°C by the ASTM D 86 method	Ton	1 200 MDL
270900100	Natural gas condensates	Ton	1 200 MDL
271011110- 271019290	Light and medium oils	Ton	1 200 MDL
271019310- 271019490	Gas oil, including diesel fuel and fuel for kiln	Ton	500 MDL
290110	Acyclic hydrocarbons saturated	Ton	1 200 MDL
290124110	Buta-1,3-diene for use as a power or heating fuel	Ton	1 200 MDL
290124190	Buta-1,3-diene for other use	Ton	1 200 MDL
290129	Other acyclic hydrocarbons unsaturated	Ton	1 200 MDL
290211	Cyclohexane	Ton	1 200 MDL
290219	Other cyclanes, cyclenes and cycloterpenes	Ton	1 200 MDL
290220100	Benzene for use as a power or heating fuel	Ton	1 200 MDL
290230	Toluene	Ton	1 200 MDL
290244	Mixed xylene isomers	Ton	1 200 MDL
290290800	Other cyclic hydrocarbons	Ton	1 200 MDL
290511000- 290513000	Saturated monohydric alcohols (methanol, propan-1-ol, butan-1-ol)	Ton	1 200 MDL
290514	Other butanols	Ton	1 200 MDL
290515000	Pentanol (amyl alcohol) and isomers thereof	Ton	1 200 MDL
290516	Octanol (octyl alcohol) and isomers thereof	Ton	1 200 MDL
290519000- 290549	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	Value in MDL	5%
2906	Cyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	Value in MDL	5%
2909	Ethers, ether-alcohols, ether-phenols, ether-alcohol-phenols, alcohol peroxides, ether peroxides, ketone peroxides (whether or not chemically defined), and their halogenated, sulphonated, nitrated or nitrosated derivatives	Ton	1 200 MDL

3302	Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages	Value in MDL	5%
330300	Perfumes and Toilet Waters	Value in MDL	10%
321210	Stamping foils	Value in MDL	5%
321290100	Pearl essence	Value in MDL	5%
321290390	Other pigments (including metallic powders and flakes) dispersed in non-aqueous media, in liquid or paste form, of a kind used in the manufacture of paints (including enamels)	Value in MDL	5%
321290900	Dyes and other colouring matter put up in forms or packings for retail sale	Value in MDL	5%
381400900	Other organic composite solvents and thinners, not elsewhere specified or included; prepared paint or varnish removers	Ton	1 200 MDL
381700100	Dodecylbenzene	Ton	1 200 MDL
381700500	Linear alkylbenzene	Ton	1 200 MDL
381700900	Others	Ton	1 200 MDL
ex.4303	Fur clothes (of mink, polar fox, fox, sable)	Value in MDL	25%
ex.7113	Articles of jewellery, of precious metal or of metal clad with precious metal	Value in MDL	10%
8519	Turntables (record-decks), record-players, cassette-players and other sound reproducing apparatus, not incorporating a sound recording device	Value in MDL	15%
ex.8520	Magnetic tape recorders and other sound recording apparatus, incorporating sound reproducing device	Value in MDL	15%
852110300	Other video recording or reproducing apparatus, incorporating a video tuner using magnetic tape-type of a width not exceeding 1,3 cm and allowing recording or reproduction at a tape speed not exceeding 50 mm per second	Piece	10 EUR
852110800	Other video recording or reproducing apparatus, incorporating a video tuner using magnetic tape-type	Piece	10 EUR
852190000	Other video recording or reproducing apparatus, incorporating a video tuner	Piece	10 EUR
852540	Still image video cameras and other video camera recorders, digital cameras	Piece	30 EUR

8527	Reception apparatus for radio-telephony, radio telegraphy or radio-broadcasting, combined in the same housing, with sound recording or reproducing apparatus or a clock	Value in MDL	15%
8703	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars - Other vehicles, with spark-ignition internal combustion reciprocating piston engine		
870321	- of a cylinder capacity not exceeding 1 000 cm ³	Cubic cm	0,30 EUR
870322	- of a cylinder capacity exceeding 1 000 cm ³ but not exceeding 1 500 cm ³	Cubic cm	0,40 EUR
870323	- of a cylinder capacity exceeding 1 500 cm ³ but not exceeding 2 000 cm ³	Cubic cm	0,60 EUR
	- of a cylinder capacity exceeding 2 000 cm ³ but not exceeding 3 000 cm ³	Cubic cm	1,00 EUR
870324	- of a cylinder capacity exceeding 3 000 cm ³	Cubic cm	1,60 EUR
	Other vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel): - Motor cars, with compression-ignition internal combustion piston engine (diesel or semi-diesel):		
870331	- of a cylinder capacity not exceeding 1 500 cm ³	Cubic cm	0,40 EUR / Cubic cm
870332	- of a cylinder capacity exceeding 1 500 cm ³ but not exceeding 2 500 cm ³	Cubic cm	1,00 EUR / Cubic cm
870333	- of a cylinder capacity exceeding 2 500 cm ³	Cubic cm	1,60 EUR / Cubic cm
	The excise taxes rates rise up for vehicles with a period of exploitation: - from 3 to 5 years - from 5 to 7 years	Cubic cm Cubic cm	0,02 EUR / Cubic cm 0,03 EUR / Cubic cm

APPENDIX III

LOCAL TAXES, TERMS OF THEIR PAYMENT AND SUBMIT OF TAX REPORTING

Name tax	Taxpayers	Taxable base	Maximum local tax rate	Terms of tax payment and submit of tax reporting by taxpayers and authorities
Territory development tax	Legal or individuals entities registered as entrepreneurs and which have taxable base	Quarterly average number of employees and/or founders of companies if they are working on established companies, but are not included in the quarterly effective of employees	MDL 40 (EUR 2.4) yearly per employee	Quarterly, until the last day of the month following the reporting quarter
Tax for organizing auctions and lotteries in the administrative-territorial unit	Legal or individuals entities registered as entrepreneurs - organizers of auctions and lotteries	Income from the sale of declared goods at auctions or value by issue of lottery tickets	0,1%	-
Tax for advertising placement	Legal or individuals entities registered as entrepreneurs and providing advertising services	Income from the sale of advertising services through film and video services, telephone, telegraph and telex lines, vehicles, by other means, except for the placement of outdoor advertising	5%	Quarterly, until the last day of the month following the reporting quarter
		A square meter of advertising space of object outdoor advertising	MDL 500 (EUR 30.3) at placement	
Tax for the use of local symbols	Legal or individuals entities registered as entrepreneurs and which use local symbols on their products	Income from the sale of products using local symbols	0,1%	Quarterly, until the last day of the month following the reporting quarter
Tax for trading and/or social services units	Legal or individuals entities registered as entrepreneurs and which have trading and/or social services units	Area occupied by the units, its location, type of delivery goods and services	MDL 12000 (EUR 727), MDL 50000 (EUR 3,030), MDL 7200 (EUR 436), MDL 30000 (EUR 1,818), MDL 3600 (EUR 218) or MDL 15000 (EUR 909) yearly for each unit	Quarterly, until the last day of the month following the reporting quarter
Market tax	Legal or individuals entities registered as entrepreneurs - administrators of market	Income from the sale of market services consisting in providing trading places by administrator of market	20%	Quarterly, until the last day of the month following the reporting quarter

Tax for temporary living	Legal or individuals entities registered as entrepreneurs and providing services for temporary living	Income from the sale of services provided for temporary living	5%	Quarterly, until the last day of the month following the reporting quarter
Resort tax	Legal or individuals entities registered as entrepreneurs and offering services related to recreation and treatment	Income from the sale of ticket for recreation and treatment	1%	Quarterly, until the last day of the month following the reporting quarter
Tax for rendering of the municipal, urban and rural (communal) passenger transportation services	Legal or individuals entities registered as entrepreneurs and providing passenger transportation services	Transport unit depending on the number of seats	MDL 500 (EUR 30.3), MDL 1000 (EUR 60.6), MDL 1500 (EUR 90.9), MDL 1900 (EUR 115) or MDL 2100 (EUR 127) monthly for each unit of the transport	Monthly, until 5 date of the next month
Car parking tax	Legal or individuals entities registered as a entrepreneurs and providing services for car parking	Income from the sale of provided parking services	10%	Quarterly, until the last day of the month following the reporting quarter
Dog owners tax	Individuals living in houses and apartments	Number of dogs	MDL 9 (EUR), MDL 27 (EUR) or MDL 90 (EUR) yearly	Quarterly, until the last day of the month following the reporting quarter
Tax for development of localities situated in the border zone with customs (offices) posts for border crossing	Legal or individuals entities - owners of the transport units which the cross border at the entry to the Republic of Moldova and/or exit from the Republic of Moldova	Number of transport units	MDL 10 (EUR), MDL 5 (EUR) or MDL 3 (EUR) for a transport unit in function of type of the transport	Payment at the entry to the Republic of Moldova and/or exit from the Republic of Moldova. The tax reports are submit quarterly, until the last day of the month following the reporting quarter

COLOPHON

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