

Country Tax Guide





Moldova

International Tax Contacts

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Baker Tilly is the trading name of Baker Tilly Klitou and Partners SRL.

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Corporate Income Taxes

Resident legal persons, which are legal persons whose business is organised or managed in Moldova, or legal persons whose main place of business is in Moldova, are generally subject to tax on their worldwide income.

Non-resident legal persons are generally subject to tax on their Moldovan source income, subject to the terms of any relevant tax treaty.

The standard corporate income tax rate is 12%. The rate is 7% for farms. In certain circumstances, a 15% rate is applied to income that exceeds declared gross income.

Small and medium-sized enterprises that are not registered for VAT (excluding farms and individual entrepreneurs) whose operating income in the previous year did not exceed MDL100,000 are subject to tax on their operating income at the rate of 3%. Qualifying small and medium-sized enterprises whose operating income was between MDL100,000 and MDL600,000 in the previous year may opt to be subject to tax on their operating income at the rate of 3%.

Taxable income must generally include any taxable capital gains. Capital losses may only be offset against capital gains. Unutilised capital losses may be carried forward for offset against capital gains made in the following year.

Unutilised operating losses may generally be deducted in equal instalments during the following three years. If losses are incurred over more than one year, the loss carry forward provisions apply in the order in which the losses are incurred. There are no provisions for the carry back of losses.

Group tax consolidation is not available in Moldova; consequently losses cannot be offset against the profits of another company in the same group.

The tax year is the calendar year.

The corporate income tax return is generally due for filing by 25 March following the tax year end.

Corporate income tax is generally payable in advance in four instalments during the year, payable by 25 March, 25 June, 25 September and 25 December. Each advance payment should be equal to one quarter of estimated current year tax liability or one quarter of the previous year's tax liability. Farming enterprises may choose to make advance payments in two instalments: one quarter payable by 25 September and three quarters payable by 25 December. Any remaining corporate income tax due is payable by the same deadline as for filing the corporate income tax return. Small and medium-sized enterprises that apply the 3% tax rate are required to pay corporate income tax in quarterly instalments by the 25th day of the month following each quarter.

Personal Taxes

Resident individuals are generally subject to tax on their worldwide income.

Non-resident individuals are generally subject to tax on their Moldovan source income, subject to the terms of any relevant tax treaty.

Individuals are generally subject to tax on their taxable income at the following rates:

Taxable Income	Tax Rate
Up to MDL27,852	7%
On amounts exceeding MDL27,852	18%

Taxable income must generally include any taxable capital gains.

Certain types of income are subject to tax at flat rates.

Assets received by resident individuals by way of gift or inheritance are not subject to tax.

There is no wealth tax.

Employment Related Costs and Taxes

Fringe benefits

There is no separate fringe benefits tax. Unless specifically exempt, taxable benefits-in-kind form part of the taxable income of individuals and are subject to income tax.

Social security costs

Employers and employees are generally required to make the following social security contributions (subject to possible salary ceilings):

Contribution Category	Employer Rate	Employee Rate
Social security	23%	6%
Health insurance	4.5%	4.5%

Withholding Taxes on Payments Abroad

The rates of withholding tax on the following payments made abroad by companies are generally:

	Rate
Dividends	6%
Interest	12%; certain interest payments are exempt
Royalties	12%

For payments made to recipients in countries with which Moldova has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.

Value Added Tax (VAT)

VAT is generally levied on the supply of goods and services in Moldova, and on the importation of goods and services.

The standard VAT rate is 20%. A reduced rate of 8% applies to certain supplies, including certain bread and bakery products, sugar beet, certain pharmaceuticals, and natural gas. A 0% rate applies to certain supplies, including exports, certain transportation services, and supplies of electricity, heating and hot water. Certain supplies are VAT exempt, including certain imports, baby foods, certain medical services, financial services, and postal services.

Traders are generally required to register for VAT purposes if taxable supplies (as defined) in a consecutive 12 month period exceed MDL600,000. Traders who do not meet the VAT registration threshold may register for VAT voluntarily.

Registered traders can generally recover the VAT with which they themselves are charged on their purchases of goods and services, subject to conditions and possible exceptions.

Other Taxes

Stamp duty

Stamp duty (known as state tax) is imposed on certain documents and transactions at varying rates.

Real estate taxes

An annual local real estate tax is generally levied on the value (as defined) of real estate in Moldova, subject to exemptions. The tax rates range from 0.05% to 0.3%.

Individuals owning real estate for housing (including holiday homes; excluding land) valued at MDL 1.5m or over and with a total area of 120m sq metres or over may be subject to an annual wealth tax at the rate of 0.8%.

Excise taxes

Excise taxes are generally imposed on certain goods, including alcohol, alcoholic beverages, tobacco products, oils and gases, certain motor vehicles, perfumes, fur clothing, precious metals, and jewellery.

Local taxes

Various other local taxes may apply, including natural resource tax, accommodation tax, and advertising tax.

Tax Incentives for Businesses

Free economic zones

Qualifying business activities carried out in a free economic zone (FEZ) in Moldova may benefit from incentives, including reductions and/or exemptions from corporate income tax, VAT and customs duties.

VAT refunds for production investment

Companies investing in buildings to be used for production of goods or services may qualify for a VAT refund after production commences.

Country Tax Guides are designed to provide a summary of the taxes which apply to business and individuals, and are for information purposes only. Whilst every effort has been made to ensure accuracy, information contained in these guides may not be comprehensive and is subject to frequent change. Recipients should not act upon it without seeking professional advice. Contacts details for independent members of Baker Tilly International can be found at www.bakertillyinternational.com.

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