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## **Excerpts from the Tax Code of the Republic of Moldova**

### **Value Added Tax**

#### ***Chapter 1***

#### ***GENERAL PROVISIONS***

##### **Article 93. General definitions**

For the Purpose of this Title, the following terms are defined as follows:

- 1) Value added tax (hereinafter called VAT) – a general state tax representing a form of payment to the budget of a portion of the value of goods supplied and services provided subject to taxation on the territory of Republic of Moldova, as well as of a portion of the value of all taxable goods and services imported into Republic of Moldova.
- 2) Goods, tangibles – are the products of labor in the form of items, consumables and products for technical and economic purposes, buildings, constructions and other real estate property, intangible assets.
- 3) Supply of goods – the transfer of ownership rights on goods through sale, exchange, gratuitous transfer, transfer with partial payment, in-kind wage payment, other in-kind payments, and sale of pledged goods on behalf of the holder of collateral, transfer of goods on the grounds of financial leasing contract transmission of goods by the principal to the broker, by the broker to the buyer, by the supplier to the broker and by the broker to the principal within the implementation of the commission contract;
- 4) Supply (provision) of services – provision of tangible and intangible consumption and production services, including renting property, location, life interest, operational leasing, transfer of rights to use any goods against payment, partial payment or free of charge; construction and assembly activities, repairs, scientific research and development, experimental and design works, and other types of works done against payment, partial payment or free of charge service provision activity by the fiduciary administrator to the buyer and by the fiduciary administrator to the founder trustee within the performance of fiduciary administration contract. Services provided by the fiduciary administrator to the buyer within the fiduciary administration contract are considered performed delivery by the founder trustee to buyer.
- 5) Partial payment – the incomplete fulfillment by the buyer of his/her obligations toward the supplier.
- 6) Taxable supply – supply of goods, provision of services, other than supply of services and goods that are exempt from VAT, by a subject of taxation as part of entrepreneurial

activity (language of Law no. 177-XVI dated 20 July 2007 and Law no. 299-XVI dated 21 December 2007).

7) Goods for personal use or consumption – items used to meet the needs of the owner and /or members of his/her family.

8) Import of goods – bringing in goods on the territory of the Republic of Moldova in accordance with customs legislation.

9) Import of services – services provided by the non-resident legal and physical entities in Republic of Moldova to resident or non-resident legal and physical entities of Republic of Moldova, where the place of rendering services is considered Republic of Moldova.

10) Export of goods – taking out goods from the territory of the Republic of Moldova in accordance with customs legislation.

11) Export of services – services provided by legal and physical entities residents of Republic of Moldova to legal and physical entities non-residents of Republic of Moldova outside the territory of Republic of Moldova.

12) Specific relations – special relations inherent and applied only to a certain subject or circumstance different from relations with similar subjects or circumstances.

13) Zero Rate – a VAT rate of zero percent.

14) Agent – a person who acts on behalf of another person, but is not his/her employee.

15) Place of delivery of goods, services – place where delivery is made according to rules provided for in articles 110 and 111.

16) Fiscal invoice – a standard form of primary document with special regime, submitted to the buyer by the taxable subject, registered in due order upon carrying out taxable deliveries.

[Art.93 modified by Law 108-XVIII from 17.12.2009, in force from 29.12.2009]

[Art.93 modified by Law nr.299-XVI dated 21.12.2007, in effect since 11.01.2008]

[Art.93 modified by Law nr.177-XVI dated 20.07.2007, in effect since 10.08.2007]

[Art.93 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.93 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Art.93 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Art.93 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.93 modified by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]

[Art.93 modified by Law nr.732-XV dated 13.12.2001]

[Art.93 modified by Law nr.697-XV dated 30.11.2001]

[Art.93 modified by Law nr.1064-XIV dated 16.06.2000]

[Art.93 modified by Law nr.112-XIV dated 29.07.98]

## Chapter 2

### SUBJECTS AND OBJECTS OF TAXATION

#### **Article 94. Subjects of taxation**

Following are the subjects of taxation:

- a) legal and physical entities registered or have to be registered in accordance with Articles 112 and 112<sup>1</sup>;
- b) legal and physical entities importing goods, except physical entities who import goods for personal use or consumption, the value of which does not exceed the ceiling stipulated by current legislation;
- c) legal and physical entities importing services whether or not they are registered in accordance with Articles 112 and 112<sup>1</sup>.

[Art.94 modified by Law nr.299-XVI dated 21.12.2007, in effect since 11.01.2008]

[Art.94 modified by Law nr.177-XVI dated 20.07.2007, in effect since 10.08.2007]

[Art.94 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.94 amended by Law nr.1454-XV dated 08.11.02, in effect since 21.02.03]

[Art.94 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

#### **Article 95. Objects of taxation**

Following are the objects of taxation:

- a) delivery of goods and services by subjects of taxation representing the outcome of their business activity in Republic of Moldova;
- b) imports of goods and services into the Republic of Moldova, except goods imported by physical entities for personal use or consumption, the value of which does not exceed the ceiling stipulated by current legislation.
- c) imported services in Moldova

(2) Non-taxable items:

delivery of goods, services performed within the free economic zone;

interest related income received by the tenant under a lease contract;

delivery of goods and services performed for free for publicity and/or promotion of sales in the amount of 0.1% of the proceeds from sales received during the year preceding the year the delivery is made;

d) transfer of ownership within the reorganization of the trader.”

[Art.95 modified by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.95 modified by Law no nr.172-XVI from 10.07.2008, in force from 25.07.2008]

[Art.95 modified by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

### **Chapter 3**

#### **CALCULATION AND PAYMENT OF VAT**

##### **Article 96. VAT rates**

The following shall be the VAT rates:

a) standard rate - 20% of taxable value of imported goods and services and deliveries made on the territory of the Republic of Moldova;

b) reduced rates in the amount of:

– 8% - for bread and bakery products (190120000, 190540, 190590300, 190590600, 190590900)\*, for milk and dairy products (0401 0402, 0403, 0405, 040610200)\*, delivered on the territory of Republic of Moldova except food products for children which are exempt from VAT in accordance with art.103 para.(1) item 2);

– 8% - for medicines from the tariff headings 3001–3004 both listed in the State Medicine Classified List and authorized by the Ministry of Health, imported and/or delivered on the territory of Republic of Moldova as well as medicines prepared by pharmacies based on magistral prescriptions using authorized ingredients (medical substances);

8% - for goods imported and/or delivered on the territory of Republic of Moldova from tariff positions 3005, 300610, 300620000, 300630000, 300640000, 300660, 300670000, 370790, 380840, 382100000, 382200000, 4014, 4015, 481890, 900110900, 900130000, 900140, 900150, 901831, 901832, 901839000;

– 8% – from imported beet sugar and/or delivered within the country;

– 8% – to the production of plant growing and horticulture in natural form and production of livestock in its natural form, live weight and slaughtered, produced and delivered in the country

– 6% - for natural and liquefied gas both imported and delivered on the territory of Republic of Moldova;

c) zero rate – for goods and services delivered in accordance with article 104.

[Art.96 modified by Law nr.108-XVIII from 17.12.2009, in force from 29.12.2009]

[Art.96 modified by Law nr.177-XVI dated 20.07.2007, in effect since 01.01.2008]

[Art.96 modified by Law nr.177-XVI dated 20.07.2007, in effect since 10.08.2007]

[Art.96 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.96 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.96 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Art.96 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.96 amended by Law nr.844-XV dated 14.02.2002]

[Art.96 modified by Law nr.697-XV dated 30.11.2001]

[Art.96 as worded in Law nr.1389-XIV dated 30.11.2000]

## **Article 97. Taxable value of taxable supply**

(1) The taxable value of taxable supply is the value of the supply paid or payable for that supply (less VAT).

(2) If the payment for delivery is partially or entirely paid in-kind, the taxable value of the taxable supply is the market value, which is determined in accordance with art. 5 para. 26) and art. 99.

(3) The taxable value of taxable supply includes the total amount of all taxes and fees payable on the supply, less VAT.

(3<sup>1</sup>) When applying the indirect methods and sources of calculating the amount of tax liabilities, the taxable value of taxable delivery shall be considered the estimated value in accordance with Art.225 (introduced by Law No. 144-XVI of June 27, 2008, in force since January 1, 2009).

(4) The taxable value of taxable delivery of goods (services) carried out by a subject of taxation cannot be smaller than production costs or the purchasing price of delivered goods, or the customs value of imported goods calculated in accordance with article 100, or the cost price of service provided, except when the goods are no longer consumable, which is confirmed by authorized bodies and services. Provisions of this article shall not apply:

- in case of deliveries of goods and services for which prices are fixed (regulated) by the state;

- in case of sale at auction of the property of debtors, against liquidating their arrears;

- for the delivery of primary agricultural production of own manufacturing (goods of heading No 0102; 0103; 0104; 0105; 0201; 0203 (from 0203 11 to 0203 19 900); 0204 (from 0204 10 000 to 0204 50 390); 0207; 0701; 0702 00 00; 0703; 0704; 0705; 0706; 0707 00; 0708; 0713; 0806; 0808; 0809; 0810; 0813; 1001; 1003 00; 1004 00 000; 1005; 1007 00; 1008), made by farmers economic agents, regardless the legal form of the organization, according to the Nomenclature of goods of the Republic of Moldova.

(5) The taxable value of taxable delivery of assets subject to depreciation is the book value or market value, whichever is highest.

[Art.97 completed by Law nr.233 from 24.09.2010, in force from 22.10.2010]

[Art.97 modified by Law nr.108-XVIII from 17.12.2009, in force from 29.12.2009]

[Art.97 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.97 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Art.97 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.97 amended by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]



[Art.97 amended by Law nr.697-XV dated 30.11.2001]

[Art.97 modified by Law nr.1064-XIV dated 16.06.2000]

### **Article 98. Adjusting the taxable value of taxable supplies**

The taxable value of taxable supply of goods and services shall be adjusted after their supply or payment provided that the following confirmation documents are submitted:

- a) the previously agreed value of the taxable supply has changed because of a change of price;
- b) the taxable supply has been partially or entirely refunded to the subject of taxation that made the delivery supply;
- c) the taxable value of a taxable supply was decreased due to a discount given.

Art.98 modified by Law nr.108-XVIII from 17.12.2009, in force from 29.12.2009]

[Art.98 modified by Law nr.1064-XIV dated 16.06.2000]

### **Article 99. Deliveries made for less than their market value, free of charge, in lieu of wages**

(1) A delivery made for less than the market value because of a special relationship between the supplier and his/her customer, or because the customer is an employee of the supplier is subject to taxation. The taxable value of the respective delivery shall be its market value.

(2) Goods or services delivered to a subject of taxation for the purpose of his/her entrepreneurial activity, goods of captive production which consequently are transferred free of charge to any employee of the subject of taxation, and services provided free of charge to any employee of the taxable subject shall be treated as taxable deliveries. The taxable value of this delivery shall be its market value.

(3) Goods, services delivered to a subject of taxation for the purpose of his/her entrepreneurial activity, goods of captive production which subsequently are appropriated by this subject or transferred to members of his/her family shall be treated as a taxable delivery of this subject. The taxable value of the delivery of goods, services shall be the price paid by the subject for the delivery purchased for the purpose of entrepreneurial activity, and in case of goods of captive production - their market value.

(4) Goods, services delivered to a subject of taxation for the purposes of his/her entrepreneurial activity, which consequently are transferred to other persons shall be treated as a taxable delivery made by this subject. The taxable value of this delivery shall

be the price paid by the subject of taxation for the delivery to be used for his entrepreneurial activity.

(5) Goods, services delivered to a subject of taxation for the purpose of his/her entrepreneurial activity, goods of captive production, services rendered in lieu of wages of employees of the subject of taxation, shall be treated as a taxable delivery. The taxable value of the delivery shall be its market value.

(6) The market value of the taxable delivery shall not be less than its selling price.

[Art.99 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.99 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Art.99 modified by Law nr.697-XV dated 30.11.2001]

[Art.99 modified by Law nr.646-XV dated 16.11.2001]

[Art.99 modified by Law nr.1064-XIV dated 16.06.2000]

[Art.99 modified by Law nr.112-XIV dated 29.07.98]

#### **Article 100. Taxable value of imported goods**

(1) The taxable value of imported goods shall be the customs value of the goods determined in accordance with the customs legislation, as well as fees and taxes payable upon import of these goods, except for the VAT.

[Para.1 art.100 modified by Law nr.1064-XIV dated 16.06.2000]

(2) Where there is no documentary evidence to support the value of imported goods, or where the importer underestimates the value of imported goods, the taxable value of goods shall be determined by customs authorities as provided in para. (1) of this article and in accordance with rights granted to these authorities by legislation.

#### **Article 101. Calculation and payment of VAT**

(1) Subjects of taxation stipulated in Article 94 letter a) must report in accordance with Article 115 and pay the amount of VAT due to the budget for each tax period according to article 114, which represents the difference between the amount of VAT paid or payable by consumers for the goods, services delivered and the amount of VAT paid or payable to the suppliers at the moment of purchasing material values, services (including VAT for imported material values) used for the purpose of conducting entrepreneurial

activity during the respective fiscal period, taking into account the eligibility for tax credit under Article 102.

(2) If the VAT amount paid or payable to the supplier for the purchase of material goods, services exceeds the amount of VAT received or receivable from consumers for the goods, services delivered, the difference shall be carried forward for the next tax period and shall become part of the VAT payable for material goods, services purchased during that period, except for cases provided for in para. (3), (5) and (6).

(3) If the VAT amount for material goods and services purchased by the enterprises producing bread and bakery products and enterprises processing and producing dairy products exceeds the VAT amount for deliveries of bread, bakery products, milk and dairy products, the difference is reimbursed from the budget within the VAT standard rate multiplied with the value of delivery that is taxable at a reduced rate. VAT is refunded in accordance with the instructions of the Government within 45 days.

(4) Taxable subjects who import services pay V.A.T. on the date of service provision, indicated in the document confirming the service.

(5) If the surplus of VAT set out in the article 96 a), or reduced rate of VAT set out in the article 96 b), amount for material goods, services purchased is due to the fact that the subject of taxation has made a delivery taxed at zero-rate, the respective subject of taxation is entitled to a refund of the surplus VAT amount for the material goods, services purchased paid or payable through bank account and/or against paying off amounts for tax refund, in accordance with the provisions of this article, article 103. para.(3) and article 125, within the limit of the VAT standard rate multiplied by the value of the zero-rate deliveries. VAT is refunded as provided by the Government within 45 days. VAT is refunded against debts of business units (or their creditors) to the national public budget, and if there are not debts – on the bank account of the business unit.

(6) If the VAT amount for material values and/or services purchased by an enterprise involved in leasing activities exceeds the VAT amount for goods or services delivered under financial and/or operational leasing contracts, the difference shall be refunded from the budget within the standard VAT rate multiplied by the value of delivered goods or services. VAT is refunded as provided by the Government within 45 days.

(7) Legal or physical entities who import goods for business purposes, shall pay VAT prior or at the moment of filing the customs declaration, i. e. before the goods are released into Republic of Moldova. Physical entities importing goods for personal use or consumption, the value of which exceeds the ceiling stipulated by current legislation, shall pay VAT at the moment of customs clearance and only of the value of such goods exceeds the existing ceiling.

[Art.101 completed by Law nr.233 from 24.09.2010, in force from 22.10.2010]

[Art.101 modified by Law nr.108-XVIII from 17.12.2009, in force from 29.12.2009]

[Art.101 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.101 modified by Law nr.60-XVI dated 28.04.05, in effect since 08.07.05]

[Art.101 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Art.101 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.101 amended by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]

[Art.101 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Art.101 modified by Law nr.1163-XV dated 27.06.2002]

[Art.101 modified by Law nr.697-XV dated 30.11.2001]

[Art.101 modified by Law nr.1389-XIV dated 30.11.2000]

[Art.101 modified by Law nr.1064-XIV dated 16.06.2000]

[Art.101 modified by Law nr.112-XIV dated 29.07.98]

### **Article 101<sup>1</sup>.Refunding VAT for capital investments (expenditures)**

(1) This article is applied to subjects of taxation that make capital investments (expenditures) in localities of Republic of Moldova other than municipalities of Chisinau and Balti, except investments in housing and transportation units, starting with January 1, 2008. For the purposes of applying this regulation, the exception is not extended to capital investments (expenses) incurred in transport means from tariff positions 870190110–870190390.

(2) Subjects of taxation, stipulated in paragraph (1) of this article, whose VAT paid or payable to the supplier for purchased goods, services delivered exceeds the amount of VAT paid or payable by buyers for goods, services delivered are entitled to be refunded the surplus amount. The amount to be refunded cannot exceed the amount of VAT paid through bank account for goods, services related to capital investments (expenditures) made as stipulated by paragraph (1). Subjects of taxation making capital investments in the municipality of Comrat are refunded VAT if the surplus VAT amount for a tax period, determined as per this paragraph, exceeds 100 000 de lei.

(3) Subjects of taxation registered as VAT payers, in accordance with art.112<sup>1</sup>, are entitled to VAT refund for the VAT amount paid through bank account to suppliers of goods, services related to capital investments (expenditures), which lead to the subject be registered as VAT payer.

(4) In accordance with this article, VAT is refunded within 45 days, as provided by the Government, from the date of the request submitted. VAT is refunded against debts of business units (or their creditors) to the national public budget, and if there are not debts – on the bank account of the business unit.

(5) Provisions of this Article shall not apply to capital investments (expenses) incurred by the investor from the means obtained from the national public budget.

[Art. 101<sup>1</sup> modified by Law nr.108-XVIII from 17.12.2009, in force from 29.12.2009]

[Art.101<sup>1</sup> introduced by Law nr.299-XVI dated 21.12.2007, in effect since 11.01.2008]

[Art.101<sup>1</sup> excluded by Law nr.177-XVI dated 20.07.2007 according to modifications introduced by Law nr.299-XVI dated 21.12.2007]

[Art.101<sup>1</sup> introduced by Law nr.177-XVI dated 20.07.2007, in effect since 01.01.2008]

## **Article 102. Input VAT credit for goods, services purchased**

(1) When paying VAT to the budget, subjects of taxation registered according to art. 112 and 112<sup>1</sup> are allowed to credit the amount of VAT paid or payable to suppliers-VAT payers on purchased goods, services to be used for the purpose of making taxable deliveries for business activities. Subjects of taxation are allowed to credit the amount of VAT for imported services to be used for the purpose of making taxable deliveries for business activities only when paying VAT to the budget for these services in accordance with art. 115. Subjects of taxation, registered according to articles 112 and 112<sup>1</sup>, are allowed to credit the amount of VAT paid or payable to suppliers-VAT payers for expenditures incurred prior to registration and in relation to purchasing fixed assets for agricultural production, construction and rehabilitation of facilities for agricultural production, establishment and maintenance of new plantations, animal breeding and herd maintenance.

(2) The amount of VAT paid or payable on goods, services received to be used for the purpose of making supplies which are exempt from VAT is not subject to credit and shall be included into the production costs or expenditures. These provisions are not applied on deliveries made in accordance with art. 103 item 23).

(3) The amount of VAT paid or payable on goods, services received to be used for the purpose of making both taxable and exempt supplies is subject to credit if related to taxable supplies.

The amount of credited VAT is calculated on a monthly basis by applying the pro-rata on the amount of VAT paid or payable for goods, services purchased and used for both taxable and exempt deliveries. The pro-rata is calculated using the following formula:

- a) the numerator shows the value of taxable deliveries (less VAT), except advance payments received, for which the respective goods, services are used;
- b) the denominator shows the total value of taxable deliveries (less VAT) and exempt deliveries, except advance payments received, for which the respective goods, services are used.

The final pro-rata is calculated as explained above when filling out the VAT return for the last fiscal period of the year and is based on annual delivery indicators. The difference between the VAT amount credited during previous fiscal periods and the VAT amount calculated using the final pro-rata is registered in the tax return for the last fiscal period of the year.

(4) The amount of VAT paid or payable on goods, services received to be used for other than business purposes, as well as purchased goods, which in the course of business were stolen or represent excess losses to what is prescribed by legislation, is not subject to credit and shall be registered as expenditures.

(5) The amount of VAT paid or payable for goods, services purchased by a subject to taxation for organizing entertainment activities, which are not part of its business, is not subject to credit and shall be reported as expenditures. Subjects of taxation who are engaged in entrepreneurial activity in the area of entertainment and recreation, and who use goods, services purchased for business activities shall be entitled to VAT credit on such supplies.

(6) A subject of taxation is entitled to credit the VAT paid or payable on acquired material goods, services if he/she has the following:

- a) a fiscal invoice for acquired goods, services for which VAT was paid or is payable, or
- b) a document issued by the customs authorities certifying that VAT for imported goods was paid;
- c) a document confirming payment of VAT for imported services.

(7) The delivery, for which VAT paid or payable on material goods, services purchased is allowed to be credited, must be made to the subject of taxation by the supplier who issued the fiscal invoice (purchased in due order from the authorized body) or must be imported by the subject of taxation.

(8) At the delivery of goods, services for export and all types of international passenger and cargo transportation, a VAT refund for material goods and services acquired shall be allowed provided the following:

- a) the customs authorities confirm the supply of goods for export;

- b) copies of international transportation documents confirming receipt of exported goods;
- c) copies of international transportation documents confirming receipt of services delivered – for international goods transportation services;
- d) waybill, ticket record sheet, control bill, navigation schedule (depending on the type of transportation) – for international passenger transportation services;
- e) confirmation of receipt of goods from the post office;
- f) confirmation of foreign recipient – for other services, and for services provided by electronic means – confirmation through digital or written signature upon provision of services and confirmation of receiving payment for respective services (if it occurred) or information on payments received on international payment system cards submitted by the bank, which can be used to identify the foreign recipient.

(9) The VAT amount paid or payable for ethylic alcohol purchased and used for medical purposes is credited.

[Art.102 modified by Law nr.299-XVI dated 21.12.2007, in effect since 11.01.2008]

[Art.102 modified by Law nr.177-XVI dated 20.07.2007, in effect since 10.08.2007]

[Art.102 modified by Law nr.261-XVI dated 27.10.05, in effect since 01.01.06]

[Art.102 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.102 modified by Law nr.20-XVI dated 08.04.05, in effect since 29.04.05]

[Art.102 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Art.102 modified by Law nr.350-XV dated 21.10.04, in effect since 01.01.05]

[Art.102 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.102 amended by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]

[Art.102 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Art.102 modified by Law nr.732-XV dated 13.12.2001]

[Art.102 modified by Law nr.697-XV dated 30.11.2001]

[Art.102 modified by Law nr.415-XV dated 26.07.2001]

[Art.102 modified by Law nr.1389-XIV dated 30.11.2000]

[Art.102 modified by Law nr.1064-XIV dated 16.06.2000]

[Art.102 modified by Law nr.112-XIV dated 29.07.98]

## Chapter 4

### DELIVERIES EXEMPT FROM VAT

#### **Article 103. Exemptions from VAT.**

(1) VAT shall not be applied for the import of goods, services and deliveries of goods, services of subjects of taxation which are the outcome of their business activity in Republic of Moldova:

- 1) residential housing, land and their rent, the right to housing and land tenancy and rent, except for commission fees for housing and land transactions;
- 2) goods of heading No 040229110, 190110000, 490300000, and food for children of tariff positions 16021000, 20051000, 200710100, 200710910, 200710990;
- 3) state property bought as a result of privatization;
- 4) pre-school institutions, clubs, sanatoriums, and other facilities for social, cultural and housing purposes, as well as roads, electrical lines and substations, gas supply networks, underground water pumping plants and other similar objects, transferred gratuitously to the central and local public authorities (or, under their decision, to specialized enterprises, which use such objects solely for their intended purpose), as well as facilities transferred gratuitously to enterprises, organizations, institutions by central and local public authorities; state property transferred gratuitously from one state enterprise to another state enterprise, or from one municipal enterprise to another municipal enterprise according to the decision of public authorities; technical expertise, exploration, construction and rehabilitation works, including attracting financial donations from legal and physical entities for items included in the list approved by the Parliament;
- 5) goods, services of education institutions related to instructive, production and educational process, provided that funds raised from the delivery of such goods and services are allocated for educational purposes; personnel training and development services; services for training children and teenagers in coteries, workshops, studios; services to children and teenagers for the use of gym devices; services related to supporting children in pre-school institutions;
- 6) services (actions) performed by the authorized bodies for which a state duty is charged; all types of activities related to taxes and fees collected by the state for issuing licenses, registration and patents, as well as fees and duties levied by central and local



public authorities; services rendered by lawyers and notaries, real estate registration services and issuing extracts from the real estate register services of state registration of legal persons and individual entrepreneurs and providing information from respective state records;

7) services related to patent and licensing issuing operations (except for mediation services) related to the industrial property, as well as to obtaining copyrights;

8) seized property, property in abeyance, property which was legally transferred into state ownership as a result of succession of patrimonial rights, property of bankrupt entities, treasures;

9) services provided for supporting ill and elderly persons, as well as goods for packages to be gratuitously transferred to poor elderly persons by charitable organizations;

10) medical services, except cosmetic services; medicine raw material, other materials, items, primary and secondary package used for the preparation and production of medicines approved by the Ministry of Health, except ethylic alcohol, cosmetics; prosthetic and orthopedic appliances and medical equipment (tariff position 9021); vouchers (including without accommodation) to resort and health care houses packages of touristic services; technical means, including motor transport, which can be used solely for the purpose of prevention and rehabilitation measures for the disabled;

11) goods produced by university and school canteens, by canteens of other education institutions, hospitals, pre-school institutions, as well as by the canteens of other social and cultural organizations and institutions, partially or entirely financed from the budget, as well as canteens providing catering services to poor elderly persons from the proceeds of charitable organization.

12) financial services:

a) granting or transferring credits, credit guarantees, any warranties for cash transactions and crediting, including management of loans, credits or credit guarantees by creditors (credit, transfer, trustee operations, cash settlements, seeking amounts not credited to accounts, opening, closing and re-registration of accounts);

b) transactions related to bank deposit accounts, including savings accounts, settlement and budgetary accounts, transfers, debts, checks and other financial instruments, except for proceeds from sale of goods in case of default of loan repayments, information, consulting and expertise services, acquisition and rent of broker's places at a stock exchange, lease, including services of collection, storage and delivery of cash, securities, documents, fees from trustee operations on the management of the clients' property, liquidation of property of bankrupt entities, fees for providing clients with regulatory documents;

c) transactions related to currency, money, banknotes circulation that are legal tender (except for collector items), goods from the tariff position 7108 delivered to the National Bank of Moldova;

d) transaction related to the issue of shares, stocks, bonds and other securities, including commercial and commission activity on the securities markets, and activity of independent registrars;

e) transactions related to derivative financial instruments, forward agreements, options and other financial operations;

f) services related to management of investment funds and qualified non-state pension funds organizations.

g) insurance and/or re-insurance services, except for intermediary insurance services organizations;

13) postal services, including delivery of pensions, subsidies and indemnities;

14) services related to gambling provided by entrepreneurs engaged in the gambling business (including the use of gaming machines), except for the services the value of which is partially or entirely included in the stake or entrance fee, and other services provided to participants or to the audience; lotteries.

15) burial and incineration of human and animal bodies, and related activities: preparing bodies for burial or cremation, embalming and services provided by funeral homes; rental of funeral rooms; rental or sale of burial places; maintenance of tombs; development and maintenance of cemeteries; transportation of bodies; rituals and ceremonies provided by religious organizations; organization of funerals and incineration ceremonies, manufacturing and/or delivery of coffins, crowns;

16) accommodation in dormitories; utility services for the general public: rental of dwelling space, technical services for residential housing blocks, water supply, sewage, heating, sanitation, elevators;

17) passenger transportation services throughout the country, as well as ticket selling services for passenger transportation in the country;”

18) electric power imported and supplied through the distribution network, or imported by the distribution networks, except imported electric power transportation services;

19) services related to the confirmation on land ownership rights;

20) books and periodical (except advertising and erotic) publications and polygraph printing of books and periodicals, except those mentioned above;

21) imported excise stamps for identification of goods subject to excise tax;

22) services delivered by agricultural service cooperatives, established in accordance with art. 87 of Law No. 73-XV from April 12, 2001 on business cooperatives, the members of this cooperative, provided that at least 75% of the total value of the goods and services delivered by the cooperative are goods and services delivered to its members and goods delivered by its members by the cooperative;

23) tangible assets the unit value of which exceeds 3000 lei and which have a service life of more than one year, which are included in the statutory (social) capital as provided by current legislation. This fiscal facilitation is applied in accordance with the regulations approved by the Government;

24) cars and other motor vehicles (tariff positions 870321, 870322, 870323, 870324 870331, 870332, 870333);

25) excluded by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

25<sup>1</sup>) (introduced by Law No.245-XVI of November 16, 2007, in force since January 1, 2008; excluded by Law No.172-XVI of July 10, 2008, in force since January 1, 2009);

26) equipment, tools and bonuses received as donations by the National Olympic Committee and specialized national sports federations from the International Olympic Committee, European and international specialized sports federations for training of sportsmen and promotion of Olympic movement with no right to sell this equipment, tools and bonuses;

27) departments of science and innovation organizations accredited by the National Council for Accreditation and Certification. Exemption will be granted beginning with the fiscal period in which the organization of science and innovation has been accredited by the National Council for Accreditation and Certification. In case of withdrawal of the accreditation certificate, private organization will be entitled to relief since fiscal period in which to withdraw the accreditation certificate ..

[Para.1 amended by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Para.1 amended by Law 172-XVI of July 10, 2008, in force since January 1, 2009);

[Para.1 amended by Law nr.245-XVI dated 16.11.2007, in effect since 01.01.2008]

[Para.1 modified by Law nr.177-XVI dated 20.07.2007, in effect since 01.01.2008]

[Para.1 modified by Law nr.268-XVI dated 28.07.2006, in effect since 01.01.2007]

[Para.1 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Para.1 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Para.1 modified by Law nr.60-XVI dated 28.04.05, in effect since 08.07.05]

[Para.1 modified by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

[Para.1 amended by Law nr.5-XV dated 17.02.05, in effect since 11.03.05]

[Para.1 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Para.1 modified by Law nr.350-XV dated 21.10.04, in effect since 01.01.05]

[Para.1 modified by Law nr.186-XV dated 10.06.04, in effect since 23.07.04]

[Para.1 modified by Law nr.146-XV dated 14.05.04, in effect since 23.07.04]

[Para.1 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.1 modified by Law nr.430-XV dated 31.10.03, in effect since 01.01.04]

[Para.1 modified by Law nr.419-XV dated 24.10.03, in effect since 14.11.03]

[Para.1 amended by Law nr.357-XV dated 31.07.03, in effect since 08.08.03]

[Para.1 amended by Law nr.303-XV dated 11.07.03, in effect since 25.07.03]

[Para.1 amended by Law nr.1533-XV dated 13.12.02, in effect since 31.12.02]

[Para.1 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Para.1 art.103 modified by Law nr.1128-XV dated 14.06.2002]

[Para.1 art.103 amended by Law nr.1035-XV dated 03.05.2002]

[Para.1 art.103 modified by Law nr.697-XV dated 30.11.2001]

[Para.1 art.103 modified by Law nr.646-XV dated 16.11.2001]

[Para.1 art.103 modified by Law nr.415-XV dated 26.07.2001]

[Para.1 art.103 modified by Law nr.288-XV dated 21.06.2001]

[Para.1 art.103 modified by Law nr.1389-XIV dated 30.11.2000]

[Para.1 art.103 modified by Law nr.1064-XIV dated 16.06.2000]

[Para.1 art.103 modified by Law nr.923-XIV dated 13.04.2000]

[Para.1 art.103 modified by Law nr.251-XIV dated 24.12.98]

**(2) VAT shall not be applied to:**

a) goods entering the customs territory and placed under customs transit, processing, storage regimes and regimes for destruction and forsaking in favor of the state;

b) domestic goods previously exported and re-introduced onto customs territory in the same form within 3 years;

c) goods placed under customs temporary admission regime and compensational products after passive improvement, in accordance with customs regulations.

[Para.2 as worded by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

[Para.2 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Para.2 modified by Law nr.995-XV dated 18.04.2002]

[Para.2 modified by Law nr.697-XV dated 30.11.2001\*]

[Para.2 art.103 as worded by Law nr.1389-XIV dated 30.11.2000]

[Para.2 art.103 introduced by Law nr.1064-XIV dated 16.06.2000]

(3) VAT shall not be imposed on goods placed under the customs regime of active processing, except goods subject to excise, fresh or chilled beef meat (tariff position 0201), frozen beef meat (tariff position 0202), fresh, chilled or frozen pork meat (tariff position 0203), fresh, chilled or frozen mutton or goat meat (tariff position 0204), fresh, chilled or frozen beef, pork, sheep, goat, horse, donkey, mule eatable entrails (tariff position 0206), poultry meat and eatable entrails from tariff position 0105, fresh, chilled or frozen (tariff position 0207), lard with no lean meat, pork and poultry lard, not melted or otherwise extracted, fresh, chilled, frozen, salted or in brine, dried or smoked (tariff position 0209 00), milk and milk sour cream, concentrate or with added sugar or other sweeteners (edulcorants) (tariff position 0402), potato starch (tariff position 1108 13 000), cow, sheep or goat fats other than for tariff position 1503 (tariff position 1502 00) and coarse sugar made of sugar cane (tariff position 1701 11).

VAT paid for goods placed under customs regime of active processing, for which VAT is payable, is refunded in accordance with the instructions of the Customs Service within maximum 30 days.

[Para.3 as worded by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.3 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Para.3 art.103 modified by Law nr.1163-XV dated 27.06.2002]

[Para.3 art.103 amended by Law nr.697-XV dated 30.11.2001]

[Para.3 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(4) When imported foreign goods placed under the customs regime of re-export are removed, the VAT amount paid when entering customs territory shall be refunded. VAT is refunded in accordance with the instructions of the Customs Service within 5 days.

[Para.4 modified by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

[Para.4 art.103 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.4 art.103 modified by Law nr.1163-XV dated 27.06.2002]

[Para.4 art.103 amended by Law nr.697-XV dated 30.11.2001]

[Para.4 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(5) VAT is not applied on importing goods, services intended for providing assistance due to natural calamities, armed conflicts and other emergency situations, as well as imports and/or deliveries of goods, services defined as humanitarian aid as provided by the Government.

[Para.5 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Para.5 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.5 amended by Law nr.697-XV dated 30.11.2001]

[Para.5 modified by Law nr.1389-XIV dated 30.11.2000]

[Para.5(3) art.103 introduced by Law nr.1064-XIV dated 16.06.2000]

(6) VAT shall not be applied on placing and selling goods in duty-free stores.

[Para.6 art.103 as worded by Law nr.171-XVI dated 19.07.2007, in effect since 03.08.2007]

[Para.6 art.103 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Para.6 art.103 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Para.6 art.103 modified by Law nr.1389-XIV dated 30.11.2000]

[Para.6(4) art.103 introduced by Law nr.1064-XIV dated 16.06.2000]

(7) VAT shall not be applied to raw materials, supplement materials, items and accessories imported by organizations and enterprises of people with sight and hearing impairments, organizations of disabled people required for production purposes.

[Para.7 art.103 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Para.7 amended by Law nr.430-XV dated 31.10.03, in effect since 01.01.04]

[Para.7 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(8) VAT shall not be applied to goods produced by health care-production workshops under the psychiatric hospitals of the Ministry of Health, which employ persons with disabilities.

[Para.8 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(9) VAT shall not be applied on delivery of goods and services produced on the territory of free economic zones.

[Para.9 introduced by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

(9<sup>1</sup>) VAT shall not be applied to goods and services imported by residents of scientific and technological parks and residents of innovation incubators as well as to goods and services purchased by them from the territory of Republic of Moldova. The Government establishes the way this exemption is applied. If scientific and technological parks, innovation incubators cease to operate or in case of losing the status of their resident, VAT is applied to the initial value of inventory of goods not used in the activity of residents.

[Para.9<sup>1</sup> introduced by Law nr.144-XVI dated 22.06.2007, in effect since 06.07.2007]

(10) VAT shall not be applied to goods imported by legal entities for non-commercial use, if their customs value does not exceed 50 euros. If the customs value of goods exceeds the established non-taxable value, VAT shall be calculated for the customs value of goods, and the non-taxable ceiling does not decrease the taxable value of these goods.

[Para.10 introduced by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

(11) VAT shall not be applied to revenues gained by the lessor from interest generated by a financial leasing contract.

[Para.11 art.103 introduced by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

## Chapter 4

### DELIVERIES EXEMPT FROM VAT

#### **Article 103. Exemptions from VAT.**

(1) VAT shall not be applied for the import of goods, services and deliveries of goods, services of subjects of taxation which are the outcome of their business activity in Republic of Moldova:

1) residential housing, land and their rent, the right to housing and land tenancy and rent, except for commission fees for housing and land transactions;

2) goods of heading No 040229110, 190110000, 490300000, and food for children of tariff positions 16021000, 20051000, 200710100, 200710910, 200710990;

3) state property bought as a result of privatization;

4) pre-school institutions, clubs, sanatoriums, and other facilities for social, cultural and housing purposes, as well as roads, electrical lines and substations, gas supply networks, underground water pumping plants and other similar objects, transferred gratuitously to the central and local public authorities (or, under their decision, to specialized enterprises, which use such objects solely for their intended purpose), as well as facilities transferred gratuitously to enterprises, organizations, institutions by central and local public authorities; state property transferred gratuitously from one state enterprise to another state enterprise, or from one municipal enterprise to another municipal enterprise according to the decision of public authorities; technical expertise, exploration, construction and rehabilitation works, including attracting financial donations from legal and physical entities for items included in the list approved by the Parliament;

5) goods, services of education institutions related to instructive, production and educational process, provided that funds raised from the delivery of such goods and services are allocated for educational purposes; personnel training and development services; services for training children and teenagers in coteries, workshops, studios; services to children and teenagers for the use of gym devices; services related to supporting children in pre-school institutions;

6) services (actions) performed by the authorized bodies for which a state duty is charged; all types of activities related to taxes and fees collected by the state for issuing licenses, registration and patents, as well as fees and duties levied by central and local



public authorities; services rendered by lawyers and notaries, real estate registration services and issuing extracts from the real estate register services of state registration of legal persons and individual entrepreneurs and providing information from respective state records;

7) services related to patent and licensing issuing operations (except for mediation services) related to the industrial property, as well as to obtaining copyrights;

8) seized property, property in abeyance, property which was legally transferred into state ownership as a result of succession of patrimonial rights, property of bankrupt entities, treasures;

9) services provided for supporting ill and elderly persons, as well as goods for packages to be gratuitously transferred to poor elderly persons by charitable organizations;

10) medical services, except cosmetic services; medicine raw material, other materials, items, primary and secondary package used for the preparation and production of medicines approved by the Ministry of Health, except ethylic alcohol, cosmetics; prosthetic and orthopedic appliances and medical equipment(tariff position 9021); vouchers (including without accommodation) to resort and health care houses packages of touristic services; technical means, including motor transport, which can be used solely for the purpose of prevention and rehabilitation measures for the disabled;

11) goods produced by university and school canteens, by canteens of other education institutions, hospitals, pre-school institutions, as well as by the canteens of other social and cultural organizations and institutions, partially or entirely financed from the budget, as well as canteens providing catering services to poor elderly persons from the proceeds of charitable organization.

12) financial services:

a) granting or transferring credits, credit guarantees, any warranties for cash transactions and crediting, including management of loans, credits or credit guarantees by creditors (credit, transfer, trustee operations, cash settlements, seeking amounts not credited to accounts, opening, closing and re-registration of accounts);

b) transactions related to bank deposit accounts, including savings accounts, settlement and budgetary accounts, transfers, debts, checks and other financial instruments, except for proceeds from sale of goods in case of default of loan repayments, information, consulting and expertise services, acquisition and rent of broker's places at a stock exchange, lease, including services of collection, storage and delivery of cash, securities, documents, fees from trustee operations on the management of the clients' property, liquidation of property of bankrupt entities, fees for providing clients with regulatory documents;

c) transactions related to currency, money, banknotes circulation that are legal tender (except for collector items), goods from the tariff position 7108 delivered to the National Bank of Moldova;

d) transaction related to the issue of shares, stocks, bonds and other securities, including commercial and commission activity on the securities markets, and activity of independent registrars;

e) transactions related to derivative financial instruments, forward agreements, options and other financial operations;

f) services related to management of investment funds and qualified non-state pension funds organizations.

g) insurance and/or re-insurance services, except for intermediary insurance services organizations;

13) postal services, including delivery of pensions, subsidies and indemnities;

14) services related to gambling provided by entrepreneurs engaged in the gambling business (including the use of gaming machines), except for the services the value of which is partially or entirely included in the stake or entrance fee, and other services provided to participants or to the audience; lotteries.

15) burial and incineration of human and animal bodies, and related activities: preparing bodies for burial or cremation, embalming and services provided by funeral homes; rental of funeral rooms; rental or sale of burial places; maintenance of tombs; development and maintenance of cemeteries; transportation of bodies; rituals and ceremonies provided by religious organizations; organization of funerals and incineration ceremonies, manufacturing and/or delivery of coffins, crowns;

16) accommodation in dormitories; utility services for the general public: rental of dwelling space, technical services for residential housing blocks, water supply, sewage, heating, sanitation, elevators;

17) passenger transportation services throughout the country, as well as ticket selling services for passenger transportation in the country;”

18) electric power imported and supplied through the distribution network, or imported by the distribution networks, except imported electric power transportation services;

19) services related to the confirmation on land ownership rights;

20) books and periodical (except advertising and erotic) publications and polygraph printing of books and periodicals, except those mentioned above;

21) imported excise stamps for identification of goods subject to excise tax;

22) services delivered by agricultural service cooperatives, established in accordance with art. 87 of Law No. 73-XV from April 12, 2001 on business cooperatives, the members of this cooperative, provided that at least 75% of the total value of the goods and services delivered by the cooperative are goods and services delivered to its members and goods delivered by its members by the cooperative;

23) tangible assets the unit value of which exceeds 3000 lei and which have a service life of more than one year, which are included in the statutory (social) capital as provided by current legislation. This fiscal facilitation is applied in accordance with the regulations approved by the Government;

24) cars and other motor vehicles (tariff positions 870321, 870322, 870323, 870324 870331, 870332, 870333);

25) excluded by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

25<sup>1</sup>) (introduced by Law No.245-XVI of November 16, 2007, in force since January 1, 2008; excluded by Law No.172-XVI of July 10, 2008, in force since January 1, 2009);

26) equipment, tools and bonuses received as donations by the National Olympic Committee and specialized national sports federations from the International Olympic Committee, European and international specialized sports federations for training of sportsmen and promotion of Olympic movement with no right to sell this equipment, tools and bonuses;

27) departments of science and innovation organizations accredited by the National Council for Accreditation and Certification. Exemption will be granted beginning with the fiscal period in which the organization of science and innovation has been accredited by the National Council for Accreditation and Certification. In case of withdrawal of the accreditation certificate, private organization will be entitled to relief since fiscal period in which to withdraw the accreditation certificate ..

[Para.1 amended by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Para.1 amended by Law 172-XVI of July 10, 2008, in force since January 1, 2009);

[Para.1 amended by Law nr.245-XVI dated 16.11.2007, in effect since 01.01.2008]

[Para.1 modified by Law nr.177-XVI dated 20.07.2007, in effect since 01.01.2008]

[Para.1 modified by Law nr.268-XVI dated 28.07.2006, in effect since 01.01.2007]

[Para.1 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Para.1 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Para.1 modified by Law nr.60-XVI dated 28.04.05, in effect since 08.07.05]

[Para.1 modified by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

[Para.1 amended by Law nr.5-XV dated 17.02.05, in effect since 11.03.05]

[Para.1 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Para.1 modified by Law nr.350-XV dated 21.10.04, in effect since 01.01.05]

[Para.1 modified by Law nr.186-XV dated 10.06.04, in effect since 23.07.04]

[Para.1 modified by Law nr.146-XV dated 14.05.04, in effect since 23.07.04]

[Para.1 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.1 modified by Law nr.430-XV dated 31.10.03, in effect since 01.01.04]

[Para.1 modified by Law nr.419-XV dated 24.10.03, in effect since 14.11.03]

[Para.1 amended by Law nr.357-XV dated 31.07.03, in effect since 08.08.03]

[Para.1 amended by Law nr.303-XV dated 11.07.03, in effect since 25.07.03]

[Para.1 amended by Law nr.1533-XV dated 13.12.02, in effect since 31.12.02]

[Para.1 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Para.1 art.103 modified by Law nr.1128-XV dated 14.06.2002]

[Para.1 art.103 amended by Law nr.1035-XV dated 03.05.2002]

[Para.1 art.103 modified by Law nr.697-XV dated 30.11.2001]

[Para.1 art.103 modified by Law nr.646-XV dated 16.11.2001]

[Para.1 art.103 modified by Law nr.415-XV dated 26.07.2001]

[Para.1 art.103 modified by Law nr.288-XV dated 21.06.2001]

[Para.1 art.103 modified by Law nr.1389-XIV dated 30.11.2000]

[Para.1 art.103 modified by Law nr.1064-XIV dated 16.06.2000]

[Para.1 art.103 modified by Law nr.923-XIV dated 13.04.2000]

[Para.1 art.103 modified by Law nr.251-XIV dated 24.12.98]

**(2) VAT shall not be applied to:**

a) goods entering the customs territory and placed under customs transit, processing, storage regimes and regimes for destruction and forsaking in favor of the state;

b) domestic goods previously exported and re-introduced onto customs territory in the same form within 3 years;

c) goods placed under customs temporary admission regime and compensational products after passive improvement, in accordance with customs regulations.

[Para.2 as worded by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

[Para.2 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Para.2 modified by Law nr.995-XV dated 18.04.2002]

[Para.2 modified by Law nr.697-XV dated 30.11.2001\*]

[Para.2 art.103 as worded by Law nr.1389-XIV dated 30.11.2000]

[Para.2 art.103 introduced by Law nr.1064-XIV dated 16.06.2000]

(3) VAT shall not be imposed on goods placed under the customs regime of active processing, except goods subject to excise, fresh or chilled beef meat (tariff position 0201), frozen beef meat (tariff position 0202), fresh, chilled or frozen pork meat (tariff position 0203), fresh, chilled or frozen mutton or goat meat (tariff position 0204), fresh, chilled or frozen beef, pork, sheep, goat, horse, donkey, mule eatable entrails (tariff position 0206), poultry meat and eatable entrails from tariff position 0105, fresh, chilled or frozen (tariff position 0207), lard with no lean meat, pork and poultry lard, not melted or otherwise extracted, fresh, chilled, frozen, salted or in brine, dried or smoked (tariff position 0209 00), milk and milk sour cream, concentrate or with added sugar or other sweeteners (edulcorants) (tariff position 0402), potato starch (tariff position 1108 13 000), cow, sheep or goat fats other than for tariff position 1503 (tariff position 1502 00) and coarse sugar made of sugar cane (tariff position 1701 11).

VAT paid for goods placed under customs regime of active processing, for which VAT is payable, is refunded in accordance with the instructions of the Customs Service within maximum 30 days.

[Para.3 as worded by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.3 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Para.3 art.103 modified by Law nr.1163-XV dated 27.06.2002]

[Para.3 art.103 amended by Law nr.697-XV dated 30.11.2001]

[Para.3 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(4) When imported foreign goods placed under the customs regime of re-export are removed, the VAT amount paid when entering customs territory shall be refunded. VAT is refunded in accordance with the instructions of the Customs Service within 5 days.

[Para.4 modified by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

[Para.4 art.103 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.4 art.103 modified by Law nr.1163-XV dated 27.06.2002]

[Para.4 art.103 amended by Law nr.697-XV dated 30.11.2001]

[Para.4 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(5) VAT is not applied on importing goods, services intended for providing assistance due to natural calamities, armed conflicts and other emergency situations, as well as imports and/or deliveries of goods, services defined as humanitarian aid as provided by the Government.

[Para.5 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Para.5 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Para.5 amended by Law nr.697-XV dated 30.11.2001]

[Para.5 modified by Law nr.1389-XIV dated 30.11.2000]

[Para.5(3) art.103 introduced by Law nr.1064-XIV dated 16.06.2000]

(6) VAT shall not be applied on placing and selling goods in duty-free stores.

[Para.6 art.103 as worded by Law nr.171-XVI dated 19.07.2007, in effect since 03.08.2007]

[Para.6 art.103 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Para.6 art.103 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Para.6 art.103 modified by Law nr.1389-XIV dated 30.11.2000]

[Para.6(4) art.103 introduced by Law nr.1064-XIV dated 16.06.2000]

(7) VAT shall not be applied to raw materials, supplement materials, items and accessories imported by organizations and enterprises of people with sight and hearing impairments, organizations of disabled people required for production purposes.

[Para.7 art.103 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Para.7 amended by Law nr.430-XV dated 31.10.03, in effect since 01.01.04]

[Para.7 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(8) VAT shall not be applied to goods produced by health care-production workshops under the psychiatric hospitals of the Ministry of Health, which employ persons with disabilities.

[Para.8 art.103 introduced by Law nr.1389-XIV dated 30.11.2000]

(9) VAT shall not be applied on delivery of goods and services produced on the territory of free economic zones.

[Para.9 introduced by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

(9<sup>1</sup>) VAT shall not be applied to goods and services imported by residents of scientific and technological parks and residents of innovation incubators as well as to goods and services purchased by them from the territory of Republic of Moldova. The Government establishes the way this exemption is applied. If scientific and technological parks, innovation incubators cease to operate or in case of losing the status of their resident, VAT is applied to the initial value of inventory of goods not used in the activity of residents.

[Para.9<sup>1</sup> introduced by Law nr.144-XVI dated 22.06.2007, in effect since 06.07.2007]

(10) VAT shall not be applied to goods imported by legal entities for non-commercial use, if their customs value does not exceed 50 euros. If the customs value of goods exceeds the established non-taxable value, VAT shall be calculated for the customs value of goods, and the non-taxable ceiling does not decrease the taxable value of these goods.

[Para.10 introduced by Law nr.11-XV dated 17.02.05, in effect since 25.03.05]

(11) VAT shall not be applied to revenues gained by the lessor from interest generated by a financial leasing contract.

[Para.11 art.103 introduced by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

## Chapter 5

### ZERO RATE VAT

#### **Article 104. Deliveries with zero rate VAT**

The following deliveries are subject to zero rate VAT:

a) goods, services for export, and all kinds of international passenger and cargo (including shipments) transportation, as well as airport (aerodrome) operator services, selling tickets for international ground servicing of aircrafts including the delivery of fuel and cargo on the board of the aircraft, aeronautic safety services and air navigation services for aircrafts involved in air traffic;

b) electric power, thermal energy and hot water for population, regardless of the subject under which management are the population immovable property for public housing purposes;

c) imports and/or deliveries on the territory of Republic of Moldova of goods, services designated for the official use of diplomatic missions in Republic of Moldova, and personal use or consumption by members of diplomatic, administrative and technical personnel of these mission and by the members of their families living with them, on a mutual basis, as well as for the official used of similar mission in Republic of Moldova and personal use or consumption by members of diplomatic, administrative and technical personnel of these mission and by the members of their families living with them. The zero rate VAT is applied as provided by the Government;

c<sup>1</sup>) import and/or delivery within the country of goods and services destined for:

- technical assistance projects conducted on the territory of Moldova by international organizations and donor states in treaties to which it is party;

- investment support projects, financed from loans and grants awarded to the Government or with state guarantee, from loans granted by international financial institutions (including the Government share) and from grants awarded to the budget institutions.

List of international treaties to which Moldova is part, the list of technical assistance projects, list of loans and grants awarded to the Government or with state guarantee, from loans granted by international financial institutions (including the Government share), from grants given to budgetary institutions and the application of the V.A.T. zero rate for



in-country delivery of goods, services for these projects are determined by the Government.”;

[Lit.d) excluded by Law nr.245-XVI dated 16.11.2007, in effect since 01.01.2008]

[Lit.d) modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Lit.e) excluded by Law nr.299-XVI dated 21.12.2007, in effect since 11.01.2008]

[Lit.e) worded as in Law nr.154-XVI dated 21.07.05, in effect since 23.09.05]

f) goods, services delivered within the free economic zones outside the customs territory of the Republic of Moldova, delivered from the free economic zones outside the customs territory of the Republic of Moldova, delivered in the free economic zone in the rest of the customs territory of the Republic, as well as those delivered by free economic zones residents of the Republic of Moldova to each other;

g) the services of light industry enterprises on the territory of Republic of Moldova under contract processing customs procedure for inward. Type of services that are included into this section, and the administration of these services are determined by the Government and the list of economic agents is approved by the Ministry of Economy;

h) Goods supplied duty-free

[Art.104 modified by Law nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.104 modified by Law nr Nr.172-XVI of July 10, 2008, in force since January 1, 2009);

[Art.104 modified by Law nr.177-XVI dated 20.07.2007, in effect since 01.01.2008]

[Art.104 amended by Law nr.268-XVI dated 28.07.2006, in effect since 01.01.2007]

[Art.104 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.104 modified by Law nr.5-XV dated 17.02.05, in effect since 11.03.05]

[Art.104 modified by Law nr.448-XV dated 30.12.04, in effect since 04.02.05]

[Art.104 amended by Law nr.294-XV dated 28.07.04, in effect since 01.01.05]

[Art.104 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Art.104 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.104 modified by Law nr.1440-XV dated 08.11.02, in effect since 01.01.03]

[Art.104 amended by Law nr.1140-XV dated 14.06.2002]

[Art.104 modified by Law nr.697-XV dated 30.11.2001]

[Art.104 modified by Law nr.1389-XIV dated 30.11.2000]

## Chapter 6

### DELIVERY

#### **Article 105. Delivery of goods, services**

- (1) Delivery of electrical power, heating or gas is delivery of goods.
- (2) Delivery of services related to delivery of goods is a part of the delivery of goods.
- (3) Delivery of services related to exporting goods is part of exports of goods.
- (4) Delivery of goods related to delivery of services is part of delivery of services.

#### **Article 106. Deliveries carried out within the performance of the term contract**

- (1) Delivery of goods, services performed by the representative on behalf of principal represents the delivery carried out by the principal.
- (2) Execution by the representative of the principal assignment regarding the procurement of goods, services represents the delivery made by the supplier to the principal.”

#### **Article 107. Deliveries carried out within the performance of commission and fiduciary management contracts**

- (1) The transfer of goods by the principal to the broker (commissioner) and vice versa, as well as sending the goods by the commissioner to the buyer and by the supplier to the commissioner within the performance of commission contract represents the supply of goods.
- (2) The value of goods delivered by the principal to the commissioner represents the value of goods delivered by the commissioner to the buyer within the performance of a commission contract.
- (3) During the performance of the principal assignment of procuring goods, the value of goods supply carried out by the commissioner to the principal represents the value of delivered goods carried out by the supplier to the commissioner.

(4) Execution by the commissioner of the principal assignment within the performance of commission contract represents the delivery of service.

(5) If during the execution by the commissioner of the principal assignment he imports goods, the commissioner shall pay V.A.T. at import in accordance with Article 101 paragraph (7) and has the right to pass into account the V.A.T. according to conditions set out in paragraph 102. (6) letter b).

(6) If the fiduciary administrator acts on his behalf, but on the account of trustee, regarding a service provision, it shall be considered that he himself had purchased and provided services in question.

(7) The value of purchased services by the fiduciary administrator from the administration founder is the value of rendered service by the fiduciary administrator to the beneficiary.

(8) Provision of fiduciary management service by the fiduciary administrator to the administration founder represents the service delivery.

(9) If the administration founder is a non-resident, the fiduciary administrator shall be liable to pay V.A.T. at import of services as set forth in Article 101 paragraph (4) and shall be entitled to carry forward (credit) the V.A.T. according to conditions set out in Article 102 paragraph (6) letter c). Subsequent delivery of service by the fiduciary administrator to the beneficiary is liable to V.A.T.

[Article 107 amended by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

## Chapter 7

### TAX LIABILITY TERM

#### **Article 108. Tax liability term**

(1) The date of tax liability is the date of delivery. The date of delivery is the date when the goods are released, services are provided, except for cases stipulated by paragraphs (5), (6) and (7).

(2) For goods, the date of delivery is the date when the goods are handed (transferred) to the consumer, or, if transportation is involved, is the date when transportation starts, except exported goods, for which the date of delivery is the date when goods leave the territory of Republic of Moldova.

(3) For delivery of immovables, the date of delivery is the date when the consumer becomes the owner of the immovable property on the date of its inclusion in the register of immovable property

(4) For services, the date of delivery is the date the service is provided, the date when the fiscal invoice is issued or the date when a full or part payment is made to the subject of taxation, whichever comes first.

(5) If a fiscal invoice is issued or payment is received prior to the date of delivery, the date of delivery shall be the date of issuing the fiscal invoice or the date of receipt of payment, whichever comes first.

(6) If goods, services are regularly delivered for the duration of a certain period of time stipulated by the contract, the date of delivery shall be the date of issuing the fiscal invoice or the date of receiving each periodic payment, whichever comes first.

(7) For delivery of goods and services under a (financial or operational) leasing contract, the date of delivery shall be the date specified in the contract for the payment of leasing installment. If the leasing installment is paid in advance, the date of delivery shall be the date of collecting the advance payment.

[Article 108 amended by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.108 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.108 modified by Law nr.60-XVI dated 28.04.05, in effect since 08.07.05]

[Art.108 modified by Law nr.732-XV dated 13.12.2001]

[Art.108 amended by Law nr.1064-XIV dated 16.06.2000]

#### **Article 109. Tax liability term for imports**

(1) For imported goods used for business activity, the date of tax liability shall be the date the goods are declared at the border customs offices, and the date of payment shall be the date the amount is actually paid by the importer (declarant) or by the third party to the customs body or deposited to the Treasury Single Account, confirmed by an extract from the bank statement. For imported services used for business activity, the date of tax liability and the date of VAT payment shall be the date the service provision, indicated in the document confirming the delivered service;

(2) Goods are considered imported if the importer complies with all requirements on import of goods into the territory of the Republic of Moldova stipulated by customs legislation, and if goods become liable to customs duty. If imported goods are exempt from customs duties, the goods shall be considered imported, as if they would have become liable to customs duties, observing all appropriate procedures applicable to imported goods under customs legislation.

[Article 109 amended by Law no 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.109 modified by Law nr.60-XVI dated 28.04.05, in effect since 08.07.05]

[Art.109 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.109 modified by Law nr.1389-XIV dated 30.11.2000]

[Art.109 modified by Law nr.1064-XIV dated 16.06.2000]

## Chapter 8

### PLACE OF DELIVERY

#### **Article 110. Place of delivery of goods**

(1) The place of delivery of goods is the place where the goods are on the date they are handed (transferred) to the customer, or when they are transferred in the possession of the customer. If goods are to be transported by the customer or by a transportation company, the place of delivery shall be the place where the goods are when transportation starts, except export deliveries.

(2) The place of delivery of electrical energy, heating and gas is the place where these are received.

#### **Article 111. Place of delivery of services**

(1) The place of delivery of services shall be:

a) at the location of real estate property - if services provided are directly related to this property;

b) transportation means, taking into account the distance covered – for transportation service;

c) place of actual provision of services:

- for tangible movable goods;
- in the area of culture, art, science, education, physical training or sports, entertainment, or in a similar field of activity;
- related to auxiliary transportation services, such as loading, unloading, moving;

d) place of using and owning services – for renting tangible movable goods;

e) headquarters, and if lacking, domicile or place of residence of service recipient for the following services:

- transfer and provision of copyrights, certificates, licenses, product and service brands, and other items of industrial property as well as other similar rights;
- advertising services;
- consultant, engineering, consulting, lawyer, accountant offices, of marketing services, as well as information supply services;
- computer services and related activities provided by electronic means in accordance with sub-section 72 of the Classified list of activities of the economic sector of Republic of Moldova dated June 28, 1994, approved by decision of the Moldova Standard Department nr. 694-ST dated February 9, 2000;
- personnel employment and supply services;
- services of agents acting on behalf and using the funds of other parties – for services listed by this item;

f) place of destination of goods shipped after processing – for goods on the customs territory and outside the customs territory.

(2) The place of services provision shall be considered the premises, and case of no such place – the domicile or residence of the person providing:

- IP telephony services;
- other services that were not listed in paragraph (1).”

.[Art.111 modified by Law nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.111 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.111 modified by Law nr.20-XVI dated 08.04.05, in effect since 29.04.05]

[Art.111 as worded by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]

## Chapter 9

### VAT MANAGEMENT

#### **Article 112. Registering the subject of taxation**

(1) A subject conducting business activity, except for public authorities, public institutions specified in article 51, public and private medical and sanitary institutions specified in article 52<sup>1</sup>, and business patents holders, shall register as VAT payer, if he/she delivered goods, services, other than those exempt from VAT, the total value of which exceeded 300,000 lei within 12 consecutive months. The subject of taxation shall officially notify the State Tax Service by filling out the respective form and register not later than the last day of the month when this amount was exceeded. The registration shall take effect on the first day of the month following the month when the this amount was exceeded.

(2) A subject conducting business activity is entitled to register as VAT payer if he/she made taxable deliveries of goods, services (except imported goods, services) valued at more than 100000 lei within 12 consecutive months, provided that payment for these deliveries will be made through settlement by transfer to bank accounts of the subject of business activity, accounts opened at financial institutions which have established fiscal relations with the budgetary system of Republic of Moldova. The registration shall take effect on the first day of the month following the month when the ceiling was exceeded, of which the State Tax Service was officially notified due to filling out the respective form.

(3) Upon registering a subject of taxation, the State Tax Service is required to issue a certificate of registration approved in due order, which states:

- a) the name and legal address of the subject of taxation,
- b) the registration date,
- c) tax identification number of the subject of taxation.

(4) The subject that carry out entrepreneurial activity and of taxation that benefits from imported services the value of which if their value is added to the value of goods, services delivered within 12 consecutive months exceeds 300000 lei shall register as VAT payer as stipulated in paragraph (1).

[Art.112 modified by Law by nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.112 modified by Law nr.51-XVI dated 02.03.2007, in effect since 23.03.2007]

[Art.112 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.112 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.112 modified by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]

[Art.112 modified by Law nr.646-XV dated 16.11.2001]

[Art.112 modified by Law nr.1389-XV dated 30.11.2000]

[Art.112 modified by Law nr.1064-XIV dated 16.06.2000]

### **1.Article 112<sup>1</sup>.Registering subjects of taxation who make capital investments (expenditures)**

(1) A subject of taxation conducting business activity is entitled to register as VAT payer if the amount of VAT paid for goods, services related to capital investments (expenditures) made starting with January 1, 2008 in localities of Republic of Moldova other than municipalities of Chisinau and Balti, exceeds:

a) for towns and municipality of - 100000 lei;

b) for villages (communes) - 1 leu.

(2) To be able to register as VAT payer in accordance with para.(1), a subject of business activity shall officially inform the State Tax Service by filling out the form approved by the Main State Tax Inspectorate. The registration will take effect on the first day of the month following the month when the registration form was submitted.

[Art.112<sup>1</sup> modified by Law nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.112<sup>1</sup> introduced by Law nr.299-XVI dated 21.12.2007, in effect since 11.01.2008]

[Art.112<sup>1</sup> excluded by Law nr.177-XVI dated 20.07.2007 according to modifications introduced by Law nr.299-XVI dated 21.12.2007]

[Art.112<sup>1</sup> introduced by Law nr.177-XVI dated 20.07.2007, in effect since 01.01.2008]

### **Article 113. Cancelling registration**

(1) A subject of taxation must inform the State Tax Service if he/she ceases to make taxable deliveries. The State Tax Service shall then cancel the subject's registration for VAT in due order.

(2) The State Tax Service has the right to cancel independently the registration of the VAT payer provided that:

a) the total value of taxable deliveries of the subject of taxation does not exceed the ceiling of 100000 lei for 12 consecutive months;

Note: See Rectification from Official Bulletin nr.3-5 dated 21.01.2003 pag.15 (to para.(3) lit.a) instead of "exceed" to read "not exceed")



- b) the subject of taxation did not submit a VAT return for each fiscal period;
- c) information presented in accordance with art.8 para.(2) lit.b) by the subject of taxation is not accurate.

(3) On the date of cancellation of VAT payer registration, a subject is regarded as having made a taxable delivery of inventory of goods and fixed assets for which VAT was credited when purchased and must pay the debt for VAT on that delivery, except for cases under article 107. The taxable value of that delivery shall be its market value.

(4) The date of cancelling VAT payer registration is the date of the inspection act basing on which the decision of the director (deputy director) of the fiscal body to cancel registration is issued.

(5) In case of suspension of the taxable subject activity according to the legislation in force, the registration as V.A.T. taxpayers is not canceled, and the period of suspension of the activity is not taken into account when assessing the ceiling set in paragraph(2) a). In case of deliveries during the activity suspension period, the taxpayer's V.A.T. obligations and rights are restored in the first day of the month in which deliveries were made.

[Art.113 modified by Law nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.113 modified by Law nr.51-XVI dated 02.03.2007, in effect since 23.03.2007]

[Art.113 modified by Law nr.268-XVI dated 28.07.2006, in effect since 08.09.2006]

[Art.113 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.113 modified by Law nr.1527-XV dated 12.12.02, in effect since 31.12.02]

[Art.113 amended by Law nr.646-XV dated 16.11.2001]

#### **Article 114. VAT taxable period**

(1) A VAT taxable period is one calendar month starting on the first day of that month.

(2) When registration for VAT payment is cancelled, the last taxable period starts on the first day of the month when the registration was cancelled and ends on the last day of the month when the cancellation of the registration takes effect.

[Art.114 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.114 modified by Law nr.224-XV dated 01.07.04, in effect since 01.01.05]

[Art.114 modified by Law nr.501-XV dated 11.12.03, in effect since 01.01.04]

[Art.114 modified by Law nr.646-XV dated 16.11.2001]

[Art.114 modified by Law nr.1064-XIV dated 16.06.2000]

### **Article 115. VAT return and payment**

(1) Every subject of taxation specified by art.94 lit.a) and/or lit.c), is required to file a VAT return for each taxable period. The return is prepared on an official form, which is submitted to the State Tax Service not later than the last day of the month following the end of the taxable period.

(2) Every subject of taxation is required to pay to the budget the amount of VAT due for each taxable period, but not later than the date set for the presentation of the tax return for that period, except for VAT due to the budget for imported services, which is paid to the budget on the date of payment for the imported services.

[Art.115 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.115 modified by Law nr.697-XV dated 30.11.2001]

[Art.115 modified by Law nr.1389-XIV dated 30.11.2000]

### **Article 116. VAT credit in case of compromised debt**

(1) If the entire or part of the VAT amount included in the VAT return and paid for delivery made is considered, in accordance with legislation, as compromised debt, the subject of taxation is entitled to credit the amount of VAT paid for any VAT taxable period. The amount of VAT subject to credit is the amount of VAT paid for the delivery which corresponds to the non-recovered amount of the compromised debt.

(2) If the amount of the compromised debt is returned to the subject of taxation after being entitled to credit it as per para. (1), that amount shall be considered payment for next taxable delivery made on the date the amount of compromised debt is received.

### **Article 117. Fiscal invoice**

(1) A subject of taxation who makes a taxable delivery on the territory of Republic of Moldova is obligated to issue a fiscal invoice for the respective delivery to the buyer. The fiscal invoice is issued when the tax obligation occurs, as provided by art. 108, except the cases determined by the Main State Tax Inspectorate under the Ministry of Finance. A fiscal invoice is not issued for taxable deliveries in accordance with art, 104, letter a).

(2) A fiscal invoice must contain the following information:

1) the current number of the invoice;

- 2) the title (name), address and TIN of the supplier;
- 3) the date of issuing the invoice;
- 4) date of delivery, if different from the date of issuing the invoice;
- 5) title (name) and address of the buyer;
- 6) the type of delivery;
- 7) for each type of delivery of goods, services:
  - a) the quantity of goods;
  - b) unit price, less VAT;
  - c) VAT rate;
  - d) amount of VAT per unit;
  - e) total amount of the delivery of goods, services to be paid;
  - f) total amount of VAT.

(3) When cash sales are made from retail premises and services are provided in places arranged for this purpose against cash, no fiscal invoice is required to be issued (except cases when requested by buyers), provided that the following conditions are met:

a) the subject of taxation shall keep records of cash received and paid at each point of sale/rendering services by using cash and control machines. Entries shall be made at the time when cash is received or paid. At the end of each work day in the register of cash register machine data of the daily closing report of the cash and control machine are recorded;

b) at the end of each work day, the total VAT on deliveries made that day shall be entered into the appropriate records and data from invoices for inputs paid out in cash shall be entered into the purchase record.

(4) When digital products are exported as services delivered electronically and paid for by international payment system cards, it is not required to issue fiscal invoices.

(5) When supplying electric, thermal energy, water, gas and services to people with payment in cash, including services through financial institutions, the Post Office Moldova, other authorized persons, issuing invoices by suppliers of goods, services not performed.”.

[Art.117 modified by Law nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art.117 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.117 modified by Law nr.287-XVI dated 11.11.05, in effect since 02.12.05]

[Art.117 amended by Law nr.154-XVI dated 21.07.05, in effect since 23.09.05]

[Art.117 amended by Law nr.20-XVI dated 08.04.05, in effect since 29.04.05]

[Art.117 modified by Law nr.1163-XV dated 27.06.2002]

[Art.117 modified by Law nr.732-XV dated 13.12.2001]

### **Article 117<sup>1</sup>.** Special cases for issuing invoices

(1) When the goods are supplied, if these are transported; the date of issuing the invoice shall be the date when their transport starts.

(2) Based on regular supply of goods and service (electric, thermal energy, water, gas, etc.) during a certain period; the suppliers shall issue the invoice for the delivery period together with a receipt to the buyer.

(3) VAT taxable subjects (bread and bakery production factories, as well as milk and meat processing plants) which, in accordance with agreed schedule, have several deliveries of VAT taxable goods to the same customers during one day, have the right to issue a sole invoice listing the goods delivered to the same customer and the total quantity of supplies made during one day, by reflecting the number and series of waybills, information on supplies in the invoice.

(4) When delivering agricultural products to owners of agricultural land on the account of payment for land lease, the invoice shall be issued by the lease-holder on the last day of the month, when delivery took place, by indicating the total value of delivery and enclosing the information on the beneficiaries and indicators specified in the bills, with holographic signatures of beneficiaries.

(5) When transferring the right to use the informational product, the invoice shall be issued by the author or the copyright holder on the date set forth for payment for the use of informational product, irrespective of the fact if the transfer of copyright takes place based on contract of exclusive or non-exclusive copyright transfer.

(6) The pledger shall issue the invoice after receiving the invoice issued by the commissioner for the delivered service. When the goods are delivered to the buyer, the commissioner shall issue the invoice on its own name. The commissioner shall issue the invoice to the extent of undertaken pledger's tasks.

(7) When undertaking the task of the pledger to procure goods to be later transferred to the pledger, the commissioner shall issue an invoice on its own name to transfer the goods to the pledger. The commissioner shall issue the invoice to the extent of undertaken pledger's tasks.

(8) The invoice for the delivered service to the founder of administration shall be issued after the later receives the invoice issued by land administrator for delivered land administration service. The invoice issued by the founder of administration shall be presented to the land administrator. The land administrator shall issue the invoice on its own name for goods and services delivery to the end-user. The land administrator shall issue the invoice to the founder of administration to the extent of patrimony administration service.

(9) The invoice shall not be issued when receiving payment before the supply, except for:

a) sale of own food goods and services by the food companies to the consumer that is a subject of entrepreneurship and pay in advance the service of food company for a certain period; the invoice shall be issued at the moment of advance payment;

b) subscription to periodical publications taxable with VAT, as well as publication service delivery; the invoice shall be issued when receiving the advance payment;

c) supply of oil products (petrol, gasoline, etc.) by issuing petrol filling tickets or charging the petrol filling smart cards; if the consumer pays through bank or in cash the procurement of petrol products to be delivered later on tickets or smart cards base, the invoice shall be issued at the moment of issuing the tickets or charging the smart cards;

d) delivery of mobile telephone services through advance payment; the supplier shall issue the invoice on the date of payment for the services set forth in the contract.

(10) The compensated expenditures shall be re-invoiced by separately registering them in the invoice issued for goods or services delivery. If there is no goods or services delivery, the compensated expenditures shall be re-invoiced by issuing an invoice comprising only these expenditures (introduced by Law No.273-XVI of December 18, 2008).

(11) If the taxable value of the goods taxable deliveries is formed upon their receipt by the buyer as a result of determining the quality, weight and their consumption quality, upon their delivery the invoice shall be issued. After determining the taxable value for the given delivery, based on the confirmative documents on receipt of the goods, the supplier presents to the buyer the invoice, which will reflect the numbers and information about the series of invoices and deliveries. When performing multiple deliveries within a

month, supplier, based on invoices, shall issue not less than twice a month an invoice on the value of performed deliveries.

[Art. 117<sup>1</sup> modified by Law nr. 108-XVIII from 17.12.2009, in force from 29.12.2009];

[Art. 117<sup>1</sup> introduced by Law nr.273-XVI from 18.12.2008, in force from 13.01.2009]

### **Article 118. Keeping record of goods, services**

(1) Every subject of taxation shall keep records of all goods, services delivered and goods and services purchased. Subjects of taxation who dealing with retail sale or services shall keep daily records of all goods and services delivered and paid for in cash. Reports on goods, services delivered and goods, services purchased shall be prepared within one month after the last date of the VAT taxable period.

(2) The records of goods, services purchased shall contain the following information:

- a) series and number of the fiscal invoice;
- b) the date of receipt of the invoice;
- c) the title (name) of the supplier;
- d) a brief description of the delivery;
- e) total value, less VAT;
- f) total amount of VAT;

(3) Fiscal invoices for goods, services purchased/delivered shall be registered in the respective ledgers in the order they are received/issued. Damaged or cancelled fiscal invoices shall be retained by the subject of taxation.

(4) The sales register must contain the following information on goods, services delivered:

- a) series and number of fiscal invoice;
- b) the date of issuance;
- c) consumer name;
- d) a brief description of the delivery;

e) total value charged for the delivery, less VAT;

f) total amount of VAT;

g) amount of discount, if offered.

(5) A VAT summary record must be kept for each taxable period, containing the following information:

a) amount of VAT on goods, services purchased;

b) amount of VAT on goods, services delivered;

c) any adjustments affecting VAT amount;

d) net amount of VAT payable to the budget or the net amount of VAT excess to be credited;

e) amount of VAT paid to the budget;

f) amount of VAT excess carried forward;

g) amount of VAT to be refunded.

[Art.118 modified by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Art.118 modified by Law nr.732-XV dated 13.12.2001]

[Annex excluded by Law nr.154-XVI dated 21.07.05, in effect since 01.01.06]

[Annex as worded by Law nr.430-XV dated 31.10.03, in effect since 01.01.04]

[Annex introduced by Law nr.1533-XV dated 13.12.02, in effect since 31.12.02]