Tax Expenditures Assessment Report

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## 

## Acronyms

BIT Business Income Tax or Corporate Income Tax (CIT)

CGT Capital Gains Tax

COA Court of Accounts

GDP Gross Domestic Product

GFS Government Finance Statistics

HBS Household Budget Survey

HS Harmonized (Commodity Description and Coding) System

IMF International Monetary Fund

IT Information Technology

ITC Input Tax Credit

MCS Moldovan Customs Service

MDL Moldovan Leu

MOF Ministry of Finance

NBS National Bureau of Statistics

PFM Public Finance Management

PIT Personal Income Tax

R&D Research and Development

RET Real Estate (Property) Tax

SME Small and Medium Enterprise(s)

SSC Social Security Contributions

STS State Tax Service

SUT Supply-Use Table

TC Tax Code

TCPU Tax and Customs Policy Unit

TE Tax Expenditure

TEAR Tax Expenditure Assessment Report

VAT Value Added Tax

## Executive Summary and Key Findings

This report identifies tax expenditures (TEs) that exist in the tax system of the Republic of Moldova, and presents their estimated fiscal costs. The report was prepared by the Ministry of Finance of the Republic of Moldova, with the support of the International Monetary Fund.

The key goal of any tax system is to generate sufficient revenue for government spending. It can be also used to advance certain socioeconomic objectives through targeted tax exemptions, deductions, reduced tax rates, deferrals, or tax credits. TEs are estimates of the total revenue forgone as a result of these preferential tax treatments. This second Moldovan tax expenditure assessment report (TEAR) presents the revenue forgone costs of identified TEs provided for in the personal income tax (PIT), business income tax (BIT), value-added tax (VAT), excise duties, road usage fees, import duties, real estate tax (RET), and resource extraction fees.

An illustrative list of TEs for the income tax system could include interest deductions for housing loans, tax-free savings accounts, tax deductions for childcare expenses, reduced tax rates for small and medium enterprises, tax benefits for charitable donations, and tax advantages for employer-funded benefits. Similarly, TEs for VAT could include reduced rates, domestic zero rates, and VAT exemptions. The examples of these tax preferences are not necessarily undesirable as they will yield some social benefit. Nevertheless, the cost of such provisions should be estimated and reported, so that their value can be assessed and compared against similar government spending programs.

### Tax expenditure assessments, future tax policy changes, and cost-benefit analysis

Establishing the inventory of TEs, estimating their forgone revenues, monitoring their implementation, and evaluating their cost-effectiveness *ex post*, creates a powerful feedback loop if future revenue-raising options need to be identified. Alternatively, it could inform future base broadening initiatives with accompanying downward tax rate adjustment if revenue neutrality is pursued. Consequently, establishing the practice of regularly publishing a TEAR should improve tax policy design in Moldova.

It is important to flag at the outset the distinction between costing of TEs and evaluating their cost-effectiveness as a policy tool. Reporting on revenue forgone of TEs in a TEAR and TE evaluations are related, but separate exercises with different institutional requirements. Costing TEs and publishing TE revenue losses is an important step in ensuring fiscal transparency and to allow for a comparison of tax measures with direct spending policies (Heady and Mansour, 2019). This is the intended output of this first comprehensive TEAR for Moldova. Evaluating the cost-effectiveness of TEs in pursuing public policy objectives is the next, more ambitious step in policy analysis, which requires special analytical skills.

### Challenges with defining a benchmark tax system

In the fiscal literature, TEs are generally defined as deviations from some “benchmark” tax system although the benchmark is rarely well defined. Considerable effort went therefore into the Ministry of Finance’s preparation of the TEAR to delineate for all the main taxes applicable in Moldova a commonly accepted benchmark regime (or structure) against which variations (or non-structural provisions in the applicable legislation) could be defined consistently. These carefully identified variations constitute the TEs. A total of 232 TEs are identified in this TEAR (see Appendices 1 to 8). As to what constitutes the benchmark design for PIT, BIT, VAT, excise duties, road usage fees, import duties, RET, and natural resource fees, needs an agreeable and consistent resolution with the view to properly costing TEs. For this reason, this TEAR—before discussing different and adopted approaches to the costing of TEs—provides in section II some globally acceptable benchmark delineations for the eight types of taxes or fees.

* **Business income tax:** Under a standard BIT/CIT, the benchmark is based on the prevailing tax on profits with a single rate of tax and no tax relief, other than for usual business expenses. Certain business expenses pose challenges in defining the benchmark. For example, should depreciation allowances be based on economic depreciation or accelerated (tax) depreciation, which provides a timing advantage? Should financing costs, such as interest expenses, be allowed without limit, or should limits on interest deductibility be accounted for as a “negative TE”? There is no globally uniform approach, but it is important to be consistent, irrespective of the expenses incurred. Moldova favors a stance whereby all timing benefits regarding deductions are TEs, but all provisions against tax avoidance are part of the benchmark.
* **Personal income tax:** For a comprehensive income tax at progressive rates or the 12 percent single flat rate in Moldova, the benchmark is based on the prevailing system of income tax with the existing statutory tax schedule. However, it excludes any tax relief, other than the basic personal allowance (or the zero-tax income bracket). Under such PIT, any deduction from income (other than genuine business expenses, if the person has income from a business activity), tax credits, and lower rates on certain income (e.g., on capital gains, interest, dividends) are arguably TEs.
* **Value-added tax:** The VAT has as a benchmark the broadest measure of final consumption (public and private) at a single tax rate. There are no exemptions in the benchmark system. Low or reduced rates are also excluded from the benchmark, except for the zero rate on exports, which is the mechanism by which VAT system is designed to be destination-based.
* **Excise Duties:** The benchmark for excise duties should comprise the benchmark tax bases, tax rates and other design aspects that are aligned with the rationale for levying excise duties. In Moldova, multiple rationales may motivate the levying of an excise duty on a particular good, making it difficult to precisely translate the rationale for taxing a specific good into a clear benchmark. As such, a distinct benchmark for each category of excisable goods is deemed to be necessary.
* **Road usage fees:** Since road usage fees are intended to reflect costs associated with the use of roads—primarily costs associated with the construction and maintenance of roads in Moldova—the benchmark should be defined to cover all motorized vehicles using roads in Moldova, regardless of their mode of propulsion.
* **Import Duties:** Import duties aim to raise revenues and to protect domestic producers from foreign competition. In Moldova, these objectives are of decreasing significance since a large and increasing share of all imported goods are subject to nil or low tariffs under the existing tariff structure and free trade agreements. On the grounds that the existing tariff structure reflects the level of protection desired by the government, the benchmark import duty tariffs are assumed to correspond to the applicable tariffs, including those set under free trade agreements. Specific exemptions and refunds are considered TEs.
* **Real Estate (Immovable Property) Tax:** In respect of the recurrent taxes on property, the benchmark should be the prevailing system with a uniform standard rate. TEs will reflect specific tax deductions, special lower rates, or exemptions of certain types of properties or taxpayers.
* **Natural Resources Fees:** The Tax Code imposes extraction fees for water use, for useful minerals, and for the use of subsoil resources. This is the benchmark natural resource fee regime against which all exemptions should be measured to calculate the revenue forgone.

With respect to **local fees**, no benchmark could be established. Local fees are compulsory payments with their collections assigned to Administrative Territorial Units (ATUs) as own source revenues. According to Art. 289 of Tax Code, local fees are *ad valorem* charges, with no uniformity with respect to the range of fees and their applied rates. Hence, it is impossible to establish a benchmark local fees system against which all fee exemptions could be measured as TEs. It makes, therefore, little sense to assess them in a TE budget at national level.

### Tax expenditures and estimation methodologies

This TEAR presents the Moldovan government’s first estimates of the fiscal cost of TEs, as well as a brief discussion of the methodology used to produce these estimates. The TE estimates are calculated using the revenue forgone method. This entails comparing actual revenue collections with the revenue that would have been collected without the TEs in place. The revenue forgone approach assumes that taxpayers do not change their behavior in response to a TE being withdrawn. Hence, the accuracy in forecasting the additional revenues associated with policy changes depends on the extent to which behavioral responses matter for the targeted TEs. In most instances, behavioral responses are relatively small.

The individually estimated TEs are aggregated and summarized by tax instrument in Table 1. The total TEs for PIT, BIT, VAT, excise duties, road usage fees, import duties, RET, and natural resource fees were estimated at MDL 14,625 million or 6.3 percent of GDP for 2021. For that year and for those eight tax instruments, 232 TEs were identified and the forgone revenues for 124 of them were estimated. The largest size TEs accounted for more than 69 percent of the total in 2021. These include:

* Tax exemption of state security payments and state subsidies (PIT)
* 8 percent reduced rate for agricultural products (VAT)
* Zero-rating of electricity for residential customers (VAT)
* Exempting the supply of educational services (VAT)
* Exempting the supply of medical services and associated goods (VAT)
* Tax exemption of income from international grants for research and development (R&D), and from special funds and grants approved by the government (BIT)
* Exemption for natural gas (excise duties).

Most of the personal and business income TEs are estimated based on microsimulation modeling using tax return or administrative data from the State Tax Service (STS).[[1]](#footnote-2) To evaluate VAT TEs, the Ministry of Finance, together with the IMF, developed a model based on the Supply-Use Tables produced by the National Bureau of Statistics. Section IV of this TEAR discusses the methodology of TEs estimates for the taxes covered in this report.

### Tax expenditure assessment responsibility

The Ministry of Finance, through the Tax and Customs Policy Unit (TCPU), prepared this TEAR as it ensures adequate central coordination over the different agencies involved in TE design, implementation, and administration. Except for the administration of TEs by the STS, all the other TE-related responsibilities are part of the tax policy design functions of the Ministry of Finance. The accumulated expertise within the TCPU structure is sufficient to produce this first comprehensive TEAR. The capacity of the TCPU will be further enhanced, including through external technical assistance, to conduct full and regular TEs analysis and reporting. The function of assessing, quantifying, and publishing TEARs creates an important feedback loop to improve tax policy design in Moldova.

Table 1. Moldova: Tax Expenditure Estimates, 2018 to 2022

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | **2018** | **2019** | **2020** | **2021** | **2022** |
|  |  | *Thousand MDL* | | | | |
| **Personal Income Tax** | | | | | | |
|  | Exemption | 764,520.0 | 1,390,430.0 | 1,370,820.0 | 1,553,984.0 | 1,708,300.0 |
|  | Allowance | 0.0 | 0.0 | 191,500.0 | 216,800.0 | 238,200.0 |
|  | Credit | 0.0 | 700.0 | 5,600.0 | 8,900.0 | 9,800.0 |
| Total Personal Income Tax | | 764,520.0 | 1,391,130.0 | 1,567,920.0 | 1,779,684.0 | 1,956,300.0 |
| **Business Income Tax** | | | | | | |
|  | Exemption | 527,347.6 | 528,135.1 | 504,301.9 | 582,451.4 | 647,874.7 |
|  | Allowance | 13,333.1 | 13,353.0 | 12,810.3 | 14,727.7 | 16,377.1 |
|  | Reduced rate | 31,819.6 | 31,867.1 | 30,429.7 | 35,122.1 | 39,143.4 |
|  | Tax holiday | 7,393.1 | 7,404.1 | 7,070.1 | 8,160.4 | 9,094.7 |
|  | Preferential tax regime | 35,775.8 | 35,774.7 | 46,653.6 | 53,847.9 | 60,013.1 |
| Total Business Income Tax | | 615,669.1 | 616,533.9 | 601,265.7 | 694,309.4 | 772,503.0 |
| **Value Added Tax** | | | | | | |
|  | Exemption | 2,732,504.2 | 3,003,933.1 | 2,916,586.5 | 3,554,277.9 | 3,923,625.9 |
|  | Reduced rate | 1,558,136.2 | 1,756,919.2 | 1,669,720.6 | 2,118,235.9 | 2,403,812.8 |
| Total Value Added Tax | | 4,290,640.3 | 4,760,852.3 | 4,586,307.1 | 5,672,513.8 | 6,327,438.7 |
| **Excise Duties** | | | | | | |
|  | Exemption | 3,705,912.3 | 3,910,739.3 | 4,375,216.5 | 5,840,760.3 | 5,533,181.0 |
| Total Excise Duties | | 3,705,912.3 | 3,910,739.3 | 4,375,216.5 | 5,840,760.3 | 5,533,181.0 |
| **Road Usage Fees** | | | | | | |
|  | Exemption | 8,024.0 | 26,161.0 | 12,636.2 | 16,949.7 | 22,169.2 |
| Total Road Usage Fees | | 8,024.0 | 26,161.0 | 12,636.2 | 16,949.7 | 22,169.2 |
| **Import Duties** | | | | | | |
|  | Exemption | 135,909.1 | 162,457.2 | 149,314.8 | 234,906.1 | 213,590.5 |
| Total Import Duties | | 135,909.1 | 162,457.2 | 149,314.8 | 234,906.1 | 213,590.5 |
| **Real Estate Tax** | | | | | | |
|  | Exemption | 353,332.3 | 288,621.5 | 280,995.2 | 367,138.5 | n.a. |
|  | Exemption/reduced rate | 93.5 | 16,275.1 | 2,206.7 | 270.2 | n.a. |
|  | Exemption/deferral | 0.0 | 50.3 | 0.0 | 1.0 | n.a. |
|  | Reduced rate | 78,132.6 | 124,369.9 | 48,173.4 | 0.0 | n.a. |
| Total Real Estate Tax | | 431,558.4 | 429,316.7 | 331,375.3 | 367,409.8 | n.a. |
| **Natural Resource Fees** | | | | | | |
|  | Exemption | 8,005.7 | 18,502.8 | 19,721.0 | 19,456.8 | n.a. |
| Total Natural Resource Fees | | 8,005.7 | 18,502.8 | 19,721.0 | 19,456.8 | n.a. |
|  |  |  |  |  |  |  |
| **Total Tax Expenditures** | | **9,960,239.0** | **11,315,693.3** | **11,643,756.7** | **14,625,989.9** | **14,825,182.4** |
|  | ***as % of GDP*** | ***5.2%*** | ***5.4%*** | ***5.7%*** | ***6.3%*** | ***5.8%*** |

## Introduction

### Tax expenditures reporting and its use in fiscal management

TEs are reductions in government revenue through preferential tax treatment of specific groups of taxpayers, specific types of income or specific activities.[[2]](#footnote-3) In the literature, TEs are generally defined as deviations from some “benchmark” tax system although the benchmark, as discussed below, is rarely well defined. Many countries, including EU countries, make ample use of TEs with a wide variety of policy objectives including employment creation, higher investment, innovation, education, entrepreneurship, home ownership, regional development, and income redistribution.[[3]](#footnote-4)

### Forms of tax relief

TEs can be either temporary or permanent and can take different forms of policy interventions such as *exemptions* (or exclusions from the tax base), *allowances* (i.e., amounts deducted from the tax base before applying the tax rate(s), *credits* (amounts deducted from tax liability), *rate reliefs* (reduced rates), or tax *deferrals*. They may be included in many laws, such as tax laws, economic zone laws, investment codes, etc.

### Tax relief vs. support defrayed from the budget's expenditure side

Policy objectives could be achieved through direct or TE programs; however, TEs are typically exposed to less scrutiny by governments and their agencies than direct expenditure programs—unless specific provisions are in place for their identification, quantification, and estimation of their economic consequences. The latter is the functional objective of a TEAR. In the context of constrained public finances, it is important to better conceptually integrate the budgetary and economic impact of TEs into the annual budgetary process and accountability framework. The core objective of TEs assessment is, therefore, to *improve transparency and accountability* in public finance, by identifying all budgetary reliefs given through tax reductions, and expose them to the same scrutiny as expenditure programs. This would include an evaluation of whether the underlying policy purposes could best be achieved through tax reliefs or direct expenditures. It follows that TEs are not necessarily to be criticized from a policy standpoint, and there are situations where they can be preferred to direct expenditure programs.[[4]](#footnote-5)

### Following global good practice in fiscal transparency

With the release of a comprehensive TEAR, Moldova follows an international trend since the emergence of TEs accounting in the US and Germany in the 1960s. The concept has seen wide acceptance and wider application across a growing number of countries, covering a larger range of taxes. The legal basis for TEs accounting differs across countries, with some countries having a legal requirement to conduct regular—typically annual—TEs assessment, while others, including Moldova, do not have such a legal requirement.

### The steps of the Moldovan TEs assessment

Four different phases in the preparation of TE reports can clearly be identified (Figure 1).

Figure 1. Steps in the Preparation of Tax Expenditure Reports

Diagram

Description automatically generated

Source: Heady and Mansour (2019).

* The first phase involves definition of the "benchmark" tax system (see section II of this TEAR). This refers to a description of the core structural elements of Moldova's tax system excluding all special reliefs or provisions that aim at specific groups of taxpayers or activities.
* The second phase will identify, tax by tax, all deviations from the described benchmark tax system and thereby produce an inventory of currently provided TEs (section III and Appendices 1 to 8 of this TEAR).
* In a third phase, and again tax by tax, data required for the estimation of TEs will be compiled, and estimation methods developed for the estimation of the costs of all TEs identified (section IV of this TEAR). Estimation methods may be model-based using micro-simulation models, macro-econometric models, or Input-Output models.
* Fourth, this comprehensive TEAR is being released containing the overall findings on revenues forgone due to the provided TEs. This report is being published on the website of the Ministry of Finance. The Ministry intends to update and publish the TEAR annually, and in line with international trends.International experiences in this field point to the need and potential for gradual improvements in coverage and quality of estimations over time.[[5]](#footnote-6)

The general objectives of a TE assessment are many-fold:

* To improve transparency on the budgetary impact of social, industrial and other policies implemented through tax measures, similar to those provided through expenditure programs;
* To identify exactly which tax measures could and should be classified as TEs;
* To present estimates of the loss of tax revenues that may otherwise, and with similar effects, have been provided through expenditure programs;
* To identify the particular group of citizens, companies, and geographical regions that benefit from these tax measures; and
* To attempt to provide the basis for model-based quantifications of the broader macro-economic effects of these tax measures.

### Tax instrument categories covered

This TEAR covers TEs identified in the following tax instruments: PIT, BIT, VAT, excise duties, road usage fees, import duties, RET, and resource extraction fees. Ongoing capacity development and resources will be committed with the view to properly identifying and assessing quality of data required for TEs costing and estimation methodology and techniques.

## Defining a Benchmark Tax System for Moldova

### **General description and definitional issues**

The definition of the benchmark tax system is critical in the identification and costing of TEs.For this reason, this TEAR starts by discussing globally acceptable benchmark delineations.[[6]](#footnote-7)

From the perspective of the tax authorities, a TE is a loss in revenue, whereas a taxpayer benefits from a reduction in tax liability. TEs are also labeled as tax reliefs, tax subsidies and tax aids. However, defining TEs is not straightforward as some tax measures may not be readily classified as part of the benchmark tax system. Generally, fiscal experts concur that structural elements of a tax system should not be recorded as TEs, while “programmatic” or temporary adjustment should be. According to the OECD (2010), the benchmark tax includes: the rate structure, accounting conventions, the deductibility of compulsory payments, provisions to facilitate administration, and provisions relating to international fiscal obligations. TEs are not actual outlays—they are just notional amounts spent. The forgone revenue cost is based on assumptions and estimates as to how taxpayers would behave under particular conditions.

Consequently, the benchmark tax system serves as a basis for identifying TEs. A standard benchmark tax system should be based on the principles of neutrality, efficiency, and equity. The benchmark framework should be limited to the key features of the main taxes, including the general personal and business income tax rates, a simple and modern consumption tax (such as a single-rate VAT), excise duties consistent with the objectives pursued by levying these taxes, tariffs, and other more minor taxes such as immovable property taxes. Benchmark tax systems typically include such aspects as the actual rate structure of taxes and the concept of income or spending that is used in the actual law. However, some countries and analysts use a different type of benchmark that corresponds to a theoretical tax system, such as a comprehensive income tax.[[7]](#footnote-8) The numbers of TEs in that case can be markedly different from those for a benchmark closer to the actual tax system.

The benchmark tax system should be chosen to exclude tax provisions that favor (or disfavor) particular or narrow groups of people (such as homeowners) or business activities (such as profits from exports). Excluding such narrow provisions from the benchmark tax system will ensure that the cost of such provisions is calculated and included in decisions on budgetary priorities. Ideally, the benchmark should also exclude tax features designed to promote particular actions by taxpayers, even if such actions are in the public interest. For example, many countries provide tax relief to encourage saving for retirement, but this should not be included in the benchmark, because including it into the benchmark would prevent its cost from being reported to the legislature—which is necessary to evaluate whether it provides good value for money.

An illustrative list of TEs for the income tax system could include the following:interest deductions for housing loans, tax-free savings accounts, tax deductions for childcare expenses, reduced tax rates for small and medium enterprises, tax benefits for charitable donations, tax benefits for energy-saving measures, and tax advantages for employer-funded benefits. Similarly, TEs for VAT could include VAT rates below the standard rate, including zero rates (other than on exports), VAT exemptions for goods and services destined for final consumption, sectoral exemptions (for example, agriculture), and size-related exemptions, such as for small businesses.[[8]](#footnote-9)

Of course, the examples of tax relief measures as set out above are not necessarily undesirable. For example, a partial exemption for saving can be effective to support retirement saving. More generally, most specific tax provisions will yield some kind of social benefit. Nevertheless, the cost of such provisions should be estimated and reported, so that their value can be assessed and compared with similar government programs delivered by outlay expenditures (or compared with other kinds of tax relief, such as through a general rate cut).

Using a benchmark that is close to the actual tax system in Moldova would defeat the purpose of producing TE estimates. For example, reduced rates of VAT could be included in the benchmark, justified by a need to help households with low incomes,[[9]](#footnote-10) who spend a higher proportion of their incomes on basic goods and services. An obvious alternative to these reduced rates is cash transfers for people with low incomes. These transfers would be clearly identified in the outlay expenditure budget, but the reduced VAT would not be included in the TEs estimates if they are part of the benchmark. This situation makes it difficult for the government and the legislature to properly compare the relative advantages and disadvantages of these alternative methods of helping the poor, and it limits the policy tools and options available to achieve society’s objectives.

Against this background, this TEAR has followed the adoption of a relatively simple benchmark regime descriptions for Moldova’s tax system. In the final instance, the benchmark is therefore best understood as the tax treatment applied to standard taxpayers, with TEs being a deliberate policy deviation from that standard treatment, applied to a smaller subgroup of taxpayers.

### **Personal income tax**

#### Common approach

For a comprehensive income tax[[10]](#footnote-11) at either progressive or a single flat rate, the benchmark should be based on the prevailing system of income tax with the existing statutory tax schedule. However, it should exclude any tax relief, other than the basic allowance (or the zero-tax income bracket). Under such PIT, any deduction from income—other than genuine business expenses when the person has income from a business activity, tax credits, and lower rates on certain income, for example, on capital gains, interest, dividends, are arguably TEs.

Income taxes can also be schedular or dual.In such cases, there is no single PIT rate structure; each income source or group of income sources has its own rate and base rules—for example, wage income and all other forms of capital income under the Nordic dual income tax systems. In this case, it is reasonable to have a benchmark tax system that separates the tax on wages from the tax on capital income. The benchmark for the wage tax can mirror that of a standard PIT, and the benchmark for capital income taxes can be a flat rate on all forms of income from capital.

Sole proprietors are sometimes treated differently, with a simplified tax on income expressed as a notional return to turnover, or a tax on turnover. In this case, it is reasonable to consider a lighter tax burden on income (relative to the standard PIT) as a TE, but estimating income subject to tax could present problems if reporting requirements are truncated.

#### Moldovan PIT design

The most significant feature of the Moldovan PIT system is that practically all types of income are subject to tax at low flat rates (Art. 15 of the TC). Moldova imposes a schedular PIT; individuals are subject to tax based on their worldwide income. Until October 2018, there was a two-rate progressive structure of the personal income tax. A 7 percent tax rate applied to income up to MDL 33,000 and any excess income was taxed at a rate of 18 percent. With effect from 1 October 2018, a standard flat tax of 12 percent is applied to salaries and capital gains. It is combined with a basic personal allowance of MDL 27,000, which is considered to be part of the benchmark as it applies to every taxpayer. The system also includes spouse and dependents allowances, which are considered to be explicit or non-structural TEs, benefiting a smaller subgroup of taxpayers.

Investment income of natural persons is subject to withholding taxes, with a rate of 6 percent in case of dividends and a rate of 12 percent in case of interest and royalties. For these sources of income, none of the above-mentioned allowances apply. Business income is taxed separately under a standard 12 percent tax rate and no personal, spouse or dependent allowances can be used against it. Moreover, there are several presumptive tax regimes within business income taxation. Table 2 presents a summary of all PIT regimes applying to income except from business activity.

There are many approaches to defining a benchmark PIT. One is a conceptual approach based on the Schanz-Haig-Simons comprehensive concept of income. According to it, the taxable income is defined broadly as income obtained from all sources regardless of whether they are regular or not and includes net increase in wealth. Whereas the Schanz-Haig-Simons concept is based on sound neutrality arguments, it is complex and plagued with several practical problems. The second approach—simpler and more pragmatic—is based on the prevailing system of income taxation. It defines the benchmark as the current PIT system without provisions favoring certain categories of income or subgroups of taxpayers. This approach is followed in the first TEAR.

Thus, two benchmarks are required for the Moldovan PIT.The distinction is based on the categories of income the personal allowance applies to. One benchmark is defined for active income and capital gains, against which the personal allowance can be claimed, implying mildly progressive taxation. The second benchmark is identified for investment income which is taxed separately, with no applicable personal allowance (Table 2). This schedular approach to taxation of incomes of individuals (as opposed to comprehensive taxation of corporate income) is in itself a part of the benchmark. Each of the benchmarks – in line with theory and best international practice for TEs reporting – includes the following elements: unit of taxation, taxation period, description of the tax base and rate structure.

Table 2. Main Income Categories Subject to PIT in Moldova

|  |  |  |
| --- | --- | --- |
| Personal allowance applies to: | | |
| Employment income | Including directors’ remuneration | Subject to flat rate of 12 percent. The basic personal allowance is of MDL 27,000. |
| Capital gains | Capital gains from private property | Taxable amount of capital gains is equal to 50 percent of the amount of capital gains (50 percent inclusion rate) over any capital losses incurred during a tax year. |
| Gains from disposal of basic housing | Exempt provided a taxpayer lived in the housing for at least 3 years, otherwise 50 percent of the realized capital gains subject to tax (50 percent inclusion rate). |
| No personal allowance applies to: | | |
| Investment income | Dividends | 6 percent withholding on gross amount (15 percent for dividends, including stock, dividends, paid out of profits derived between 2008 and 2011). |
| Interest | 12 percent withholding on gross amount. |
| Royalties | 12 percent withholding on gross amount. |
| Rental income | For legal entities, 10 percent withholding tax on gross amount from rent, lease, usufruct of movable and immovable property, except for the lease of agricultural land. A 7 percent rate applies to individuals. |

*Employment Income and Capital Gains*

*Unit of taxation:* The benchmark unit of taxation is a single individual resident in Moldova.

*Taxation period*: The benchmark tax period is the calendar year.

*Tax base:* The benchmark taxable base consists of worldwide income from different sources, including: employment income (including directors’ remuneration), pensions (regardless of their source), government transfers, compensations, scholarships, alimonies etc., inheritances, donations (gifts), capital gains. Investment income and business income are excluded from this tax base.

*Tax rate structure and benchmark:*The benchmark is a flat tax rate of 12 percent applied to the tax base as defined above less social security and health contributions and the basic amount of personal allowance (MDL 27,000). The latter is considered a part of the rate structure, inducing a degree of progressivity, akin to treating it as the first bracket and applying a zero rate (the personal allowance can be used as long as the annual taxable income of an individual does not exceed MDL 360,000).

*TEs are:* The excess amount of personal allowance available to those with illness, disability, or injury (MDL 30,000 in total, an increment of MDL 6,000) does not constitute a benchmark for PIT, neither does the annual spouse allowance (MDL 11,280 or MDL 18,000 in case of illness, disability, or injury). The Moldovan PIT also provides for dependent allowances. However, both of these should not be included in the benchmark as they represent a form of income subsidy (social assistance) for families with children and non-working spouses.

*The following specific rules are part of the benchmark for employment income and capital gains:*

* Deductibility of social security contributions and health care contributions. State pensions are also exempt from taxation in Moldova, resulting in double exemption. In line with a benchmark system of taxation of pensions (EET) the 2020 mission was of the view that social security contributions belong to the benchmark, but old age pensions and other social benefits do not. For details of the current levels of social security and health care contribution see Table 3 below.
* Deductibility of contributions made to non-state pensions funds, both domestic and foreign. Contrary to state pensions, pensions received from non-state pension funds (domestic and foreign) are taxable. However, the group of taxpayers who obtain income from that source is negligible.
* Measures that provide relief for international double taxation. According to Art. 82 of the Tax Code, an ordinary credit is granted to income taxes paid abroad (which is benchmark).

**Table 3. Social Security Contributions and Medical Contributions, 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Social Security Contribution | Contribution Amount | | |
| *(rates applicable to gross wage)* | Employer | Employee | State |
| Employees with individual employment contract  ‐ In private sector  ‐ In public sector | 24 percent  29 percent |  |  |
| Employees in the agriculture sector | 18 percent |  | 6 percent |
| Individuals, self-employed persons |  | MDL 12,838 |  |
| Farming households |  | MDL 12,838 |  |
| Voluntary insurance |  | MDL 12,838 |  |
| Residents of information technology parks |  | 54.7 percent from a reduced unified tax rate of 7 percent. |  |
| Medical contributions |  |  |  |
| Employees with individual employment contract |  | 9 percent |  |

**al Security Contributions Contribution amount**

*Investment Income*

*Unit of taxation:* The benchmark unit of taxation is a single individual that is a resident in Moldova.

*Taxation period:* The benchmark tax period is the calendar year.

*Tax base:* Amounts received domestically in the following forms: dividends, interest, royalties, rental income.

*Tax rate structure:*Various withholding tax rates are applied to different types of income:

* Dividends paid out to individuals who are residents of Moldova are taxed at a 6 percent tax rate. That can be understood as an alleviation (relief) of economic double taxation – the withholding tax is final, which implies that the dividends are not subject to the standard tax rate of 12 percent.
* A higher withholding tax of 15 percent applies to dividends related to the non-distributed profit obtained during the fiscal periods 2008-2011. While the latter provides an example of a negative TE (the tax levied on dividend payouts exceeds the standard PIT rate), this rule is currently of limited importance.
* Interest and royalty income are taxed at 12 percent tax rate.
* Rental income is taxed at a rate of 10 percent (in case of rental to legal entities) and 7 percent (rental to natural persons).

*The following specific rule may be regarded as benchmark for investment income:*double taxation relief for the final withholding tax on dividends in form of the reduced tax rate of 6 percent.

*Information Technology (IT) Park regime (Box 1)* replaces the standard PIT payments with a share from the single tax of 7 percent on turnover. An allocation of 19.4 percent of the single payment by the IT Park regime is paid in lieu of the standard PIT*.* The difference between PIT payable in the absence of the IT Park regime and the share of the single payment in lieu of PIT represents a TE.

|  |
| --- |
| **Box 1. Information Technology Parks incentive (Law No. 77 of 2016)**  Residents of the Information Technology Parks pay a single tax in the amount of 7 percent on turnover (Art. 15(a)), which should be not less than a minimum tax calculated as: 30 percent \* average monthly salary in the economy \* number of employees. The single tax payment substitutes for the following taxes and duties due by the residents of the IT Parks:   * corporate income tax, * personal income tax or salary income tax, * compulsory social security contributions due by employees and employers, * compulsory health insurance premiums due by employees and employers, * local taxes, * real estate tax, and * the duty for the use of roads by motor vehicles registered in the Republic of Moldova.   *Note: any changes to the local fee structure and rates does not lead to a commensurate rate adjustment of the single IT Park tax and residents of IT Parks do not attract any local fees liability (Art. 2941 of TC).*  The Ministry of Finance distributes the collected single tax received from IT Parks as follows (Art. 14):   * 10 percent to compensate for corporate income tax—to the State Budget * 19.4 percent for wage withholding tax—to the State Budget * 54.7 percent share in lieu of state social insurance contributions—to the state social insurance budget * 15.4 percent—to the health insurance fund * 0.1 percent in lieu of the road use fee—to the State Budget * 0.3 percent in lieu of local taxes—to the local budgets * 0.1 percent in lieu of real estate tax—to the local budgets.   The IT Park tax incentive translates into revenue forgone. The methodology to estimate TEs in each tax instrument is as follows.   * Estimate Benchmark tax base (B)—the tax base in the absence of the IT Park regime * Estimate the Benchmark tax (Btax) that would be payable in the absence of the IT Park regime * Subtract share of tax (ST), paid by the IT Park regime in lieu of the tax under consideration, to derive at the TE.   As an example, expressed formulaically, TEs of the IT Park regime in the personal income tax are:  TEPIT = BPIT — SPIT  TEPIT = B \* 12% — 19.4% \* 7% \* Turnover  where,  B \* 12% is PIT that would have been paid by companies registered in the IT Park regime, in the absence of the IT Park regime  7% \* Turnover is the single payment by residents of IT Park  19.4% \* 7% \* Turnover is the share of single payment by the IT Park residents paid in lieu of PIT |

### **Business income tax**

#### Common approach

Under a standard BIT, the benchmark should be based on the prevailing tax on profits with a single rate of tax and no tax relief, other than for usual business expenses. However, if a higher BIT rate (or rates) applies on some sectors because of location-specific rent (for example, for extractive industries), this should be disregarded when identifying the highest rate for defining the benchmark applied to sectors without location-specific rent.[[11]](#footnote-12) Certain business expenses pose challenges in defining the benchmark. For example, should depreciation allowances be based on economic depreciation or accelerated (tax) depreciation, which provides a timing advantage? Should financing costs, such as interest expenses, be allowed without limit, or should limits on interest deductibility be accounted for as a “negative TE”?[[12]](#footnote-13) There is no globally uniform approach, but it is important to be consistent, irrespective of the expenses incurred. Moldova favors a reasonable decision whereby we consider all timing issues as TEs, but all provisions against tax avoidance or base erosion as part of the benchmark.

#### Moldovan BIT design

In Moldova, business income regardless of the legal form is subject to a single income tax, referred to in this report as the business income tax, or BIT. Individuals carrying out business activity in different legal forms as well as companies are subject to BIT and file the same tax form (VEN12). It applies to various categories of taxpayers: legal entities (limited liability and joint stock companies), individual enterprises (VAT taxpayers), farming households (VAT taxpayers), and natural persons carrying out professional activities, including those provided in legal area.

In line with the approach proposed for PIT, the benchmark tax system for BIT is defined as the current tax system without provisions favoring certain categories of income, activities, or groups of businesses. The elements of the benchmark also include unit of taxation, taxation period, the tax base and tax rates.

*Unit of taxation*: The following entities fall under the BIT: single natural person carrying out business activity (sole proprietorship) single natural person carrying out independent (trade) activity; single natural person carrying out professional activity (in different areas); farming household (homestead): partnership (transparent or see-through entity – profit shares from a partnership); corporation (legal entity – limited liability company, joint stock company).

*Taxation period*:The benchmark tax period is a calendar year. A qualifying taxpayer is eligible to apply any other twelve-month period as a tax period.

*Tax base*:Worldwide income from entrepreneurial activity defined as revenues minus business expenses incurred to earn these revenues. Capital gains are included in taxable income upon realization, without indexing for inflation.

*The following specific rules are part of the benchmark for business income:*

* Straight-line depreciation of fixed and intangible assets. Conceptually, depreciation based on an asset’s useful life should be considered a benchmark and any deviations from it would be a TE. An accelerated depreciation (accelerated vis-à-vis the current depreciation rates) should be, however, considered a TE, had Moldova decided to introduce it. Differently put, Moldova has not introduced accelerated depreciation and, hence, in this respect no TEs exists. Also, the immediate expensing of low-value assets, when value does not exceed MDL 6,000 and the period of exploitation is no longer than one year, is part of the benchmark.
* Tax loss carry-forward provisions. Business losses can be carried forward up to five consecutive years without any limits regarding the amount which can be deducted each year. There is no immediate refund of losses in periods when losses are incurred. No adjustment for inflation or discount rate for losses carried forward are provided.
* Measures that eliminate double taxation of dividends paid between resident companies. The income tax levied on dividends paid out is credited against the business income tax on the receiving company (tax form VEN12 and annexes).
* Measures that provide relief for international double taxation (ordinary credit granted to income taxes paid abroad).
* Measures against tax avoidance. There are no typical thin-capitalization or earnings stripping rules which would limit the deductibility of interest expenses based on a fixed debt-to-equity ratio or on firm’s profitability. However, interest expenses are deductible for business income tax only up to the limit of the average weighted interest rate set by the National Bank of Moldova. There are neither controlled foreign-company provisions nor specific transfer pricing regulations in Moldova although the arm’s length principle should be applied to transactions with related parties.

*Presumptive tax regimes for independent trade activities performed by natural persons and for small and medium sized enterprises (SMEs).* Under both regimes, turnover is subject to taxation, rather than profits. Business expenses are not deductible, and a reduced tax rate is applied. Typically, if the intention behind such presumptive tax regimes is to reduce the compliance burden of smaller entities they are included in the benchmark. However, this is disputable in the case of Moldova. Only limited liability companies are eligible for the SMEs regime, and they are already subject to standard accounting rules (hence compliance argument does not seem to apply). Moreover, not all taxpayers automatically benefit from a lower tax rate if it is applied to their turnover. Rather, the tax burden depends on firm’s margin benefiting sectors with higher margins and fewer inputs. Another factor affecting the tax burden is to what extent the taxpayers are given the right to elect that regime which is most beneficial to them and thus are given the possibility for tax arbitrage.

*Tax rate structure.* The benchmark business income tax rate is a single tax rate of 12 percent applied to the tax base as defined above. Thus, income obtained by farming households (homesteads) which is subject to a 7 percent tax rate is a TE. Conversely, income from professional activity performed in legal area is taxed at 18 percent and thus represents a negative TE.

*Information Technology (IT) Park regime (see Box 1 above)* replaces the standard BIT payments with a share from a single/unified tax of 7 percent on turnover. 10 percent of the single payment by the IT Park regime is paid in lieu of the standard BIT*.* The difference between BIT payable in the absence of the IT Park regime and the share of the single payment paid in lieu of BIT represents a TE.

### **Value-added tax[[13]](#footnote-14)**

#### Common approach

To analyze a benchmark VAT system, one needs to be reminded about the elements of a broad-based modern VAT that consists of four components—taxable, zero-rated, and exempt supplies, and taxed purchases potentially subject to credit in determining tax liability. The VAT is charged at each stage of the production chain and businesses that subsequently sell their commodity or service can claim an input tax credit for the VAT they paid on the inputs they purchased. After deducting the VAT paid on their purchases from the VAT collected on their supplies, businesses remit the difference to the government, or they register an excess credit position that potentially qualifies for a VAT refund.

* *Zero-rated supplies* have a VAT rate of 0 percent, which means businesses do not charge VAT on their output and can claim input tax credits on all their inputs. The total amount of VAT collected by the government on zero-rated commodities (like exports) across all taxpayers in the supply chain, in zero.
* *Exempt supplies* of goods or services also have no VAT charged by businesses; however, they cannot claim input tax credits for tax paid on purchases that were used to produce the exempt supplies. In these instances, the government’s net revenue along the entire supply chain is the amount of VAT paid by the business on its purchases.
* The effect of a *VAT exemption on imports* (a common policy for certain imports in many countries) is different, as no input tax credits are available. In the case of imported goods or services, VAT relief at Customs is forgone revenue when the goods are being directly supplied to final consumers; in other instances, VAT relief at Customs is equivalent to an input tax credit.

A best practice VAT includes all goods and services in the base and covers all stages of production and distribution. It operates as a multi-stage transaction tax with offsetting of tax paid on inputs against output tax through a credit and refund mechanism. If applied at a single rate to all goods and services, it does not change relative prices. It does not burden savings and investment and is neutral in its impact on economic growth. It operates on a destination basis, taxing imports and domestic transactions but relieving exports from tax, thus also preserving neutrality in international trade. It does not violate *horizontal equity* as individuals with similar levels of consumption expenditures bear the same tax burden. VAT does not, however, deal with *vertical equity*. The VAT is a good revenue raising tool and not the right instrument for dealing with major equity concerns. It eliminates cascading by granting taxable firms a full and immediate tax credit or deduction for the tax paid on purchases (inputs) from other taxable firms against the tax payable on sales.

One of the simplest taxes from a design perspective, the VAT should have as a benchmark the broadest measure of final consumption (public and private) at a single tax rate.[[14]](#footnote-15) There should be no exemptions in the benchmark system. Low or reduced rates should also be excluded from the benchmark, except for the zero rate on exports, which is intended to neutralize the effect of the VAT on exports—it is the mechanism by which VATs are designed to be destination-based. In systems with VAT rates higher than the standard rate, which are used as substitutes for excise taxes, these should not be scored as negative TEs. However, other forms of negative TEs, such as revenue arising from exemptions or taxation of inputs, should be considered carefully and further discussion in the future will be needed.

#### Moldovan VAT design

*Reduced rates.* Some countries consider low or reduced VAT rates as part of the benchmark on social objectives grounds—believing that the low rates benefit low-income individuals and lessen the regressivity (relative to revenue) of the VAT. Moldova does not intend to follow this approach and treats reduced rates as genuine/indisputable tax relief as the cost of such policies must be properly reported; otherwise, the TE accounting exercise becomes meaningless. This position is informed by leaning towards a modern VAT design, whereby tax benefits granted through multiple lower rates should be scored as TEs. Multiple rates affect the structure of production, the allocation of resources and reduce economic efficiency. The benefit from a lower rate does not always reach its target as vendors may not pass on the price reduction (e.g., when foodstuffs are taxed at a lower rate); or the rich may turn out to benefit more (e.g., they spend more on food in absolute terms than the poor).[[15]](#footnote-16)

Also, multiple rates increase risk of non-compliance and tax evasion and may require a higher standard rate. First, a reduced rate increases the risk of misclassification and thus raises the cost of administration and compliance. For a reduced rate to relieve the tax burden on the consumer for particular items, it must apply at the retail level. If for instance, food items are subject to a reduced rate, supplies of such items would be subject to the reduced rate throughout the supply chain up to and including the retail stage. However, the risk of misclassification and the associated administration and compliance burden are more acute at the retail level. Retailers are also more likely to be small businesses, which generally have lower levels of compliance and are more difficult to administer. Secondly and importantly, traders with output taxed at the lower rate but with inputs taxed at the higher standard rate are more likely to be in an excess credit position, leading to more refund claims.

*Exemption for capital and intermediate inputs.* Several developing economies frequently use VAT exemptions for capital and intermediate inputs, as an alternative policy to providing input tax credit or refunds. These should not be considered TEs, to the extent that they do not produce tax cascading along the value chain. For instance, an exemption for an imported machine used directly by a mining company (which is also the importer of the machine) should not be counted as a TE.

*Basic foods, goods and services consumed by low-income households.* As in Moldova, often consumption of these goods receives preferential treatment under the VAT, in consideration of the burden of the taxation of these purchases on lower-income households. However, recent research across numerous countries has shown that measures of this form are very poorly targeted since the bulk of the income transfer in fact accrues to higher-income households, which makes these measures a very inefficient means to assist poorer families. For this reason, full taxation of these commodities is included in the benchmark, so that any preferential treatments under the tax are considered TEs.

*Utility services (electricity, water, telecommunication, transportation).* The taxation of as many supplies by *public utilities* as possible promotes simplicity, accountability, transparency, and the workings of the VAT—hence, being part of the benchmark. Public utilities fall under the definition of enterprise. Important public utilities include the supply of water, electricity, passenger transport, postal services, telecommunications, and radio and television broadcasts. In a modern VAT, these utilities must register for VAT purposes and are deemed to supply a taxable service for grants or subsidies received from public authorities, which is taxed at the standard rate. Delineation issues regarding taxable versus non-taxable activities become redundant and the VAT chain remains intact through to the consumer level. Taxing these services at the standard rate reduces distortions of input and outsourcing choices and so are administrative costs because the VAT on taxable purchases does not have to be allocated between taxable and exempt supplies. Hence, any deviation from that model is reported as TEs.

Supplies of *electricity and water* should attract VAT, irrespective of whether supplied by state-owned enterprises or private operators.Exempting electricity and water would lead to tax cascading and over-taxation of business users. The income elasticity of electricity demand is high—as incomes rise, electricity consumption grows. Taxing electricity and water at the standard rate thus reduces VAT regressivity since high-income households consume more power and water.

Demand for *telecommunications services* is also associated with high income elasticity. Taxing these services at the standard VAT rate improves the distributional fairness, whether supplied by privately or publicly owned operators.

Taxing *domestic transport of passengers* is the first best option, irrespective of whether it is provided by public or private operators. However, many countries exempt mass transport mainly used by low-income households. It is common practice, however, to zero-rate international passenger transport (=this is benchmark treatment), and in particular air transport. Taxi services should be taxed, while individually owned and operated taxis (and taxi motor bikes) are often subjected to a flat license fee in lieu of VAT. Domestic transportation of goods and storage should be fully taxed and is therefore the benchmark. Incoming and outgoing international transport of goods is commonly zero-rated, whether by air, sea, or road. Outgoing international transport is treated as export while the value of inbound international transport is already taxed as part of the CIF value of the goods at import. Trucks and other commercial vehicles should be fully taxable, and business users should be allowed input tax credits to the extent they are used for making taxable supplies.

*Vehicles* As to passenger vehicles, the full VAT taxation of vehicles is included in the benchmark, as there is no compelling case to exclude them. Excise taxes (which can be included in the benchmark as a supplemental tax, in particular as a mechanism to account for environmental and other impacts of vehicle usage) are not a substitute. Vehicles that are used by businesses will receive an input tax credit. See above the VAT treatment of commercial vehicle as the benchmark—deviations are therefore scored as TEs in this TEAR.

*Financial services.* Fee-based financial services are considered part of the benchmark VAT base since they are in principle easily taxable under the standard invoice-credit VAT mechanism. On the other hand, margin-based financial services are exempted under many VATs. However value-added for financial services could be measured by the sum of payroll plus profits generated by financial businesses. This “addition method” under VAT as an approximation to the value-added is not common. Because this approach is well defined, and the data should be available, VAT on financial services is included in the definition of the benchmark tax base. For property and casualty insurance (including term life insurance), the net margin can be measured and taxed, and so it is also included in the benchmark tax base. Whole life insurance is primarily a mechanism for long-term saving and estate planning rather than a good or service that is consumed, and an exemption for this type of life insurance is part of the VAT benchmark tax base.[[16]](#footnote-17)

*Gaming.* Gambling is structurally similar to property and casualty insurance and should be included in the benchmark tax base. The TE can be estimated using the margin method, with data available from regulators, taxation authorities, and financial records of businesses in the sector.

*Buildings and land.* The benchmark VAT tax base includes tax paid on the entire purchase price of newly constructed buildings and land by consumers for their own use (thus the asset value is taxed, rather than the flow of services from the asset, similar to the tax treatment of consumer durables). To the extent that the purchase of buildings and land is for use in a business activity, any VAT paid would be eligible for input tax credit and therefore forms part of the benchmark VAT tax base. In the case of mixed-use property, for example a working farm that includes a personal residence, the portion intended for personal use is final consumption that forms part of the benchmark, while any VAT paid on the portion intended for business use would be eligible for input tax credits and therefore forms part of the benchmark VAT base.

*Treatment of tourism.* From an economic perspective goods and services consumed by visitors to Moldova are exported (and in fact tourism is so considered in the balance of payments). Accordingly, these supplies should in principle be zero-rated under the VAT. A problem arises however when, as is often the case, the consumption would not be taxed when “imported” into the visitor’s home country. Rather than having this consumption go completely untaxed, it is common to tax tourist purchases (although a number of countries also zero-rate some purchases by tourists, in particular hotel bills). For this reason, supplies to tourists are included in the benchmark tax base for VAT.

*Government and non-government organizations (NGOs).* If government as supplier and purchaser of goods and services were fully VAT-able or taxable under the VAT regime it is entitled to input tax credits for its purchases while all goods and services, it supplies are taxable. Such a “pure” VAT treatment of government is only operated by New Zealand as it requires appropriate and complex government accounting systems, and all government subdivisions must be registered for VAT. A common “second best” approach is then to exclude “pure” government activities from VAT (being benchmark) so that government becomes “input taxed” on its imports and purchases. Of course, the government collects that input tax again in the form of tax revenue paid over to itself by its suppliers. If, however, government engages in activities that are or can also be carried out by private businesses (i.e., public sector enterprises), it should be fully subject to VAT.

Many VAT systems provide for the concessionary treatment of charities and other non-profits on equity and practical grounds.[[17]](#footnote-18) While VAT does not generally distinguish between “for profit” and “charitable” activities, many VAT systems award some form of concessionary VAT treatment to supplies of qualifying charities ranging from exemption to zero-rating. Some VATs include charitable activities into the VAT base to allow input credits and refunds (e.g., New Zealand) while others exempt charities but operate a VAT compensation or rebate scheme to compensate charities for input tax (e.g., Denmark, Canada). A jurisdiction with lower capacity and weaker institutions, VAT exemption may be a second-best option.Concessionary treatment in the form of zero-rating and VAT compensation or rebate schemes are administratively complex to manage and add risk. In a weak institutional environment with very little VAT experience, the exemption approach is likely to be the best alternative.

*Issues arising from the failure to pay refunds in a timely manner*

In some cases, preferential tax treatment that generates a TE can also place the taxpayer in a persistent excess credit position that requires the payment of VAT refunds in a timely manner. In Moldova in many cases some businesses have high levels of excess credits accumulated over time for which no VAT refunds have been paid. In a sense this is a “negative” TE, since it reduces the true TE generated. However, unpaid refunds should not be included in the TE assessment as a negative TE. Rather, failure to pay refunds undermines the credibility of the VAT, and the practice imposes effectively random and capricious tax burdens on commodities and taxpayers. In addition, large stocks of excess credits held by businesses provide incentives for horizontal and vertical integration of businesses and can place domestic firms at a competitive disadvantage relative to imports (which effectively receive refunds from the country of production when earned). The appropriate policy is to pay verifiable refund claims in a timely manner, and the benchmark tax system should recognize that as the practice.

### **Excise Duties**

#### Common Approach

In line with the principles stated above, the benchmark for excise duties should comprise the benchmark tax bases, tax rates and other design aspects that are aligned with the rationale for levying excise duties. This raises particular difficulties in the case of excise duties, as multiple rationales may motivate the levying of an excise duty on a particular good, not all of which may command the same decisions as to how the duty should be designed. For instance, excise duties are generally justified as instruments to raise revenues, to internalize some forms of costs (e.g., pollution costs, consumption harm), or both; the first of these objectives may entail the levying of a duty at an *ad valorem* rate, that is, a duty stated as a percent of the value of a good (e.g., 10 percent of the sale price), while the second of these objectives might point toward the levying of an *ad quantum* or specific duty, a duty stated as a fixed amount per physical unit of a good (e.g., 20 MDL per pack of cigarettes). Furthermore, theoretical considerations as to the objectives being pursued when taxing a specific good may not precisely translate into a clear benchmark, either because it is not possible to assign a clear priority to a single objective or because the pursuit of a given objective does not translate into a clear prescription as to the design of the duty (such as when the costs to be internalized cannot be precisely estimated or vary from one taxpayer to the next).

As the rationale for levying an excise duty may differ depending on the good being taxed, it is necessary to define distinct benchmarks for each category of excisable goods. The following describes the key elements of the benchmark that have been retained for each category of goods that are subject to excise taxation in Moldova and that are covered in this report:

*Alcoholic products:* Moldova levies excise duties on pure alcohol and alcoholic products, including beers, ciders, vermouths, spirits and distillates, but not on wines. Rates are set out as specific amounts per liter of pure alcohol contained in a product (spirits and distillates) or per liter of product (all other alcoholic products). The levying of excise duties on alcoholic products is justified both by the need to control the consumption of alcohol and by the need to raise revenues. With the exception of wines, it is considered that the specific excise duty rates that are set out in the applicable legislation are broadly aligned with the alcohol contents of the products in a manner that is consistent with the harm-reducing function of these duties, and therefore these rates are considered to be the benchmark rates.[[18]](#footnote-19) The benchmark rate for wines is set equal to the excise duty applicable per liter of pure alcohol in wines as is applicable to pure alcohol (115.02 MDL per liter of pure alcohol in 2022, equivalent to a benchmark duty rate of 13.80 MDL per liter of wine, assuming an average 12 percent alcohol content for wines).

*Tobacco products:* Excise duties are levied on tobacco products in Moldova, primarily in order to discourage consumption and raise revenues. In 2022, cigarettes were subject to a specific duty equal to the higher of 959 MDL per 1,000 cigarettes or the sum of 715 MDL per 1,000 cigarettes plus 13 percent of the retail price of the cigarettes. Sheet cigarettes, cigars and cigarillos were subject to a single 41 percent duty, while other tobacco products (e.g., fine-cut tobacco, cartridges for electronic cigarettes) were subject to specific per-quantity duties that varied depending on the products. These rates, as set out in the applicable legislation, are broadly aligned with the tobacco contents of the products and are considered to be the benchmark rates.

*Oil and derivative products:* Excise duties are levied on gasoline, diesel, fuel oil and other forms of fossil energy, as well as on a certain number of chemical elements derived from oil. It is considered that the benchmark tax base covers all sources of fossil energy as well as the particular chemicals that are subject to excise duties. Electricity is not considered to be part of the benchmark tax base, not being a form of fossil energy.[[19]](#footnote-20) Benchmark tax rates are assumed to correspond to the applicable legislated rates, on the grounds that the structure of excise duty rates applicable to fossil energy products is reflective of the revenue objectives of the government. Natural gas and coal and coke are not currently subject to excise duties: the benchmark tax rates applicable to natural gas are assumed to correspond to the rates applicable to other similar gaseous hydrocarbons (such as propane, butane and ethylene), while the benchmark rates applicable to coal and coke are assumed to be the rates applicable to fuel oil, being the closest substitute fossil energy product.

*Means of transport:* Excise duties are levied on motorized means of transport produced or imported in Moldova, including motor cars, trucks, buses and motorcycles. It is considered that the primary reason for levying excise duties on the purchase of motor vehicles is on account of the pollution that will result from the use of these vehicles over their lifetime. The structure of applicable duty rates is broadly consistent with this objective, with rates, which are expressed as fixed amounts per cubic centimeter of cylinder capacity, generally increasing with the size or power of a vehicle and being higher for older, more polluting vehicles. As such, applicable duty rates are also considered to be the benchmark rates. Cars valued at 600,000 MDL or more are subject to an additional ad valorem excise duty at rates ranging from 2 percent to 10 percent, increasing with the value of a car. This additional duty primarily serves as a revenue-raising measure and is also considered to be part of the benchmark rate structure.

*Luxury goods*: Moldova levies ad valorem excise duties of 25 percent on caviar, caviar substitutes and fur clothing, and of 30 percent on perfumes and eau de toilette. This form of excise taxation is primarily intended as a way to improve the fairness of the tax system by raising additional tax revenues from wealthier individuals; as such, it is considered to be part of the benchmark.

*Other aspects of the excise duty benchmark common to all excisable goods:* Excise duties are levied on excisable goods produced domestically as well as on imported excisable goods. When the benchmark rate is expressed on an ad valorem basis, the tax base is measured as the value of the excisable goods (customs value in the case of imported goods) exclusive of excise duties and VAT. Excise duties are imposed on a destination basis; as such, the non-taxation of excisable goods intended for export (including products consumed by non-residents while visiting Moldova) or not intended for domestic consumption is considered to be part of the benchmark. Contrary to the VAT, the tax base of an excise duty is not limited to value added but comprises the whole value of a good. This is a distinct design feature of excise duties in comparison to value added taxes, and though there may be a sound policy case for refunding excise duties paid on inputs used to produce other excisable goods (i.e., to limit cascading effects), the refunding of paid excise duties is not considered to be part of the benchmark, in line with the basic feature of excise duties.

#### Moldovan Design of Excise Duties

Table 4 below summarizes the rate structures of the excise duties being levied in Moldova. Key TEs that can be identified as departures from the above-stated benchmarks include the non-taxation of three types of excisable goods, that is, wine, natural gas, and coal and coke.The non-taxation of electric vehicles and the levying of excise duties on hybrid vehicles at reduced rates are not considered TEs, as both measures are in line with the fact that these types of vehicles emit less pollution. The non-taxation of other gasoline or diesel-powered vehicles, generally limited to newer vehicles, is considered a TE, as these vehicles emit a certain level of pollution.

Other specific exemptions from applicable excise duties are considered TEs, unless consistent with the stated benchmarks (e.g., exemption for goods intended for exports or not for consumption).[[20]](#footnote-21)

Excise duties paid on goods used as inputs in the production of other excisable goods are effectively refunded to the manufacturers.[[21]](#footnote-22) This measure is considered a TE, as explained above. The excise duty exemption for excisable goods imported by businesses in a free economic zone is considered a TE, as imports by businesses not in a free economic zone are not similarly exempted, including when the output of a business is ultimately exported.[[22]](#footnote-23)

Table 4. Excise Duties Applicable, 2022

|  |  |  |
| --- | --- | --- |
| Tariff code | Excisable goods | Duty payable (MDL) |
| *Alcohol products* | | |
| 2203 | Malt beer | 2.90 per liter |
| 2204 | Fresh grape wines | none |
| 2205  2206 | Vermouths, other fermented beverages except ciders | 16.54 per liter |
| 2206 00 310  2206 00 510  2206 00 810 | Apple and pear ciders | 3.20 per liter |
| 2207 | Undenatured ethyl alcohol | 115.02 per liter of pure alcohol |
| 2208 | Spirits, distillates, liqueurs | 115.02 per liter of pure alcohol |
| *Tobacco products* | | |
| 2402 20 | Cigarettes | 715 per 1,000 pieces + 13%, no less than 959 per 1,000 pieces |
| 2402 10  2402 90 | Sheet cigarettes, cigars, products containing tobacco substitutes | 41% |
| ex 2403 99 900 | Tobacco reserves for tobacco heaters | 959 per 1,000 pieces |
| 2403 | Tobacco for smoking | 165.7 per kg |
| ex 2403 19 | Fine-cut tobacco for rolling | 1323 per kg |
| ex 3824 99 960 | Cartridges for electronic cigarettes | 1957 per liter |
| *Fossil energy* | | |
| 2701, 2702, 2704 | Coal and coke | none |
| 2710 19 510  2710 19 620 to 2710 19 680  2710 20 310 to 2710 20 390 | Fuel oil | 409 per ton |
| 2710 19 310 to 2710 19 480  2710 20 110 to 2710 20 190 | Diesel | 2980 per ton |
| 2711 12  2711 13  2711 14  2711 19 | Propane, butane, ethylene, propylene, butylene, butadiene, other liquefied well gas and other gaseous hydrocarbons | 3947 per ton |
| 2711 11  2711 21 | Natural gas | none |
| 2804 30 | Nitrogen | 3837 per ton |
| 2804 40 | Oxygen | 4239 per ton |
| 2710 12 110 to 2710 19 290 | Light and medium oils (including gasoline) | 7082 per ton |
| Various | Other fuels and chemicals | 7082 per ton |
| *Means of transport* | | |
| 8703 21 to 8703 24 | Gasoline cars | from 9.56 to 161.84 per cm3 of cylinder capacity |
| 8703 31 to 8703 33 | Diesel cars | from 12.23 to 161.84 per cm3 of cylinder capacity |
| 8703 40 | Non-plug-in hybrid gasoline cars | from 7.17 to 121.38 per cm3 of cylinder capacity |
| 8703 60 | Plug-in hybrid gasoline cars | from 4.78 to 80.92 per cm3 of cylinder capacity |
| 8703 50 | Non-plug-in hybrid diesel cars | from 9.17 to 121.38 per cm3 of cylinder capacity |
| 8703 70 | Plug-in hybrid diesel cars | from 6.12 to 80.92 per cm3 of cylinder capacity |
| 8711 | Motorcycles, mopeds | from 0 to 66.24 per cm3 of cylinder capacity |
| 9705 | Collectible vehicles | from 20,000 to 40,0000 per vehicle |
| 8701 20  8701 91 900, 8701 92 900, 8701 93 900, 8701 94 900, 8701 95 900 | Road tractors for semi-trailers, crawler tractors, tractors other than wheeled agricultural and forestry tractors | from 0 to 60 per cm3 of cylinder capacity |
| 8702 | Buses | from 0 to 80 per cm3 of cylinder capacity |
| 8704  8705 | Vehicles for the transport of goods and special-purpose vehicles | from 0 to 80 per cm3 of cylinder capacity |
| *Luxury goods* | | |
| 1604 31  1604 32 | Caviar, caviar substitutes | 25% |
| 3303 | Perfumes and eau de toilette | 30% |
| ex 4303 10 | Fur clothing | 25% |

### **Road Usage Fees**

#### Common Approach

Road usage fees are imposed on vehicles registered in Moldova as well as on vehicles used by non-residents who sojourn in Moldova (vignettes).[[23]](#footnote-24) Road usage fees are intended to reflect costs associated with the use of roads, primarily costs associated with the construction and maintenance of roads in Moldova. The benchmark tax base is therefore defined to cover all motorized vehicles using roads in Moldova, regardless of their mode of propulsion. Applicable rates are broadly aligned with such costs and generally increase with the power or weight of a vehicle, as well as—in the case of foreign sojourners—by the length of a stay in Moldova. Benchmark rates are assumed to correspond to these applicable rates.

#### Moldovan Design of Road Usage Fees

Table 5 below summarizes the rate structures of the road usage fees being levied in Moldova. The non-imposition of road usage fees on agricultural tractors and electric cars registered in Moldova, as well as on non-registered motorcycles, is considered a TE, as these vehicles can be used on roads. A limited number of specific exemptions are also treated as TEs.

**Table 5. Road Usage Fees Applicable, 2022**

|  |  |  |
| --- | --- | --- |
| **Road usage fees on motor vehicles registered in Moldova** | | |
| **Vehicle** | **Unit of measurement** | **Fee payable** |
| *Motorcycle, moped, scooter, moped* |  |  |
| Engine cylinder capacity: 0 to 500 cm3 | MDL per unit | 300 |
| Engine cylinder capacity: over 500 cm3 | MDL per unit | 600 |
| *Passenger cars, special purpose vehicles on a passenger car chassis* | |  |
| Engine cylinder capacity: 0 to 2000 cm3 | MDL per cm³ of cylinder capacity | 0.60 |
| Engine cylinder capacity: 2001 to 3000 cm3 | MDL per cm³ of cylinder capacity | 0.90 |
| Engine cylinder capacity: 3001 to 4000 cm3 | MDL per cm³ of cylinder capacity | 1,2 |
| Engine cylinder capacity: 4001 to 5000 cm3 | MDL per cm³ of cylinder capacity | 1.5 |
| Engine cylinder capacity: over 5000 cm3 | MDL per cm³ of cylinder capacity | 1.8 |
| *Trailers with the lifting capacity listed in the registration certificate* | MDL per ton | 270 |
| *Semi-trailers with the lifting capacity entered in the registration certificate* | |  |
| Weight: 0 to 20 tons | MDL per ton | 225 |
| Weight: over 20 tons | MDL per unit | 4500 |
| *Tow trucks, tractors* | MDL per unit | 2250 |
| *Trucks, special-purpose vehicles on truck chassis, any other self-propelled vehicles* | | |
| Weight: 0 to 1.6 tons | MDL per unit | 1200 |
| Weight: 1.6 to 5.0 tons | MDL per unit | 2250 |
| Weight: 5.0 to 10.0 tons | MDL per unit | 3000 |
| Weight: over 10.0 tons | MDL per unit | 4500 |
| *Buses* |  |  |
| Capacity (excl. driver): 0 to 11 | MDL per unit | 2925 |
| Capacity (excl. driver): 12 to 17 | MDL per unit | 3600 |
| Capacity (excl. driver): 18 to 24 | MDL per unit | 4275 |
| Capacity (excl. driver): 25 to 40 | MDL per unit | 4725 |
| Capacity (excl. driver): over 40 | MDL per unit | 5400 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Road usage fees on vehicles unregistered in Moldova (vignette)** | | | | | | |
|  | Fee payable (MDL) | | | | | |
|  | *Duration of sojourn (# days)* | | | | | |
|  | 7 | 15 | 30 | 90 | 180 | over 180 |
| Motor vehicles [tariff code 8703] and attached trailers | 4 | 8 | 16 | 45 | 85 | 180 |
|  | *Duration of sojourn (# days)* | | | | | |
|  | 1 | 7 | 30 | 90 | 12 months |  |
| Buses |  |  |  |  |  |  |
| Capacity (excl. driver): 9 to 24 | 6 | 24 | 48 | 120 | 480 |  |
| Capacity (excl. driver): 25 or more | 7 | 28 | 56 | 140 | 560 |  |
| Trucks with or without trailer, road tractors with or without semi-trailer |  |  |  |  |  |  |
| Total mass: 0 to 3,5 tons | 5 | 20 | 40 | 100 | 400 |  |
| Total mass: 3,5 to 10 tons | 8 | 32 | 64 | 160 | 640 |  |
| Total mass: 10 to 40 tons | 11 | 55 | 112 | 280 | 1120 |  |

### **Import Duties**

#### Common Approach

Import duties are tariffs levied on foreign goods (and, more rarely, services) imported into a country. Like other countries, Moldova levies import duties in order to raise revenues and to protect domestic producers from foreign competition. Both objectives, however, are of decreasing significance, as revenues from import tariffs represent a small (less than 3 percent) and decreasing share of total government revenues, reflecting the fact that significant share of all imported goods are subject to nil or low tariffs under the existing tariff structure and free trade agreements.[[24]](#footnote-25)

On that basis, the benchmark tax base for import duties is considered to consist in all imports of goods intended for consumption by households or use as inputs by businesses. Imports of financial assets (e.g., currencies, securities) is not considered to be part of the benchmark tax base. Benchmark import duty tariffs are assumed to correspond to the applicable tariffs, including tariffs that are set out under a free trade agreement, on the grounds that the existing tariff structure reflects the level of protection desired by the government, and that attempting to identify the tariff structure that would offer an “optimal” level of protection would not be practical.

#### Moldovan Import Tariff Structure

Moldova’s import tariff structure is set out in the Combined Nomenclature of Goods.[[25]](#footnote-26) Tariffs are set for some 9,600 different line items and are expressed either on a specific or ad valorem basis. Tariffs negotiated under a free trade agreement override the domestic tariffs.[[26]](#footnote-27)

As the applicable import tariff structure is considered to be part of the benchmark, measures that depart from the benchmark and that are considered TEs are limited to the specific exemptions that are set out under the domestic legislation. These consist primarily in the specific exemptions that are set out under article 28 of the Customs Tariff (Law no. 1380/1997), as well as those included in the new Customs Code. The new Customs Code (Law no. 95/2021), which has been adopted and will become effective on July 1, 2023, includes a revised list of specific exemptions.[[27]](#footnote-28) Upon entry into effect of the new code, the existing Customs Code (Law no. 1149/2000) and Customs Tariff will cease to have effect, along with Law no. 1569/2002 regarding the manner of introduction and removal of goods from the territory of the Republic of Moldova by natural persons. The TEs presented in Appendix 6 to this report include exemptions under both the current and new legislation, including existing exemptions that were not retained under the new Customs Code and that will no longer have effect as of July 1, 2023.

### **Real Estate Tax**

#### Common approach

For a comprehensive real estate tax at a uniform rate, the benchmark would be the legislated recurrent property tax imposed on a selected tax base, with a single statutory tax rate. A rate schedule, differentiated between residential and non-residential use of properties may constitute a deviation from the benchmark regime. Inclusion of any other tax relief measure would clearly represent a TE.

A standard property tax regime can be based on surface area or a value-based assessment, using commonly the valuation standard of market value[[28]](#footnote-29) of the immovable properties. Area-based property tax systems at comparable international tax rates are less revenue-productive than value-based systems. However, it cannot be argued that a jurisdiction employing both systems—i.e., applying the value-based system in urban areas whilst using a surface-based regime in rural undeveloped regions, is offering a TE to rural property owners. This choice is primarily informed by a jurisdiction’s property valuation capacity (e.g., the inability to periodically but regularly revalue rural properties). Hence, both systems are benchmark, and the use of a simpler approach that applies a specific rate to the surface area of rural properties, perhaps many in numbers, is not a deviation from the benchmark. On the other hand, sectoral exclusions, or exemptions of property owners or associated property categories, constitute a deviation from the benchmark, i.e., are TEs.

Often, due to political and socio-economic considerations, differentiated rates, exemptions, exclusions, and tax-free value thresholds are applied to accommodate economic hardship cases. Tax relief through exempting properties from property tax is often extended to so-called “cash poor vs. asset-rich households” (i.e., pensioners that no longer can afford property tax liabilities). Also, some business sectors are incentivized through non-taxation. In assessing whether to exempt certain properties from property tax and regard them as distinct deviations from the benchmark property tax system, the following analytical questions are useful: (1) what cost does the exempt property impose on local (or central) government with regard to service delivery (e.g., utilities and infrastructure); (2) should the property be billed by user-charging for the costs it imposes; (3) does the property owner create public good benefits that exceed the value of tax forgiveness; and (4) would the tax exemption provide the owner with an unfair economic advantage? These questions assist in determining whether a property tax provision represents benchmark treatment or is an explicit discretionary exemption leading to revenue losses and erosion of the tax base.

*International organizations and public benefit organizations.* Tax relief from property taxes should be restricted to properties that meet narrowly defined criteria.This includes properties that are tax exempt through international conventions such as embassies and international organizations. Irrespective of the reciprocity requirement and being legitimate exempt properties, the revenue loss should nevertheless be estimated as they are deviations from the benchmark. An inclusive approach would suggest the imposition of property taxes on all cultural, religious, and public benefit organizations. Few countries do so, but the granted exemptions are TEs and their forgone revenues should be reported. Properties not directly used for public benefit activities should be taxed and only the church sanctuary should be exempted from property taxes. Rental lands owned by the church should attract property tax.

*Low-income households.* Good reasons exist for introducing relief that shields low-income owners from potential adverse impacts of property taxes.Measures may entail forgiving property tax for those living in properties below a stated value or area threshold.The poor often live in areas with limited infrastructure or public services generally, and as a consequence, face low assessment values for their properties. A value exemption would then accord some rough justice to areas where tax collection costs likely exceed the revenue take. For this reason, some countries have adopted a tax-free value threshold for a market-value based property tax. Moldova elected such option by providing tax-free value thresholds that is determined autonomously by ATUs. The value threshold must be determined carefully so as not to be too generous. All the above examples of property tax relief need to be defined as TEs, with their estimated revenue loss estimated.

*Exemptions and relief for state-owned properties.* Internationally, organs of the State and Budget-financed entities often benefit from property tax exemptions.The suggested rationale is that these are used for physical infrastructure operations, or the properties are used for the delivery of broadly accessible public goods and services such as the supply of electricity, water, road connections, and general administrative services. Numerous countries follow this approach in taxing real property, which seems acceptable. Yet, this tax treatment is a deviation from the benchmark since central government uses facilities provided by local authorities and could therefore contribute through property tax payments to the defraying of local government costs. The *benefit principle* indicates the correctness of labeling them as TEs, even if non-taxation continues. The subsidy by local governments should be reported. There are numerous countries, that impose property taxes on government-owned properties.[[29]](#footnote-30)

*Lower tax rates vis-à-vis the standard rate is a TE.* Any reduced rate vis-à-vis the statutory uniform property tax rate that applies to a subgroup of property taxpayers should be regarded as a deviation from the benchmark. A complication arises when the national government provides in legislation for a range of rates from which ATUs, informed by their budget needs, can select a property tax rate for residential buildings. Is the benchmark rate the minimum rate or should it be the average from the range’s minimum and maximum rate? Evidence from Moldova suggests that calculating a simple average rate for ATUs’ selected rate may be superfluous, because with the exception of only very few ATUs in 2021 and 2022, the most commonly selected statutory rate was the minimum rate. Table 6 summarizes international practices for rate-setting, ordering them also into benchmark and non-standard practices.

Table 6. Benchmark or Nonstandard Practices with Property Tax Rates

| Practice | Rationale | Benchmark Regime or TE? |
| --- | --- | --- |
| Flat *ad valorem* rate on all immovable property categories valued at market value | Simplest way to tax property values. | It is a benchmark standard |
| Single specific rate for all immovable property categories | Simplest way to tax area-based property tax. | It is a benchmark standard |
| Progressive *ad valorem* rate | Seeking to establish more fairness in the system by taxing higher valued properties at higher nominal rates. | Benchmark treatment, but actually superfluous since a single tax rate applied on a true market value will impose a higher tax burden on high value properties, thereby ensuring distributional fairness. |
| Differential rates applied to different types of property, with non-residential property usually attracting higher rates, and agricultural and residential properties benefiting from lower rates. | Usually, to protect agricultural property from higher taxes, and to capture the greatest tax-paying capacity of commercial and industrial land (also being influenced by political economy considerations: large numbers of individual residential property owners vs. relatively few commercial or business owners). | Tax purist may argue that the higher rate on commercial properties is deemed to be benchmark, whereas the lower property tax rates on residential and agricultural property owners is a TE, especially if the property tax is being seen as a benefit tax-- (residential properties consumer a relatively much larger share of local public services than non-residential properties. Releasing such TE budget may be politically very controversial. |
| Different rates applied to land / site and capital improvements or structures; surcharge rate applied as penalty for sterilizing valuable or potentially productive land or a penalty rate for underutilization ( | To encourage the development of vacant and underutilized land. | A negative TE—penalizing sterilization of potentially productive land for speculative reasons. |
| A progressive tax rate is applied to the total value of an individual’s multiple land holdings. | To put a higher tax burden on a concentration of property holdings or wealth concentration. | If it applies to all immovable property holdings it would be deemed benchmark tax treatment. |
| Annual increase in tax rates to compensate for the failure to revaluate properties or adjust values through indexing. | To protect revenues when property revaluations are unduly delayed. | Benchmark treatment if it applies to all properties without exception. |

Source: USAID, 2009 and IMF mission of January 2023.

*Rate differentiation between commercial vs. residential properties.* Many jurisdictions specifically provide for lower property tax rates in the case of residential properties. Alternatively, some countries apply higher rates for commercial properties (as is the case in Moldova); or lower rates for selected industries and service providers such as for manufacturing and tourism. As indicated above, the differential or favorable tax treatment of residences is not consistent with the concept of a *benefit tax* and therefore does not recognize the differential use of public services rendered by the various tiers of government (central vs. local). If commercial and residential properties benefit from the same level of municipal service, no rate differentiation in favor of residential properties is justified. Hence, a single rate may be the correct approach as market valuations to a large extent already reflect differences in ability-to-pay. Lower or zero property tax rates below the standard rate for non-residential (commercial) immovable property are TEs—this is often the case of properties located in Free Economic of Export Zones, etc.

#### Moldovan RET design for legal and natural persons

RET is payable by resident and non-resident companies and natural persons,[[30]](#footnote-31) which are: (1) owners of immovable property located in Moldova; or (2) holders of patrimonial rights (rights to possess, manage and administer property) over immovable property located in Moldova that is public property of the state or public property of the administrative-territorial units. There are two property tax assessment methods in use. The new capital value-based property tax assessment method applies to cadaster-registered properties such as apartments and family houses in urban areas, garages in garage owner associations, land parcels in summer-house owner associations, commercial and industrial property, and agricultural land with structures on it that are used for business. For non-cadaster registered, predominantly, land plots, the old assessment method applies to agricultural land, houses in rural areas, property in public ownership, engineering infrastructure systems, and specific purpose properties such as power plants, railway stations and airports. The old assessment method uses an “area-based assessment approach for agricultural land.” In this instance, the law sets a flat amount payable as tax per hectare of agricultural land. Currently, agricultural land constitutes 70 percent of all property units and is assessed for tax according to its area (i.e., the old tax regime). A fixed rate per hectare is applied to agricultural land and a fixed rate per hundred square meters for land within settlements. Subsequently, the value of agricultural land was adjusted with coefficients depending on its soil fertility (or *bonity*).[[31]](#footnote-32)

Immovable property includes land, buildings, constructions, apartments, and other similar property. The taxable base of the tax on immovable property is the estimated value of such property as determined by the cadastral authorities. For companies, the RET is levied at a rate of 0.3 percent on the taxable base of the immovable property. For natural persons the tax on immovable property is levied at the following rates: (1) in municipalities and cities only a minimum rate of 0.05 percent applies—the maximum rate of 0.4 percent of the taxable property base has been abolished effective 1 January, 2023. The actual tax rates are set annually by the local authorities and cluster around the statutory minimum rate. A specified value of immovable property for every municipality and city is exempt (Art. 283(2)).

*Exemptions for public authorities, religious organization, diplomatic and consular missions, etc.* Numerous exemptions (Articles 283(1) and (4)) are available to the public authorities and budget-funded institutions, religious organizations’ places of worship, diplomatic and consular missions, war veterans and their family members, retired persons, and owners of conservation areas. The owners and users of immovable property occupied by scientific, artistic, cinematographic, educational, health care or sporting institutions (with the exception of holiday resorts), as well as historical, cultural and natural monuments maintained by the state or trade unions, are also RET-exempt. Additional exemptions and an extension of deadlines for the payment of RET may be granted by the local public administrations (LPA)s.

*Reduced RET rate for early payments (abandoned staring January 2021).* The tax liability is calculated by self-assessment for legal persons, whereas in the case of residential properties natural persons are billed by local tax administration. Until 31 December 2020, if the tax was paid by 30 June of the relevant tax year, the taxpayer was entitled to a 15 percent tax reduction, which was one the costliest TEs in the system and, for that reason was abolished. The tax on immovable property is a deductible business expense, but not for individual income tax purposes. The tax on land is not deductible for corporate and individual income tax purposes.

*Special tax regimes for residents of IT Parks and Free Economic Zones (FEZ). As* discussed in Box 1 above, residents of the IT Park pay a single tax in the amount of 7 percent on turnover (Art. 15(a)) that substitutes, among others, the RET. In lieu of RET, 0.1 percent of the single payment is allocated to the local budgets. Any changes to the RET structure and rates do not lead to a commensurate rate adjustment of the single IT Park tax. Further, the RET exemption for FEZ operators provided under Art. 283(5) is an obvious and high profile TE. It should cause a significant revenue loss since there are currently 7 registered FEZs with 38 subzones and in which 229 zone operators are registered. Estimation of forgone revenues in the case of FEZs are not available at this stage.

### **Natural Resources Fees**

With effect from 1 January 2021, the amended natural resource fee regime imposes extraction fees for water use; for useful minerals; and for the use of subsoil resources. Tax reports on natural resources fees are submitted using obligatory, automated electronic reporting methods, under the conditions provided by Article 187(21). Art. 300 of the TC provides for the types of fees for natural resources, rates, the calculation, and payment method. The relevant provisions in the TC restrict the natural resource fee structure to Chapter 2 (water fees); Chapter 3 (mineral extraction fees); and Chapter 4 (fees for using subsoil).

*Water fees.* The water fee is imposed on extracted water from surface and groundwater sources, drinking water from any source for bottling purposes, natural mineral water, and water used at hydropower plants. Taxpayers are natural and legal persons (Art. 302). In all cases, extraction of volume of water measured in cubic meter attracts different tax rates for the different water categories and represents a consideration for the extraction of a valuable natural resource. The taxable object is the volume of water extracted (Art. 303) or used and the tax rates (Art. 304) are ranging from MDL 0.06 (for hydroelectric power plant) to MDL 16 (mineral water for bottling) per each cubic meter. This is the benchmark water fee regime against which all exemptions should be measured to calculate the revenue loss if the water fee were to be exempted.

Hence, the only *legislated natural resource fee exemption applies to the* *use of water* (Art. 306) when it is associated with:

(1) The extraction of mineral ores or preventative water extraction in order not to pollute the underground water table due to mineral extraction

(2) Water extraction by public authorities or budget funded agencies that deliver an economic service to the public

(3) Water extracted for firefighting

(4) Water used by enterprises for the care of the blind, deaf, disabled, and public healthcare

(5) Water used by enterprises operating prisons and detention centers.

Forgone revenue can be calculated on the basis of extracted volume of water per category, multiplied by a corresponding rate. TEs for the different exempt water categories is recorded in Appendix 8.

*Fees for mineral extraction.* Natural and legal persons, extracting economically useful minerals, attract a mineral extraction fee at rates provided for in Annex 2 to Title VIII of the TC. No fee exemptions are provided in Law.

*Fee for Using the Subsoil or Underground Spaces (Caves).*Natural and legal persons, making use of underground soils and spaces (caves), attract an ad valorem rate of 3 percent on the value of the construction works and 0.2 percent on the accounting value of underground construction works (Art. 313 of the TC). No fee exemptions are provided in Law.

## Inventory of Identified Variations from the Benchmark

In order to report on the range of tax relief measures under each tax instrument, the TEAR records an inventory of TEs, as comprehensively as possible. This is accomplished by comparing the actual provisions of Moldovan tax system against the established benchmark. For each identified TE arising from this comparison, a standardized template—a TE summary sheet—is prepared to enable a consistent analysis of TEs.

Each TE summary includes—in line with good international practice—a description of the key features:

1. how the TE functions;
2. why the measure is a deviation from the benchmark;
3. who benefits from the measure;
4. what policy objectives are being pursued;
5. the legislative reference providing for the TE;
6. when was the TE introduced, whether it has changed over time, and whether there is a stipulated sunset or expiry date;
7. the number of recorded beneficiaries; and
8. information on data sources and the applied estimation method(s).

This TEAR contains TE summary sheets for the PIT, BIT, VAT, excise duties, road usage fees, import duties, RET, and resource extraction fees systems, included in Appendices 1-8. Over time the contained information on TEs will be further enriched and modified to enhance the transparency of TE reporting and to facilitate an intelligent evaluation and record of important lessons about previously introduced TEs.

## Estimation of the Cost of Tax Expenditures

### Tax Expenditures Methodology for PIT

#### Data Sources

Personal income tax at a benchmark rate of 12 percent is applied for employment income and income from other sources. All deviations from the benchmark, including non-taxation of pensions, inheritances and other incomes, children’s allowances, and reduced income tax rates for capital income are treated as TEs.

Estimation of the PIT TEs was based on data from the following tax forms:

* IALS18—The information note regarding the salary and other payments made by the employer in favor of employees, as well as the payments paid to the residents from other sources of income than the salary and the income tax withheld from these payments;
* CET18—Personal income tax return

In addition, the actual expenditures of the national public budget were analyzed. It is important to note that the analysis was based on the available data, and so the accuracy of the estimates is limited by the data’s coverage and quality. The models were built in Microsoft Excel.

#### Estimation methodology

The TEs are estimated using the revenue forgone method. Using this method, we calculate the difference between the revenue raised with and without the individual TE. The estimates do not reflect the actual amount of revenues that would be raised if an individual TE were repealed as it does not take into account interactions with other TEs nor behavioural effects. The microsimulation model hence provides revenue impact estimates at the individual level in a static setting while assuming zero behavioural responses.

#### Calculations

The analysis is based on the following data:

* Wage income
* Personal allowance
* Major personal allowance
* Spouse major allowance
* Allowance for child and other dependent
* Major allowance for a child and other dependent
* State social contributions
* Medical insurance contributions

This data is contained in an Excel spreadsheet where each row corresponds to an individual’s return and the columns correspond with the fields such as income by source/type (in our estimation we used wage income), personal allowances, allowances for dependents, social and medical contributions and other various deductions and allowances. Estimation is done by multiplying the effective expenditures by the benchmark rate of 12 percent rate while accounting for the personal allowance.

#### Interpretation of Estimates

The methods of estimation combine exogenous data from tax returns/budget execution report with endogenous environmental parameters from tax code to determine tax obligations under current system and simulate tax obligations under the benchmark system.

31 income tax measures for individuals were identified. Almost all of them are contained in articles 20, 33–35 of Tax Code.

Using data from tax returns alone, however, generally fails to yield a complete representation of income TEs. There are frequently other data elements relevant to estimating income TEs not included in standard tax returns or even not collected in tax data. For example, in the Moldovan legislation, individual-level tax returns do not report data on income from inheritances or from pensions. In order to address this gap, one must incorporate data from alternative sources that can be matched to the tax return data.

In cases where the data could not be derived from tax returns—like the exemption of pension income—it was not possible to accurately determine the magnitude of revenues forgone because the standard pension is below the personal allowance, which is part of the benchmark. Since the recipients could not be matched to a tax return, it was not possible to identify if they earned other income that would push them above the personal allowance threshold.

### Tax Expenditures Methodology for BIT

TEs estimates based on the revenues forgone approach are estimates of the additional revenues that would be raised in the absence of each TE without accounting for behavioral responses. BIT TEs are generally estimated using microsimulations, which is the simulation of each tax return under alternative assumptions. Removing a TE—like a deduction or an allowance—in a microsimulation model provides an estimate of the BIT revenues in the absence of that policy, which is consistent with the above definition of revenues forgone.

*IT Park regime.* Evaluation of TE for the IT Park regime follows the methodology presented in Box 1, and involves the steps below:

* Utilizing the Bureau van Dijk Orbis database, estimate the ratio of taxable profit to turnover for global Information Technology companies. The ratio is estimated at 14.1 percent.
* Applying the derived ratio of 14.1 percent to the turnover reported by IT Park residents (form IU17) to derive at the benchmark tax base—taxable profit of IT park residents
* Estimating the Benchmark tax (BBIT) that would be payable in the absence of the IT Park regime, by applying the statutory rate of 12 percent to the derived Benchmark taxable base.
* Deriving at the TE by subtracting from the BBIT the share of unified tax paid by IT Park residents in lieu of BIT—10 percent of 7 percent of Turnover.

#### Data Sources

Overall, four microsimulation models were built using BIT tax microdata from the following tax forms:

* IU17—IT parks
* ONG17—non-commercial organizations
* UNIF18—individual entrepreneurs and farmers
* VEN12—standard BIT return

In general, microsimulation models simulate all cells on the tax forms, including all accompanying annexes and schedules. This lets analysts simulate any change in policy possible given the information available on the tax forms. In this case, cursory data analysis identified issues in the underlying data. In particular, there were many instances where the underlying data did not match the equations described in the tax forms. This is indicative of either data errors, or of other inputs into those cells that are not fully described by the tax forms. To mitigate these issues, simulations in the models are limited to the cells required to properly estimate the TEs identified in the TEAR.

#### Estimation Methodology

Microsimulation models simulate the calculations on each tax form using alternative assumptions. To estimate a TE, the value in a cell where the TE is introduced is changed and all cells on the rest of the tax return are recalculated to estimate the change in net tax. To obtain the appropriate estimate, a number of adjustments need to be made relative to the standard forms, including:

* **Previous year loss and loss carryforward**: should be disabled to ensure the analysis captures the tax base from only one fiscal year. Negative net income and net tax is allowed in lieu of the loss carryforward to capture the impact of TEs on taxpayers in a loss position. By replacing the loss carryforward with negative income in the current fiscal year, it is important to also disable the previous year loss to avoid underestimating the overall tax base.
* **Tax rate**: should be calculated using the tax paid relative to taxable income, or imputed at either the benchmark rate, or a reduced rate if one is known to apply (e.g., the 7 percent reduced BIT rate for farmers based on the industry code).
* **Reference values**: reference values must be derived and used as a comparison reference when calculating TEs instead of the net tax from the data, because differences arise due to data error, as well as the adjustments described above.

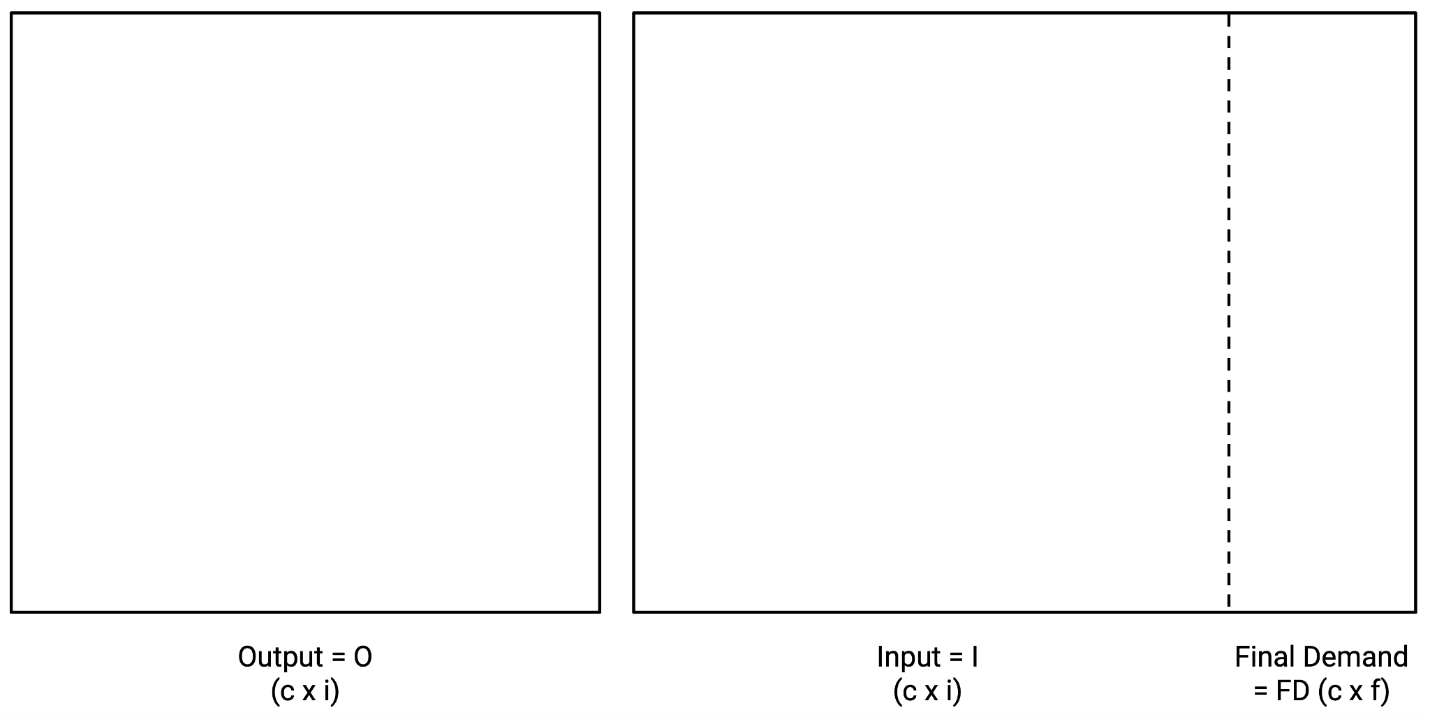
Once a model is constructed using the tax microdata as inputs, while accounting for the adjustments described above in the calculations, the TEs can be estimated by toggling them on and off in the simulation.

### Tax Expenditures Methodology for VAT

#### Data Sources

In most cases, vendors of commodities are not required to determine whether their goods and services were sold to firms eligible for input tax credits or consumers who cannot claim VAT relief. Consequently, determining the TE requires detailed knowledge as to whether the commodities are consumed by businesses that are eligible for input tax credits (ITCs), or final consumers. The only data source that can be used to disentangle purchases on which firms can claim ITCs or final consumers in Moldova is the Supply-Use Tables (SUTs) produced by the National Bureau of Statistics (NBS) as illustrated in Figure 2. These tables are the core data used in the Moldovan VAT TE model. The model complements the SUT data with other statistical and administrative data such as national accounts and VAT declarations data.

Figure 2. Illustrative Supply-Use Table (Input-Output Table)



The SUTs used to develop the models are summary 2014 tables that contain 51 commodities and activities (commonly called industries or sectors). The final demand portion of the “Use” matrix provides the model with data on final consumption from households, government, and NGOs which can be used to compute tax revenues from taxable commodities. The “Supply” matrix lets the model determine the share of each “activity’s” (or sector’s) output that is exempt. The shares are then used along with the intermediate use portion of the “Use” matrix to compute tax revenues from exempt commodities.

#### Estimation Methodology

Core calculations are performed twice: benchmark and simulation. In the benchmark, tax revenues are calculated under the assumption of the benchmark tax system which includes no relief apart from the zero-rating of exports. In the simulation, tax revenues are calculated under the assumptions that match the current set of TEs. Revenues forgone from TEs are estimated by removing the TE from the simulation, such that revenues increase in the simulation relative to the calibrated scenario (for positive TEs). The change in revenues are the estimates of revenues forgone.

Calculations

Simulated tax from final consumption and from intermediate inputs are estimated separately. The model assumes that final consumption is taxed at the average weighted VAT rate based on the share of each commodity that is fully taxable—at 20 percent—subject to a reduced rate—6, 8 or 12 percent—and not taxed—i.e., exempt, and zero-rated commodities.

Tax on intermediate inputs is calculated by applying VAT on intermediate inputs used into the production of exempt commodities at the average weighted VAT rate of the inputs used.

1. First, the share of industry output that is exempt is calculated by weighing the share of each commodity that is exempt—from the dashboard—by the relative output of each commodity in each activity.[[32]](#footnote-33)
2. The share of each industry’s output that is exported is brought in to gross down the exempt share as commodities that are normally exempt are zero-rated when exported.
3. The share of each activity’s inputs that are not eligible for input tax credits are calculated by multiplying the exempt share by the share of domestic production that is not exported.
4. The share of each activity’s inputs that are not eligible for input tax credits is multiplied by the average VAT rate — weighted using the taxable and reduced rate shares — of the inputs used.[[33]](#footnote-34)
5. Finally, the effective VAT rate on intermediate inputs, is multiplied by the use matrix in net purchaser price to calculate VAT revenues from intermediate inputs.

Interpretation of Estimates

The VAT TEs are estimates of revenues forgone. They are hence estimates of the additional revenues that would be raised from removing the TEs in the absence of behavioral response. Their accuracy in forecasting the additional revenues associated with policy changes depends on the extent to which behavioral responses matter for the targeted commodity. In most instances, behavioral responses are relatively small for VAT policy changes, particularly for small policy changes.

Interaction effects are important to keep in mind when interpreting estimates. Policies interact with one another, and so changes to multiple policies together will not generally lead to total revenues forgone equal to the sum of the individual revenues forgone estimates. The model used to compute the VAT TEs accounts for interaction effects and can be used to estimate the revenues forgone associated with multiple policies.

Projection of Estimates

The core statistical SUTs provide the model with the structure of the economy as of 2014. The model estimates TEs for the years 2015 to 2020 by adjusting the simulation for the VAT policies in each of those years and growing the economy using aggregate final consumption expenditure. The TEs are projected forward in 2021 and 2022 using the announced VAT policies — e.g., the 6 percent reduced-rate for hotels and restaurants — as well as the IMF (2022) projections of GDP and aggregate VAT revenues.

### Tax Expenditures Methodology for Excise Duties, Road Usage Fees and Import Duties

Data underlying the estimates of TEs for excise duties, road usage fees and import duties were generally obtained from the National Bureau Statistics and Customs Service. These consist mainly in figures for domestic production and imports of excisable goods and goods subject to import tariffs. Additional statistics to inform the use of certain estimation parameters were collected from miscellaneous sources such as industry groups and specialized websites. Information to cost several TEs remains lacking, as such, no estimates are provided for these measures. Additional details concerning the data used for the estimation can be found in the descriptions of each TE that are included in the relevant appendices to this report.

#### Estimation Methodology

TEs for excise duties, road usage fees and import duties are estimated using the foregone revenue approach, on a cash-flow basis and without adjusting for inflation. The value of a TE is calculated as the difference between the theoretical taxes that would be payable under the benchmark (i.e., without the particular TE) and the taxes actually collected (if any). The first component is generally estimated by multiplying the taxable base that is not subject to taxation or subject to reduced taxation due to the TE by the applicable benchmark tax rate. In the case of refunds that are considered TEs, the cost of the TE corresponds to the value of the taxes refunded.

In theory, the estimated taxable base should account for other possibleTEs as per which an amount may remain eligible for preferential tax treatment. For instance, the costing of the exemption from excise duties for wines should account for the fact that returning travelers are allowed to import small quantities of wine without being charged excise duties. Often however, the information needed to perform such adjustments may not be available, which may result in the over-estimation of certain TEs.

In keeping with established principles, TEs are estimated separately for each tax base, disregarding how changes to one tax base may possibly affect other tax bases. This has implications for the costing of excise duty and import duty expenditures, as the tax base for excise duties includes any import duties paid, while the tax base for the VAT includes any import and excise duties paid. Disregarding such interactions among tax bases results in the under-estimation of the true cost of excise and import duty expenditures. Unfortunately, accounting for such interactions would require sources-uses data at product level, which are not currently available. The work needed to account for such interactions is thus left for future development.

In addition to the above, estimates of TEs for excise duties, road usage fees and import duties are subject to the usual caveats, namely that estimates are derived on a static basis, assuming no behavioural changes or dynamic economic effects, and without accounting for possible interactions with other aspects of the tax system. As such, the estimated value of a TE may not correspond to the budgetary impact of repealing the TE.

Where applicable, future values of a TE or of some underlying variables were projected on the basis of past values or of other forecasted economic variables.

### Tax Expenditures Methodology for Real Estate Tax and Resource Fees

According to Art. 281 of the TC, the RET liability of natural persons owning residential properties is calculated on an annual basis (as of January 1st of the respective tax period) by the Local Public Administration (LPA) for each taxable immovable property registered in the fiscal cadaster. This is captured by the LPA in their real estate tax base. If the taxable RET base is assessed by the territorial cadastral bodies, the RET liability for the respective year is based on the property’s estimated value for RET purposes and is registered in the fiscal cadaster. The RET liability and whether the taxpayer qualifies for any of the available RET exemptions, is captured in the RET invoice or payment notifications which is mailed to registered property owners. Legal persons, registered as businesses are obligated to themselves calculate their annual RET liability. They would therefore indicate whether they qualify for any of the in Law provided tax exemptions.

Legal entities and natural persons registered as businesses (except small farming households) who own land not valued for RET purposes must also independently calculate their RET/land tax liability (Art. 281(3). It is important to note that the RET calculations shall be submitted using obligatory automated electronic reporting methods as stipulated by the STS according to Art. 187 of the TC. The STS keeps track of the respective obligations, based on the data from the submitted tax returns. The correctness of the submitted data is subject to audit. The RET/land tax liabilities for peasant households are determined by the local tax and tax collection services (LTTCS) within the LPAs.

#### Data Sources

The LPA’s tax administration verifies the submitted data, which is shared through a central software program with the STS at national level.[[34]](#footnote-35) This integrated IT platform[[35]](#footnote-36) allows for in-time interoperability of the tax agencies at national and local level with feedback loops to the Real Property Cadaster managed by the Agency for Land Relations and Cadaster. The system enables the Moldovan authorities to compile accurate revenue forgone reports for TEAR purposes.

A similar data sharing approach is adopted in regard to filing local tax and resource fee data and fee payment liabilities. It is being done according to the provisions of Title VII of the Tax Code, and Government Decision No. 998/2003. Businesses owned by legal and natural persons must calculate their quarterly payment obligations related to local taxes and resource fees on their own (Art. 305). The STS keeps track of tax obligations in this case similar to the property/land tax.

### Costing of Tax Expenditures, 2018-2022

Based of methodologies discussed above, Table 7 presents the TEs estimates for taxes covered in the report.

Table 7. Tax Expenditure Estimates

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Title of tax expenditure** | **Estimated costs** | | | | |
|  | **2018** | **2019** | **2020** | **2021** | **2022** |
|  | **Personal Income Tax** | **Thousand MDL** | | | | |
| 1 | Tax exemption of received state pension | n.a. | 397,300.0 | 388,000.0 | 439,100.0 | 482,700.0 |
| 2 | Tax exemption of state security payments and state subsidies | 652,300.0 | 705,300.0 | 688,700.0 | 779,500.0 | 856,900.0 |
| 3 | Non taxable state subsidy to first time homeowners under “First Home” state program | — | 1,010.0 | 2,960.0 | 6,200.0 | 6,800.0 |
| 4 | All fringe benefit payments by an employer such as meals etc. are tax exempt | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5 | Tax exemption of scholarships for pupils, students, and postgraduate students | 112,100.0 | 247,200.0 | 252,200.0 | 285,400.0 | 313,800.0 |
| 6 | Tax exemption of received patrimony received as a donation or inheritance | n.a. | n.a. | n.a. | n.a. | n.a. |
| 7 | Tax exemption of gratuitous transfers of property, including cash, from Government or competent authorities | n.a. | n.a. | n.a. | n.a. | n.a. |
| 8 | Tax exemption of amounts received by blood donors from state healthcare institutions | n.a. | n.a. | n.a. | n.a. | n.a. |
| 9 | Winnings and awards from games of chance | n.a. | n.a. | n.a. | n.a. | n.a. |
| 10 | Tax exemption of material assistance received by natural persons from the reserve funds of the Moldovan Government | n.a. | n.a. | n.a. | n.a. | n.a. |
| 11 | Tax exemption for financial assistance received by sportsmen from the International Olympic Committee | n.a. | n.a. | n.a. | n.a. | n.a. |
| 12 | Tax exemptions of rewards received from the Republic of Moldova | 120.0 | 120.0 | 360.0 | 84.0 | 100.0 |
| 13 | Tax exemption of remuneration granted to households for participating in survey by the statistic bodies | n.a. | n.a. | n.a. | n.a. | n.a. |
| 14 | Tax exemption for income generated from the delivery of secondary raw materials | n.a. | n.a. | n.a. | n.a. | n.a. |
| 15 | Tax exemption of income generated from the sale of natural plant, horticultural production, and animal husbandry | n.a. | n.a. | n.a. | n.a. | n.a. |
| 16 | Tax exemption of income received by individuals for the delivery of milk | n.a. | n.a. | n.a. | n.a. | n.a. |
| 17 | Tax exemption of cash allowances to the military | n.a. | n.a. | n.a. | n.a. | n.a. |
| 18 | Tax exemption of royalties for individuals aged 60 and over in the area of art, science, and literature | n.a. | n.a. | n.a. | n.a. | n.a. |
| 19 | Tax exemptions for received allowances as compensation for work performed during election day | n.a. | n.a. | n.a. | n.a. | n.a. |
| 20 | Tax exemption of payments borne by the beneficiaries of works for food | n.a. | n.a. | n.a. | n.a. | n.a. |
| 21 | Deduction to encourage the development of software (IT programs) | n.a. | n.a. | n.a. | n.a. | n.a. |
| 22 | Tax exemption of income from the disposal of primary residence | n.a. | n.a. | n.a. | n.a. | n.a. |
| 23 | Capital gains tax with 50% inclusion rate of gains realized by natural persons | n.a. | n.a. | n.a. | n.a. | n.a. |
| 24 | Tax exemption of benefits in kind: food stamps | n.a. | 39,500.0 | 38,600.0 | 43,700.0 | 48,000.0 |
| 25 | Rental income earned by natural persons taxed at a reduced rate | n.a. | n.a. | n.a. | n.a. | n.a. |
| 26 | Interest earned by natural persons taxed at a reduced rate | — | — | — | n.a. | n.a. |
| 27 | Personal deduction of 2% of annual income tax liability | n.a. | 700.0 | 5,600.0 | 8,900.0 | 9,800.0 |
| 28 | Major lifelong personal allowance in case of illness or disability | n.a. | n.a. | 31,200.0 | 35,300.0 | 38,800.0 |
| 29 | Spouse major allowance | n.a. | n.a. | 11,900.0 | 13,500.0 | 14,800.0 |
| 30 | Allowance for a child and other dependent | n.a. | n.a. | 131,800.0 | 149,200.0 | 163,900.0 |
| 31 | Major allowance for a child and other dependent with disabilities | n.a. | n.a. | 16,600.0 | 18,800.0 | 20,700.0 |
| 32 | Special tax regime for IT parks | n.a. | n.a. | n.a. | n.a. | n.a. |
|  | Total Revenue Forgone from Personal Income Tax | 764,520.0 | 1,391,130.0 | 1,567,920.0 | 1,779,684.0 | 1,956,300.0 |
|  | Total Revenue Forgone from Personal Income Tax as a % of GDP | 0.40% | 0.66% | 0.76% | 0.77% | 0.77% |
|  | **Business Income Tax** | **Thousand MDL** | | | | |
| 1 | Tax exemption of private education authorities | 33,067.8 | 33,117.1 | 31,623.3 | 36,499.8 | 40,678.8 |
| 2 | Tax exemption of the administration of a Free Economic Zone (FEZ) | 648.0 | 649.0 | 619.7 | 715.3 | 797.2 |
| 3 | Tax exemption of the administration of IT parks | n.a. | n.a. | n.a. | n.a. | n.a. |
| 4 | Tax exemption of non commercial organizations (NCOs) | 648.3 | 649.3 | 620.0 | 715.6 | 797.6 |
| 5 | Tax exemption of income from non-commercial organizations and religious cults | 283.1 | 283.6 | 270.8 | 312.5 | 348.3 |
| 6 | Tax exemption of income generated by societies of blind, deaf and disabled persons | 80.6 | 80.7 | 77.1 | 89.0 | 99.2 |
| 7 | Tax relief for savings and loan associations | 8,747.2 | 8,760.3 | 8,365.1 | 9,655.3 | 10,760.2 |
| 8 | Tax incentive to encourage participation in non-state pension funds | 1,970.0 | 1,973.0 | 1,884.0 | 2,174.5 | 2,423.5 |
| 9 | Tax exemption for trade unions and employers’ associations | 964.2 | 965.6 | 922.0 | 1,065.9 | 1,182.3 |
| 10 | Allowance for encouraging businesses to grow their payroll | 2,108.4 | 2,111.6 | 2,016.0 | 2,338.0 | 2,568.9 |
| 11 | Allowance for charitable and sponsorship donations | 11,224.6 | 11,241.4 | 10,794.3 | 12,389.6 | 13,808.2 |
| 12 | Reduced BIT rate of 7% for farmers | 20,386.0 | 20,416.5 | 19,495.5 | 22,501.9 | 25,078.2 |
| 13 | Special tax regime for residents of IT parks | 35,775.8 | 35,774.7 | 46,653.6 | 53,847.9 | 60,013.1 |
| 14 | 50% reduced BIT rate for income earned on exports in Free Economic Zones (FEZs) | 9,956.8 | 9,971.7 | 9,521.9 | 10,990.2 | 12,248.5 |
| 15 | 25% reduced BIT rate for income earned on domestic sales in Free Economic Zones (FEZs) | 1,476.8 | 1,479.0 | 1,412.3 | 1,630.1 | 1,816.7 |
| 16 | 3 year tax holiday for US$1M+ investments in Free Economic Zones (FEZs) | 2,002.3 | 2,005.3 | 1,914.8 | 2,210.1 | 2,463.1 |
| 17 | 5 year tax holiday for US$5M+ investments in Free Economic Zones (FEZs) | 5,390.8 | 5,398.8 | 5,155.3 | 5,950.3 | 6,631.5 |
| 18 | Additional 1, 3 or 5 year tax holiday for additional US$1, 3 or 5M+ investments in Free Economic Zones (FEZs) | | | |  |  |
| 19 | Tax exemption of income from international grants for research and development, and from special funds and grants approved by the government | 480,938.3 | 481,656.5 | 459,919.9 | 531,223.4 | 590,787.7 |
| 20 | Tax exemption of donations to homes providing foster care | n.a. | n.a. | n.a. | n.a. | n.a. |
| 21 | Tax exemption of aid received from charitable organizations | n.a. | n.a. | n.a. | n.a. | n.a. |
| 22 | Tax exemption of financial assistance received from the National Olympic and Sports Committee | n.a. | n.a. | n.a. | n.a. | n.a. |
|  | Total Revenue Forgone from Business Income Tax | 615,669.1 | 616,533.9 | 601,265.7 | 694,309.4 | 772,503.0 |
|  | Total Revenue Forgone from Business Income Tax as % of GDP | 0.32% | 0.29% | 0.29% | 0.30% | 0.30% |
|  | **Value Added Tax** | **Thousand MDL** | | | | |
| 1 | Reduced VAT rate applies to services and food supplied by hotels and restaurants | 27,284.9 | 79,655.9 | 38,678.6 | 134,525.6 | 218,411.8 |
| 2 | Reduced rate applies to supply of bread and bakery products, milk, and dairy products | 258,056.3 | 282,786.0 | 275,009.0 | 334,983.0 | 369,054.0 |
| 3 | Reduced rate applies to pharmaceuticals | 27,695.9 | 30,105.3 | 29,205.1 | 33,005.8 | 36,306.4 |
| 4 | Reduced rate applies to natural and LNG gases | 222,623.0 | 243,957.1 | 237,247.9 | 288,986.8 | 318,379.4 |
| 5 | Moldovan crop, horticulture, and livestock production supplied at reduced rate of 8% | 1,017,408.3 | 1,114,907.2 | 1,084,245.6 | 1,320,697.6 | 1,455,024.2 |
| 6 | Reduced rate for beet sugar produced, imported, and supplied in Moldova | 5,067.8 | 5,507.7 | 5,334.3 | 6,037.1 | 6,636.9 |
| 7 | Reduced rate applies for solid biofuel used in the production of electricity | n.a. | n.a. | n.a. | n.a. | n.a. |
| 8 | The supplies of zero-rated goods and services—i.e., electricity to residential customers | 499,437.7 | 547,299.1 | 532,247.6 | 648,320.0 | 714,259.8 |
| 9 | Zero-rating of supplies of goods and services consumed by foreign diplomatic mission and representative offices of international organizations | n.a. | n.a. | n.a. | n.a. | n.a. |
| 10 | Zero-rating the supply of goods and services destined for technical and investment assistance projects conducted in the territory of Moldova | n.a. | n.a. | n.a. | n.a. | n.a. |
| 11 | Exempting the supply of residential buildings, land and the lease of such buildings, land and land plots | 233,321.4 | 257,123.6 | 249,322.9 | 304,227.9 | 336,330.9 |
| 12 | Exempting the supply of baby food and non-food baby products | 20,426.8 | 22,200.0 | 21,501.0 | 24,334.0 | 26,751.7 |
| 13 | Exempting the supply of educational services | 912,917.7 | 1,004,119.5 | 974,718.9 | 1,188,623.1 | 1,312,425.5 |
| 14 | Exempting services and goods used for the care of the sick and elderly | n.a. | n.a. | n.a. | n.a. | n.a. |
| 15 | Exempting the supply of medical services and associated goods | 787,558.4 | 863,954.4 | 839,755.7 | 1,023,246.0 | 1,128,040.5 |
| 16 | Exempting the supply of goods and services in canteens of educational and healthcare institutions | n.a. | n.a. | n.a. | n.a. | n.a. |
| 17 | VAT exemption of financial services | -2,201.3 | -2,001.2 | -2,101.3 | -2,501.5 | -2,401.5 |
| 18 | VAT exemption of postal services | 20,275.0 | 22,272.6 | 21,573.4 | 26,367.5 | 29,164.1 |
| 19 | VAT exemption of gaming and gambling services | 41,473.5 | 47,969.3 | 45,470.9 | 56,264.0 | 64,059.0 |
| 20 | VAT exemption for burial and crematorium services of human and animal bodies | 5,514.5 | 6,116.1 | 5,915.5 | 7,219.0 | 8,021.1 |
| 21 | VAT exemption for utilities for the general public, rental of dwelling, water supply, sewage, heating, sanitation, elevators | 113,259.9 | 124,655.9 | 120,957.2 | 147,547.8 | 162,942.3 |
| 22 | Exempting the supply of editing of books and periodicals as well as publishing service with respect to such books/periodicals, copyright services, and other related rights used in the editing of books and periodicals | 98,873.8 | 108,371.3 | 105,372.1 | 128,366.0 | 141,562.5 |
| 23 | Exempting the supply of fixed assets used as contributions to the owner’s equity of a company | n.a. | n.a. | n.a. | n.a. | n.a. |
| 24 | Exempting the supply of services performed by entities operating in the field of science and innovation technologies | 1,646.7 | 1,852.5 | 1,852.5 | 2,264.2 | 2,470.0 |
| 25 | Exempting the supply of aircraft, helicopters and trains for passenger transportation, and related leasing services | n.a. | n.a. | n.a. | n.a. | n.a. |
| 26 | Exempting the supply of air medical services | n.a. | n.a. | n.a. | n.a. | n.a. |
| 27 | Exempting the supply (and importation) of samples the value of which does not exceed MDL22,000 | n.a. | n.a. | n.a. | n.a. | n.a. |
| 28 | Exempting the supply (and importation) of tractors and other agricultural machinery, provided that these are not rented or leased during 3 years from the date of importation or acquisition | n.a. | n.a. | n.a. | n.a. | n.a. |
| 29 | Exempting the supply of goods and services for no consideration for the promotion of trade in the amount of 0.5% of sales return for the previous year | n.a. | n.a. | n.a. | n.a. | n.a. |
| 30 | Exempting property transferred as a result of a company reorganization | n.a. | n.a. | n.a. | n.a. | n.a. |
| 31 | Exemption for goods imported for personal use or consumption | n.a. | n.a. | n.a. | n.a. | n.a. |
| 32 | Exemption from VAT for personal goods inherited or imported upon establishing residence in Moldova | n.a. | n.a. | n.a. | n.a. | n.a. |
| 33 | Exemption from VAT for honorary decorations and awards | — | — | — | — | — |
| 34 | Exemption from VAT for imported funerary goods | — | — | — | — | — |
| 35 | Exemption from VAT for goods imported for trade promotion purposes | — | — | — | — | — |
| 36 | Exemption from VAT for gifts received in the context of international relations | — | — | — | — | — |
| 37 | Exemption from VAT for goods intended for heads of state | — | — | — | — | — |
| 38 | Exemption from VAT for various official documents and goods | — | — | — | — | — |
| 39 | Exemption from VAT for international aid | — | — | — | — | — |
| 40 | Exemption from VAT for goods for the use of disaster victims | — | — | — | — | — |
| 41 | Exemption from VAT for goods for the use of disabled persons | — | — | — | — | — |
| 42 | Exemption from VAT for reference substances for quality control of medicines | — | — | — | — | — |
| 43 | Exemption from VAT for certain medical products and instruments | — | — | — | — | — |
| 44 | Exemption from VAT for educational, scientific and cultural materials | — | — | — | — | — |
| 45 | Exemption from VAT for goods imported for examination, analysis or testing | — | — | — | — | — |
| 46 | Exemption from VAT for pharmaceutical products used at international sporting events | — | — | — | — | — |
| 47 | Exemption from VAT for goods intended for the State Agency for Intellectual Property | — | — | — | — | — |
| 48 | Exemption from VAT for tourist information materials | — | — | — | — | — |
| 49 | Exemption from VAT for packing and similar materials | — | — | — | — | — |
| 50 | Exemption from VAT for the transfer of foreign businesses to Moldova | — | — | — | — | — |
| 51 | Exemption from VAT for the manufacture of goods intended for exports | — | — | — | — | — |
|  | Total Revenue Forgone from Value Added Tax | 4,290,640.3 | 4,760,852.3 | 4,586,307.1 | 5,672,513.8 | 6,327,438.7 |
|  | Total Revenue Forgone from Value Added Tax as a % of GDP | 2.23% | 2.26% | 2.23% | 2.44% | 2.48% |
|  | **Excise Duties** | **Thousand MDL** | | | | |
| 1 | Exemption from excise duties for wines | 468,487.5 | 415,681.2 | 621,451.3 | 752,892.0 | 1,330,649.2 |
| 2 | Exemption from excise duties for ethyl alcohol for pharmaceutical use | 5,997.3 | 31,399.9 | 28,403.6 | 36,803.1 | 42,323.4 |
| 3 | Exemption from excise duties for ethyl alcohol for use in the perfumery and cosmetics industry | n.a. | 28,138.7 | 206,957.6 | 215,804.8 | 248,174.9 |
| 4 | Exemption from excise duties for domestically-produced alcoholic products | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5 | Exemption from excise duties on coal and coke | 55,600.6 | 60,165.7 | 54,292.5 | 52,068.6 | 54,477.4 |
| 6 | Exemption from excise duties for natural gas | 2,512,767.7 | 2,579,529.9 | 2,742,243.0 | 3,308,866.8 | 2,870,569.7 |
| 7 | Exemption from excise duties for jet fuel | 72,043.4 | 263,536.8 | 92,752.0 | 263,893.0 | 303,476.3 |
| 8 | Exemption from excise duties for domestically-produced nitrogen and oxygen | n.a. | 4,993.4 | 8,990.4 | 9,699.5 | 11,154.4 |
| 9 | Exemption for goods and services intended to secure natural gas supplies | — | — | — | — | n.a. |
| 10 | Exemption from excise duties for motorcycles and mopeds | 2,369.0 | 5,888.2 | 7,664.0 | 5,156.2 | 7,790.9 |
| 11 | Exemption from excise duties for tractors, buses, trucks and special-purpose vehicles | 241,656.1 | 278,865.7 | 390,551.0 | 707,832.2 | 357,162.6 |
| 12 | Exemption from excise duties for motor cultivators and agricultural tractors | 288,597.5 | 159,186.0 | 141,925.0 | 182,305.0 | 198,659.0 |
| 13 | Exemptions for means of transport for persons with disabilities of the locomotor apparatus | n.a. | 8,797.7 | 42,972.2 | 203,213.9 | 25,885.0 |
| 14 | Exemption for certain imported public utility vehicles | 357.4 | 95.7 | 4.1 | 1,653.1 | 527.6 |
| 15 | Exemption for goods imported for personal use or consumption | n.a. | n.a. | n.a. | n.a. | n.a. |
| 16 | Exemption from excise duties for personal goods inherited or imported upon establishing residence in Moldova | 1,149.1 | 212.4 | 808.4 | 974.0 | 786.0 |
| 17 | Exemptions for duty-free shops | 47,130.0 | 55,355.3 | 6,762.1 | 20,000.0 | 46,124.1 |
| 18 | Exemption for goods imported by legal persons for non-commercial purposes | n.a. | n.a. | n.a. | n.a. | n.a. |
| 19 | Exemption from excise duties for goods imported for trade promotion purposes | — | — | — | — | — |
| 20 | Exemptions for diplomats and representatives of international organizations | 7,404.8 | 9,391.7 | 9,179.7 | 9,990.6 | 9,990.6 |
| 21 | Exemption from excise duties for gifts received in the context of international relations | — | — | — | — | — |
| 22 | Exemption from excise duties for goods intended for heads of state | — | — | — | — | — |
| 23 | Exemption for foreign military forces and international intervention teams | n.a. | n.a. | n.a. | n.a. | n.a. |
| 24 | Exemptions for humanitarian aid and international assistance projects | 1,553.7 | 8,566.2 | 19,870.7 | 69,323.2 | 24,828.4 |
| 25 | Exemption from excise duties for international aid | — | — | — | — | — |
| 26 | Exemptions established under the Compact Agreement with the Millennium Challenge Corporation | n.a. | n.a. | n.a. | n.a. | n.a. |
| 27 | Exemption from excise duties for goods for the use of disaster victims | — | — | — | — | — |
| 28 | Excise duty refunds for the processing and manufacturing of excisable goods | n.a. | n.a. | n.a. | n.a. | n.a. |
| 29 | Exemptions for the free economic zones, the Free International Port "Giurgiuleşti" and the Free International Airport "Mărculeşti" | 798.3 | 934.8 | 388.7 | 284.3 | 601.5 |
|  | Total Revenue Forgone from Excise Duties | 3,705,912.3 | 3,910,739.3 | 4,375,216.5 | 5,840,760.3 | 5,533,181.0 |
|  | Total Revenue Forgone from Excise Duties as a % of GDP | 1.93% | 1.86% | 2.13% | 2.51% | 2.16% |
|  | **Road Usage Fees** | **Thousand MDL** | | | | |
| 1 | Exemption from road usage fees for electric vehicles | 3,318.8 | 5,514.9 | 9,597.8 | 13,807.7 | 19,069.7 |
| 2 | Exemption from road usage fees for tractors and trailers used in agricultural activity | 2,978.6 | 3,008.4 | 3,038.5 | 3,068.8 | 3,099.5 |
| 3 | Exemption from road usage fees for motorcycles not registered in Moldova | n.a. | n.a. | n.a. | 73.2 | n.a. |
| 4 | Exemptions for means of transport for persons with disabilities of the locomotor apparatus | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5 | Preferential tax regime for information technology parks | n.a. | n.a. | n.a. | n.a. | n.a. |
| 6 | Exemption on a reciprocal basis from road usage fees (vignettes) | 1,726.6 | 17,637.7 | n.a. | n.a. | n.a. |
|  | Total Revenue Forgone from Road Usage Fees | 8,024.0 | 26,161.0 | 12,636.2 | 16,949.7 | 22,169.2 |
|  | Total Revenue Forgone from Road Usage Fees as % of GDP | 0.00% | 0.01% | 0.01% | 0.01% | 0.01% |
|  | **Import Duties** | **Thousand MDL** | | | | |
| 1 | Exemption for goods imported for personal use or consumption | n.a. | n.a. | n.a. | n.a. | n.a. |
| 2 | Exemption from import duties for personal goods inherited or imported upon establishing residence in Moldova | n.a. | n.a. | n.a. | n.a. | n.a. |
| 3 | Exemptions for duty-free shops | 10,193.3 | 10,695.8 | 3,146.1 | 2,831.3 | 5,557.7 |
| 4 | Exemption from import duties for honorary decorations and awards | — | — | — | — | — |
| 5 | Exemption from import duties for funerary goods | — | — | — | — | — |
| 6 | Exemption from import duties for objects of cult | n.a. | n.a. | n.a. | 35.6 | 0.0 |
| 7 | Exemption for goods imported by legal persons for non-commercial purposes | n.a. | 4.8 | 5.0 | n.a. | n.a. |
| 8 | Exemption from import duties for goods imported for trade promotion purposes | — | — | — | — | — |
| 9 | Exemptions for diplomats and representatives of international organizations | 5.0 | 0.1 | 12.7 | 11.8 | 6.3 |
| 10 | Exemption from import duties for gifts received in the context of international relations | — | — | — | — | — |
| 11 | Exemption from import duties for goods intended for heads of state | — | — | — | — | — |
| 12 | Exemption from import duties for goods for official use | 1,632.2 | 1,632.2 | 1,632.2 | 1,632.2 | 1,632.2 |
| 13 | Exemption from import duties for various official documents and goods | — | — | — | — | — |
| 14 | Exemption for foreign military forces and international intervention teams | 269.2 | 282.0 | 1,487.3 | 121.0 | 294.1 |
| 15 | Exemptions for humanitarian aid and international assistance projects | 50,273.3 | 39,262.2 | 64,612.2 | 98,332.0 | 87,364.4 |
| 16 | Exemption from import duties for international aid | — | — | — | — | — |
| 17 | Exemptions established under the Compact Agreement with the Millennium Challenge Corporation | n.a. | 38.1 | 107.3 | 325.9 | 370.8 |
| 18 | Exemption from import duties for goods for the use of disaster victims | — | — | — | — | — |
| 19 | Exemptions for means of transport for persons with disabilities of the locomotor apparatus | n.a. | n.a. | n.a. | 6.1 | n.a. |
| 20 | Exemption from import duties for goods for the use of disabled persons | — | — | — | — | — |
| 21 | Exemption from import duties in respect of the production of medicines | 4,131.5 | 4,736.6 | 3,881.7 | 3,341.9 | 3,883.6 |
| 22 | Exemption from import duties for reference substances for quality control of medicines | — | — | — | — | — |
| 23 | Exemption from import duties for certain medical products and instruments | — | — | — | — | — |
| 24 | Exemption from import duties for dialyzers | 1,223.2 | 995.9 | 1,597.6 | 1,595.6 | 1,908.1 |
| 25 | Exemption from import duties for COVID-19 vaccines | — | — | — | n.a. | n.a. |
| 26 | Exemption from import duties for books, periodicals and didactic materials | 10,202.5 | 12,656.1 | 10,412.4 | 13,058.2 | 13,668.9 |
| 27 | Exemption from import duties for educational, scientific and cultural materials | — | — | — | — | — |
| 28 | Exemption from import duties for goods imported for examination, analysis or testing | — | — | — | — | — |
| 29 | Exemption from import duties for the State Commission for the Testing of Plant Varieties | 48.7 | 33.4 | 30.1 | 0.0 | 27.8 |
| 30 | Exemption from import duties for goods donated by the International Olympic Committee and European and international sport federations | 2,102.5 | 1,567.7 | 1,533.8 | 5,069.6 | 3,476.2 |
| 31 | Exemption from import duties for pharmaceutical products used at international sporting events | — | — | — | — | — |
| 32 | Exemption from import duties in respect of the arena of national interest project | 39.2 | 10,277.9 | 25.0 | n.a. | n.a. |
| 33 | Exemption from import duties for fixed assets included in statutory capital | 21,644.5 | 28,160.5 | 16,786.3 | 55,590.9 | 43,588.1 |
| 34 | Exemption from import duties for construction materials for detention facilities | n.a. | n.a. | n.a. | n.a. | n.a. |
| 35 | Exemption from import duties in respect of the repair of the Parliament building | 332.6 | — | — | — | — |
| 36 | Exemption from import duties for aircrafts, helicopters and locomotives | n.a. | n.a. | n.a. | n.a. | n.a. |
| 37 | Exemption from import duties in respect of international transportation | n.a. | n.a. | n.a. | n.a. | n.a. |
| 38 | Exemption from import duties for imported buses and trucks | 20,576.2 | 16,711.4 | 11,768.4 | 26,628.9 | 23,981.8 |
| 39 | Exemption for certain imported public utility vehicles | 292.7 | 29.0 | 314.4 | 157.7 | 157.7 |
| 40 | Exemption from import duties for wind energy generators | n.a. | n.a. | n.a. | n.a. | n.a. |
| 41 | Exemption from import duties for used batteries | n.a. | n.a. | n.a. | n.a. | n.a. |
| 42 | Exemption from import duties for electric generators | n.a. | n.a. | n.a. | n.a. | n.a. |
| 43 | Exemption for goods and services intended to secure natural gas supplies | — | — | — | — | n.a. |
| 44 | Exemption from import duties for goods intended for the State Agency for Intellectual Property | — | — | — | — | — |
| 45 | Exemption from import duties for tourist information materials | — | — | — | — | — |
| 46 | Exemption from import duties for packing and similar materials | — | — | — | — | — |
| 47 | Exemption from import duties for leasing companies and lease goods | 37.6 | 16,711.4 | n.a. | n.a. | n.a. |
| 48 | Exemption from import duties for the transfer of foreign businesses to Moldova | — | — | — | — | — |
| 49 | Exemption from import duties for the manufacture of goods intended for exports | — | — | — | — | — |
| 50 | Exemptions for the free economic zones, the Free International Port "Giurgiuleşti" and the Free International Airport "Mărculeşti" | 12,095.6 | 16,367.8 | 30,014.5 | 26,167.4 | 27,672.8 |
| 51 | Exemption from import duties at certain border crossings with Ukraine | 809.5 | 2,294.5 | 1,947.7 | n.a. | n.a. |
|  | Total Revenue Forgone from Import Duties | 135,909.1 | 162,457.2 | 149,314.8 | 234,906.1 | 213,590.5 |
|  | Total Revenue Forgone from Import Duties as % of GDP | 0.07% | 0.08% | 0.07% | 0.10% | 0.08% |
|  | **Real Estate Tax** | **Thousand MDL** | | | | |
| 1 | Exemption of all immovable property owned and administered by public authorities or agencies of state | 208,433.4 | 187,482.3 | 158,237.0 | 188,255.3 | n.a. |
| 2 | Exemption for public benefit organization caring for the blind, deaf and disabled | 76.7 | 200.6 | 227.6 | 236.9 | n.a. |
| 3 | Exemption for all real estate used by operators of prisons and detention centers | 77.8 | 30.0 | 30.0 | 9.7 | n.a. |
| 4 | Exemption for all medical facilities, and rehab centers providing prostheses and orthopedic services | 204.4 | 238.6 | 419.3 | 243.0 | n.a. |
| 5 | Exemption for civil protection organizations and their immovable property | 32.5 | 801.5 | 275.9 | 983.5 | n.a. |
| 6 | Exemption for religious organization with real estate | 663.7 | 1,111.5 | 645.8 | 10,800.9 | n.a. |
| 7 | Exemption for property owned by diplomatic mission, consular offices and international organizations | 13,841.8 | n.a. | n.a. | n.a. | n.a. |
| 8 | Exemption for real estate owned by retired persons, people with disabilities, participants in the Chernobyl clean-up, and war veterans | n.a. | 43,440.3 | 30,428.1 | 67,429.7 | n.a. |
| 9 | Exemption for immovable property owned by war veterans, including their family members, who fought for the Moldovan territorial integrity and independence | n.a. | 3,499.7 | 2,259.7 | 3,029.7 | n.a. |
| 10 | Exemption for immovable property owned by family members of war veterans who fought in Afghanistan combat operations | 52,588.8 | 263.9 | 183.4 | 270.1 | n.a. |
| 11 | Exemption for families with children with disabilities younger than 18 years and members of families who are permanently caring and provide for persons with disabilities shall be exempted from RE | n.a. | 144.1 | 181.0 | 211.1 | n.a. |
| 12 | Exemption for families of persons who died from diseases acquired as a result of working on the clean-up of the consequences of the Chernobyl NPS accident and their dependents | n.a. | 60.6 | 34.1 | 52.8 | n.a. |
| 13 | Exemption for property owned by public medical and sanitary institutions financed from the mandatory health insurance funds | 3,413.9 | 7,746.7 | 20,134.7 | 24,891.8 | n.a. |
| 14 | Exemption for the National Health Insurance Company and its territorial agencies | 16.8 | 15,975.2 | 1,912.8 | n.a. | n.a. |
| 15 | Exemption for the National Bank of Moldova | 25,720.7 | 44.7 | 116.2 | 116.2 | n.a. |
| 16 | Exemption for owners or holders of property requisitioned in the public interest during the requisition period | n.a. | 99.3 | 66.3 | 33.3 | n.a. |
| 17 | Exemption for non-commercial organizations that meet the requirements of Art.52 within which social welfare institutions operate. | 3,802.2 | 318.5 | 268.8 | 535.8 | n.a. |
| 18 | Exemption for real estate consisting of lands and land plots used for national nature reserves, dendrological parks and botanical gardens | 1,131.4 | 1,600.4 | 1,593.8 | 1,285.0 | n.a. |
| 19 | Exemption for owners and beneficiaries of lands and land plots, whose lands are included in the Forest Fund | 15,559.3 | 20,730.5 | 18,935.7 | 19,519.4 | n.a. |
| 20 | Exemption for owners and beneficiaries of lands and land plots, whose lands are included in the Water Fund | 1,958.6 | 2,020.0 | 1,374.0 | 2,068.7 | n.a. |
| 21 | Exemption for owners and beneficiaries of lands and land plots, whose lands are used for scientific and instructional purposes | 846.5 | 1,213.9 | 1,185.3 | 593.8 | n.a. |
| 22 | Exemption for owners and beneficiaries of lands and land plots, whose lands are occupied by multi-annual plantations | 722.3 | 713.1 | 1,091.7 | 966.3 | n.a. |
| 23 | Exemption for owners and beneficiaries of lands and land plots, whose lands are used by culture, art, cinema, education, health care, sports and leisure institutions | 2,507.1 | 2,731.9 | 28,663.7 | 31,150.0 | n.a. |
| 24 | Exemption for owners and beneficiaries of lands and land plots, whose lands are used by permanently occupied and used by linear infrastructure | 9,223.8 | 4,866.2 | 7,271.7 | 7,472.9 | n.a. |
| 25 | Exemption for owners and beneficiaries of lands and land plots, whose lands are assigned to state borderlines | 54.6 | 36.8 | 124.9 | 115.3 | n.a. |
| 26 | Exemption for owners and beneficiaries of lands and land plots, whose lands are used for public use or benefit | 12,071.6 | 8,961.7 | 6,995.4 | 6,494.9 | n.a. |
| 27 | Exemption for owners and beneficiaries of lands and land plots, whose lands are assigned for agricultural purposes | 190.7 | 234.9 | 310.5 | 310.2 | n.a. |
| 28 | Exemption for owners and beneficiaries of lands and land plots, whose land and plots of land were subjected to chemical, radioactive and other pollution | n.a. | 4.6 | 4.5 | 1.0 | n.a. |
| 29 | Exemption for Free Economic Zones | n.a. | n.a. | n.a. | n.a. | n.a. |
| 30 | Exemptions granted by representative authorities of local public administrations in case of natural disaster or fire | 84.5 | 105.7 | 160.3 | 89.1 | n.a. |
| 31 | Exemptions granted by representative authorities of local public administrations to mitigate the negative impact on the environment stemming from their economic activities | 0.9 | 14.5 | 0.2 | 173.6 | n.a. |
| 32 | Exemptions granted by representative authorities of local public administrations in case of long illness or death of the property owner | 201.8 | 205.1 | 69.6 | 68.6 | n.a. |
| 33 | Exemptions or postponement of RET granted by representative authorities of local public administrations to individuals owning residential houses or other accommodations on lease from the Public Housing Fund | n.a. | 50.3 | 0.0 | 1.0 | n.a. |
| 34 | Early payment discount of 15 percent applicable to properties appraised by the new property tax assessment method that commenced in 2004 | 55,232.7 | 35,729.8 | 38,799.9 | — | — |
| 35 | Early payment discount of 15 percent applicable to properties assessed according to the old property tax system that applies to non-cadaster registered and non-market value appraised properties | 22,899.9 | 88,640.1 | 9,373.5 | — | — |
| 36 | Special tax regime for residents of IT park | n.a. | n.a. | n.a. | n.a. | n.a. |
|  | Total Revenue Forgone from Real Estate Tax | 431,558.4 | 429,316.7 | 331,375.3 | 367,409.8 | n.a. |
|  | Total Revenue Forgone from Real Estate Tax as % of GDP | 0.22% | 0.20% | 0.16% | 0.16% | n.a. |
|  | **Natural Resource Fees** | **Thousand MDL** | | | | |
| 1 | Fee exemption for extraction of underground water sources | n.a. | n.a. | n.a. | n.a. | n.a. |
| 2 | Fee exemption for extraction of underground water sources | n.a. | n.a. | n.a. | n.a. | n.a. |
| 3 | Water fee exemption for water used in firefighting | 8,005.7 | 18,502.8 | 19,721.0 | 19,456.8 | n.a. |
| 4 | Water fee exemption for public benefit organizations caring for the blind, deaf, disables and public health care institutions. | n.a. | n.a. | n.a. | n.a. | n.a. |
| 5 | Water fee exemption for jail services. | n.a. | n.a. | n.a. | n.a. | n.a. |
|  | Total Revenue Forgone from Natural Resource Fees | 8,005.7 | 18,502.8 | 19,721.0 | 19,456.8 | n.a. |
|  | Total Revenue Forgone from Natural Resource Fees as % of GDP | 0.00% | 0.01% | 0.01% | 0.01% | n.a. |
|  |  |  |  |  |  |  |
|  | Memorandum Item: |  |  |  |  |  |
|  | GDP (million MDL) | 192,509 | 210,378 | 205,432 | 232,500 | 255,600 |
|  | GDP Growth | 9.3% | -2.4% | 13.2% | 9.9% | 9.9% |

Notes:

(1) Projections based on GDP growth are shaded.

(2) Not available (n.a.) and not applicable (—).

## The Way forward

As experience and capacity for assessing and reporting on TEs develops, and tax return data permitting, future analysis will also seek to analyze the important distributional effects of tax expenditures. Moving towards evaluation of TEs, it may be useful over the medium term to start capturing, qualitatively and quantitatively, TE administrative and compliance costs, especially where the STS is challenged with respect to resources and capacity in monitoring and administering the qualifying incentive criteria. This analysis could assist in the design of future TEs in order to reduce the risk of tax leakage.

One of the key objectives of TE reporting is to improve the transparency in fiscal management and provide relevant analysis to inform decision making and legislation. Another benefit of regularly estimating TEs is that it implicitly creates a catalog of potential measures that can be used to raise revenues when needed. For these reasons, the Ministry of Finance will commit itself to institutionalization of TEs analysis and reporting and ensuring the integrity of the estimates. Data availability is key for this exercise; thus, data organization and provision from key agencies and ministries should be well documented and legally binding. The Ministry of Finance should continue to have oversight over legislation that involves the introduction of TEs.

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## Appendix 1: PIT Tax Expenditures Summary Sheets

Please note “n.a.” indicates that tax expenditure estimates are not available, while “—" (dash) denotes not applicable.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Tax exemption of received state pension** | | | | | | |
| **Description** | Non-taxable sources of income are an annuity received as social security rights from the state social insurances budget and social assistance rights paid from the state budget, including the payments received on the international treaties bases to which the Republic of Moldova is a party; insurance amounts and compensations received under insurance and co-insurance contracts. Contrary to state pensions, pensions received from non‐state pension funds (domestic and foreign) are taxable. Contributions made to state pension funds are deductible (TC, Art. 36) akin to contributions made to non-state pensions funds, both domestic and foreign (TC, Art. 66‐67). | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | PIT payers receiving public pension payouts | | | | | |
| **Type of Measure** | Legislated personal income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | *State social security budget.* Pension received by a former employee from the state social security budget is tax exempt. Pension contributions made to the state social security budget are fully deductible. It is a structural tax exemption, benefiting the subgroup of recipients of state pensions. | | | | | |
| **Legal Reference** | Tax Code (TC), Art 20(a) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: 2006 | | | Expiry date: — | | |
| **Source of Data** | Public institutions paying out transfers | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | Total number of beneficiaries – 672,122 beneficiaries  Total number of beneficiaries that are still working – 174,757 beneficiaries  Beneficiaries that received pension less than MDL 2,000 – 610,191 beneficiaries  Beneficiaries that received pension less than MDL 2,000 but are still working – 158,654 beneficiaries  Beneficiaries that received pension more than MDL 2 000 – 61 931 beneficiaries  Beneficiaries that received pension more than MDL 2 000 but are still working – 16 103 beneficiaries | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 397,300.0 | *388,000.0* | | *439,100.0* | *482,700.0* |

Note: Estimates for 2019 are based on actual data, and 2020-2022 are projections based on 2019 data.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2. Tax exemption of state security payments and state subsidies** | | | | | | |
| **Description** | Exempting from income tax are transfer payments to compensate for incapacity to work, and for being insufficiently insured and socially vulnerable. As a rule, annuities, except social security benefits, and state subsidies are regarded as taxable income for PIT purposes. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | PIT payers receiving compensation for being work-incapacitated or being insufficiently insured, and being socially vulnerable. | | | | | |
| **Type of Measure** | Legislated income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It is a structural exemption or tax expenditure, benefiting the subgroup of recipients of compensations for being unable to work or being insufficiently insured and therefore being socially vulnerable. | | | | | |
| **Legal Reference** | TC, Art. 20 b), c) and h) | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: b) – 2005  c) – 1998  h) - 1998 | | | Expiry date: — | | |
| **Source of Data** | Public institutions paying out transfers | | | | | |
| **Estimation Method** | Budgetary statements on social subsidies to socially vulnerable groups | | | | | |
| **Number of Beneficiaries** | In 2019 total amount of beneficiaries is - 906 592 beneficiaries  Average amount of compensation is MDL 726, total amount of compensation MDL 7 904.8M  Thus, considering that the amounts are small and do not exceed the size of the personal allowance, which is a benchmark, respectively it is not an impact on the budget | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 652,300.0 | 705,300.0 | *688,700.0* | | *779,500.0* | *856,900.0* |

Note: 2018 and 2019 are based on actual data; 2020-2022 are projections based on 2019.

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| **3. Non-taxable state subsidy to first-time homeowners under “First Home” state program** | | | | | | |
| **Description** | First-time homeowners receive a state subsidy from the state budget as beneficiaries of the “First Home” state program, as established by the Government. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | First-time homeowners | | | | | |
| **Type of Measure** | Legislated tax exemption of a state subsidy or grant | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | All subsidies or grants paid from the state budget constitute income in the hands of the grantee and under the comprehensive income concept should attract PIT at the flat rate of 12%, and if the combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(d5) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2018 | | | Expiry date: — | | |
| **Source of Data** | Budget data on total grants paid to qualifying recipients | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | 1,010.0 | 2,960.0 | | 6,200.0 | *6,800.0* |

Note: Estimates from 2019 to 2021 are based on actual data, 2022 is projected based on 2021.

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| **4. All fringe benefit payments by an employer such as meals etc. are tax exempt** | | | | | | |
| **Description** | All payments incurred by an employer to the benefit of his employees in accordance with Art. 24 (19) to (20), constituting part of the salary package of an employee are tax exempt. These include benefits such as employee’s transport, food, professional studies, technical training programs. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Employees benefiting from the above fringe benefits paid by employers | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | All fringe benefits constitute income in the hands of the employee under the comprehensive income concept. They should attract PIT at the flat rate of 12% if the combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. Also, since employers can deduct these transfers to their employees as expenses the symmetry principle holds that it should be taxed in the hands of the receiving party. | | | | | |
| **Legal Reference** | Art. 24(d6) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2018 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **5. Tax exemption of scholarships for pupils, students, and postgraduate students** | | | | | | |
| **Description** | All scholarships for pupils, students and post-graduate students or post-graduate specialized education are tax exempt. This applies for state or private education institutions according to the education legislation, as established by these education institutions, as well as scholarships granted by charitable organizations, except for the payments for teaching or research activity, single allowances granted to young specialists employed in the rural areas according to their assignment. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Recipients of scholarships as defined above. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | All transfer payments constitute income in the hands of the bursary beneficiaries under the comprehensive income concept. They should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(e) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | State budget data | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 112,100.0 | 247,200.0 | 252,200.0 | | *285,400.0* | *313,800.0* |

Note: Estimates from 2018 to 2020 are based on actual data; 2021 and 2022 are projections based on 2020.

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| **6. Tax exemption of received patrimony received as a donation or inheritance** | | | | | | |
| **Description** | Exempt from PIT are patrimony received by the natural persons citizens of the Republic of Moldova as a donation or inheritance, except for the donations made according to Article 90¹ para (3¹); | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Recipient of patrimony | | | | | |
| **Type of Measure** | Tax Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, these transfers/payments constitute income in the hands of the persons receiving the patrimony. They should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(i) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **7. Tax exemption of gratuitous transfers of property, including cash, from Government or competent authorities** | | | | | | |
| **Description** | There is a tax exemption of incomes from gratuitous transfer of property, including cash means, according to the decision of the Government or competent authorities of the local public administration. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Beneficiaries of gratuitous transfer payments | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, these transfers/payments constitute income in the hands of the persons receiving the transfers. They should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20 (j) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2007 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **8. Tax exemption of amounts received by blood donors from state healthcare institutions** | | | | | | |
| **Description** | Amounts received by the blood donors from the state healthcare institutions are tax exempt. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Blood donors | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of a consideration for donated blood constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(o) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **9. Winnings and awards from games of chance** | | | | | | |
| **Description** | Exempting from income tax amounts   * winnings from lotteries and / or sports bets in the part where the value of each win does not exceed 1% of the personal exemption established in Article 33 paragraph (1); * gains from promotional campaigns in the part in which the value of each gain does not exceed the amount of the personal exemption set out in Article 33 para. (1). | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Participants receiving winnings | | | | | |
| **Type of Measure** | Tax Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It is a non-structural tax exemption | | | | | |
| **Legal Reference** | Art. 20 (p1) (p2) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: p1 – 2006  p2 - 2018 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **10. Tax exemption of material assistance received by natural persons from the reserve funds of the Moldovan Government** | | | | | | |
| **Description** | Includes tax exemption of material assistance received by natural persons from the reserve funds of the Government, of the local public administration authorities, from the Social Support Fund and from the trade unions in accordance with the regulations providing for the granting of such aid. In the case of material aid granted by trade unions, the non-taxable limit represents an average monthly salary in the economy, forecasted and annually approved by the Government, per employee per year, except for the aid granted in case of death and/or sickness of the employee or their relatives and/or first-degree in-laws. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Recipient of material assistance | | | | | |
| **Type of Measure** | Legislated tax exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, these “material assistance” transfers/payments constitute income in the hands of the persons receiving the material aid transfers. They should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20 (r) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2001 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **11. Tax exemption for financial assistance received by sportsmen from the International Olympic Committee** | | | | | | |
| **Description** | There is a tax exemption for financial assistance received by sportsmen and coaches from the International Olympic Committee, prizes obtained by sportsmen, coaches and technicians at international sport competitions, sports scholarships and allowances awarded to national lots for getting prepared and participate to the official international competitions. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Sportsmen and coaches in the categories listed above. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, the “financial assistance” transfers/payments constitute income in the hands of the persons receiving these transfers. They should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20 (s) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2001 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **12. Tax exemptions of rewards received from the Republic of Moldova** | | | | | | |
| **Description** | There is a tax exemption for the receipt of the national award of the Republic of Moldova in literature, art, architecture, science, and technology, as well as awards to pupils and animating teachers, paid in the amounts established by the current regulatory acts, for outstanding results achieved at district, city, municipal, zonal, republican, regional and international Olympiads, and contests. The amount of rewards is 100,000 MDL (Government Decision nr. 504/2018) | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Recipients of the National Awards | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, the financial value of the national awards constitute income in the hands of persons receiving the national award. It should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20 (u) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2001 | | | Expiry date: — | | |
| **Source of Data** | State Budget data | | | | | |
| **Estimation Method** | Estimation of budget expenditures | | | | | |
| **Number of Beneficiaries** | 2018 – 10 beneficiaries  2019 – 10 beneficiaries  2020 – 30 beneficiaries  2021 – 7 beneficiaries | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 120.0 | 120.0 | 360.0 | | 84.0 | *100.0* |

Note: Estimates from 2018 to 2021 are based on actual data; 2022 is projected from 2021.

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| **13. Tax exemption of remuneration granted to households for participating in survey by the statistic bodies** | | | | | | |
| **Description** | There is a tax exemption for remuneration granted to members of households (families) for participation in selective surveys carried out by the statistics bodies. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Households participating in selective surveys | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, the paid remuneration for statistical survey work constitutes income in the hands of the survey-participating households/taxpayers. It should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(w) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2002 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **14. Tax exemption for income generated from the delivery of secondary raw materials** | | | | | | |
| **Description** | There is a tax exemption for incomes received by natural persons, excluding individual entrepreneurs and farming household (farm), from the delivery of secondary raw materials, including waste and scrap of paper and paperboard, rubber, plastic, and glass waste (shard of glass), of ferrous and non-ferrous metals, of industrial waste containing metals or their alloys and of returnable packaging, as well as of used electric accumulators. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Vendors active in the trade of recycling and delivery of secondary raw materials. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of a generated [business] income constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20 (y) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2012 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **15. Tax exemption of income generated from the sale of natural plant, horticultural production, and animal husbandry** | | | | | | |
| **Description** | There is an exemption for income received by natural persons, except for individual entrepreneurs and farming households (farms), from the sale of natural plant and horticultural production and of animal husbandry production in natural form, in living and slaughtered mass to another natural person, except for individual entrepreneurs and households (farmers). | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Natural persons selling produce from farms | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of a generated [business] income constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(y1) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2004 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **16. Tax exemption of income received by individuals for the delivery of milk** | | | | | | |
| **Description** | There is an exemption for income received by individuals, except individual entrepreneurs and farming households, from the delivery of natural milk. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Individuals selling milk (small scale operation) | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of a generated income constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(y2) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2014 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **17. Tax exemption of cash allowances to the military** | | | | | | |
| **Description** | There is a tax exemption of cash allowances granted to the military, the pupils, and learners (students) of the military educational institutions and of the higher education institution with the status of large special unit. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Recipients of these cash allowances. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, transfers or grants should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of these income accretions constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20 (z5) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2006 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **18. Tax exemption of royalties for individuals aged 60 and over in the area of art, science, and literature** | | | | | | |
| **Description** | There is a tax exemption of incomes in the form of royalties for individuals aged 60 and over in the domain of literature, art, and science. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Individuals aged 60 earning royalties. | | | | | |
| **Type of Measure** | Legislated tax exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, accretion of income from whatever source should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of these income accretions constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(z11) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2014 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **19. Tax exemptions for received allowances as compensation for work performed during election day** | | | | | | |
| **Description** | There is a tax exemption for incomes obtained in the form of an allowance for the work performed on election day, paid to the members of the constituency electoral councils, to the members of the electoral bureaus of the polling stations and to the officials of the respective councils and bureaus. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Electoral workers and officials. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, accretion of income from whatever source or any considerations for work performed should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of these income accretions constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(z14) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2018 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **20. Tax exemption of payments borne by the beneficiaries of works for food** | | | | | | |
| **Description** | There is a tax exemption for payments borne by the beneficiaries of works for food and transportation of day laborers, in the amount established by the Government. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Beneficiaries of works for food. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, accretion of income from whatever source or any considerations for work performed should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of these income accretions or benefits in kind constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(z15) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2020 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **21. Deduction to encourage the development of software (IT programs)** | | | | | | |
| **Description** | A deduction is provided for an amount equal to two average monthly salaries at national level forecasted for the tax year. The deduction is not applicable to residents of IT parks. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Software developers | | | | | |
| **Type of Measure** | Tax allowance | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | This is to encourage a small sub-group of taxpayers with the view to stimulate employment in the IT sector and incentivize the development of IT—it is not a standard practice to enhance the deduction of a legitimate business expense this way; hence, it is a tax expenditure. | | | | | |
| **Legal Reference** | Law no. 1164‐XIII of April 24, 1997, Art. 24 para. (21) | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **22. Tax Exemption of income from the disposal of primary residence** | | | | | | |
| **Description** | Income from the disposal of a taxpayer’s primary residence or basic housing is exempt from tax (capital gains). It is deemed to be the primary residence if the individual taxpayer owned it for at least 3 years before selling it and it was the taxpayer’s residence during that period. A 50 percent inclusion rate for capital gains is applied. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Homeowners disposing of basic housing or their primary residence | | | | | |
| **Type of Measure** | Legislated tax reduction | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. The non-taxation of a generated income from the sale of a home constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(y3) | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2017 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **23. Capital gains tax with 50% inclusion rate of gains realized by natural persons** | | | | | | |
| **Description** | A non-structural incentive taxing only half of realized gains for a tax period. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Natural persons with realized capital gains | | | | | |
| **Type of Measure** | Exemption of income | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. A legislated lighter tax burden on generated income from the sale of a home constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 40 of TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **24. Tax exemption of benefits in kind: food stamps** | | | | | | |
| **Description** | Food stamps issued by an employer to its employees that can be used to buy food are not considered as benefits in kind, provided that their value does not exceed MDL 45 per day. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Recipients of food stamps | | | | | |
| **Type of Measure** | Legislated income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | In principle, benefits in kind are taxable as income from employment (Art 18 of the TC). Benefits in kind are valued at market prices on the date of receipt. Benefits in kind include payments made to cover an employee’s personal expenses, the waiving of an employee’s debts by the employer, supplementary payments for accommodation provided by the employer, the benefit of a low-interest loan provided by an employer, except for loans granted to an employee at a regular market rate, the employer’s expenses with regard to the personal use of its assets by an employee, etc. | | | | | |
| **Legal Reference** | Art. 19 of TC | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2017 | | | Expiry date: — | | |
| **Source of Data** | Information from stamps issuers | | | | | |
| **Estimation Method** | Direct calculations | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 39,500.0 | *38,600.0* | | *43,700.0* | *48,000.0* |

Note: Estimates for 2019 are based on actual data; 2020 to 2022 are projected based on 2019.

|  |  |  |  |  |  |  |
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| **25. Rental income earned by natural persons taxed at a reduced rate** | | | | | | |
| **Description** | Natural persons, subjects of taxation that do not carry out entrepreneurial activity and transmit the real estate in possession and/or in use (rent, lease, usufruct, and superficies[[36]](#footnote-37)) to the other natural persons pay tax in the amount of 7% of the monthly value of the contract. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Natural persons that transmit real estate in possession | | | | | |
| **Type of Measure** | Tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. A legislated lighter tax burden on rentals constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 90 para 34 | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **26. Interest earned by natural persons taxed at a reduced rate** | | | | | | |
| **Description** | Banks, savings, and loan associations, as well as issuers of corporate securities withhold a tax of 3% of the interest paid to resident individuals. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Natural persons that receive interest from savings | | | | | |
| **Type of Measure** | Tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. A legislated lighter tax burden on interest earned by natural persons constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 90 para 37 | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2021 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | n.a. | n.a. |

Note: Estimates are not applicable from 2018 to 2020, and not available in 2021 and 2022.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **27. Personal deduction of 2% of annual income tax liability** | | | | | | |
| **Description** | Individuals may deduct charity and sponsoring contributions made to eligible entities. This deduction may not exceed 2% of their annual income tax liability. The list of eligible entities for each year is made public annually by the Agency of Public Services. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Donator of funds to assigned charity | | | | | |
| **Type of Measure** | Tax liability deduction | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Through an individually determined deduction up to a ceiling, an individual can reduce his/her tax liability, thereby reducing the originally intended tax burden for respective income earned. | | | | | |
| **Legal Reference** | Art. 152 | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2014 | | | Expiry date: — | | |
| **Source of Data** | Tax return | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | 2019 - 504 beneficiaries  2020 – 534 beneficiaries  2021 – 651 beneficiaries | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 700.0 | 5,600.0 | | 8,900.0 | *9,800.0* |

Note: Estimates from 2019 to 2021 are based on actual data; 2022 is projected based on 2021.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **28. Major lifelong personal allowance in case of illness or disability** | | | | | | |
| **Description** | An allowance is applied in case of an illness, disability or for persons whose child or spouse died or was injured in defense of the state. In 2019–2021 the allowance was 30,000 MDL; in 2022–31,500 MDL. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Taxpayers with disabilities as a result of defense | | | | | |
| **Type of Measure** | Deduction against taxable income | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12 percent if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. A legislated lighter tax burden on income of persons with long-term illness or disability constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 35 para (2) of the TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | Tax return | | | | | |
| **Estimation Method** | Microsimulation | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | 31,200.0 | | *35,300.0* | *38,800.0* |

Note: Estimates for 2020 are based on actual data; 2021 and 2022 is projected based on 2020.

|  |  |  |  |  |  |  |
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| **29. Spouse major allowance** | | | | | | |
| **Description** | An allowance applicable in case of illness, disability, or for persons whose spouse died or was injured in defense of the state. In 2019-2020 the allowance was 18,000 MDL; in 2021 – 18,900 MDL, in 2022 – 19, 800 MDL). Applies only if the spouse does not benefit from personal exemption. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Deduction of taxable income | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, generated income should attract PIT at the flat rate of 12% if their combined income streams exceed the basic personal allowance of MDL 27,000 per year. A legislated lighter tax burden for surviving spouses or spouses with illness and disability constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 34 para. 2 of the TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | Tax return | | | | | |
| **Estimation Method** | Microsimulation | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | 11,900.0 | | *13,500.0* | *14,800.0* |

Note: Estimates for 2020 are based on actual data; figures for 2021 and 2022 are projected based on 2020.

|  |  |  |  |  |  |  |
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| **30. Allowance for a child and other dependent** | | | | | | |
| **Description** | The allowance is granted for each child and other dependents of the taxpayer. An allowance was 3,000 MDL for period 2019-2020; in 2021 it was 4,500 MDL; in 2022 it was 9,000 MDL. | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Taxpayers with a child(ren) and dependents | | | | | |
| **Type of Measure** | Deduction of taxable income | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Through accessing this additional allowance of a capped amount, an individual with children or dependents can reduce his/her tax liability, to a greater extent than taxpayers without children or dependents, translating into a lower tax burden than in the standard PIT regime. This is a tax expenditure. | | | | | |
| **Legal Reference** | Art. 35 of the TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | Tax return | | | | | |
| **Estimation Method** | Microsimulation | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | 131,800.0 | | *149,200.0* | *163,900.0* |

Note: Estimates for 2020 are based on actual data; figures for 2021 and 2022 are projected based on 2020.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **31. Major allowance for a child and other dependent with disabilities** | | | | | | |
| **Description** | An allowance is granted for each child and other dependents with disabilities due to a congenital or childhood illness, for people with severe disabilities. In 2019-2020 the allowance was MDL 18,000; in 2021—MDL 18,900; in 2022—MDL 19,800) | | | | | |
| **Type of Tax Affected** | PIT | | | | | |
| **Beneficiaries** | Taxpayers with a child(ren) and dependents with disabilities | | | | | |
| **Type of Measure** | Deduction of taxable income | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Through accessing this additional allowance of a capped amount, an individual with children or dependents with disabilities can reduce his/her tax liability, to a greater extent than taxpayers without children or dependents with disabilities, translating into a lower tax burden than in the standard PIT regime. This is a tax expenditure. | | | | | |
| **Legal Reference** | Art. 35 of the TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | Tax return | | | | | |
| **Estimation Method** | Microsimulation | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | 16,600.0 | | *18,800.0* | *20,700.0* |

Note: Estimates for 2020 are based on actual data, figures for 2021 and 2022 are projected based on 2020.

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| --- | --- | --- | --- | --- | --- | --- |
| **32. Special tax regime for residents of IT park** | | | | | | |
| **Description** | For residents of IT Park regime, tax liability is calculated as a single tax payment at a rate of 7 percent of turnover (to be not less than a minimum tax calculated as: 30 percent \* average monthly salary in the economy \* number of employees). 19.4 percent of the single unified tax payment substitutes income tax on salary. (See Box 1 for a detailed discussion of the IT Park regime). | | | | | |
| **Type of Tax Affected** | PIT (among other taxes) | | | | | |
| **Beneficiaries** | Residents of IT Parks | | | | | |
| **Type of Measure** | Special preferential tax regime | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The unified tax regime replaces most other taxes levied by national and subnational level government in Moldova on the IT sector, translating into a sizable tax burden reduction across affected taxes. This is a tax expenditure: the regime represents a departure from the statutory 12% standard PIT rate. | | | | | |
| **Legal Reference** | Law no. 77 of 21.04.2016, Articles 367‐372 | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2017 | | | Introduced in year: 2017 | | |
| **Source of Data** | Tax return | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2018** | **2018** | | **2018** | **2018** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

## Appendix 2: BIT Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Tax exemption of private education authorities** | | | | | | |
| **Description** | The income tax exemption for public education institutions is deemed benchmark treatment, notwithstanding the provisions of the Article 51, whereas the income tax exemption of private education institutions’ income derived from the provision of education services in accordance with the Education Code is a tax expenditure. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Privately run and managed education institutions. | | | | | |
| **Type of Measure** | Income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The legislated tax exemption is a departure from the benchmark tax treatment whereby taxable income attracts the 12% statutory BIT rate. The exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 513 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2012 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 33,067.8 | *33,117.1* | *31,623.3* | | *36,499.8* | *40,678.8* |

Note (1): The income tax exemption of public authorities and public institutions, as stipulated in Art 51 of the Tax Code (BIT), is an element of the BIT benchmark system.

Note (2): Estimates for 2018 are based on actual data, figures from 2019 to 2022 are projected based on 2018.

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| --- | --- | --- | --- | --- | --- | --- |
| **2. Tax exemption of the administration of a Free Economic Zone (FEZ)** | | | | | | |
| **Description** | Financial sources of the administration of the FEZ as stipulated in Article 5 para. (4) of Law No. 440-XV dated July 27th, 2001, concerning FEZs shall be exempt from tax. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | The administration of the free economic zone | | | | | |
| **Type of Measure** | Income tax exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The legislated tax exemption is a departure from the benchmark tax treatment whereby taxable income attracts the 12% statutory BIT rate. The exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 512 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2012 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 648.0 | *649.0* | *619.7* | | *715.3* | *797.2* |

Note: Estimates for 2018 are based on actual data, figures from 2019 to 2022 are projected based on 2018.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3. Tax exemption of Administration of IT park** | | | | | | |
| **Description** | The sources of income of the park administration for information technology provided in art. 6 paragraph (3) of Law no. 77/2016 on parks for information technology are exempt from income tax. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Administration of an IT park. | | | | | |
| **Type of Measure** | A legislated tax exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The tax exemption is a departure from the benchmark tax treatment, providing that taxable income attracts the 12% statutory BIT rate. The exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 514 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2022 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **4. Tax exemption for non-commercial organizations (NCOs)** | | | | | | |
| **Description** | Non-commercial organizations (non-profit organizations) shall be exempt from the income tax if they meet the following requirements:  a) are registered or established in accordance with the law and carry out activity in accordance with the purposes set out in the statute, regulation or other constituent document;  a¹) the economic activity provided by the statute, regulation or other constituent document corresponds to the objectives and purposes provided for in the statute, regulation or other constituent document and results directly therefrom;  b) the statute, regulation or other constituent document indicates the prohibition on the distribution of special purpose funds, other means and income resulting from the statutory activity or property between the founders and members of the organization or among its employees, including in the reorganization process and liquidation of the non-profit organization;  c) special purpose funds, other funds and income derived from the statutory activity, property of the organization are used as provided by the statute, regulation or other constituent document;  d) do not use the special-purpose funds, other funds and income derived from the statutory activity or the property in the interest of a founder or member of the organization or in the interest of an employee, except for the salary payments or other payments regulated by the Labor law, directed in its favor;  e) do not support the political parties, electoral blocks or candidates for public authorities and do not use the special-purpose means, other means and income derived from the statutory or property activity for their financing. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Non-commercial organizations | | | | | |
| **Type of Measure** | Legislated income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The tax exemption is a departure from the benchmark tax treatment, providing that taxable income attracts the 12% statutory BIT rate. The exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 52 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | ONG17 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 648.3 | *649.3* | *620.0* | | *715.6* | *797.6* |

Note: Estimates for 2018 are based on actual data, figures from 2019 to 2022 are projected based on 2018.

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| **5. Tax exemption of income from non-commercial organizations and religious cults** | | | | | | |
| **Description** | There is a tax exemption for incomes received by non-commercial organizations, religious cults, and their constituent parts according to the law as a result of percentage designation. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Non-commercial and belief organizations. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, accretion of income from whatever source should attract BIT at the rate of 12%. The non-taxation of these income accretions constitutes a tax expenditure. | | | | | |
| **Legal Reference** | Art. 20(z13) of the TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2014 | | | Expiry date: — | | |
| **Source of Data** | ONG17 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 283.1 | *283.6* | *270.8* | | *312.5* | *348.3* |

Note: Estimates for 2018 are based on actual data, figures from 2019 to 2022 are projected based on 2018.

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| **6. Tax exemption of income generated by societies of blind, deaf and disabled persons** | | | | | | |
| **Description** | The enterprises created with a view to the achievement of the statutory goals of the societies of blind, deaf and disabled persons shall be exempt from income tax. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Enterprises created by the societies of blind, deaf and disabled persons | | | | | |
| **Type of Measure** | Income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The legislated tax exemption is a departure from the benchmark tax treatment, providing that taxable income attracts the 12% statutory BIT rate. The exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 531 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2004 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 80.6 | *80.7* | *77.1* | | *89.0* | *99.2* |

Note: Estimates for 2018 are based on actual data, figures from 2019 to 2022 are projected based on 2018.

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| **7. Tax relief for savings and loan associations** | | | | | | |
| **Description** | Savings and Loan Associations shall be exempt from income tax. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Savings and Loan Associations | | | | | |
| **Type of Measure** | Income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The legislated tax exemption is a departure from the benchmark tax treatment, providing that taxable income attracts the 12% statutory BIT rate. | | | | | |
| **Legal Reference** | TC, Art. 532 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2005 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 8,747.2 | *8,760.3* | *8,365.1* | | *9,655.3* | *10,760.2* |

Note: Estimates for 2018 are based on actual data, figures from 2019 to 2022 are projected based on 2018.

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| **8. Tax incentive to encourage participation in non-state pension funds** | | | | | | |
| **Description** | The income of the non-state pension fund shall not be taxed, but any payments (i.e., early withdrawals or annuities) made from this fund shall be included in the gross income of the beneficiary. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Non-state pension fund | | | | | |
| **Type of Measure** | Income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Contributions to a qualified non-governmental pension fund are not taxed, but deferred tax will be collected in the future when the contributions and investment income earned on them are withdrawn. So, the tax expenditure is equal to the applicable tax rate multiplied by the net present value of the payments by way of an annuity that an individual will receive based on the value of the contributions they made. | | | | | |
| **Legal Reference** | Art. 68 of the TC | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,970.0 | *1,973.0* | *1,884.0* | | *2,174.5* | *2,423.5* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **9. Tax exemption for trade unions and employers’ associations** | | | | | | |
| **Description** | Trade Unions and Employers’ Associations shall be exempt from the income tax. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Trade Unions and Employers’ Associations | | | | | |
| **Type of Measure** | Income tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Since individual employees and employers can deduct 0.15% of their wage or remuneration fund / payroll for income tax purposes, the symmetry principle indicates that the party receiving the contribution should be taxed on that income. However, the non-taxation of these membership contributions in the hands of trade unions and employer associations makes this a tax expenditure. | | | | | |
| **Legal Reference** | Art. 533 TC | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2007 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 964.2 | *965.6* | *922.0* | | *1,065.9* | *1,182.3* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **10. Allowance for encouraging businesses to grow their payroll** | | | | | | |
| **Description** | Deduction of amount calculated by multiplying the average annual salary at country level from the tax period by the increase in the average number of employees in the tax year compared to the previous year. The amount of the deduction cannot exceed the taxable income. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Legal entities | | | | | |
| **Type of Measure** | Reduction of taxable income | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** |  | | | | | |
| **Legal Reference** | Law no.1164/1997, art.24 para (16) | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2005 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,108.4 | *2,111.6* | *2,016.0* | | *2,338.0* | *2,568.9* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **11. Allowance for charitable and sponsorship donations** | | | | | | |
| **Description** | Any resident business is entitled to deduct any donations made during the tax period for philanthropic or sponsorship purposes, but not more than 5% of the taxable income. Only donations made for philanthropic or sponsorship purposes in favor of public authorities and public institutions specified in Article 51, of non-commercial organizations specified in Article 52 (1), may be deducted, in accordance with paragraph (1) of this article, as well as in favor of family-type orphanages. Donations for philanthropic or sponsorship purposes will be deducted only if confirmed in the manner established by the Government. Donations to non-profits organizations are deductible up to 5 percent of the taxable income. The granted allowance is non-structural | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Doners to charitable causes, sponsorships, and charitable donees. | | | | | |
| **Type of Measure** | Allowance | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | In order to support public benefit outreach by non-governmental organizations governments allow their funding through tax-preferential treatment of contributions and/or donations. The donor (a business) can deduct these transfers up to a capped amount even though they are not legitimate business expenses incurred in the production of taxable income. | | | | | |
| **Legal Reference** | TC, Art. 36 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2012 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 11,224.6 | *11,241.4* | *10,794.3* | | *12,389.6* | *13,808.2* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **12. Reduced BIT rate of 7% for farmers** | | | | | | |
| **Description** | Reduced tax burden on agriculture – non-structural relief measure – as other businesses such as individual entrepreneurs, family doctors and all legal persons pay BIT at 12% on taxable income | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Farming households | | | | | |
| **Type of Measure** | Tax rate relief—reduced rate of 7% vs standard BIT rate of 12%. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Reduced tax burden on agriculture of 7% is a tax relief measure not available to other businesses such as individual entrepreneurs, family doctors, and all legal persons that pay BIT at 12% on taxable income. | | | | | |
| **Legal Reference** | TC, Art. 15 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | VEN12 and UNIF18 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 20,386.0 | *20,416.5* | *19,495.5* | | *22,501.9* | *25,078.2* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **13. Special tax regime for residents of IT parks** | | | | | | |
| **Description** | For residents of IT park regime, tax liability is calculated as a single tax payment at a rate of 7 percent of turnover (to be not less than a minimum tax calculated as: 30 percent \* average monthly salary in the economy \* number of employees). 10 percent of the single unified tax payment substitutes business income tax. (See Box 1 for a detailed discussion of the IT Park regime). | | | | | |
| **Type of Tax Affected** | BIT (among other taxes) | | | | | |
| **Beneficiaries** | Residents of IT Parks | | | | | |
| **Type of Measure** | Special preferential tax regime | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The unified tax regime replaces most other taxes levied by national and subnational level government in Moldova on the IT sector, translating into a sizable tax burden reduction across affected taxes. This is a tax expenditure: the regime represents a departure from the statutory 12% standard CIT rate. | | | | | |
| **Legal Reference** | Law no. 77 of 21.04.2016, Articles 367‐372 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2017 | | | Expiry date: — | | |
| **Source of Data** | IU17 tax data (2018) and Bureau van Dijk Orbis database | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** | Residents in IT Parks: 338 (2018), 525 (2019), 658 (2020), 960 (2021) 1,261 (2022) | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 35,775.8 | 35,774.7 | 46,653.6 | | *53,847.9* | *60,013.1* |

Note: Estimates for 2018, 2019 and 2020 are based on actual data; figures for 2021 and 2022 are projected based on 2020.

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| **14. 50% reduced BIT rate for income earned on exports in Free Economic Zones (FEZs)** | | | | | | |
| **Description** | A 50% tax rate reduction applies to income from export of goods (services) originating from FEZ outside the customs territory of Moldova. It is a non-structural incentive measure. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Resident companies located in FEZs. | | | | | |
| **Type of Measure** | Effective rate reduction | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It seeks to explicitly provide a cash flow benefit to zone companies by reducing the tax rate to 6% in lieu of the standard 12% BIT rate. The available tax rate departs from the benchmark tax rate of 12% and it is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 49 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: Since 2001 with amendments in 2007, 2008, 2010, 2012, 2013, 2015, and 2017. | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 9,956.8 | *9,971.7* | *9,521.9* | | *10,990.2* | *12,248.5* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **15. 25% reduced BIT rate for income earned on domestic sales in Free Economic Zones (FEZs)** | | | | | | |
| **Description** | The standard 12% BIT rate is reduced by 25% and applies to domestic sales of goods (services) originating from FEZ. It is a non-structural incentive measure with the intention to stimulate investments. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Resident companies located in FEZs | | | | | |
| **Type of Measure** | Effective rate reduction to 9% in lieu of the standard rate of 12%. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It seeks to explicitly provide a cash flow benefit to zone companies by reducing the tax rate to 9 percent in lieu of the standard 12% BIT rate. The available tax rate departs from the benchmark tax rate of 12% and it is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 49 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: since 2001 | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,476.8 | *1,479.0* | *1,412.3* | | *1,630.1* | *1,816.7* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **16. 3-year tax holiday for US$1M+ investments in Free Economic Zones (FEZs)** | | | | | | |
| **Description** | This is complete exemption of the BIT for revenue obtained from the export of goods (services) granted for three years provided the FEZ resident invested at least USD 1 million in fixed assets or FEZ's infrastructure. This 3-year tax holiday is a non-structural incentive | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Resident investors in FEZ. | | | | | |
| **Type of Measure** | A tax holiday of 3 years | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A Tax rate of 0% for 3 years is a departure from the standard or benchmark rate of 12% and this tax preferential treatment is a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 49 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,002.3 | *2,005.3* | *1,914.8* | | *2,210.1* | *2,463.1* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **17. 5-year tax holiday for US$5M+ investments in Free Economic Zones (FEZs)** | | | | | | |
| **Description** | This is complete exemption of the BIT for revenue obtained from the export of goods (services) granted for five years provided the FEZ resident invested at least USD 5 million in fixed assets or FEZ's infrastructure. This 5-year tax holiday is a non-structural incentive. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Resident investors in FEZ. | | | | | |
| **Type of Measure** | A tax holiday of 5 years | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The tax holiday translates into a 0% tax rate for 5 years which is a departure from the benchmark statutory rate of 12%. The tax measure is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 49 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 5,390.8 | *5,398.8* | *5,155.3* | | *5,950.3* | *6,631.5* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **18. Additional 1, 3 or 5-year tax holiday for additional US$1, 3 or 5M+ investments in Free Economic Zones (FEZs)** | | | | | | |
| **Description** | In case of additional capital investment of USD 1 million (USD 3 million, USD 5 million) FEZ residents are entitled to additional tax exemption period of 1 year (3 or 5 years, respectively) provided the average number of employees increased by 20 percent compared to the period before the additional investment was made. Again, this is a non-structural incentive. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Resident investors in FEZ | | | | | |
| **Type of Measure** | Additional tax holiday | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The tax holiday translates into a 0% tax rate for 3 – 5 years which is a departure from the benchmark statutory rate of 12%. The tax measure is therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 49 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 0.0 | 0.0 | 0.0 | | 0.0 | *0.0* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

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| **19. Tax exemption of income from international grants for research and development, and from special funds and grants approved by the government** | | | | | | |
| **Description** | This includes two tax expenditures which are claimed in the same cell:   * There is a tax exemption of incomes of the legal entities received from the use of external financial sources within the projects and international grants related to the development of education and research. * Moneys or grants are tax exempt if received from the special funds and/or financial resources in the form of a grant through programs approved by the Government, used according to their destination. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | * Entities engaged in the development of education and research. * Beneficiaries of public grants or special funds. | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Income from whatever source should attract BIT at the flat rate of 12%. The non-taxation of these income accretions constitutes a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 20(z12) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | VEN12 tax data (2018) | | | | | |
| **Estimation Method** | Microsimulation model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 480,938.3 | *481,656.5* | *459,919.9* | | *531,223.4* | *590,787.7* |

Note: Estimates for 2018 are based on actual data; figures from 2019 to 2022 are projected based on 2018.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **20. Tax exemption of donations to homes providing foster care** | | | | | | |
| **Description** | Patrimony received by family-type children’s homes as a donation is tax exempt. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Family children’s homes | | | | | |
| **Type of Measure** | Tax Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Transfers/payments constitute income in the hands of the legal persons receiving the patrimony. They should attract BIT at the flat rate of 12%. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 20(i1) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2012 | | | Expiry date: — | | |
| **Source of Data** | Not reported on the tax forms | | | | | |
| **Estimation Method** | Not estimated | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **21. Tax exemption of aid received from charitable organizations** | | | | | | |
| **Description** | Aid received from charitable organizations – foundations and public associations – according to the provisions of the statute of these organizations and of the legislation is tax exempt | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | Beneficiaries of transfer payment from charitable organizations | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Transfers/payments constitute income in the hands of the persons receiving this. They should attract BIT at the flat rate of 12%. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 20(l) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | Not reported on the tax forms | | | | | |
| **Estimation Method** | Not estimated | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **22. Tax exemption of financial assistance received from the National Olympic and Sports Committee** | | | | | | |
| **Description** | There is a tax exemption for financial assistance received by the National Olympic and Sports Committee and by national professional sports federations from the International Olympic Committee, professional European and international sports federations, and other international sports organizations. | | | | | |
| **Type of Tax Affected** | BIT | | | | | |
| **Beneficiaries** | The National Olympic and Sports Committee and national professional sports federations | | | | | |
| **Type of Measure** | Legislated tax exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under the comprehensive income concept, these “financial assistance” transfers/payments constitute income in the hands of the sports organizations receiving the aid transfers. They should attract BIT at the flat rate of 12%. The non-taxation constitutes therefore a tax expenditure. | | | | | |
| **Legal Reference** | TC, Art. 20(t) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2001 | | | Expiry date: — | | |
| **Source of Data** | Not reported on the tax forms | | | | | |
| **Estimation Method** | Not estimated | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

## Appendix 3: VAT Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Reduced VAT rate applies to services and food supplied by hotels and restaurants** | | | | | | |
| **Description** | Reduced VAT rate applies to services and food supplied by hotels and restaurants. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Households and consumers purchasing hotel and restaurant food | | | | | |
| **Type of Measure** | Reduced VAT rates changed frequently as follows:   * 20% until September 2018 * 10% from October 2018 to August 2019 * 20% from September 2019 to April 2020 * 15% from May 2020 to December 2020 * 12% from January 2021 to September 2021 * 6% starting October 2021 (during the state of emergency and/or the state of emergency in public health) | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be taxed at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support to the hotel and restaurant sector | | | | | |
| Introduced with effect 1 Jan 2021: | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT Model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *27,300* | *79,700* | *38,700* | | *134,600* | *218,400* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2. Reduced rate applies to supply of bread and bakery products, milk, and dairy products** | | | | | | |
| **Description** | Reduced VAT rate applies for the supply of bread and bakery products, milk and dairy products containing less than 40% of fat supplied in the territory of Moldova | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | All households consuming this category of reduced VAT supply | | | | | |
| **Type of Measure** | Reduced VAT rate of 8% vs standard VAT rate of 20% | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support, to lower-income households by reducing expenditure on a basket of basic food items. | | | | | |
| Introduced in year: 2001 (initial wording) - for bread and bakery products, for milk and dairy products, delivered on the territory of the Republic of Moldova;  2020 (current wording) - for bread and bakery products (190120000, 190540, 190590300, 190590600, 190590900), for milk and dairy products (0401, 0402, 0403, 0405, 040610300 and 040610500 - with a fat content not exceeding 40% by weight), delivered on the territory of the Republic of Moldova, except for the food products for children which are exempt from VAT in accordance with Article 103 para. (1) p. (2); | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *258,056.3* | *282,786.0* | *275,009.0* | | *334,983.0* | *369,054.0* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3. Reduced rate applies to pharmaceuticals** | | | | | | |
| **Description** | Reduced VAT rate applies for the supply of prescription drugs prepared in drugstores, containing authorized ingredients (pharmaceutical substances), as well as approved imported drugs supplied in the territory of Moldova. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | All households consuming this category of reduced VAT supply. | | | | | |
| **Type of Measure** | Reduced VAT rate of 8% vs standard VAT rate of 20% | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of healthcare, consumers should not face an additional tax burden when being ill or falling sick. | | | | | |
| Introduced in year: 2006 | | | Expiry date: — | | |
| **Source of Data** | VAT declarations data | | | | | |
| **Estimation Method** | Direct calculation; assumed to be used exclusively as final consumption or as input into exempt healthcare | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *27,695.9* | *30,105.3* | *29,205.1* | | *33,005.8* | *36,306.4* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **4. Reduced rate applies to natural and LNG gases** | | | | | | |
| **Description** | Reduced VAT rate applies for the supply of natural and liquefied gases imported and supplied in the territory of Moldova (6% before 2013). | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | All households and industry consuming the reduced rate supply of natural gas for heating / energy purposes. | | | | | |
| **Type of Measure** | Reduced VAT rate of 8% vs standard VAT rate of 20% | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 b) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of industries’ and households’ heating and energy consumption | | | | | |
| Introduced in year: 2013 (6% before 2013) | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *222,623.0* | *243,957.1* | *237,247.9* | | *288,986.8* | *318,379.4* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **5. Moldovan crop, horticulture, and livestock production supplied at reduced rate of 8%** | | | | | | |
| **Description** | Reduced VAT rate applies for the supply of natural crop, horticulture products, and livestock produced and supplied in the territory of Moldova. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Moldovan agricultural producers. | | | | | |
| **Type of Measure** | Reduced VAT rate of 8% vs standard VAT rate of 20% | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 b) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of Moldovan agricultural sector and consumers. | | | | | |
| Introduced in year: 2014 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *1,017,408.3* | *1,114,907.2* | *1,084,245.6* | | *1,320,697.6* | *1,455,024.2* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **6. Reduced rate for beet sugar produced, imported, and supplied in Moldova** | | | | | | |
| **Description** | Reduced VAT rate of 8% applies for beet sugar imported in Moldova. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Moldovan beet sugar producers and consumers of sugar. | | | | | |
| **Type of Measure** | Reduced VAT rate of 8% vs standard VAT rate of 20% | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 b) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of Moldovan agricultural sector | | | | | |
| Introduced in year: 2014 | | | Expiry date: — | | |
| **Source of Data** | Customs data only | | | | | |
| **Estimation Method** | Direct calculation; assumed to be used as final consumption and intermediate input into taxable production in same proportion as other agriculture. | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *5,067.8* | *5,507.7* | *5,334.3* | | *6,037.1* | *6,636.9* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **7. Reduced rate applies for solid biofuel used in the production of electricity** | | | | | | |
| **Description** | Reduced VAT rate of 8% applies for solid biofuel used in the production of electricity, heat and hot water supplied in Moldova, including raw material delivered for the purpose of producing solid biofuel in the form of agricultural and forestry products, agricultural and forestry residues, residues plant products from the food industry, wood residues, as well as heat produced from solid biofuel delivered to public institutions. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Making Moldova more self-sufficient in electricity generation from biofuels and securing thereby enhanced power generation capacity for all households and industry. | | | | | |
| **Type of Measure** | Reduced VAT rate of 8% vs standard VAT rate of 20% | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. A reduced rate is therefore a TE. | | | | | |
| **Legal Reference** | Art. 96 b) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of Moldovan energy self-sufficiency/power generation capacity | | | | | |
| Introduced in year: 2017 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **8. The supplies of zero-rated goods and services—i.e., electricity to residential customers** | | | | | | |
| **Description** | Electricity supplied to residential customers is zero-rated or exempt from VAT with a deduction right of input VAT. Electricity supplied to businesses (mostly VAT vendors) is VAT-able at the standard rate of 20%. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | All households benefit from the consumption of residential power supply without VAT. | | | | | |
| **Type of Measure** | Non-taxation – exempt supply with the right of deduction | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. The residential VAT zero-rating is a tax expenditure. Also, only exports should attract zero-rating so that supplies of exports can benefit from the deduction of input VAT to ensure the international competitiveness of Moldovan based exporters. | | | | | |
| **Legal Reference** | TC, Art. 104 (b) | | | | | |
| **Implementation, Objectives, and History** | Fiscal support, in particular to lower-income households by reducing expenditure on a major household expenditure category. | | | | | |
| Introduced and effective on 1 Jan 2017 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** | All households, 1.08 million | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *499,437.7* | *547,299.1* | *532,247.6* | | *648,320.0* | *714,259.8* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **9. Zero-rating of supplies of goods and services consumed by foreign diplomatic mission and representative offices of international organizations** | | | | | | |
| **Description** | Based on reciprocity, the zero-rating of supplies of goods, services into the territory of the Republic of Moldova intended for official use by diplomatic missions and consular offices accredited in Moldova, by representative offices of international organizations accredited in Moldova, intended for personal use or consumption by the staff members of these diplomatic missions and consular offices. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Diplomatic and consular staff of foreign diplomatic missions or international organizations | | | | | |
| **Type of Measure** | Domestic zero-rating of goods and services | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. This zero-rating represents a tax expenditure. | | | | | |
| **Legal Reference** | Art. 1015 (1) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2020 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **10. Zero-rating the supply of goods and services destined for technical and investment assistance projects conducted in the territory of Moldova** | | | | | | |
| **Description** | The supply of goods and services destined for use by technical and investment assistance projects conducted in Moldova is zero-rated. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Countries that finance the technical and investment assistance projects | | | | | |
| **Type of Measure** | Domestic zero-rating of goods and services | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art. 104(c) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2008 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **11. Exempting the supply of residential buildings, land and the lease of such buildings, land and land plots** | | | | | | |
| **Description** | The supply of residential buildings, land and the lease of such buildings, land and land plots is exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Prospective homeowners and tenants of residential buildings and land | | | | | |
| **Type of Measure** | VAT Exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services, including the first sale of new residential dwellings bought by a natural person from a property developer, should attract VAT at the standard rate. | | | | | |
| **Legal Reference** | Art. 103(1) of TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *233,321.4* | *257,123.6* | *249,322.9* | | *304,227.9* | *336,330.9* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **12. Exempting the supply of baby food and non-food baby products** | | | | | | |
| **Description** | Exempting the supply of baby food and non-food baby products. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Households with babies and toddlers | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services, including residential dwelling, to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art. 103(2) of TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | Customs data | | | | | |
| **Estimation Method** | Direct calculation; assumed to be used exclusively as final consumption or as an intermediate good into production of exempt commodities (e.g., education). | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *20,426.8* | *22,200.0* | *21,501.0* | | *24,334.0* | *26,751.7* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **13. Exempting the supply of educational services** | | | | | | |
| **Description** | The following supply of goods and services is exempt if provided by public and private education institutions, related directly to the educational process according to the Education Code; services for training children and teenagers in coteries, workshops, studios; services for children and teenagers using sports facilities; childcare services in preschool institutions; staff training and development services; | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | All individuals who are receiving education at various levels from registered educational institutions or operations. | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. Exemption for educational materials, services and equipment is thereby a tax expenditure. Many countries have a comparable tax expenditure for education-related supplies. The effect of an exempt supply is that the education supplier does not charge VAT on their outputs, nor can they claim input tax credits on expenses that are not directly related to education (for example, rent and utilities) they incurred to produce or distribute the education-related goods or services. | | | | | |
| **Legal Reference** | Art. 103(5) of TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *912,917.7* | *1,004,119.5* | *974,718.9* | | *1,188,623.1* | *1,312,425.5* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **14. Exempting services and goods used for the care of the sick and elderly** | | | | | | |
| **Description** | Exempting from VAT the care services for sick and elderly people, as well as goods, from the charitable organizations, intended for preparing of packages for needy elderly persons and distributed to them gratuitously. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | The sick and the elderly | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova; this exemption for care-related supplies is thereby a tax expenditure. Many countries have a comparable tax expenditure for care-related supplies. The effect of an exempt supply is that the care supplier does not charge VAT on their outputs, nor can they claim input tax credits on expenses that are not directly related to caregiving (for example, rent and utilities) they incurred to produce the care-related goods or services. | | | | | |
| **Legal Reference** | Art. 103(9) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 01.01.1998 – services;  12.10.2000 – service and goods | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **15. Exempting the supply of medical services and associated goods** | | | | | | |
| **Description** | The following is exempt from VAT: The supply of medical services, except cosmetic services, air medical ambulance services; medical supplies, materials, articles, primary and secondary packaging used in the preparation and production of drugs authorized by the Ministry of Health, Labor and Social Protection, except for the ethyl alcohol, cosmetics, according to the list approved by the Government; wheelchairs (tariff heading 8713), orthopedic and prosthetic articles and apparatus (tariff heading 9021); treatment tickets (including those without accommodation) and holidays in spas, tourist service packages; the technical means used exclusively for purposes related to the prophylaxis of disability and the rehabilitation of disabled persons | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Persons receiving medical care and services. | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova; this exemption for health-related supplies is thereby a tax expenditure. Many countries have a comparable tax expenditure for health-related supplies. The effect of an exempt supply is that the healthcare supplier does not charge VAT on their outputs, nor can they claim input tax credits on expenses that are not directly related to health (for example, rent and utilities) they incurred to produce or distribute the health-related goods or services. | | | | | |
| **Legal Reference** | Art. 103(10) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *787,558.4* | *863,954.4* | *839,755.7* | | *1,023,246.0* | *1,128,040.5* |

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| **16. Exempting the supply of goods and services in canteens of educational and healthcare institutions** | | | | | | |
| **Description** | The following is exempt from VAT: products of own production of the student canteens, school canteens and canteens of other education institutions, hospitals and pre-school institutions, canteens belonging to other institutions and organizations from the social-cultural sphere financed partly or entirely from the budget, as well as canteens specialized in feeding the needy elderly people on the charitable organizations’ expenses. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Pupils and patients and hospital staff that consume canteen food | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova; this exemption for the supply of canteen food is thereby a tax expenditure. Many countries have a comparable tax expenditure. The effect of an exempt supply is that the supplier of canteen food does not charge VAT on their outputs, nor can they claim input tax credits on expenses. | | | | | |
| **Legal Reference** | Art. 103(11) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **17. VAT exemption of financial services** | | | | | | |
| **Description** | The following is exempt from VAT: a) granting or transferring credits, credit guarantees, other warranties for cash transactions and crediting, including management of loans, credits or credit guarantees by creditors; b) transactions related to deposit accounts, including savings accounts, settlement and budget accounts, credit transfers, including through payment service providers, debt securities, checks and other financial instruments, except for income from the sale of goods in the event of credit default, from the rendering of information, consultancy and expertise services, from the purchase and rent of broker’s places at the stock exchange, from rental, from cash collection and delivery services to clients, from services of receipt, storage and transfer of values, cash, securities and documents, revenues from fiduciary operations of management the clients’ goods, from the liquidation of the assets of the bankrupt companies, fees for providing clients with regulatory documentation; c) import of banknotes and metal coins in national currency, banknotes in foreign currency (including for numismatic purposes) and other operations related to the circulation of national currency and foreign currency, as well as import of goods by the National Bank of Moldova and other deliveries to/by the National Bank of Moldova with these goods; d) transactions related to the issuance of shares, bonds, bills of exchange and other securities, incl. trading and brokering operations on the capital market, transactions of the entity keeping the records of the securities holders; e) transactions related to derivative financial instruments, forward, options agreements and other financial operations; f) services related to investment funds management and qualified non-state pension funds; and g) insurance and/or reinsurance operations, including brokering services of those. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Individuals and businesses using financial services provided in Moldova | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova, including financial services. This exemption is therefore a tax expenditure. With regard to life insurance, one should note that it is primarily a mechanism for long-term savings and estate planning rather than a good or service. Thus, exempting this type of insurance is part of the VAT benchmark tax base. | | | | | |
| **Legal Reference** | Art. 103(12) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *(2,201.3)* | *(2,001.2)* | *(2,101.3)* | | *(2,501.5)* | *(2,401.5)* |

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| **18. VAT exemption of postal services** | | | | | | |
| **Description** | The supply of postal services, including the delivery of pensions, subsidies and indemnities is exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Households using postal services and recipients of pensions and subsidies. | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova, including courier or mail delivery services should attract VAT at the standard rate of 20%. This exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 103(13) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *20,275.0* | *22,272.6* | *21,573.4* | | *26,367.5* | *29,164.1* |

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| **19. VAT exemption of gaming and gambling services** | | | | | | |
| **Description** | The following supply is exempt from VAT: gambling services rendered 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 rendered to participants or audience; lotteries. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | People placing wagers or participating in games of chance and lotteries— i.e., gamblers. | | | | | |
| **Type of Measure** | VAT | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova, so the exemption for gaming activities is a tax expenditure. Gambling is structurally similar to property and casualty insurance and should be included in the benchmark tax base. The margin of the casino or lottery is calculated as the difference (recorded daily or over some other reasonable period) between the cash received for tokens or lottery tickets and the winnings paid out on the redemption of tokens or tickets. | | | | | |
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| **Legal Reference** | Art. 103(14) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *41,473.5* | *47,969.3* | *45,470.9* | | *56,264.0* | *64,059.0* |

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| **20. VAT exemption for burial and crematorium services of human and animal bodies** | | | | | | |
| **Description** | The following supply is exempt from VAT: burial and incineration services of human and animal bodies, and related activities: preparation of bodies for burial or incineration, embalming and services provided by funeral furnishers; rental of funeral rooms; rental or sale of burial places; maintenance of graves; fitting out 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, wreaths. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Families of the deceased | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova, so the VAT exemption of burial/crematorium services is a tax expenditure. | | | | | |
| **Legal Reference** | Art. 103(15) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year:1998 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *5,514.5* | *6,116.1* | *5,915.5* | | *7,219.0* | *8,021.1* |

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| **21. VAT exemption for utilities for the general public, rental of dwelling, water supply, sewage, heating, sanitation, elevators** | | | | | | |
| **Description** | The following supply is exempt from VAT: utilities for the general public: rental of dwelling, technical services for the residential buildings, water supply, sewage, heating, sanitation, elevators; | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Households | | | | | |
| **Type of Measure** | VAT exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The benchmark VAT base is all goods and services consumed in Moldova, so the VAT exemption of rental accommodation services is a tax expenditure. | | | | | |
| **Legal Reference** | Art. 103(16) | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 1998 | | | Expiry date: — | | |
| **Source of Data** |  | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *113,259.9* | *124,655.9* | *120,957.2* | | *147,547.8* | *162,942.3* |

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| **22. Exempting the supply of editing of books and periodicals as well as publishing service with respect to such books/periodicals, copyright services, and other related rights used in the editing of books and periodicals** | | | | | | |
| **Description** | Book production and periodical publications (except advertising and erotic ones) under tariff headings 4901, 4902, 490300000, 490400000 and 4905, as well as book and periodicals publishing services, and other related services, except those mentioned above are exempted from VAT deliveries. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Producers of books and periodicals, as well as consumers of these goods | | | | | |
| **Type of Measure** | VAT Exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services, including books and periodicals, as well as publishing service to final consumers should be at the standard VAT rate. This exemption is therefore a tax expenditure. | | | | | |
| **Legal Reference** | Art. 103(20) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support, to lower-income households by reducing expenditure on using books and periodicals | | | | | |
| Introduced in year: 2001 | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *98,873.8* | *108,371.3* | *105,372.1* | | *128,366.0* | *141,562.5* |

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| **23. Exempting the supply of fixed assets used as contributions to the owner’s equity of a company** | | | | | | |
| **Description** | Fixed assets used directly in the manufacture of products, the provision of services and/or the works performed, meant to be included in the statutory (share) capital are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | The economic entities that include in the statutory (share) capital the fixed assets used directly in manufacturing products or providing services/works | | | | | |
| **Type of Measure** | VAT exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art. 103 (1) 29) TC | | | | | |
| **Implementation, Objectives, and History** |  | | | | | |
| Introduced in year: 2014) | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **24. Exempting the supply of services performed by entities operating in the field of science and innovation technologies** | | | | | | |
| **Description** | The supply of services performed by entities operating in the field of science and innovation technologies is exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Entities operating in the field of science and innovation technologies | | | | | |
| **Type of Measure** | VAT exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services, including services performed by entities operating in the field of science and innovation technologies, to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art.103 (1) 27) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of science and innovation sphere in the Republic of Moldova in terms of facilitating the services provided by accredited organizations in this field. | | | | | |
| Introduced in year: Until 2006, the exemption was applied for imported services | | | Expiry date: — | | |
| **Source of Data** | National accounts data | | | | | |
| **Estimation Method** | VAT model | | | | | |
| **Number of Beneficiaries** |  | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| *1,646.7* | *1,852.5* | *1,852.5* | | *2,264.2* | *2,470.0* |

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| **25. Exempting the supply of aircraft, helicopters and trains for passenger transportation, and related leasing services** | | | | | | |
| **Description** | The supply of aircraft, helicopters and trains for passenger transportation, and related leasing services is exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Entities that realize the import/supply of aircraft, helicopters and trains for passenger transportation and entities that offer related leasing services | | | | | |
| **Type of Measure** | VAT exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art.103 (1) (32) and (33) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in the field of passenger transportation, in particular to the domain related to aircraft, helicopters and trains | | | | | |
| Introduced in year: 1 May 2015 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **26. Exempting the supply of air medical services** | | | | | | |
| **Description** | Air medical ambulance services are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | People receiving aerial medical services | | | | | |
| **Type of Measure** | VAT Exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Medical services are essential; it is a common exemption as it is justified. However, under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services, including these special ambulance services, should attract VAT at the standard rate. Consequently, it should be scored as a tax expenditure. | | | | | |
| **Legal Reference** | Art.103 alin. (1) pct.10) of TC | | | | | |
| **Implementation, Objectives, and History** | Fiscal support in support of healthcare, consumers should not face an additional tax burden when being ill or falling sick. | | | | | |
| Introduced in year: 1 May 2015 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **27. Exempting the supply (and importation) of samples the value of which does not exceed MDL22,000** | | | | | | |
| **Description** | The import of goods samples with the intrinsic value not exceeding euro 22 for  an import shall be exempt from VAT without deduction right. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Sample importers and final consumers | | | | | |
| **Type of Measure** | VAT Exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art.103 alin. (97) of TC | | | | | |
| **Implementation, Objectives, and History** | Non-taxation of imported objects for testing purposes | | | | | |
| Introduced in year: 01 May 2015 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **28. Exempting the supply (and importation) of tractors and other agricultural machinery, provided that these are not rented or leased during 3 years from the date of importation or acquisition** | | | | | | |
| **Description** | Agricultural tractors under tariff headings 870191100, 870192100, 870193100,  870194100, 870195100 and agricultural machinery under tariff headings 842449100,  842482100, 8432, 843320, 843330000, 843340000, 843351000, 843352000, 843353,  843359, 8436, 8437 and parts thereof under tariff headings 8432, 8433 and 8437 are exempt from VAT | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Farmers and final consumers | | | | | |
| **Type of Measure** | VAT Exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. The input VAT on agricultural implements could have been fully claimed by the vendor (farmer) that supplies agricultural produce at the standard VAT rate (no exemption). | | | | | |
| **Legal Reference** | Art.103 | | | | | |
| **Implementation, Objectives, and History** | Fiscal support for farmers and final consumers | | | | | |
| Introduced in year: 1 January 2014 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **29. Exempting the supply of goods and services for no consideration for the promotion of trade in the amount of 0.5% of sales return for the previous year** | | | | | | |
| **Description** | Supply of goods and services made free of charge for the purpose of advertising and/or promoting. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | the economic entities that supply goods and services made free of charge for the purpose of advertising and/or promoting | | | | | |
| **Type of Measure** | VAT exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art. 95 (2) c) TC | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: Law 108/2009 (in force 1 January 2010)- 0,1%; Law 288/2017 (in force 1 January 2018) – 0,5% | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| --- | --- | --- | --- | --- | --- | --- |
| **30. Exempting property transferred as a result of a company reorganization** | | | | | | |
| **Description** | The property transferred as a result of a company reorganization is exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | The companies that realize the reorganization. | | | | | |
| **Type of Measure** | VAT exemptions | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Under a modern VAT, the benchmark tax regime provides that all final consumption of goods and services to final consumers should be at the standard VAT rate. | | | | | |
| **Legal Reference** | Art.95 (2) d) of TC | | | | | |
| **Implementation, Objectives, and History** | The property is exempt because  there is no transfer of ownership | | |  | | |
| Introduced in year: 2010 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **31. Exemption for goods imported for personal use or consumption** | | | | | | |
| **Description** | Goods imported by natural persons for non-commercial purposes and whose value or quantity does not exceed the prescribed limits (EUR 300 for goods imported by land transport, EUR 430 for goods imported by air or sea transport) are not subject to VAT.  In addition, VAT is not charged on certain goods imported by travelers, including objects of personal use, alcoholic and tobacco products up to prescribed limits, and fuel contained in the tank of a vehicle.  VAT is not charged on occasional cargo lots shipped directly to a resident of Moldova when the intrinsic value of the goods does not exceed EUR 150 per cargo lot. This exemption does not apply to alcohol and tobacco products, perfumes and eau de toilette.  VAT is also not charged on non-commercial goods received by a natural person from another natural person, provided the value of those goods do not exceed EUR 150. Limits also apply to the shipments of alcohol and tobacco products and perfumes and eau de toilette. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 219 and 232 and 272 to 274 | | | | | |
| **Implementation Objectives, and History** | These measures are intended to simplify the administration of the tax system.  The special treatment of shipments by international mail was introduced into Law No. 1569/2002 by Law No. 122 of 16 August 2019. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **32. Exemption from VAT for personal goods inherited or imported upon establishing residence in Moldova** | | | | | | |
| **Description** | VAT not charged on personal goods that are inherited or imported when establishing residence in Moldova or studying in Moldova. The exemption does not extend to alcoholic and tobacco products, nor to goods used in the exercise of a trade or profession. Goods inherited by legal persons that are non-profit organizations are also exempt. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Individuals, non-profit organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 199 to 208 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate moving to Moldova for individuals. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **33. Exemption from VAT for honorary decorations and awards** | | | | | | |
| **Description** | Certain honorary decorations and non-commercial awards conferred abroad to residents of Moldova are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Individuals granted foreign awards | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 250 | | | | | |
| **Implementation Objectives, and History** | This measure recognizes the non-commercial nature of such awards.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **34. Exemption from VAT for imported funerary goods** | | | | | | |
| **Description** | Goods imported by designated organizations and used for the construction, maintenance or decoration of cemeteries or graves and monuments of war victims from foreign countries who are buried in Moldova are exempt from VAT. Remains of individuals who died abroad, along with flowers, funeral wreaths and other usual decorative objects accompanying them, are also exempt from VAT | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Mourning individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 275 and 276 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support mourning individuals.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **35. Exemption from VAT for goods imported for trade promotion purposes** | | | | | | |
| **Description** | VAT is not charged on certain goods imported for trade promotion purposes, including samples of goods, printed advertising materials, and goods intended for presentation at trade fair or other similar events. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Trade promoters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 253 to 259 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international trade.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **36. Exemption from VAT for gifts received in the context of international relations** | | | | | | |
| **Description** | Official gifts received or to be received from a foreign country or certain foreign organizations are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Individuals granted foreign awards | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 251 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international relations.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **37. Exemption from VAT for goods intended for heads of state** | | | | | | |
| **Description** | Gifts offered to heads of state during official events, as well as goods for the use or consumption of foreign heads of state or official representatives, are exempt from VAT on a reciprocal basis. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Heads of state | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 252 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international relations.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **38. Exemption from VAT for various official documents and goods** | | | | | | |
| **Description** | Official and other documents and goods listed in article 269 of the Customs Code are exempt from VAT, including: foreign official documents sent to the government of Moldova or intended for free distribution in Moldova; objects to be presented as evidence or for other similar purposes to the courts or other authorities in Moldova; official printed forms of a foreign country; photos, slides and molds for photos, sent to press agencies or newspaper or magazine publishers. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 269 | | | | | |
| **Implementation Objectives, and History** | Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **39. Exemption from VAT for international aid** | | | | | | |
| **Description** | VAT is not charged on goods donated and/or imported by state institutions or other philanthropic governmental organizations to be distributed free of charge to needy persons. Also exempt are donated office equipment and supplies to be used exclusively for operational needs or for the fulfillment of philanthropic purposes. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | State institutions or other philanthropic governmental organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 277 to 2774 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate the provision of international aid.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **40. Exemption from VAT for goods for the use of disaster victims** | | | | | | |
| **Description** | Goods intended for free distribution to victims of disasters in Moldova, as well as goods imported by state institutions and governmental rescue organizations for their activity, are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Disaster victims | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27712 to 27717 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support disaster victims.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **41. Exemption from VAT for goods for the use of disabled persons** | | | | | | |
| **Description** | Goods specially designed for the educational, scientific or cultural development of the blind are exempt from VAT. Similarly, goods specially designed for the education, employment or social promotion of persons with physical or mental disabilities, other than the blind, are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Disabled individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 2775 to 27711 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support disabled individuals.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **42. Exemption from VAT for reference substances for quality control of medicines** | | | | | | |
| **Description** | Samples of reference substances approved by the World Health Organization for the control of the quality of materials used in the manufacture of medicines are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Manufacturers of medicines | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 248 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the production of medicines in Moldova.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year:2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **43. Exemption from VAT for certain medical products and instruments** | | | | | | |
| **Description** | VAT is not charged on imports by accredited institutions and laboratories of human blood and its derivatives and reagents used to determine blood groups and tissue types to be used for non-commercial medical or scientific purposes. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Accredited institutions and laboratories | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 243 to 247 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support medical and scientific research.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **44. Exemption from VAT for educational, scientific and cultural materials** | | | | | | |
| **Description** | Educational and scientific materials (such as scientific instruments and devices, laboratory animals, biological and chemical substances) imported for non-commercial purposes by public and private educational and research institutions are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Educational, scientific and cultural institutions | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 233 to 242 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support education, scientific research and culture.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **45. Exemption from VAT for goods imported for examination, analysis or testing** | | | | | | |
| **Description** | Goods to be subjected to examination, analysis or testing to determine their composition, quality or other technical characteristics for the purpose of information or industrial or commercial research and outside of sales promotion operations are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Individuals conducting industrial or commercial research | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 260 to 266 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support industrial and commercial research.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **46. Exemption from VAT for pharmaceutical products used at international sporting events** | | | | | | |
| **Description** | Pharmaceutical products intended to be used by people or animals coming from foreign countries to participate in international sporting events organized in Moldova are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Foreign athletes competing in Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 249 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the organization of international sporting events in Moldova.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **47. Exemption from VAT for goods intended for the State Agency for Intellectual Property** | | | | | | |
| **Description** | Books, publications and documents, as well as audiovisual materials of an educational, scientific or cultural nature of the United Nations or any of its specialized institutions, intended for the State Agency for Intellectual Property, are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | State Agency for Intellectual Property | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 267 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the work of the State Agency for Intellectual Property.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **48. Exemption from VAT for tourist information materials** | | | | | | |
| **Description** | Materials (documentation, hotel directories, etc.) intended to be distributed free of charge with the main purpose of encouraging the public to visit foreign countries and participate in cultural, touristic meetings or events are exempt from VAT, provided that such materials do not contain more than 25% foreign private commercial advertising. Reference materials provided to accredited representatives or correspondents appointed by foreign travel agencies are also exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Foreign tourism promoters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 268 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support international tourism.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
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| **49. Exemption from VAT for packing and similar materials** | | | | | | |
| **Description** | Materials used for packaging and protection of goods during their transport from a foreign country (e.g., ropes, plastic, cardboard), as well as straw bedding, fodder and feed of any kind, loaded on the means of transport used to transport animals from a foreign country, are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Importers | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 270 and 271 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support international trade.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **50. Exemption from VAT for the transfer of foreign businesses to Moldova** | | | | | | |
| **Description** | Means of production and other equipment (including livestock) belonging to independent economic operators in the production or service sector (including professionals and not-for-profit legal persons) that permanently cease their activities in a foreign country and move to Moldova to carry out similar activities are exempt from VAT. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Foreign businesses moving to Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27718 to 27724 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to increase the attractiveness of Moldova as a place to conduct business.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **51. Exemption from VAT for the manufacture of goods intended for exports** | | | | | | |
| **Description** | No VAT is charged on raw materials, materials, accessories and primary packaging that are to be used in the exclusive manufacture of goods intended for export, provided production takes place within 180 days of the import. This exemption does not cover excisable goods and other prescribed food items. | | | | | |
| **Type of Tax Affected** | VAT | | | | | |
| **Beneficiaries** | Exporters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from VAT are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27725 to 27726 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support exporting activities out of Moldova.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

## Appendix 4: Excise Duties—Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Exemption from excise duties for wines** | | | | | | |
| **Description** | Wines (including fortified wines) and unfermented grape must under tariff heading 2204 are not subject to excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Consumers, producers and importers of wines | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 1 to Title IV | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support wine producers as well as to reduce the consumption of low-quality or counterfeit wines.  Still wines, sparkling wines, other wines, grape must and other fermented or partially fermented grape must under tariff headings 220410, 220421, ex. 220421101, 220429 and 220430 were subject to excise duties from 1997 until January 13, 2012 pursuant to annex 1 to Title IV of the Tax Code. | | | | | |
| Introduced in year: 2012 | | | Expiry date: — | | |
| **Source of Data** | National Bureau of Statistics, National Vine and Wine Bureau, other | | | | | |
| **Estimation Method** | The value of this tax expenditure is calculated by multiplying the estimated taxable base by the benchmark excise duty rates for wine. The taxable base (expressed in liters) is estimated as the sum of the total domestic production and imports of wines, minus exports of wines, changes in stocks, and consumption by foreign visitors. The benchmark rates correspond to the rates applicable to pure alcohol, expressed on an equivalent-alcohol content basis, assuming an average 12% of alcohol contents in wines. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 468,487.5 | 415,681.2 | 621,451.3 | | 752,892.0 | *1,330,649.2* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2. Exemption from excise duties for ethyl alcohol for pharmaceutical use** | | | | | | |
| **Description** | Undenatured ethyl alcohol intended for pharmaceutical production and use in medicine is exempt from excise duties, up to an annual quota established by the government. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Manufacturers of pharmaceutical products and medical institutions | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (15) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the production of pharmaceutical products in Moldova.  Introduced by Law no. 71/2015.  Until July 5, 2002, the amounts of excise duties paid to the budget for alcohol purchased for the purpose of its use in medicine were transferred to settlements with the budget. Pursuant to Law no. 1128/2002, as of July 5, 2022, these amounts are returned according to the regulation approved by the Government (annex 1 to the Tax Code, point 4 of the notes). | | | | | |
| Introduced in year: 2015 | | | Expiry date: — | | |
| **Source of Data** | State Tax Service and Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 5,997.3 | 31,339.9 | 28,403.6 | | 36,803.1 | *42,323.4* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3. Exemption from excise duties for ethyl alcohol for use in the perfumery and cosmetics industry** | | | | | | |
| **Description** | Undenatured ethyl alcohol intended for use in the perfumery and cosmetics industry for the manufacturing of cosmetic products is exempt from excise duties, up to an annual quota established by the government. Undenatured ethyl alcohol used by taxpayers active in the perfumery and cosmetics industry as well as in the field of production and marketing of alcoholic products is not exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Manufacturers of perfumes and cosmetics | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (16) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the perfumery and cosmetics industry.  Introduced by Law no. 45/2003.  As of January 1, 2023, the exemption is restricted to alcohol used for the manufacturing of cosmetic products alone.  Until July 5, 2002, the amounts of excise duties paid to the budget for alcohol purchased for use in the perfumery were transferred to settlements with the budget. Pursuant to Law no. 1128/2002, as of July 5, 2022, these amounts are returned according to the regulation approved by the Government (annex 1 to Title IV of the Tax Code, point 4 of the notes). | | | | | |
| Introduced in year: 2003 | | | Expiry date: — | | |
| **Source of Data** | State Tax Service and Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 28,138.7 | 206,957.6 | | 215,804.8 | *248,174.9* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **4. Exemption from excise duties for domestically-produced alcoholic products** | | | | | | |
| **Description** | Beer, wine under tariff heading 2205 and fermented beverages produced by a natural person who does not carry out entrepreneurial activity, and consumed by him and his family members, are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Households | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (19) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to simplify the administration of the tax system and is harmonized with the EU Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages.  Introduced by Law no. 288/2017, effective as of 2018. | | | | | |
| Introduced in year: 2018 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **5. Exemption from excise duties on coal and coke** | | | | | | |
| **Description** | The consumption of coal and coke is not subject to excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Consumers of coal and coke | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 1 to Title IV | | | | | |
| **Implementation Objectives, and History** | This measure is intended to lower the cost of energy for individual and commercial consumers.  Coal and coke have never been subject to excise duties. | | | | | |
| Introduced in year: 1991 | | | Expiry date: — | | |
| **Source of Data** | National Bureau of Statistics | | | | | |
| **Estimation Method** | The value of this tax expenditure is estimated by applying the excise duty rates applicable to fuel oil to the taxable base consisting in imports of coal and coke (in tons). | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 55,600.6 | 60,165.7 | 54,292.5 | | 52,068.6 | *54,477.4* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **6. Exemption from excise duties for natural gas** | | | | | | |
| **Description** | The consumption of natural gas (other than natural gas distillates) is not subject to excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Consumers of natural gas | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 1 to Title IV | | | | | |
| **Implementation Objectives, and History** | This measure is intended to lower the cost of energy for individual and commercial consumers.  Natural gas has never been subject to excise duties. | | | | | |
| Introduced in year: 1991 | | | Expiry date: — | | |
| **Source of Data** | National Bureau of Statistics | | | | | |
| **Estimation Method** | The value of this tax expenditure is estimated by applying the excise duty rates applicable to other gaseous hydrocarbons (propane, butane, etc.) to the taxable base consisting in imports of natural gas (expressed in tons). | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,512,767.7 | 2,579,529.9 | 2,742,243.0 | | 3,308,866.8 | *2,870,569.7* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **7. Exemption from excise duties for jet fuel** | | | | | | |
| **Description** | Imports of jet fuel and gasoline (tariff headings 271012310, 271012700 and 271019210) intended for the supply of aircrafts involved in the international transport of passengers and freight are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Airlines companies involved in international transport of passengers and freight | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (21) | | | | | |
| **Implementation Objectives, and History** | This measure reflects the standard tax treatment of international air transportation.  Introduced by Law no. 172/2018. | | | | | |
| Introduced in year: 2018 | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 72,043.4 | 263,536.8 | 92,752.0 | | 263,893.0 | *303,476.3* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **8. Exemption from excise duties for domestically-produced nitrogen and oxygen** | | | | | | |
| **Description** | Prior to 2023, nitrogen and oxygen produced on the territory of Moldova were exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Domestic producers of nitrogen and oxygen | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (17) | | | | | |
| **Implementation Objectives, and History** | This measure was intended to support the domestic production of nitrogen and oxygen.  The exemption from excise duties for nitrogen and oxygen produced in Moldova was repealed by Law no. 356 of 29.12.22, MO456-459/30.12.22 art. 813, effective January 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/01/01 | | |
| **Source of Data** | State Tax Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 4,993.4 | 8,990.4 | | 9,699.5 | *11,154.4* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **9. Exemption for goods and services intended to secure natural gas supplies** | | | | | | |
| **Description** | Goods and services intended to secure natural gas supplies are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Importers of natural gas | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Decision no. 850 of 07-12-2022 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to help securing supply of natural gas to Moldova and is intended to facilitate projects being financed by the European Bank for Reconstruction and Development.  Introduced by Decision no. 850 of 07-12-2022, effective December 8, 2022. | | | | | |
| Introduced in year: 2022 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **10. Exemption from excise duties for motorcycles and mopeds** | | | | | | |
| **Description** | Prior to 2021, motorcycles and mopeds (tariff heading 8711) were not subject to excise duties. As of 2021, the exemption is limited to motorcycles and mopeds 10 years old or less. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Buyers of motorcycles and mopeds | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 2 to Title IV | | | | | |
| **Implementation Objectives, and History** | Motorcycles and mopeds had never been subject to excise duties prior to 2021.  The current exemption for motorcycles and mopeds 10 years old or less was introduced by Law no. 204/2021, effective as of January 1, 2021. | | | | | |
| Introduced in year: 1991 | | | Expiry date: — | | |
| **Source of Data** | UN Comtrade | | | | | |
| **Estimation Method** | The number of imported (non-electric) motorcycles is derived from UN Comtrade data. The applicable benchmark excise duty rate is assumed to be the rate applicable to gasoline cars two years old or less with a cylinder capacity not exceeding 1,000 cubic centimeters. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,369.0 | 5,888.2 | 7,664.0 | | 5,156.2 | *7,790.9* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **11. Exemption from excise duties for tractors, buses, trucks and special-purpose vehicles** | | | | | | |
| **Description** | Prior to 2021, tractors (other than agricultural and forestry tractors), buses, trucks and special-purpose vehicles (tariff headings 8701, 8702, 8704 and 8705) were not subject to excise duties. As of 2021, these vehicles are exempt if they have been in exploitation for not more than a certain specified period (7 years for buses, 10 years for trucks and special-purpose vehicles, and 12 years for road tractors). | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Buyers of tractors, buses, trucks and special-purpose vehicles | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 2 to Title IV | | | | | |
| **Implementation Objectives, and History** | These vehicles had never been subject to excise duties prior to 2021.  The current exemption for vehicles newly in exploitation was introduced by Law no. 257/2020, effective as of January 1, 2021. | | | | | |
| Introduced in year: 1991 | | | Expiry date: — | | |
| **Source of Data** | UN Comtrade data | | | | | |
| **Estimation Method** | The number of imported vehicles is derived from UN Comtrade data. Applicable benchmark excise duty rates are assumed to correspond to the lowest non-nil rates applicable to vehicles of the same category. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
|  | 241,656.1 | 278,865.7 | 390,551.0 | | 707,832.2 | *357,162.6* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **12. Exemption from excise duties for motor cultivators and agricultural tractors** | | | | | | |
| **Description** | Motor cultivators and agricultural and forestry tractors are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Farming businesses | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 2 to Title IV | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the agricultural sector.  Motor cultivators and agricultural and forestry tractors were not subject to excise duties prior to 2021. From 2021 to 2022, only motor cultivators in exploitation for more than 12 years and agricultural and forestry tractors in exploitation for more than 20 years were subject to excise duties. The complete exemption for motor cultivators and agricultural and forestry tractors was introduced by Law no. 282 of 06-10-2022. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | UN Comtrade | | | | | |
| **Estimation Method** | The number of imported vehicles is derived from UN Comtrade data. Applicable benchmark excise duty rates are assumed to correspond to the lowest non-nil rates applicable to vehicles of the same category. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 288,597.5 | 159,186.0 | 141,925.0 | | 182,305.0 | *198,659.0* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **13. Exemptions for means of transport for persons with disabilities of the locomotor apparatus** | | | | | | |
| **Description** | Means of transport imported for the transportation of persons with disabilities of the locomotive apparatus are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Persons with disabilities of the locomotive apparatus | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, articles 124 (14) 1) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support individuals with disabilities of the locomotive apparatus. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 8,797.7 | 42,972.2 | | 203,213.9 | *25,885.0* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **14. Exemption for certain imported public utility vehicles** | | | | | | |
| **Description** | Means of transport imported free of charge and intended for medical purposes, extinguishing fires, street cleaning, spreading materials or waste collection are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (14) 2) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the provision of public utility services. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 357.4 | 95.7 | 4.1 | | 1,653.1 | *527.6* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **15. Exemption for goods imported for personal use or consumption** | | | | | | |
| **Description** | Goods imported by natural persons for non-commercial purposes and whose value or quantity does not exceed the prescribed limits (EUR 300 for goods imported by land transport, EUR 430 for goods imported by air or sea transport, EUR 200 for goods imported by international mail) are not subject to excise duties.  In addition, excise duties are not charged on certain goods imported by travelers, including objects of personal use, alcoholic and tobacco products up to prescribed limits, and fuel contained in the tank of a vehicle.  Excise duties are also not charged on non-commercial goods received by a natural person from another natural person, provided the value of those goods do not exceed EUR 150. Limits apply to the shipments of alcohol and tobacco products and perfumes and eau de toilette. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, articles 124 (1) and (11)  New Customs Code, articles 221 to 232 and 272 to 274 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to simplify the administration of the tax system.  The special treatment of shipments by international mail was introduced into Law No. 1569/2002 by Law No. 122 of 16 August 2019. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **16. Exemption from excise duties for personal goods inherited or imported upon establishing residence in Moldova** | | | | | | |
| **Description** | Excise duties are not charged on personal goods imported upon inheritance or when establishing residence in Moldova or coming to Moldova to study. The exemption does not extend to alcoholic and tobacco products, nor to goods used in the exercise of a trade or profession. Goods inherited by legal persons that are non-profit organizations are also exempt. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Individuals, non-profit organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 199 to 218  Law no. 1569 of 20-12-2002 regarding the manner of introduction and removal of goods from the territory of the Republic of Moldova by natural persons, article 5 (1) c) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support individuals who move to Moldova. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,149.1 | 212.4 | 808.4 | | 974.0 | *786.0* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **17. Exemptions for duty-free shops** | | | | | | |
| **Description** | Goods delivered to, and sold by, duty-free shops located at border crossing points and in airports were exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | International travelers | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (5) | | | | | |
| **Implementation Objectives, and History** | This measure was intended to facilitate the administration of the tax system.  This measure was repealed by Law no. 302 of 03-11-2022, effective November 11, 2022. | | | | | |
| Introduced in year: | | | Expiry date: 2022 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 47,130.0 | 55,355.3 | 6,762.1 | | *20,000.0* | *46,124.1* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **18. Exemption for goods imported by legal persons for non-commercial purposes** | | | | | | |
| **Description** | Goods imported by legal entities for non-commercial purposes are exempt from excise duties if the intrinsic value of these goods does not exceed EUR 100. Sampling goods (other than certain alcoholic products, perfumes, eau de toilette and tobacco products) are also exempt from excise duties if their intrinsic value does not exceed EUR 22. Goods whose value or quantity exceeds these limits are subject to excise duties on their full value or quantity. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Businesses | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, articles 124 (111) and (112) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to simplify the administration of the tax system. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **19. Exemption from excise duties for goods imported for trade promotion purposes** | | | | | | |
| **Description** | Excise duties are not charged on certain goods imported for trade promotion purposes, including samples of goods and goods intended for presentation at trade fair or other similar events (other than alcohol and tobacco products and fuels). | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Trade promoters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 253 to 259 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international trade.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **20. Exemptions for diplomats and representatives of international organizations** | | | | | | |
| **Description** | Goods intended for official use by diplomatic missions, consular offices and representatives of international organizations, or for personal use or consumption by staff members of diplomatic missions, consular offices and representative offices of international organizations as well as by members of their families living with them, but to the exclusion of citizens of Moldova, are exempt from excise duties when a reciprocal exemption is provided by their home country. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Members of diplomatic missions, consular offices and international organizations and their families | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 124 (21) | | | | | |
| **Implementation Objectives, and History** | This measure reflects established practices in international relations between governments. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 7,404.8 | 9,391.7 | 9,179.7 | | *9,990.6* | *9,990.6* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **21. Exemption from excise duties for gifts received in the context of international relations** | | | | | | |
| **Description** | Official gifts received or to be received from a foreign country or certain foreign organizations are exempt from excise duties. This exemption does not apply to alcohol and tobacco products. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Individuals granted foreign awards | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 251 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international relations.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **22. Exemption from excise duties for goods intended for heads of state** | | | | | | |
| **Description** | Gifts offered to heads of state during official events, as well as goods for the use or consumption of foreign heads of state or official representatives, are exempt from excise duties on a reciprocal basis. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Heads of state | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 252 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international relations.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **23. Exemption for foreign military forces and international intervention teams** | | | | | | |
| **Description** | Goods imported by foreign military forces carrying out temporary military applications or by international intervention teams that participate in joint exercises in Moldova are exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Foreign military forces, international intervention teams | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, articles 124 (22) and (23) | | | | | |
| **Implementation Objectives, and History** | This measure reflects established practices in international relations between governments. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **24. Exemptions for humanitarian aid and international assistance projects** | | | | | | |
| **Description** | Imported goods that consist in humanitarian aid are exempt from excise duties. Goods intended for technical assistance projects carried out in Moldova by international organizations and donor countries or financed from grants granted to the government are also exempt from excise duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Organizations providing aid and assistance | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, articles 124 (2) and (3) | | | | | |
| **Implementation Objectives, and History** | These exemptions are intended to facilitate humanitarian and assistance projects in Moldova. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,553.7 | 8,566.2 | 19,870.7 | | 69,323.2 | *24,828.4* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **25. Exemption from excise duties for international aid** | | | | | | |
| **Description** | Excise duties are not charged on goods imported by (or donated from abroad to) state institutions or other philanthropic governmental organizations to be distributed free of charge to needy persons. This exemption does not apply to alcohol and tobacco products nor to motor vehicles (except ambulances). | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | State institutions or other philanthropic governmental organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 277 to 2774 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate the provision of international aid.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **26. Exemptions established under the Compact Agreement with the Millennium Challenge Corporation** | | | | | | |
| **Description** | On January 22, 2010, Moldova signed a compact agreement with the Millennium Challenges Corporation regarding the implementation of five-year assistance program financed by the United States and intended to support policies and programs to foster sustainable economic growth and reduce poverty. In support of this agreement, goods and services intended to realize and ensure the sustainability of the investments made pursuant to this agreement benefit from certain exemptions or refunds from taxes and duties, including from excise duties and import duties. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Businesses, institutions and organizations making investments financed under this agreement | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Decision no. 949 of 12-10-2010 for the approval of the Regulation regarding the application of the value added tax exemption with the right of deduction, as well as the exemption from the payment of taxes, fees and other mandatory payments established by the "Compact" Agreement | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the implementation of the compact agreement signed with the Millennium Challenge Corporation.  Introduced by Decision no. of 12-10-2010. | | | | | |
| Introduced in year: 2010 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **27. Exemption from excise duties for goods for the use of disaster victims** | | | | | | |
| **Description** | Imported goods intended for free distribution to victims of disasters in Moldova, as well as goods imported by state institutions and governmental rescue organizations for their activity, are exempt from excise duties. No exemption is granted for materials and equipment intended for the reconstruction of disaster areas. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Disaster victims | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27712 to 27717 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support disaster victims.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **28. Excise duty refunds for the processing and manufacturing of excisable goods** | | | | | | |
| **Description** | Excise duties paid by companies on goods used in the processing and/or manufacturing of other excisable goods can be partly or fully rebated to the companies, including when the other excisable goods are intended for export. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Businesses processing and manufacturing excisable goods | | | | | |
| **Type of Measure** | Refund | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Refunds of excise duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 125 | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **29. Exemptions for the free economic zones, the Free International Port "Giurgiuleşti" and the Free International Airport "Mărculeşti"** | | | | | | |
| **Description** | Excisable goods imported into a free economic zone from outside Moldova, from another free economic zone or from the rest of Moldova are exempt from excise duties, while excisable goods imported into the rest of Moldova from a free economic zone are subject to excise duties.  Fuel destined for the supply in the Giurgiuleşti Free International Port of maritime vessels involved in the international transport of goods and passengers is also exempt from excise duties.  It is prohibited to produce ethyl alcohol and other alcoholic products and to import tobacco, tobacco products and produce tobacco products in a free economic zone. | | | | | |
| **Type of Tax Affected** | Excise duties | | | | | |
| **Beneficiaries** | Businesses | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from excise duties for products that are excisable products are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, articles 124 (9), (10), (101), (11) and (20) | | | | | |
| **Implementation Objectives, and History** | Free zones are established in order to accelerate socio-economic development by attracting investments, developing export-oriented production and creating new jobs. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** | The estimates presented below only cover the tax expenditures in respect of the exemption of fuel destined for the supply in the Giurgiuleşti Free International Port of maritime vessels. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 798.3 | 934.8 | 388.7 | | 284.3 | *601.5* |

## Appendix 5: Road Usage Fees—Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Exemption from road usage fees for electric vehicles** | | | | | | |
| **Description** | Owners of electric vehicles registered in Moldova are not subject to road usage fees. Owners of hybrid cars effectively pay road usage fees at reduced rates (given the smaller cylinder capacity of hybrid vehicles), which is also considered a tax expenditure. | | | | | |
| **Type of Tax Affected** | Road usage fees | | | | | |
| **Beneficiaries** | Owners of electric vehicles registered in Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from road usage fees for vehicles used on roads in Moldova are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 1 to Title IX | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | National Bureau of Statistics, UN Comtrade | | | | | |
| **Estimation Method** | The number of electric and hybrid cars registered in Moldova is estimated based on the reported number of registered cars. The number of electric motorcycles is estimated based on imports of such vehicles since 2017. The benchmark road usage fees applicable to electric cars correspond to the fees applicable to conventional cars with a cylinder capacity of 2,500 cubic centimeters. The benchmark fees applicable to hybrid cars are half the fees applicable to electric cars, while those applicable to electric motorcycles are a weighted average of the fees applicable to conventional motorcycles. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 3,318.8 | 5,514.9 | 9,597.8 | | 13,807.7 | *19,069.7* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2. Exemption from road usage fees for tractors and trailers used in agricultural activity** | | | | | | |
| **Description** | Tractors and trailers used in agricultural activity registered in Moldova are not object of road usage fees. | | | | | |
| **Type of Tax Affected** | Road usage fees | | | | | |
| **Beneficiaries** | Individuals and legal entities owning tractors and trailers used in agricultural activity and registered in Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from road usage fees for vehicles used on roads in Moldova are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 338 (2) a) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the development of the agricultural sector. | | | | | |
| Introduced in year: 1997 | | | Expiry date: — | | |
| **Source of Data** | Census of Agriculture | | | | | |
| **Estimation Method** | The number of agricultural tractors is estimated based on the number of tractors reported in the 2011 Census of Agriculture. The benchmark road usage fees are assumed to be 5% of the fees applicable to tow trucks and tractors, on the grounds that agricultural tractors make a less intensive use of roads than other vehicles. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,978.6 | 3,008.4 | 3,038.5 | | 3,068.8 | *3,099.5* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3. Exemption from road usage fees for motorcycles not registered in Moldova** | | | | | | |
| **Description** | Drivers of motorcycles not registered in Moldova are not subject to road usage fees. | | | | | |
| **Type of Tax Affected** | Road usage fees | | | | | |
| **Beneficiaries** | Drivers of motorcycles not registered in Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from road usage fees for vehicles used on roads in Moldova are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, annex 2 to Title IX | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | National Bureau of Statistics | | | | | |
| **Estimation Method** | The estimate for 2021 is derived under the assumption that the number of border crossings by foreign citizens entering Moldova by motorcycles is proportional to the number of border crossings by foreign citizens entering Moldova by cars. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | 73.2 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **4. Exemptions for means of transport for persons with disabilities of the locomotor apparatus** | | | | | | |
| **Description** | Persons with disabilities of the locomotor apparatus who own motor vehicles that are registered in Moldova are exempt from road usage fees. | | | | | |
| **Type of Tax Affected** | Road usage fees | | | | | |
| **Beneficiaries** | Persons with disabilities of the locomotive apparatus | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from road usage fees for vehicles used on roads in Moldova are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 343 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support individuals with disabilities of the locomotive apparatus. | | | | | |
| Introduced in year: 1997 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **5. Preferential tax regime for IT Park** | | | | | | |
| **Description** | Residents the IT Park regime pay the single tax in the amount of 7 percent of turnover, with 0.1% of the total single tax paid being allocated to road usage fees. | | | | | |
| **Type of Tax Affected** | Road usage fees | | | | | |
| **Beneficiaries** | Resident taxpayers of information technology parks | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from road usage fees for vehicles used on roads in Moldova are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 3421 | | | | | |
| **Implementation Objectives, and History** | Introduced in 2016, effective as of 2017. | | | | | |
| Introduced in year: 2017 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **6. Exemption on a reciprocal basis from road usage fees (vignettes)** | | | | | | |
| **Description** | Road usage fees (vignettes) are not charged on motor vehicles registered in the states with which the Republic of Moldova has concluded bilateral or multilateral agreements regarding the non-payment of road fees. | | | | | |
| **Type of Tax Affected** | Road usage fees | | | | | |
| **Beneficiaries** | Foreign visitors to Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from road usage fees for vehicles used on roads in Moldova are considered tax expenditures. | | | | | |
| **Legal Reference** | Tax Code, article 348 (1) | | | | | |
| **Implementation Objectives, and History** | This measure reflects established practices in bilateral and multilateral fiscal relations. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,726.6 | 17,637.7 | n.a. | | n.a. | n.a. |

## Appendix 6: Import duties—Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Exemption for goods imported for personal use or consumption** | | | | | | |
| **Description** | Goods imported by natural persons for non-commercial purposes and whose value or quantity does not exceed the prescribed limits (EUR 300 for goods imported by land transport, EUR 430 for goods imported by air or sea transport, EUR 200 for goods imported by international mail) are not subject to import duties. The exemption for goods imported by international mail has not been continued under the new Customs Code.  In addition, import duties are not charged on certain goods imported by travelers, including objects of personal use, alcoholic and tobacco products up to prescribed limits, and fuel contained in the tank of a vehicle.  Import duties are not charged on occasional cargo lots shipped directly to a resident of Moldova when the intrinsic value of the goods does not exceed EUR 150 per cargo lot. This exemption does not apply to alcohol and tobacco products, perfumes and eau de toilette.  Import duties are also not charged on non-commercial goods received by a natural person from another natural person, provided the value of those goods do not exceed EUR 150. Limits also apply to the shipments of alcohol and tobacco products and perfumes and eau de toilette. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 219 to 232 and 272 to 274  Customs Tariff, articles 28 h) and h1)  Law no. 1569/2002 on the manner of introduction and removal of goods by natural persons, article 5(1) a), b), d) and d1) | | | | | |
| **Implementation Objectives, and History** | These measures are intended to simplify the administration of the tax system.  The special treatment of shipments by international mail was introduced into Law No. 1569/2002 by Law No. 122 of 16 August 2019. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2. Exemption from import duties for personal goods inherited or imported upon establishing residence in Moldova** | | | | | | |
| **Description** | Import duties are not charged on personal goods that are inherited or imported when establishing residence in Moldova or coming to Moldova to study. The exemption does not extend to alcoholic and tobacco products, nor to goods used in the exercise of a trade or profession. Goods inherited by legal persons that are non-profit organizations are also exempt. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Individuals, non-profit organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 199 to 218  Law no. 1569/2002 on the manner of introduction and removal of goods by natural persons, article 5(1) c)  Combined Nomenclature of Goods, article 7 under "general rules concerning the application of customs duty" | | | | | |
| **Implementation Objectives, and History** | This measure is intended to help individuals move to Moldova. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3. Exemptions for duty-free shops** | | | | | | |
| Description | Goods delivered to, and sold by, duty-free shops were exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Individual travelers | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 k) | | | | | |
| **Implementation Objectives, and History** | This measure was intended to facilitate the administration of the tax system.  This measure was repealed by Law no. 302 of 03-11-2022, effective December 11, 2022. | | | | | |
| Introduced in year: 2007 | | | Expiry date: 2023/09/03 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** | The taxable base for this measure does not include purchases made by non-residents in duty-free shops. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 10,193.3 | 10,695.8 | 3,146.1 | | 2,831.3 | *5,557.7* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **4. Exemption from import duties for honorary decorations and awards** | | | | | | |
| **Description** | Certain honorary decorations and non-commercial awards conferred abroad to residents of Moldova are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Individuals granted foreign awards | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 250 | | | | | |
| **Implementation Objectives, and History** | This measure recognizes the non-commercial nature of such awards.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **5. Exemption from import duties for funerary goods** | | | | | | |
| **Description** | Goods imported by designated organizations and used for the construction, maintenance or decoration of cemeteries or graves and monuments of war victims from foreign countries who are buried in Moldova are exempt from import duties. Remains of individuals who died abroad, along with flowers, funeral wreaths and other usual decorative objects accompanying them, are also exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Mourning individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 275 and 276 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support mourning individuals.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **6. Exemption from import duties for objects of cult** | | | | | | |
| **Description** | Objects of cult are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Religious organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 z3) | | | | | |
| **Implementation Objectives, and History** | This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: 2017 | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | *35.6* | *0.0* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **7. Exemption for goods imported by legal persons for non-commercial purposes** | | | | | | |
| **Description** | Goods imported by legal entities for non-commercial purposes are exempt from import duties if the intrinsic value of these goods does not exceed EUR 100. Sampling goods (other than certain alcoholic products, perfumes, eau de toilette and tobacco products) are also exempt from import duties if their intrinsic value does not exceed EUR 22. Goods whose value or quantity exceeds these limits are subject to import duties on their full value or quantity. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Businesses | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, articles 28 q1) and q3) | | | | | |
| **Implementation Objectives, and History** | This measure is to be repealed as of July 1, 2023.  Article 28 q3) was introduced in 2015. | | | | | |
| Introduced in year: 2012 | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 4.8 | 5.0 | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **8. Exemption from import duties for goods imported for trade promotion purposes** | | | | | | |
| **Description** | Import duties are not charged on certain goods imported for trade promotion purposes, including samples of goods, printed advertising materials, and goods intended for presentation at trade fair or other similar events. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Trade promoters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 253 to 259 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international trade.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **9. Exemption for diplomats and representatives of international organizations** | | | | | | |
| **Description** | Imported goods and means of transport in the possession of diplomatic missions, consular offices and international organizations can indefinitely be subject to a suspensive customs regime, allowing for their effective exemption from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Members of diplomatic missions, consular offices and international organizations and their families | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Code, article 69 (23) | | | | | |
| **Implementation Objectives, and History** | This measure is generally provided on a reciprocal basis and reflects established practices in international relations between governments. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 5.0 | 0.1 | 12.7 | | 11.8 | *6.3* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **10. Exemption from import duties for gifts received in the context of international relations** | | | | | | |
| **Description** | Official gifts received or to be received from a foreign country or certain foreign organizations are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Individuals granted foreign awards | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 251 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate international relations.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **11. Exemption from import duties for goods intended for heads of state** | | | | | | |
| **Description** | Gifts offered to heads of state during official events, as well as goods for the use or consumption of foreign heads of state or official representatives, are exempt from import duties on a reciprocal basis. | | | | | |
| Type of Tax Affected | Import duties | | | | | |
| Beneficiaries | Heads of state | | | | | |
| Type of Measure | Exemption | | | | | |
| Reason why this Measure is not part of the Benchmark Tax System | Exemptions from import duties are considered tax expenditures. | | | | | |
| Legal Reference | New Customs Code, article 252 | | | | | |
| Implementation Objectives, and History | This measure is intended to facilitate international relations.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| Source of Data | n.a. | | | | | |
| Estimation Method | n.a. | | | | | |
| Number of Beneficiaries | n.a. | | | | | |
| Revenue Cost Reporting | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **12. Exemption from import duties for goods for official use** | | | | | | |
| **Description** | Goods for official use imported by foreign citizens in accordance with legislation or an international agreement to which the Republic of Moldova is a party are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Foreign residents importing goods for official use | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 b) | | | | | |
| **Implementation Objectives, and History** | This measure reflects established practices in international relations between governments.  This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: 1997 | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,632.2 | 1,632.2 | 1,632.2 | | 1,632.2 | *1,632.2* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **13. Exemption from import duties for various official documents and goods** | | | | | | |
| **Description** | Official and other documents and goods listed in article 269 of the new Customs Code are exempt from import duties, including: foreign official documents sent to the government of Moldova or intended for free distribution in Moldova; objects to be presented as evidence or for other similar purposes to the courts or other authorities in Moldova; official printed forms of a foreign country; and photos, slides and molds for photos, sent to press agencies or newspaper or magazine publishers. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 269 | | | | | |
| **Implementation Objectives, and History** | Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **14. Exemption for foreign military forces and international intervention teams** | | | | | | |
| **Description** | Goods imported by foreign military forces carrying out temporary military applications or by international intervention teams that participate in joint exercises in Moldova are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Foreign military forces, international intervention teams | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 9) and 10)  Customs Tariff, articles 28 x) and x1) | | | | | |
| **Implementation Objectives, and History** | These measures reflect established practices in international relations between governments.  Article 28 x1 was introduced in 2020. | | | | | |
| Introduced in year: 2013 | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 269.2 | 282.0 | 1,487.3 | | 121.0 | *294.1* |

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| **15. Exemptions for humanitarian aid and international assistance projects** | | | | | | |
| **Description** | Imported goods that consist in humanitarian aid are exempt from import duties. Goods intended for technical assistance projects carried out in Moldova by international organizations and donor countries or financed from grants granted to the government are also exempt from import duties. Furthermore, goods imported as donations, for philanthropic purposes or for certain specified financial assistance projects are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Organizations providing aid and assistance | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 2) to 4)  Customs Code, articles 69(22) and 70(2)  Customs Tariff, articles 28 d), e), n), n1), n2), n3), n4) and n5) | | | | | |
| **Implementation Objectives, and History** | These exemptions are intended to facilitate humanitarian and assistance projects in Moldova. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 50,273.3 | 39,262.2 | 64,612.2 | | 98,332.0 | *87,364.4* |

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| **16. Exemption from import duties for international aid** | | | | | | |
| **Description** | Import duties are not charged on goods donated and/or imported by state institutions or other philanthropic governmental organizations to be distributed free of charge to needy persons. Also exempt are donated office equipment and supplies to be used exclusively for operational needs or for the fulfillment of philanthropic purposes. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | State institutions or other philanthropic governmental organizations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 277 to 2774 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate the provision of international aid.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **17. Exemptions established under the Compact Agreement with the Millennium Challenge Corporation** | | | | | | |
| **Description** | On January 22, 2010, Moldova signed a compact agreement with the Millennium Challenges Corporation regarding the implementation of five-year assistance program financed by the United States and intended to support policies and programs to foster sustainable economic growth and reduce poverty. In support of this agreement, goods and services intended to realize and ensure the sustainability of the investments made pursuant to this agreement benefit from certain exemptions or refunds from taxes and duties, including from excise duties and import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Businesses, institutions and organizations making investments financed under this agreement | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Decision no. 949 of 12-10-2010 for the approval of the Regulation regarding the application of the value added tax exemption with the right of deduction, as well as the exemption from the payment of taxes, fees and other mandatory payments established by the "Compact" Agreement | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the implementation of the compact agreement signed with the Millennium Challenge Corporation.  Introduced by Decision no. of 12-10-2010. | | | | | |
| Introduced in year: 2010 | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 38.1 | 107.3 | | 325.9 | *370.8* |

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| **18. Exemption from import duties for goods for the use of disaster victims** | | | | | | |
| **Description** | Goods intended for free distribution to victims of disasters in Moldova, as well as goods imported by state institutions and governmental rescue organizations for their activity, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Disaster victims | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27712 to 27717 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support disaster victims.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **19. Exemptions for means of transport for persons with disabilities of the locomotor apparatus** | | | | | | |
| **Description** | Means of transport imported for the transportation of persons with disabilities of the locomotive apparatus are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Persons with disabilities of the locomotive apparatus | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 13) a)  Customs Code, article 20 (41) 1)  Customs Tariff, article 28 z) 1 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support individuals with disabilities of the locomotive apparatus. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | 6.1 | n.a. |

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| **20. Exemption from import duties for goods for the use of disabled persons** | | | | | | |
| **Description** | Goods specially designed for the educational, scientific or cultural development of the blind are exempt from import duties. Similarly, goods specially designed for the education, employment or social promotion of persons with physical or mental disabilities, other than the blind, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Disabled individuals | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 2775 to 27711 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support disabled individuals.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **21. Exemption from import duties in respect of the production of medicines** | | | | | | |
| **Description** | Medicinal raw materials, materials, articles, and primary and secondary packaging used in the preparation and production of medicines, with the exception of ethyl alcohol and cosmetics, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Manufacturers of medicines | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 11)  Customs Tariff, article 28 z1) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the production of pharmaceutical products in Moldova. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 4,131.5 | 4,736.6 | 3,881.7 | | 3,341.9 | *3,883.6* |

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| --- | --- | --- | --- | --- | --- | --- |
| **22. Exemption from import duties for reference substances for quality control of medicines** | | | | | | |
| **Description** | Samples of reference substances approved by the World Health Organization for the control of the quality of materials used in the manufacture of medicines are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Manufacturers of medicines | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 248 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the production of medicines in Moldova.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **23. Exemption from import duties for certain medical products and instruments** | | | | | | |
| **Description** | Import duties are not charged on imports by accredited institutions and laboratories of human blood and its derivatives and reagents used to determine blood groups and tissue types to be used for non-commercial medical or scientific purposes. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Accredited institutions and laboratories | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 243 to 247 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support medical and scientific research.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **24. Exemption from import duties for dialyzers** | | | | | | |
| **Description** | Dialyzers under tariff heading 842129 are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Healthcare institutions | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 12)  Customs Tariff, article 28 z2) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate access to dialyzers for healthcare institutions. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,223.2 | 995.9 | 1,597.6 | | 1,595.6 | *1,908.1* |

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| --- | --- | --- | --- | --- | --- | --- |
| **25. Exemption from import duties for COVID-19 vaccines** | | | | | | |
| **Description** | Imports of anti-COVID-19 vaccines procured from governmental financial sources are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Government | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 z4) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate access to COVID-19 vaccines.  Introduced by Law no. 35 of 18-03-2021.  This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: 2021 | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | n.a. | n.a. |

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| --- | --- | --- | --- | --- | --- | --- |
| **26. Exemption from import duties for books, periodicals and didactic materials** | | | | | | |
| **Description** | Imports of books, periodicals (except those of an advertising or erotic nature) and didactic materials for preschools and educational and curative institutions are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Households, preschools, educational and curative institutions | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 j) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support education.  This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 10,202.5 | 12,656.1 | 10,412.4 | | 13,058.2 | *13,668.9* |

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| **27. Exemption from import duties for educational, scientific and cultural materials** | | | | | | |
| **Description** | Educational and scientific materials (such as scientific instruments and devices, laboratory animals, biological and chemical substances) imported for non-commercial purposes by public and private educational and research institutions are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Educational, scientific and cultural institutions | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 233 to 242 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support education, scientific research and culture.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **28. Exemption from import duties for goods imported for examination, analysis or testing** | | | | | | |
| **Description** | Goods to be subjected to examination, analysis or testing to determine their composition, quality or other technical characteristics for the purpose of information or industrial or commercial research and outside of sales promotion operations are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Individuals conducting industrial or commercial research | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 260 to 266 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support industrial and commercial research.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **29. Exemption from import duties for the State Commission for the Testing of Plant Varieties** | | | | | | |
| **Description** | Imports of samples of seeds and planting material, intended for official testing carried out by the State Commission for the Testing of Plant Varieties, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | State Commission for the Testing of Plant Varieties | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Combined Nomenclature of Goods, article 9 under "general rules concerning the application of customs duty" | | | | | |
| **Implementation Objectives, and History** | This measure is intended to facilitate the work of the State Commission for the Testing of Plant Varieties. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 48.7 | 33.4 | 30.1 | | 0.0 | *27.8* |

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| --- | --- | --- | --- | --- | --- | --- |
| **30. Exemption from import duties for goods donated by the International Olympic Committee and European and international sport federations** | | | | | | |
| **Description** | Machine, equipment and gratification attributes received as donations by the National Olympic Committee and the relevant national sports federations from the International Olympic Committee or the relevant European and international sports federations for the training of performance athletes and the promotion of the Olympic movement are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | National Olympic Committee, national sports federations | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 5)  Customs Tariff, article 28 o) | | | | | |
| **Implementation Objectives, and History** | This exemption is intended to support the practice of professional sports in Moldova. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,102.5 | 1,567.7 | 1,533.8 | | 5,069.6 | *3,476.2* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **31. Exemption from import duties for pharmaceutical products used at international sporting events** | | | | | | |
| **Description** | Pharmaceutical products intended to be used by people or animals coming from foreign countries to participate in international sporting events organized in Moldova are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Foreign athletes competing in Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 249 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the organization of international sporting events in Moldova.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **32. Exemption from import duties in respect of the arena of national interest project** | | | | | | |
| **Description** | Goods imported by the partners within the public-private partnership project for the design and construction of the multipurpose arena of national interest in accordance with article 11 a) of Law no. 179/2008, and intended directly for the implementation of this project, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Partners of the public-private partnership involved in the design and construction of this project | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 o1) | | | | | |
| **Implementation Objectives, and History** | This measure was intended to support the construction of the multipurpose arena of national interest.  This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 39.2 | 10,277.9 | 25.0 | | n.a. | n.a. |

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| **33. Exemption from import duties for fixed assets included in statutory capital** | | | | | | |
| **Description** | Fixed assets used directly in the manufacture of products, in the provision of services or in the execution of works included in the statutory capital of a company for accounting purposes are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Businesses | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 6)  Customs Tariff, article 28 q2) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support business investment. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 21,644.5 | 28,160.5 | 16,786.3 | | 55,590.9 | *43,588.1* |

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| **34. Exemption from import duties for construction materials for detention facilities** | | | | | | |
| **Description** | Import duties paid on goods intended for the construction and assembly works carried out for the construction of criminal investigation facilities with the capacity of 1,600 places of detention are refunded within 45 days. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Developers of new detention facilities | | | | | |
| **Type of Measure** | Refund | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Refunds of import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Combined Nomenclature of Goods, article 10 under "general rules concerning the application of customs duty" | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the construction of new detention facilities. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **35. Exemption from import duties in respect of the repair of the Parliament building** | | | | | | |
| **Description** | Goods, machinery, equipment and furniture intended for the repair of the Parliament building are exempt from import duties for the year 2018. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Contractors charged with the repair of the Parliament building | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 t1) | | | | | |
| **Implementation Objectives, and History** | This measure was intended to facilitate the repair of the Parliament building.  This measure was in effect from 2016 to 2018 only and is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 332.6 | — | — | | — | — |

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| **36. Exemption from import duties for aircrafts, helicopters and locomotives** | | | | | | |
| **Description** | Aircrafts, helicopters, locomotives, self-propelled rail cars for public passenger transport, and parts thereof, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Transportation companies | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 y1) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support domestic transportation companies.  This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **37. Exemption from import duties in respect of international transportation** | | | | | | |
| **Description** | Means of transport used for the international transport of passengers and goods, as well as technical and material supply items, equipment, fuel and food necessary for the operation of these means of transport, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | International transportation companies | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 a) | | | | | |
| **Implementation Objectives, and History** | This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| --- | --- | --- | --- | --- | --- | --- |
| **38. Exemption from import duties for imported buses and trucks** | | | | | | |
| **Description** | Imports of buses and trucks with an exploitation term of up to 7 years are not subject to import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Importers of buses and trucks | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Combined Nomenclature of Goods, article 7 under "general rules concerning the application of customs duty" | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 20,576.2 | 16,711.4 | 11,768.4 | | 26,628.9 | *23,981.8* |

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| **39. Exemption for certain imported public utility vehicles** | | | | | | |
| **Description** | Means of transport imported free of charge and intended for medical purposes, extinguishing fires, street cleaning, spreading materials or waste collection are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 13) b)  Customs Code, article 20 41) 2)  Customs Tariff, article 28 z) 2 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the provision of public utility services. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 292.7 | 29.0 | 314.4 | | 157.7 | *157.7* |

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| **40. Exemption from import duties for wind energy generators** | | | | | | |
| **Description** | Imports of wind energy generators (tariff heading 850231) with a capacity greater than 1 MW were exempt from import duties prior to January 1, 2016. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Renewable electricity producers | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 w) | | | | | |
| **Implementation Objectives, and History** | This measure was intended to support the development of renewable energy in Moldova.  This measure ceased to have effect as of January 1, 2016 and is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **41. Exemption from import duties for used batteries** | | | | | | |
| **Description** | Waste and scraps of batteries and electric accumulators and discarded electric cell batteries and electric accumulators are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Importers of used batteries | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 y) | | | | | |
| **Implementation Objectives, and History** | This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **42. Exemption from import duties for electric generators** | | | | | | |
| **Description** | Electric generators with a power of more than 75 kW but of a maximum of 375 kW, parts for generators and apparatus for switching electrical circuits are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Electricity producers | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Customs Tariff, article 28 y2) | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the development of the energy sector in Moldova.  This measure is to be repealed as of July 1, 2023. | | | | | |
| Introduced in year: | | | Expiry date: 2023/07/01 | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **43. Exemption for goods and services intended to secure natural gas supplies** | | | | | | |
| **Description** | Goods and services intended to secure natural gas supplies are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Importers of natural gas | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Decision no. 850 of 07-12-2022 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to help securing supply of natural gas to Moldova.  Introduced by Decision no. 850 of 07-12-2022, effective December 8, 2022. | | | | | |
| Introduced in year: 2022 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | n.a. |

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| **44. Exemption from import duties for goods intended for the State Agency for Intellectual Property** | | | | | | |
| **Description** | Books, publications and documents, as well as audiovisual materials of an educational, scientific or cultural nature of the United Nations or any of its specialized institutions, intended for the State Agency for Intellectual Property, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | State Agency for Intellectual Property | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 267 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support the work of the State Agency for Intellectual Property.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **45. Exemption from import duties for tourist information materials** | | | | | | |
| **Description** | Materials (documentation, hotel directories, etc.) intended to be distributed free of charge with the main purpose of encouraging the public to visit foreign countries and participate in cultural, touristic meetings or events are exempt from import duties, provided that such materials do not contain more than 25% foreign private commercial advertising. Reference materials provided to accredited representatives or correspondents appointed by foreign travel agencies are also exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Foreign tourism promoters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 268 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support international tourism.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **46. Exemption from import duties for packing and similar materials** | | | | | | |
| **Description** | Materials used for packaging and protection of goods during their transport from a foreign country (e.g., ropes, plastic, cardboard), as well as straw bedding, fodder and feed of any kind, loaded on the means of transport used to transport animals from a foreign country, are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Importers | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 270 and 271 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support international trade.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **47. Exemption from import duties for leasing companies and lease goods** | | | | | | |
| **Description** | Movable goods whose value exceeds MDL 6,000 and whose duration of operation is longer than one year imported by leasing companies operating in Moldova are exempt from import duties. In addition, goods imported under an operational leasing contract can be placed under a suspensive customs regime for a period of up to 3 years, a period during which import duties will not be payable. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Leasing companies | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 7)  Customs Code, article 67(3)  Customs Tariff, article 28 v) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 37.6 | 16,711.4 | n.a. | | n.a. | n.a. |

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| **48. Exemption from import duties for the transfer of foreign businesses to Moldova** | | | | | | |
| **Description** | Means of production and other equipment (including livestock) belonging to independent economic operators in the production or service sector (including professionals and not-for-profit legal persons) that permanently cease their activities in a foreign country and move to Moldova to carry out similar activities are exempt from import duties. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Foreign businesses moving to Moldova | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27718 to 27724 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to increase the attractiveness of Moldova as a place to conduct business.  Introduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **49. Exemption from import duties for the manufacture of goods intended for exports** | | | | | | |
| **Description** | No import duties are charged on raw materials, materials, accessories and primary packaging that are to be used in the exclusive manufacture of goods intended for export, provided production takes place within 180 days of the import. This exemption does not cover excisable goods and other prescribed food items. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Exporters | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, articles 27725 to 27726  Customs Tariff, article 281 | | | | | |
| **Implementation Objectives, and History** | This measure is intended to support exporting activities out of Moldova.  Rentroduced as part of the new Customs Code, effective July 1, 2023. | | | | | |
| Introduced in year: 2023 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** | n.a. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| — | — | — | | — | — |

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| **50. Exemptions for the free economic zones, the Free International Port "Giurgiuleşti" and the Free International Airport "Mărculeşti"** | | | | | | |
| **Description** | Goods imported into a free economic zone from outside Moldova, from another free economic zone or from the rest of Moldova are exempt from import duties, while goods produced in a free economic zone and introduced on the rest of the customs territory of Moldova are also exempt from import duties. In the case of goods that have not been sufficiently processed in the free economic zone, only the part that consists in foreign goods accompanied by a proof of preferential origin and in domestic goods that have been used for the production of the goods is exempt from import duties, upon the introduction of such goods on the rest of the customs territory of Moldova.  Fuel destined for the supply in the Giurgiuleşti Free International Port of maritime vessels involved in the international transport of goods and passengers is exempt from import duties.  Furthermore, goods imported for the purpose of making capital investments in the Giurgiuleşti International Free Port, as well as petroleum products imported in that zone and intended for marketing, are exempt from import duties.  It is prohibited to produce ethyl alcohol and other alcoholic products and to import tobacco, tobacco products and produce tobacco products in a free economic zone. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** | Businesses | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | New Customs Code, article 27727 8)  Customs Code, articles 85 to 92  Customs Tariff, articles 28 l), l1), l2), s) and t) | | | | | |
| **Implementation Objectives, and History** | Free zones are established in order to accelerate socio-economic development by attracting investments, developing export-oriented production and creating new jobs.  The import duty exemption for capital goods and petroleum products imported to the Giurgiuleşti International Free Port is to be repealed as of July 2, 2023, with grandfathering of existing activities until July 1, 2033. | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** | The estimates presented below do not cover the tax expenditures arising in respect of the Giurgiuleşti Free International Port. | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 12,095.6 | 16,367.8 | 30,014.5 | | 26,167.4 | 27,672.8 |

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| --- | --- | --- | --- | --- | --- | --- |
| **51. Exemption from import duties at certain border crossings with Ukraine** | | | | | | |
| **Description** | Certain import duty exemptions apply on goods imported through some border crossings between Moldova and Ukraine. | | | | | |
| **Type of Tax Affected** | Import duties | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Exemptions from import duties are considered tax expenditures. | | | | | |
| **Legal Reference** | Law no. 109 of 09-06-2017 regarding some border crossing control measures, of customs control and regarding ensuring the fiscal regime within the joint control at some points of crossing the Moldovan-Ukrainian state border | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | Customs Service | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 809.5 | 2,294.5 | 1,947.7 | | n.a. | n.a. |

## Appendix 7: RET Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Exemption of all immovable property owned and administered by public authorities or agencies of state** | | | | | | |
| **Description** | All real estate owned by state departments, and ministries funded from the central budget at all tiers of government are exempt from real estate tax. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Immovable property owned by Government and all organs of state or institutions funded from the central budget | | | | | |
| **Type of Measure** | Legislated exemption from RET | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Commonly, all real estate owned and operated by the state is served by one of many local authorities in a country. By not contributing to the budget of a local authority through the payment of RET, the local government (being almost always restricted to run a balanced budget) must either reduce its level of service or is compelled to put a much higher RET burden on local private property owners (natural and legal persons). Hence, a number of jurisdictions in the world impose the property tax obligation on budget-funded organs of state. Alternatively, central government agrees to a direct, commensurate budget contribution in lieu of RET. As such, all RET exemptions provided for organs of state are tax expenditures in the case of Moldova. | | | | | |
| **Legal Reference** | Art 283(1)(a) of the Tax Code (TC) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 208,433.4 | 187,482.3 | 158,237.0 | | 188,255.3 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2. Exemption for public benefit organization caring for the blind, deaf and disabled** | | | | | | |
| **Description** | Properties owned by societies for the blind, deaf, disabled and enterprises working in the interest of these public benefit societies are exempt from RET. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | The blind, deaf, and disabled and the organizations caring for these subgroups | | | | | |
| **Type of Measure** | Legislated exemption or reduced rate | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It provides a narrow tax benefit to this subgroup of society and the relief measure is narrowly targeted, being a distinct deviation from the standard or benchmark regime. | | | | | |
| **Legal Reference** | Art 283(1)(b) of the TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 76.7 | 200.6 | 227.6 | | 236.9 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **3. Exemption for all real estate used by operators of prisons and detention centers** | | | | | | |
| **Description** | Operators of penitentiary institutions and their respective buildings and immovable properties are RET exempt. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Operators of penitentiary institutions | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefits from a RET exemption, but which still utilizes public infrastructure provided by local governments. It is clearly a tax expenditure. | | | | | |
| **Legal Reference** | Art 283(1)(c) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 77.8 | 30.0 | 30.0 | | 9.7 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **4. Exemption for all medical facilities, and rehab centers providing prostheses and orthopedic services** | | | | | | |
| **Description** | Operators of medical facilities and rehab centers within the Ministry of Health, Labor and Social Protection and their respective buildings and immovable properties are RET exempt. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | The medical facilities and their patients potentially shoulder a lower cost structure | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefits from a RET exemption, but which still utilizes public infrastructure provided by local governments. It is a tax expenditure. | | | | | |
| **Legal Reference** | Art 283(1)(d) of the TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
|  | 204.4 | 238.6 | 419.3 | | 243.0 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **5. Exemption for civil protection organizations and their immovable property** | | | | | | |
| **Description** | Operators of immovable property owned and managed by civil protection organizations are RET exempt. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Civil protection organizations and society served at large. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefits from a RET exemption, but which still utilizes public infrastructure provided by local governments. It is clearly a tax expenditure. | | | | | |
| **Legal Reference** | Art 283(1)(e) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
|  | 32.5 | 801.5 | 275.9 | | 983.5 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **6. Exemption for religious organization with real estate** | | | | | | |
| **Description** | Religious organization with real estate but limited to only the place of worship are RET exempt. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Religious organizations and their respective worshippers | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefits from a RET exemption, albeit restricted to only places of worship, but which still utilizes public infrastructure provided by local governments. It is, of course, a tax expenditure. | | | | | |
| **Legal Reference** | Art 283(1)(f) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
|  | 663.7 | 1,111.5 | 645.8 | | 10,800.9 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **7. Exemption for property owned by diplomatic mission, consular offices and international organizations** | | | | | | |
| **Description** | Based on the principle of reciprocity, property owned by diplomatic mission, consular offices, and international organizations, accredited in Moldova are RET-exempt | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Foreign governments and multilateral organizations | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | Diplomatic and consular properties consume public services provided by local authorities and in which territory foreign missions are located. According to the benefit principle, they should pay compensation for public service benefits received. The tax exemption is a tax expenditure. | | | | | |
| **Legal Reference** | Art 283(1)(g) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 13,841.8 | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **8. Exemption for real estate owned by retired persons, people with disabilities, participants in the Chernobyl clean-up, and war veterans** | | | | | | |
| **Description** | Persons of retirement age, persons with severe and accentuated disabilities, persons with disabilities from childhood, persons with moderate disabilities (participants in combat operations for defending the territorial integrity and the independence of the Republic of Moldova, participants in combat operations in Afghanistan, participants in the clean-up of the Chernobyl NPS accident, as well as persons subjected to repressions and subsequently rehabilitated are exempt from RET | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | All retirees irrespective of income or wealth position, war veterans, people with disabilities and participants of the Chernobyl nuclear clean-up. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | These are tax relief measures with significant revenue loss potential – narrowly defined subgroups benefiting from relief; it is a deviation from the standard tax liability. | | | | | |
| **Legal Reference** | Art 283(1)(h) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 43,440.3 | 30,428.1 | | 67,429.7 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **9. Exemption for immovable property owned by war veterans, including their family members, who fought for the Moldovan territorial integrity and independence** | | | | | | |
| **Description** | Immovable property owned by war veterans and their family members who fought for Moldovan independence is exempt from RET. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | War veterans, including their family members, who fought for Moldovan independence. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(i) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 3,499.7 | 2,259.7 | | 3,029.7 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **10. Exemption for immovable property owned by family members of war veterans who fought in Afghanistan combat operations** | | | | | | |
| **Description** | Immovable property owned by family members of war veterans who fought in Afghanistan combat operations is RET exempt. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Family members of war veterans who fought in Afghanistan combat operations. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(j) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 52,588.8 | 263.9 | 183.4 | | 270.1 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **11. Exemption for families with children with disabilities younger than 18 years and members of families who are permanently caring and provide for persons with disabilities shall be exempted from RET** | | | | | | |
| **Description** | The families with children with disabilities younger than 18 years and members of families who are permanently caring and provide for persons with disabilities shall be exempted from RET. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** |  | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(k) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 144.1 | 181.0 | | 211.1 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **12. Exemption for families of persons who died from diseases acquired as a result of working on the clean-up of the consequences of the Chernobyl NPS accident and their dependents** | | | | | | |
| **Description** | The families of persons who died from diseases acquired as a result of working on the clean-up of the consequences of the Chernobyl NPS accident and their dependents shall be exempted. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Dependent family members of persons involved with the clean-up of the Chernobyl NPS accident | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(l) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date —: | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 60.6 | 34.1 | | 52.8 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **13. Exemption for property owned by pPublic medical and sanitary institutions financed from the mandatory health insurance funds** | | | | | | |
| **Description** | Property owned by public medical - sanitary institutions, family doctors’ individual practices and centers financed from the mandatory health insurance fund shall be tax exempt. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Public medical and sanitary institutions and their treated patients (indirectly, if tax relief is carried through in their cost structure of provided health services). | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(m) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 3,413.9 | 7,746.7 | 20,134.7 | | 24,891.8 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **14. Exemption for the National Health Insurance Company and its territorial agencies** | | | | | | |
| **Description** | Property owned by the National Health Insurance Company in Medicine and its territorial agencies shall be exempted. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | National Health Insurance Company and its territorial agencies. | | | | | |
| **Type of Measure** | Legislated exemption or reduced rate | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(n) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 16.8 | 15,975.2 | 1,912.8 | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **15. Exemption for the National Bank of Moldova** | | | | | | |
| **Description** | Property owned and occupied by the National Bank of Moldova is exempt from property tax | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | The National Bank of Moldova | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(o) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | 1 | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 25,720.7 | 44.7 | 116.2 | | 116.2 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **16. Exemption for owners or holders of property requisitioned in the public interest during the requisition period** | | | | | | |
| **Description** | The owners or holders of property requisitioned in the public interest shall be exempted from property tax during the requisition period, in accordance with the legislation. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | The owners or holders of requisitioned property which is in the public interest. | | | | | |
| **Type of Measure** | Legislated exemption or reduced rate | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(p) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 99.3 | 66.3 | | 33.3 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **17. Exemption for non-commercial organizations that meet the requirements of Art.52 within which social welfare institutions operate** | | | | | | |
| **Description** | Non-commercial organizations that meet the requirements of Art.52 within which social welfare institutions operate shall be exempted from property tax. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Public benefit organizations and its social welfare institutions supporting vulnerable groups or people | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(1)(s) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 3,802.2 | 318.5 | 268.8 | | 535.8 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **18. Exemption for real estate consisting of lands and land plots used for national nature reserves, dendrological parks and botanical gardens** | | | | | | |
| **Description** | The owners and beneficiaries whose land is used for national nature reserves, dendrological parks and botanical gardens shall be exempted; | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Owners of national nature reserves, dendrological parks and botanical gardens and their visitors if tax relief benefit is passed through | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(a) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 1,131.4 | 1,600.4 | 1,593.8 | | 1,285.0 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **19. Exemption for owners and beneficiaries of lands and land plots, whose lands are included in the Forest Fund** | | | | | | |
| **Description** | The owners and beneficiaries whose land is included in the Forest Fund shall be exempted, if these are not used for entrepreneurial activity, except for the forestry enterprises that conduct ecological reconstruction, conservation and secondary pruning, forestry management, research and development and design works for the needs of the forestry household, to liquidate the effects of natural disasters, as well as to conduct other forestry work related to forest care. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Owners and beneficiaries whose forest land is ecologically protected and improved through conservation, R&D, and rejuvenation after natural disasters. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(b) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 15,559.3 | 20,730.5 | 18,935.7 | | 19,519.4 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **20. Exemption for owners and beneficiaries of lands and land plots, whose lands are included in the Water Fund** | | | | | | |
| **Description** | The owners and beneficiaries whose land and land plots are destined for the Water Fund shall be exempted if they are not engaged in commercial activity for profit. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Owners and beneficiaries of land destined for the Water Preservation Fund | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(b1) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
|  | 1,958.6 | 2,020.0 | 1,374.0 | | 2,068.7 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **21. Exemption for owners and beneficiaries of lands and land plots, whose lands are used for scientific and instructional purposes** | | | | | | |
| **Description** | The owners and beneficiaries whose land is used for scientific and instructional purposes by scientific organizations and scientific research institutions with an agricultural and forestry profile shall be exempted from property tax | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | The owners and beneficiaries whose land is used for scientific and instructional purposes. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(c) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 846.5 | 1,213.9 | 1,185.3 | | 593.8 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **22. Exemption for owners and beneficiaries of lands and land plots, whose lands are occupied by multi-annual plantations** | | | | | | |
| **Description** | The owners and beneficiaries whose land and plots of land are occupied by multi-annual plantations before coming into bearing fruit shall be exempted. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners of designated land categories | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(d) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 722.3 | 713.1 | 1,091.7 | | 966.3 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **23. Exemption for owners and beneficiaries of lands and land plots, whose lands are used by culture, art, cinema, education, health care, sports and leisure institutions** | | | | | | |
| **Description** | The owners and beneficiaries whose land and land plots are used by culture, art, cinema, education, health care, sports and leisure institutions (except for health resorts), as well as monuments of nature, history and culture which financing is done from the state budget or trade union funds are exempt from property tax. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners of designated land categories | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(e) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 2,507.1 | 2,731.9 | 28,663.7 | | 31,150.0 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **24. Exemption for owners and beneficiaries of lands and land plots, whose lands are used by permanently occupied and used by linear infrastructure** | | | | | | |
| **Description** | Owners and beneficiaries whose land and land plots are permanently occupied and used by linear infrastructure such as railways, public roads, river ports, and airport runways are exempt from RET. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners of designated categories | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the land tax exemption and which own very valuable land that earns material returns, or has highly lucrative earning potential. | | | | | |
| **Legal Reference** | Art 283(4)(f) of Tax Code | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
|  | 9,223.8 | 4,866.2 | 7,271.7 | | 7,472.9 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **25. Exemption for owners and beneficiaries of lands and land plots, whose lands are assigned to state borderlines** | | | | | | |
| **Description** | The owners and beneficiaries whose land and land plots are assigned to state borderlines shall be exempted from the real estate tax. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners and beneficiaries of designated categories. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(g) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 54.6 | 36.8 | 124.9 | | 115.3 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **26. Exemption for owners and beneficiaries of lands and land plots, whose lands are used for public use or benefit** | | | | | | |
| **Description** | The owners and beneficiaries whose land and plots of land are used for public use or benefit in certain localities shall be exempt from RET. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners and beneficiaries of designated categories. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(h) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 12,071.6 | 8,961.7 | 6,995.4 | | 6,494.9 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **27. Exemption for owners and beneficiaries of lands and land plots, whose lands are assigned for agricultural purposes** | | | | | | |
| **Description** | The owners and beneficiaries whose land and plots of land are assigned for agricultural purposes, being recognized as destroyed but having been rehabilitated  at the time of assignment shall be exempted from RET for a period of 5 years. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners and beneficiaries of designated categories. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(i) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 190.7 | 234.9 | 310.5 | | 310.2 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **28. Exemption for owners and beneficiaries of lands and land plots, whose land and plots of land were subjected to chemical, radioactive and other pollution** | | | | | | |
| **Description** | The owners and beneficiaries whose land and plots of land were subjected to chemical, radioactive and other pollution shall be exempted, if the Government has set restrictions to conduct agricultural works on this land. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners and beneficiaries of designated categories of land. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 283(4)(j) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 4.6 | 4.5 | | 1.0 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **29. Exemption for Free Economic Zones** | | | | | | |
| **Description** | From the tax on real estate (lands, land plots) are exempted the administrations  of free economic zones during the period of being in their management of the respective real estate. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Administrator of lands and land plots that are assigned free economic zone status. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of Moldovan business community benefiting from the land tax exemption. | | | | | |
| **Legal Reference** | Art 283(5) of Tax Code | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **30. Exemptions granted by representative authorities of local public administrations in case of natural disaster or fire** | | | | | | |
| **Description** | The representative authorities of local public administrations are authorized to grant exemptions or postponement of property tax payments to natural and legal persons for the current fiscal year, in case of natural disaster or fire, as a result of which the property, the planting or sowing of crops and multi-annual plantations were significantly destroyed or damaged. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners and beneficiaries of designated categories. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 284(1)(a) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 84.5 | 105.7 | 160.3 | | 89.1 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **31. Exemptions granted by representative authorities of local public administrations to mitigate the negative impact on the environment stemming from their economic activities** | | | | | | |
| **Description** | The representative authorities of local public administrations are authorized to grant exemptions or postponement of property tax payments to natural and legal persons for the current fiscal year, to mitigate the negative impact on the environment stemming from their economic activities. In this case, tax exemptions may be granted for the normative duration of associated construction works. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Landowners and beneficiaries of designated land categories. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 284(1)(b) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 0.9 | 14.5 | 0.2 | | 173.6 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **32. Exemptions granted by representative authorities of local public administrations in case of long illness or death of the property owner** | | | | | | |
| **Description** | Exemptions granted by representative authorities of local public administrations in case of long illness or death of the property owner and as confirmed by medical or death certificate, respectively. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Property owners of designated two categories. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 284(1)(c) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 201.8 | 205.1 | 69.6 | | 68.6 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **33. Exemptions or postponement of RET granted by representative authorities of local public administrations to individuals owning residential houses or other accommodations on lease from the Public Housing Fund** | | | | | | |
| **Description** | Exemptions or postponement of RET granted by representative authorities of local public administrations to natural persons owning residential houses or other living quarters (used as basic housing) to individuals owning residential houses or other accommodations (used as basic housing) on lease from the Public Housing Fund. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Property owners and beneficiaries of this designated category. | | | | | |
| **Type of Measure** | Legislated exemption or postponement | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 284(11) of TC | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | 50.3 | 0.0 | | 1.0 | n.a. |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **34. Early payment discount of 15 percent applicable to properties appraised by the new property tax assessment method that commenced in 2004** | | | | | | |
| **Description** | Taxpayers who pay in full the tax for the current fiscal year by June 30 of the same year shall enjoy the right to 15 percent discount of the amount of payable tax. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Property or Landowners of designated categories | | | | | |
| **Type of Measure** | Reduced rate | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of society benefiting from the RET exemption. | | | | | |
| **Legal Reference** | Art 282(2) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: 2021 | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 55,232.7 | 35,729.8 | 38,799.9 | | — | — |

Note: Estimates for 2021 and 2022 are not applicable.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **35. Early payment discount of 15 percent applicable to properties assessed according to the old property tax system that applies to non-cadaster registered and non-market value appraised properties** | | | | | | |
| **Description** | The discounted tax payment applies to natural persons that pay the property and land tax based on the old property tax system. In this regime the local tax administration assesses the tax liability with reference to surface area and hand-delivers the tax invoice to taxpayers. Tax payments are assigned to the budget of the respective administrative-territorial unit. The tax liability is split and payable in equal parts, not later than 15 August and 15 October of the current fiscal year. If the full amount of the property tax for the current fiscal year is paid by 30 June of the respective year, these taxpayers receive a 15% discount of the payable tax. | | | | | |
| **Type of Tax Affected** | RET | | | | | |
| **Beneficiaries** | Property or landowners of properties and land parcels that have not yet been registered in the cadaster and evaluated by the territorial cadastral authorities in terms of mass-appraised market value. These taxpayers and their properties are assessed in terms of an area-based assessment for agricultural land together with their capital improvements. | | | | | |
| **Type of Measure** | Reduced rate | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | A narrowly defined subgroup of the RET taxpayer universe. | | | | | |
| **Legal Reference** | Art 282(2) and Art. 4(7)(c) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: 2021 | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 22,899.9 | 88,640.1 | 9,373.5 | | — | — |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **36. Special tax regime for residents of IT park** | | | | | | |
| **Description** | For residents of IT park regime, tax liability is calculated as a single tax payment at a rate of 7 percent of turnover (to be not less than a minimum tax calculated as: 30 percent \* average monthly salary in the economy \* number of employees). 0.1 percent of the single unified tax payment substitutes real estate taxes. (See Box 1 for a detailed discussion of the IT Park regime). | | | | | |
| **Type of Tax Affected** | RET (among other taxes) | | | | | |
| **Beneficiaries** | Residents of IT Parks | | | | | |
| **Type of Measure** | Special preferential tax regime | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | The unified tax regime replaces most other taxes levied by national and subnational level government in Moldova on the IT sector, translating into a sizable tax burden reduction across affected taxes. This is a tax expenditure: the regime represents a departure from the statutory 12% standard PIT rate. | | | | | |
| **Legal Reference** | Law no. 77 of 21.04.2016, Articles 367‐372 | | | | | |
| **Implementation, Objectives, and History** |  | | |  | | |
| Introduced in year: 2017 | | | Expiry date: — | | |
| **Source of Data** | n.a. | | | | | |
| **Estimation Method** |  | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

## Appendix 8: Natural resource fees—Tax Expenditures Summary Sheets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Fee exemption for extraction of underground water sources** | | | | | | |
| **Description** | The water fee does not apply in cases where water is extracted from the subsoil together with the useful ores; or water is extracted to keep the water table below the mineralized or ore-bearing zone in order to prevent water contamination through contact with toxic or harmful minerals. | | | | | |
| **Type of Tax Affected** | Water fee | | | | | |
| **Beneficiaries** | The mining or extraction firm and the community in proximity of the mineral extraction. | | | | | |
| **Type of Measure** | Legislated exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | If not benchmark treatment (broader environmental consideration protecting the Moldovan society at large) it grants a fee exemption to a narrowly defined subgroup of society benefiting from the fee exemption. | | | | | |
| **Legal Reference** | Chapter 2 of Title 8 of the TC, Art 306(a) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **2. Fee exemption for extraction of underground water sources** | | | | | | |
| **Description** | Water fee exemption applies for water extracted and delivered directly or through some economic agents to the public, public authorities and institutions financed from budgets at all levels i.e., public water supply services. | | | | | |
| **Type of Tax Affected** | Water fee | | | | | |
| **Beneficiaries** | Consumers connected to public water supply services | | | | | |
| **Type of Measure** | Legislated fee exemption | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | If not benchmark treatment (broader public service delivery to Moldovan society at large), it grants a fee exemption to a subgroup of society benefiting from the fee exemption for their water supply. | | | | | |
| **Legal Reference** | Chapter 2 of Title 8 of the TC, Art 306(b) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **3. Water fee exemption for water used in firefighting** | | | | | | |
| **Description** | It is provided that water extracted for firefighting or delivered for these purposes directly or through some economic agents is exempt from the water fee. | | | | | |
| **Type of Tax Affected** | Water fee | | | | | |
| **Beneficiaries** | Society at large benefiting from firefighting using water. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It grants a fee exemption to a subgroup of society benefiting from firefighting with water. | | | | | |
| **Legal Reference** | Chapter 2 of Title 8 of the TC, Art 306(c) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date —: | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| 8,005.7 | 18,502.8 | 19,721.0 | | 19,456.8 | n.a. |

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| **4. Water fee exemption for public benefit organizations caring for the blind, deaf, disables and public health care institutions.** | | | | | | |
| **Description** | Water extracted by enterprises of the societies for the blind, deaf and disabled and public healthcare institutions or delivered directly to them or through some economic  agents is exempt from the water fee. | | | | | |
| **Type of Tax Affected** | Water fee | | | | | |
| **Beneficiaries** | The blind, deaf, disabled and patients of public healthcare institutions. | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It grants a water fee exemption to a subgroup of society receiving health care services. | | | | | |
| **Legal Reference** | Chapter 2 of Title 8 of the TC, Art 306(d) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

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| **5. Water fee exemption for jail services.** | | | | | | |
| **Description** | Water extracted by the enterprises operating the penitentiary system or delivered  directly to them or through some economic agents is exempt from the water fee. | | | | | |
| **Type of Tax Affected** | Water fee. | | | | | |
| **Beneficiaries** | Operators of prisons or detention centers | | | | | |
| **Type of Measure** | Legislated exemption. | | | | | |
| **Reason why this Measure is not part of the Benchmark Tax System** | It grants a water fee exemption to a subgroup of society operating prisons or detention centers. | | | | | |
| **Legal Reference** | Chapter 2 of Title 8 of the TC, Art 306(e) | | | | | |
| **Implementation Objectives, and History** |  | | | | | |
| Introduced in year: | | | Expiry date: — | | |
| **Source of Data** | State Tax Service (STS) | | | | | |
| **Estimation Method** | Estimating budget expenditures | | | | | |
| **Number of Beneficiaries** | n.a. | | | | | |
| **Revenue Cost Reporting** | Thousand MDL | | | | | |
|  | **2018** | **2019** | **2020** | | **2021** | **2022** |
| n.a. | n.a. | n.a. | | n.a. | n.a. |

1. The business income tax micro-simulation model was developed with the IMF’s support. [↑](#footnote-ref-2)
2. There can be cases when TEs increase revenue, for example a VAT exemption on the supply of an intermediate good that is used for a taxable supply. [↑](#footnote-ref-3)
3. See for example IMF (2015), Redonda and Neubig (2018), and EC (2014). [↑](#footnote-ref-4)
4. This is the case when TE strengthens certain desired behaviors (e.g., making work pay type of measures), it is a modification of an existing tax provision (e.g., accelerated depreciation), or it allows administrative or compliance costs to be reduced. [↑](#footnote-ref-5)
5. Several IMF FAD capacity building missions were requested to assist the Tax and Customs Policy Unit to complete the TEAR and to help strenghten local technical capacities in this area. [↑](#footnote-ref-6)
6. This section builds on Heady, C. and Mansour, M., (2019). [↑](#footnote-ref-7)
7. A comprehensive income tax is defined by a rate schedule that applies to an individual’s income from all sources (that is, wages, capital income and capital gains, rental income, business income, gifts, inheritances, and so on). [↑](#footnote-ref-8)
8. Note that when businesses in the middle of supply chains are exempt from VAT it can mean higher total VAT revenue liability further along the supply chain. A negative TE can result, because VAT on purchases of exempt items cannot generally end up as an input tax credit. [↑](#footnote-ref-9)
9. This is not a persuasive argument: high-income households end up reaping most of the benefits of such policies, because they consume more (in absolute terms) than low-income households. [↑](#footnote-ref-10)
10. In practice, no country has a true comprehensive income tax, in that some incomes are exempt or taxed at lower rates than the normal schedule. The guidance here takes a pragmatic approach and defines the benchmark relative to what a PIT most closely resembles, or what it is intended to do as a policy objective. [↑](#footnote-ref-11)
11. If corporations are taxed in less standard ways—for example, through a cash-flow tax or if the CIT has an allowance for corporate equity, the issues above are handled differently. For instance, total expensing of capital input would be part of the benchmark under a cash-flow tax, and not a TE providing a timing advantage. The deduction for equity under an allowance for corporate equity would also be part of the benchmark, and not a TE for equity financing. [↑](#footnote-ref-12)
12. Most high-income countries, and increasingly other countries, are introducing rules to limit interest expenses (i.e., thin capitalization rules) and other costs, such as management and service fees, particularly when such costs accrue to nonresident parties related to the payers. [↑](#footnote-ref-13)
13. The design characteristics of a revenue-productive and neutral VAT include a comprehensive base that includes in principle all goods and services; using only a few and well-targeted exemptions; adopting a single positive rate; imposing no tax burden on capital goods and other business inputs; providing for an adequate threshold to exclude small and micro businesses; and maintaining effective credit and expeditious refund procedures to deal with excess net credits. [↑](#footnote-ref-14)
14. Countries who have adopted such modern broad-based VAT regimes are New Zealand, Australia, Singapore, and South Africa. [↑](#footnote-ref-15)
15. A better option to provide tax relief to the poor is to have a few exemptions that are well-targeted at consumption items that are predominantly consumed by poor households. [↑](#footnote-ref-16)
16. Some modern VATs address the difficulty of taxing financial services under a VAT by taxing all fee-based financial services and limit the exemption to margin fees. Examples of services thus captured include: currency exchange transactions; transactions involving checks, letters of credit, debt, equity or participatory securities; and some credit transactions. In support of this approach a government may work with institutions in the financial sector to develop lists of taxable, exempt, and zero-rated services rendered by banks. This way a country may raise more VAT revenue from financial services than the traditional EU exemption approach, although it necessitates apportioning input tax credits. Hiving off fee-based financial services into a separate entity may ease the compliance burden in this respect. New Zealand, on the other hand, zero-rates financial services supplied to VAT-registered entities and exempts such services when supplied to consumers and non-registered entities. However, this approach is likely to be too complex for most tax administrations. Similar problems arise with respect to insurance companies. Value added of insurance companies is defined as the difference between premiums collected and benefits and claims paid out. Most modern VATs tax insurance companies on their value added or net margin by imposing VAT on all premiums and allowing input tax credits for claims paid out, while exempting life insurance which embodies a considerable savings element. A number of African countries have adopted the New Zealand approach to taxing property and casualty insurance. For similar reasons, reinsurance does not have to be exempted. However, an exemption from the VAT might be made for health-related and life insurance. [↑](#footnote-ref-17)
17. NGO activities may include religious or philosophical institutions; organizations with aims of a political, trade-union, religious, patriotic, philosophical, philanthropic, or civic nature; and cultural services. [↑](#footnote-ref-18)
18. Applicable excise duty rates are set out in annexes 1 and 2 to Title IV of the Tax Code and summarized in Table 4. [↑](#footnote-ref-19)
19. Most of the electricity being consumed in Moldova is produced by coal, oil or gas-fired power plants. The non-taxation of the fossil fuels used to produce electricity is treated as TE (to the extent the plants are located in Moldova). As such, treating the non-taxation of electricity as a TE would, to some extent, result in double-counting. [↑](#footnote-ref-20)
20. Most of the specific excise duty exemptions can be found in article 124 of the Tax Code and Title VI of the new Customs Code (law 95/2021). [↑](#footnote-ref-21)
21. Tax Code, article 125. [↑](#footnote-ref-22)
22. Excisable goods imported in the rest of Moldova from a free economic zone are subject to excise duties (unless otherwise exempt pursuant to a specific exemption). [↑](#footnote-ref-23)
23. See chapters 2 and 3 of Title IX of the Tax Code. Fees imposed under other chapters of Title IX are not considered taxes for the present purpose and thus are not covered in this report. [↑](#footnote-ref-24)
24. New free trade agreements are currently under negotiation with the European Free Trade Association and China. [↑](#footnote-ref-25)
25. Law no 172/25.07.2014. Moldova does not levy import duties on exports. [↑](#footnote-ref-26)
26. For a more in-depth analysis of Moldova’s import tariff structure, see World Trade Organization, 2022 Trade Policy Review of Moldova (WTO document WT/TPR/S/428), at pages 39-42. [↑](#footnote-ref-27)
27. See chapters 2 and 3 of Title VI of the new Customs Code, in particular article 27727. [↑](#footnote-ref-28)
28. It utilizes methods and techniques that rely on market transactions for the valuation of a property. [↑](#footnote-ref-29)
29. McCluskey, W., Franzsen, R. and Bahl, R. 2017. *Property Tax in Africa – Status, Challenges and Prospects*. Lincoln Institute of Land Policy: Cambridge, Massachusetts. [↑](#footnote-ref-30)
30. Art. 277, Title VI, Chapter 2 of TC. [↑](#footnote-ref-31)
31. Buzu, O., 2016. “Property Assessment and Taxation in the Republic of Moldova”, *Land Tenure Journal*, 2-15, February 2016, Food and Agricultural Organization of the UN and World Bank Group, [↑](#footnote-ref-32)
32. Since the supply matrix is diagonal — i.e., each industry produces only one commodity — this is equivalent to copying the shares of each commodity that is exempt and transposing it into activity space. [↑](#footnote-ref-33)
33. It may seem counterintuitive to use the commodity’s taxable share rather than the exempt share, but it is the taxable share because it is on taxable intermediate inputs that tax is paid when producing an exempt commodity. There are no tax revenues from exempt or zero-rated intermediate inputs used in the production of exempt commodities as no direct tax is paid and so the deductibility of input tax credits is irrelevant. This is an example of interaction effects in VAT TEs. When more intermediate inputs into an exempt commodity are made exempt, less tax revenue is recovered through unrecoverable embedded VAT and the closer that commodity becomes to being effectively zero-rated. [↑](#footnote-ref-34)
34. As to the administration of RET and land tax, it is carried out in line with the provisions of Title VI of the Tax Code; the Law for the implementation of Title VI of the Tax Code No. 1056/2000; and the Government Decree on Administrative Operations of Local Tax Administrations No. 998/2003. [↑](#footnote-ref-35)
35. RET liability records for Cadaster registered and appraised immovable properties are organized through the software program SIA” Tax Cadastre 2.0”, and for non–assessed property units through the software program SIA "LTTCS 2.0". [↑](#footnote-ref-36)
36. i.e. the right of ownership over the constructed building or plantation located on another person's land and right of use over that land. [↑](#footnote-ref-37)