

Investing Guide Moldova 2012



Moldova



Moldovan Investment and
Export Promotion Organisation



Foreword

Dear Reader

Moldova's economy recovered steadily from its sharp decline in 2009 and has entered a phase of economic growth, supported by the Government's proactive policies and the performance of its main partner economies.



GDP increased by 6.4% year-on-year in 2011, with exports increasing by 44%. That was the first time in the history of an independent Moldova that exports had increased more rapidly than imports. Industrial production increased by 7.4%, agriculture by 4.6% and transportation by 16.8%. Since 2010, due to the global economic recovery and stabilisation of Moldova's main economic partners, companies have shown growing interest in investment opportunities in Moldova and FDI inflows have increased considerably. For 2011, net FDI inflows grew by 38.8% to USD 274 million, representing the highest rate recorded during the past four years.

It is difficult to maintain annual economic growth of 6 – 7% after a recovery, but Moldova has one of the highest growth rates in the region.

Not only have we been able to grow, but we've also implemented structural changes in the economy. Moldova achieved fourth place in the World Bank "Doing business" global ranking of top reformers in 2011 and we are aiming for first place in 2012.

The Ministry of Economy priorities are improving the business environment, increased economic competitiveness, infrastructure improvements, promoting energy efficiency, negotiating the Deep and Comprehensive Free Trade Agreement with the EU, etc.

For industrial producers, Moldova offers specific locations in Industrial Parks and Free Economic Zones with fiscal and administrative incentives, support from the state and free trade regimes with a market of 800 million consumers in the EU and CIS. Taking into account the opportunity cost of transportation and work force, I would dare to say that Moldova can compete with China in attracting global companies searching for lower production costs.

This investment guide provides a fair representation of my country. I hope it answers some of your questions about Moldova and helps you to take wise investment decisions.

Last but not least, I would like to express my gratitude to PwC for taking the lead and preparing this Investing Guide Moldova 2012!

A handwritten signature in black ink, appearing to read 'Lazăr'.

Valeriu Lazăr

Deputy Prime Minister
Minister of Economy



Partner letter

It is with great pleasure that PwC participates in the publication of the “**Investing Guide Moldova 2012**”, in cooperation with the Ministry of Economy and MIEPO.

Like many countries in the region and around the globe today, Moldova continues to face exceptional economic challenges. Nevertheless, the Moldovan Government is committed to taking the necessary steps to encourage investment and ease the burden of doing business in Moldova.

This guide aims to provide a comprehensive overview of the business environment as well as some of the administrative practicalities of investing and conducting business in Moldova. We trust you will find the information contained herein useful as you pursue opportunities in this emerging market.

PwC has been advising companies and individuals on how to do business Moldova since 1996. Our significant experience in the local market, as well as the strength of our regional and global network bring you the right mix of local and international expertise to help you improve the performance of your business in Moldova.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Brian Arnold', written in a cursive style.

Brian Arnold

Partner, PwC





Why invest in Moldova?

- Favourable geographical position at the crossroads of commercial routes
- Proximity to large world markets (European Union and Commonwealth of Independent States)
- Platform for manufacturing and exporting both to CIS and to the EU
- Competitive general corporate income tax (CIT) rate in the region – 12%
- Tax and customs framework close to the EU one
- Considerable network of operational Double Tax Treaties and Investment Protection Agreements
- Market access through 42 Free Trade Agreements including:
 - » WTO members (worldwide)
 - » Autonomous Trade Preferences (EU countries)
 - » CEFTA members (most Balkan countries)
 - » CIS members (except Tajikistan)
- Entrepreneurial activities under preferential terms and conditions developed in free economic zones (FEZ)
- Well skilled / multilingual workforce
- Relatively low employment costs
- Favourable visa regime
- Improved legal framework regulating entrepreneurial activity
- Starting a business – fast and easy to handle
- Investment opportunities through privatisation of public property and public-private partnership

Moldovan business environment



Central and territorial organisation

The Republic of Moldova is a small and densely populated country, which gained its independence and became a sovereign state on 27 August 1991.

It is situated in South Eastern Europe, north of the Balkan Peninsula. The total area is 33,843 square km. The distance between the North and the South extremity is 350 km, and from East to West is 150 km. Moldova shares borders with Romania and Ukraine.

Under the Constitution adopted in July 1994, Moldova is a democratic republic based on the rule of law. The Constitution separates the state powers into three branches – the legislative, the executive and the judicial branches.

The legislative power belongs to the Parliament of Republic of Moldova, elected for a four-year term. The Parliament is unicameral. It consists of 101 deputies – representatives of parties and electoral blocks, as well as independent candidates.

The executive power is exercised by the Government. Its role is to carry out the domestic and foreign policy of the state, as well as to control the activity of public administration. The Government consists of a Prime Minister, deputy prime ministers, ministers and other members. The President of the Republic of Moldova designates a candidate for the Prime Minister through consultation with parliamentary factions.

The President of the Republic of Moldova is legally distanced from all branches of power. Nevertheless he is mostly allied to the executive branch. The President is elected by the Parliament for a four-year term.

The judicial branch encompasses the Supreme Court of Justice, Courts of Appeal and ordinary courts. The Supreme Court of Justice is the highest court and has the power to review decisions made by lower courts.

The Constitutional Court of Moldova is the sole authority of constitutional jurisdiction in the Republic of Moldova. The six justices are appointed for six-year terms. The Parliament, the Government and the Superior Counsel of Magistracy appoint two justices each.

The Constitution recognises the principle of local autonomy and states that all local issues shall be resolved and managed by local authorities, which shall operate independently pursuant to law. Each level of public administration has own and delegated functions. The basic functions of local government include the organisation of social services, welfare services for the elderly, housing and utilities, the water supply and sewerage, the provision of public services, physical planning, public transport, and the maintenance of local roads and streets.

Moldova is currently divided into 37 first-tier units, including 32 districts (in Romanian - “raioane”), three municipalities (Chişinău, Bălţi, Bender), one autonomous territorial unit (Gagauzia), and one territorial unit (Transnistria). The capital and largest city is Chisinau.

Moldova has 65 cities (towns), including the five with municipality status, and 917 communes. Some other 699 villages are too small to have a separate administration, and are administratively part of either cities (40 of them) or communes (659). This makes for a total of 1,681 localities of Moldova, all but two of which are inhabited.



Municipalities

Chişinău
Bălţi
Bender

Autonomous regions

Gagauzia
Transnistria

Districts

Anenii Noi
Basarabeasca
Briceni
Cahul
Cantemir
Călăraşi
Căuşeni
Cimişlia
Criuleni
Donduşeni
Drochia
Dubăsari
Edineţ
Făleşti
Floreşti
Glodeni

Hînceşti
Ialoveni
Leova
Nisporeni
Ocnita
Orhei
Rezina
Rîşcani
Sîngerei
Soroca
Străşeni
Şoldăneşti
Ştefan Vodă
Taraclia
Telenesti
Ungheni

International agreements and organisations

Republic of Moldova is a member of the following key organisations:

- United Nations
- Council of Europe
- Commonwealth of Independent States (CIS)
- The International Bank for Reconstruction and Development (IBRD)
- The European Bank for Reconstruction and Development (EBRD)
- World Trade Organisation (WTO)



European Union

The integration of the Republic of Moldova into the EU is one of its priorities. With the purpose of accomplishing this, the EU and the Republic of Moldova signed the Partnership and Co-operation Agreement on 28 November 1994. It came into force four years later. The Agreement meant co-operation, and attempted to persuade the EU leadership to open a new stage in its relationship with the Republic of Moldova.

The Republic of Moldova's link to the European Union became closer in 2004, with the accession of ten states to the European Union. In February 2005 the Republic of Moldova and the EU signed the Action Plan, a political document for three years laying out the strategic objectives of the cooperation between Moldova and the EU.

The Association Agreement is currently under negotiation between Republic of Moldova and the European Union. Relations between Moldova and EU are also shaped via the European Neighbourhood Policy (ENP), a foreign policy instrument of the EU designed for the countries it borders. Thus, EU is developing an increasingly close relationship with Moldova, going beyond co-operation, to gradual economic integration and a deepening of political co-operation.

Trade policies

Trade policies promoted by the Republic of Moldova are mostly geared towards attracting investments in the national economy, which are capable of innovation, transfer of know-how and competitive goods for domestic and foreign markets, high added value and creating efficient technical and economic infrastructures in order to maximise the existing economic potential.

Due to its favourable geographical position, Moldova is a platform for placement of international organisations and transnational corporations and becomes attractive to conduct business between western and eastern markets.

Autonomous Trade Preferences (ATP)

From 1 March 2008 the Republic of Moldova has benefited from the new scheme of trade preferences granted unilaterally by the European Union, known as the Autonomous Trade Preferences (ATP). Trade preferences have been granted as a result of Moldova's implementation of sustainable development, good governance policies and efficient customs administration.

ATP offer free access to the EU market without quantitative restrictions and customs fees, the only exception being a small number of goods which are sensitive for the EU and are subject to annual duty free tariff quotas. The main condition for entitlement to the preferential arrangements is the compliance with the EU rules of origin of products. ATP have offered grounds for increasing the competitiveness of Moldovan products exported to the EU and have also stimulated the efforts of Moldovan exporters to penetrate alternative markets other than those from the CIS.

Deep and Comprehensive Free Trade Area (DCFTA)

In 2011 the European Union decided to launch negotiations to create Deep and Comprehensive Free Trade Area (DCFTA) with Moldova. This DCFTA agreement assumes the abolition of duties and quotas in mutual trade in goods and services, as well as the elimination of non-tariff barriers (by the adoption of EU rules on public procurement, health and safety standards, and intellectual property rights, among other means). This will allow the integration of Moldova with the common EU market. The idea is to stimulate free trade between the EU and Moldova, as well as to improve the investment climate. Consequently, this should translate into economic growth and also open up business in the EU countries to new opportunities to work with Moldova.

CIS

Moldova has signed 9 bilateral free trade agreements with CIS countries. About 41% of Moldova's international trade is conducted under free trade agreements with these countries, this percentage being in a slight increase in comparison with previous years.

Although the agreements provide for a general free tax trade regime, there is also the possibility for exceptions that are not stipulated in the texts of these agreements. Usually the exceptions are of asymmetric nature, while the customs taxes for the goods excluded from free trade regimes are applied using the most favoured nation clause.

The Agreement on the Creation of Free Trade Area within CIS countries has been recently signed. It will repeal the current bilateral agreements.

In 2002 Georgia, Ukraine, Azerbaijan and Moldova signed the GUAM agreement regarding the creation of a free trade zone. Its scope is to eliminate customs fees and other taxes with equivalent effect and quantitative limitations of trade, as well as to eliminate the barriers for free movement of goods and services.

Central European Free Trade Agreement (CEFTA)

In 2006 Moldova has signed the Central European Free Trade Agreement (CEFTA) which came into force on 1 May 2007. CEFTA allows duty free access to the market of countries from the South-Eastern part of Europe. The CEFTA agreement has radically evolved since Romania and Bulgaria left and joined the EU. At this stage, the present signing parties are Moldova, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia, Montenegro and Kosovo.

Although the exports from Moldova to CEFTA countries are pretty low, these have an important role in supporting Moldova's efforts to be included in the Western Balkans perspective of joining the EU, thus reinforcing the relevance of the CEFTA agreement in achieving the objective of Moldova's adherence to the EU.

The commercial relations of Moldova with CEFTA countries are governed by the preferential trade arrangements provided by CEFTA, which require almost total liberalisation of imports of industrial and agricultural products from CEFTA countries, except for imports of wine from the Republic of Macedonia, which implies a 1000 hl. duty free tariff quota. CEFTA also provides an individual mechanism for trade disputes settlement or usage of the instrument provide by WTO.

Double Tax Treaties and Mutual Protection of Investments Treaties

Moldova has signed comprehensive double taxation agreements with 48 countries, of which 45 are into force.

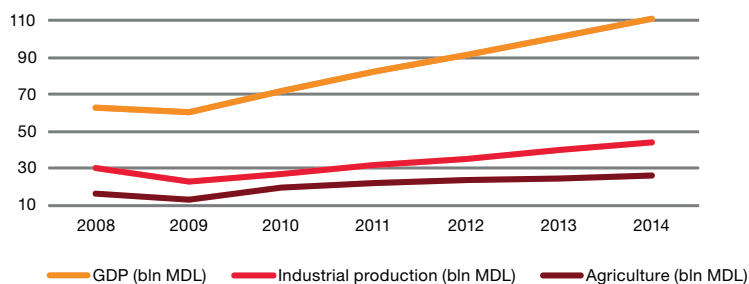
The Double Tax Treaties may provide for more favourable tax regimes than those provided by the local legislation. As guidance on the interpretation of Double Tax Treaties and, correspondingly, for tax administration purposes, the Commentaries to the OECD Model Tax Convention on Income and on Capital are used by the tax authorities and taxpayers.

Additional guaranties and support to investors are offered by 39 bilateral treaties signed between Moldova and various countries for the mutual guarantee of investments.

Economic overview

In 2011 Gross Domestic Product (GDP) totalled MDL 82,174 million (EUR 5,302 million), an increase of 6.9% compared to 2009.

Thus, in 2011 there has been a marked recovery of the Moldovan economy, after the severe decline recorded during 2009 as a result of the global economic crisis.



*Moldovan economy recovery after the global economic crisis and mid-term prognoses (source: Ministry of Economy)

Household consumption and exports contributed to the economic growth of the country in 2011. The economy of Moldova is highly dependent of remittances, which are around 23% of GDP.

The goods production in 2011 contributed to increasing the GDP with around 26%, while services contributed with around 59% (i.e. the main branches being transport and communication services, wholesale and retail trade services, construction activities, etc.)

The agriculture production reached 12.3% of GDP, while industrial production reached 13.7%, both economic sectors contributing to GDP growth with around 1.6%. The highest industrial production in 2011 was registered in the following areas:

- Food and beverage industry – 40.2%,
- Thermal and electric energy – 13.2%,
- Garment industry (especially leather dyeing) – 9.9%.



The export volume for the last 10 years increased 4 times, but it's evolution in 2011 grew up with 43.8% compared with 2010. At the same time the import volume has increased 5.8 times in the last 10 years, but in 2011 it registered an increase of 34.7% compared to 2010. Moldova has a negative trade balance in 2011 (i.e. amounting – USD 2,970 million).

The annual inflation rate in Moldova for 2011 constituted 7.8%.

The Moldovan public debt as of 31 December 2011 constituted MDL 24 billion (EUR 1,548.3 million), being 4.6% higher than the public debt of 2010.

The Moldovan public debt is made of the following:

- Governmental debt – MDL 19.23 billion,
- Bank debt – MDL 3.0 billion,
- Public enterprises debt – MDL 1.54 billion
(Source: "Annual report on public debt, state guaranties and refinancing in 2010"),
- UTA debt – MDL 0.21 billion.

In 2011 the unemployment rate is of 6.7% with a medium term of 13 months of unemployment. The total amount of unemployed persons include:

- 59.0% men and 41.0% women
- 59.5% urban population and 40.5% rural population.

Legal framework

General provisions



Legal system

The Republic of Moldova is a civil law country. Its legal framework is based mainly on statutory law. The leading legal acts are the Constitution, organic and ordinary laws approved by the Parliament, as well as other normative acts issued by the Government and other public authorities.

Under the Constitution, Republic of Moldova undertakes to respect the treaties and conventions to which it is party. In the event of any discrepancies between national and international legislation applicable for the Republic of Moldova, the latter prevails.

Investment climate

Foreign and domestic investors are treated equally under the Moldovan legislation, and the legal framework is not different for foreign investments.

One of the primary tasks of the Government is to attract investments and to create a favourable business climate for all investors both foreign and local ones. Moldovan law generally allows investments in any field of entrepreneurial activity on the entire territory of the Republic of Moldova, provided that national security interests, antitrust legislation, norms of environmental protection, people's health and public order are respected.

Attractive for the investment projects in the industry are the free economic zones, whose residents are provided with a range of tax and customs incentives and state guarantees.

Foreign investors' guarantees and rights

According to the Moldovan Constitution, the state must ensure the inviolability of foreign investments. The Government is keen to establish coordinated policies and well-balanced legislation in order to stimulate both domestic and foreign investments.

The legal framework for the protection of foreign investments consists of the Law on investments in entrepreneurial activity and international bilateral treaties for facilitation and the mutual protection of investments.

The law prohibits discrimination against investments based on citizenship, domicile, residence, place of registration, place of activity, state of origin or any other grounds. The law provides for equitable and level-field conditions for all investors. It rules out discriminatory measures hindering the management, operation, maintenance, utilisation, acquisition, extension or disposal of investments. At the same time, certain restrictions are provided for the residents of off-shore zones (e.g. maximum amount of shares in banks) and for the acquisition of agricultural and forested land.

Public authorities, intending to develop a new investment policy, are required to organise public consultations before implementing such policies.

Investments cannot be subject to expropriation or to any other similar measures, which can directly or indirectly deprive investors of their property right or the right to control investments, unless the following conditions are met:

- The measure is undertaken for the general public use;
- The measure is not discriminatory;
- Preliminary and equivalent compensation of damages is given.

Investors have the right to sue public authorities for damages caused due to illegal actions and decisions. Compensation is paid in the currency of the investment.



ICSID Convention

By ratification in 2011 the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention), Moldova has taken the responsibility to recognise any decision (award) issued by ICSID as being mandatory and commits to ensuring the enforcement of the pecuniary sanctions imposed by the award on its territory.

Privatisation

The privatisation process began in 1991 with mass privatisation of residential housing, most small-scale traders and over half of small-scale enterprises. After 1996 privatisation moved to cash privatisation with the goal of selling most of the remaining state assets, in particular large-scale enterprises in the energy and telecommunication sector. Several larger Moldovan firms have been sold for cash and debt assumption to strategic investors. The sale of a cement mill to a leading producer, leather processing firm, several textile producers, several wineries and a hotel in the capital topped the list of transactions.

New provisions concerning privatisation were approved in 2007 by the Law on public property management and its privatisation. Under the law the Agency for Public Property is the authority, which carries out the state policy in the field of management and privatisation of public property, post-privatisation activity and exercises the functions of the owner of state property.

The implementation of this law has marked the beginning of a new stage in the privatisation process, characterised by widening the types of enterprises subject to privatisation, also including the ones in infrastructure; diversification of the privatisation methods, as well as shifting the privatisation deals to the capital market and restructuring of the privatised enterprises.

Public-private partnership

One of the growing-interest programmes lead by the Government is the Public-Private Partnership (PPP). The new legal framework for PPP has been recently approved, from which the most important are the Law on public-private partnerships and Law on concessions.

Since the adoption of the necessary framework, the Government has turned to the private sector and promoted PPP concept to provide a wide range of public services previously delivered solely by the public sector. The public services and infrastructure in the Republic of Moldova are underdeveloped, while public financial resources for their rehabilitation and modernisation are insufficient. Thus the Government is eager to join efforts with the ideas, projects and resources of the private sector to increase the quality and efficiency of public services.

Establishing a business

- *Legislation allows incorporation of a wide range of business entities, including wholly foreign owned companies*
- *The most widespread forms are Limited Liability Companies (LLC) followed by Joint Stock Companies (JSC)*
- *For a 100% investment, using an LLC tends to be more convenient. It is easier to establish and operate an LLC than a JSC*

Forms of business entities

The following forms of business legal entities (for-profit) may currently be incorporated in Moldova:

- Limited liability company (SRL / LLC);
- Joint-stock company (SA / JSC);
- General partnership;
- Limited partnership;
- Co-operatives.

Generally, the form of business organisation does not influence the type of activity to be carried out by a legal entity. On the other hand, certain types of activity expressly provided by the law may be carried out only based on a license, issued by the public authorities. In some cases, the specific form of business organisation is regarded as a special requirement for obtaining a license (e.g. only JSC may obtain licenses for banking, insurance activities, etc).

The most widespread forms are limited liability companies and joint stock companies. From a foreign investor's perspective, the choice usually tends to be either an LLC or a JSC. In specific circumstances for non-commercial activities a representative office may be considered.





Foreign legal entities and individuals may incorporate companies in Moldova (both LLC and JSC), either as sole shareholders owning 100% of the statutory capital or in partnership with a local company or individual.

Both LLC and JSC are legal entities liable for their obligations with all the assets they own. The shareholders are not liable for the company's obligations. Accordingly, the company is not liable for the obligations of its shareholders. The JSC shares are regarded as securities and may be traded on regulated capital markets.

The minimum capital requirement for a limited liability company is MDL 5,400 (approximately, EUR 350), while for a JSC it cannot be less than MDL 20,000 (approximately, EUR 1,300).

Under the Moldovan legislation, there is no concept of a registered commercial branch of a foreign entity. A representative office established in the Republic of Moldova by a non-resident company is not a legal entity and may not carry out entrepreneurial activity.

Registration procedure

Establishing a business entity in Moldova involves registration with the State Register of Legal Entities held by the State Registration Chamber of the Ministry of Justice.

The State Registration Chamber registers LLC / JSC within five business days (general term) or one day / four hours (speed-up procedure) of submitting all the required documents.

The fees to be paid to the State Registration Chamber for the incorporation of an LLC vary between EUR 50 and EUR 130, depending on the procedure applied (general or speed-up). The costs for the incorporation of a JSC accordingly vary between EUR 60 and EUR 180¹.

The JSC shares need to be subsequently registered with the National Commission for Financial Market (NCFM). It takes 15 business day of submitting the required documents. The fee for the registration of JSC shares is of 0.4% of the amount of stock issue.

The "one-stop shop" principle was introduced in 2010, under which the State Registration Chamber transfers the information on newly incorporated entities to statistical and tax authorities, as well as to social and medical insurance authorities.

Authorisations and permits

Certain types of activity may be carried out only based on a license, issued by the public authorities. The list of activities subject to licensing is expressly provided by the Law on regulation by licensing of entrepreneurial activity.

The Nomenclature of permission documents has been recently approved. It has been forbidden to issue or to request any form of permission not included in the Nomenclature. The legal framework regarding the set-up and implementation of the one-stop shop for entrepreneurs has been also approved. The purpose of setting up the one-stop shop is to allow parties involved in entrepreneurial activity to receive standardised information and permission through a single point of reception.

¹The terms and fees above do not include the time / costs necessary for the preparation, apostillation and translation of documents, as well as the timing necessary for the transfer of share capital.

Regulations for business

The Moldovan legislation is under continuous modification having the aim of harmonisation with the EU regulations



Competition policy

The acts on competition are the Law on competition protection, and the Law on the limitation of monopolistic activity and competition development. These two laws set out the legal and organisational aspects of competition protection and the main ways of avoiding, limiting and preventing monopolistic practices and unfair competition.

The Agency on Competition Protection is empowered to supervise the way companies comply with competition legislation. The aim of the Agency is to maintain a competitive market and to propose the harmonisation of Moldovan competition legislation with EU legislation.

The draft new Laws on competition and on state aid are currently under consideration, aiming at transposing the EU legislation in this area.

Consumer protection

Consumer legislation contains provisions on the safety of consumers, liability of producers and sellers for breaches of the law and their contractual obligations, procedure for concluding contracts, establishing the shelf-life of food and non-food products, replacement of products or reimbursement of their cost, etc.

The Agency for Consumers Protection is the competent authority in this field. The recent amendments to the Moldovan competition legislation transposed certain provisions of the EU legislation, e.g. concerning unfair business-to-customer commercial practices, unfair terms in consumer contracts.

Price controls

There are certain areas in which the Government establishes a limit on the prices for products and services, such as for state-owned land and mineral resources, transport and post services, medicines, natural gas, heating and electrical energy, etc. Usually the state interferes in the formation of prices by limiting the trade mark-up.

Patents, trademarks and copyrights

The laws regulating intellectual property in Moldova mainly covers patents on inventions, copyright and other related rights, industrial design protection, trademarks and appellations of the origin of goods, plant variety protection, and the protection of integrated circuit topographies.

The state regulatory body in charge of the legal protection of trademarks, patents and copyrights on the territory of the Republic of Moldova is the State Agency for the Intellectual Property (AGEPI).

The national legal framework in this area has been recently amended in order to achieve harmonisation with the provisions of European legislation. Moldova is a signatory to the International Convention Establishing the World Intellectual Property Organisation.

Real estate

The ownership title and other real rights over immovable assets (e.g. servitude, usufruct, mortgage, etc.) are subject to registration in the Real Estate Register, held by the Cadastral Office. Information from the Real Estate Register is public and registrations performed in the Register are presumed to be authentic and complete, until the contrary is proved.

The ownership title over immovable assets is transferred from the seller to the buyer as of the registration of the transfer in the Real Estate Register.

Agricultural and forested lands can be bought only by the state, Moldovan citizens and Moldovan companies without any foreign investments in their statutory capital.

Tax framework

From the tax perspective, there are 45 operational Tax Treaties for Avoidance of Double Taxation concluded by Moldova with other jurisdictions.

Even not a member of the Organisation for Economic co-operation and Development (OECD), Moldova applies OECD commentaries in interpreting Double Tax Treaties.

Corporate Income Tax

Moldova has a competitive general corporate income tax (CIT) rate in the region – 12%.

Also, the following rates are applicable:

<i>Taxpayer</i>	<i>CIT rate</i>
Individual entrepreneurs	7% and 18%
Farming enterprises	7%
Legal entities	12% *
Legal entities (small & medium businesses enterprises)	3% **

* For legal entities whose income is estimated through indirect methods, the 15% CIT rate is applicable on the exceeding value of income comparing to the gross income recorded in accounting.

** The tax rate applies to income which arises from the operational activity, if conditions for applying this special regime are met (e.g. operational revenue up to MDL 100,000 or EUR 6,500 in the previous fiscal year).

Deductible expenses

As a general rule, expenses incurred by a company are deductible for CIT purposes providing these expenses:

- are deemed as ordinary and necessary,
- are aimed at deriving taxable income, and
- are justified with adequate supporting documentation.

Among others, the following expenses are generally CIT deductible:

- depreciation of fixed assets calculated under the diminishing balance method;
- amortisation of intangible assets computed under the straight-line method;
- research and development expenses incurred during the fiscal year as current expenses, (certain conditions should be met);
- business trip expenses, representation expenses, and expenses on insurance of business entities, within the limits established by the Government;
- waste, spoilage, and expiration expenses, within the annual limitation established by the company's manager;
- bad debts, under certain conditions;
- charity and sponsorship expenses borne for the benefit of specific beneficiaries, up to 10% of taxable income;
- interest payable, in specific cases;
- fiscal losses are carried forward in equal instalments for the following 3 years under specific conditions.

Annual compliance to be considered

Full CIT deductibility of R&D costs

CIT depreciation based on diminishing balance method (5% to 30%)

3 year fiscal losses carry forward

from 2014 - TP documentation requirements in line with OECD are expected

Capital gains

The capital gain taxation rule provides that only 50% of the income earned from the sale, exchange, or disposal of capital assets is deemed to be a taxable capital gain. The taxable gain is generally calculated as 50% of the difference between the fiscal value (i.e. all costs related to the acquisition of capital assets) and the sale price. This taxable portion of the capital gain is then taxed at the normal tax rates. Such rule applies provided the taxpayer does not participate in the management of the activity related to such capital assets on a regular, continuous and substantial basis.

This capital gain should be included in the total gross amount of income for the year in which the assets were sold (alienated). Capital gains may be decreased by capital losses registered in the current or previous year. Some examples of capital assets include: shares, plots of land, options to purchase or sell capital assets, etc.

Capital Gain

50% of the difference between the fiscal value and the sale price is considered taxable

Withholding (WHT) taxes

Residents

Final WHT on dividends paid between Moldovan legal entities

6% starting with 2012

15% for dividends referring to the profit earned during the period 2008-2011

Dividends received by Moldovan legal entities from foreign legal entities have to be included in the tax return and taxed accordingly with the applicable 12% CIT rate. The beneficiary of such dividends is entitled to credit the tax paid in the foreign country within certain limits.

Resident legal entities making payments to individuals (other than salary payments) should withhold and pay WHT at the following rates:

7%	preliminary withholding of payments made for the benefit of resident individuals, unless such payments are tax exempt or represent employment income. The beneficiary deducts (i.e. recovers) the 7% WHT from the annual income tax due.
10%	final withholding of an individual's income derived from leasing, rent, and usufruct of movable and immovable property, advertising campaign.
6%	final withholding on dividends paid out to individuals, except for dividends for the profits earned during 2008-2011 for which the withholding rate is of 15%.
15%	preliminary withholding from royalties (with certain exceptions) and interests. The beneficiary deducts (i.e. recovers) the 15% WHT from annual income tax due.

Non-residents

Under the 2012 domestic tax provisions, the following WHT rates apply upon payments to non-residents:

6%	for dividend payouts, except for dividends for the profits received in 2008-2011 for which the withholding rate is of 15%.
12%	for other income.

Value-added tax (VAT)

VAT

20%	standard VAT
8%	certain types of supplies (e.g. bread, bakery products, milk, sugar, certain pharmaceutical products etc.)
6%	natural and liquefied gas both imported and delivered on the Moldovan territory
0%*	certain supplies (e.g. export of goods/services), international transportation, supplies to and from the territory of Free Economic Zones, import and/or supply of goods and services destined for technical assistance projects under specific conditions, etc.
exempt	certain supplies, financial services, sale shares, sale or rental of dwellings and land, etc.

* VAT exempt with the right to exercise the input VAT deduction

The standard VAT rate is generally applied to local supplies of goods and services as well as to goods subject to import and services subject to the reverse charge mechanism. The reverse charge refers to services rendered by a non-resident supplier to a Moldovan company, which place of supply is deemed to be in Moldova (e.g. consulting services, supply of information, supply of staff, etc.) and which do not fall under any specific VAT exemption. Such reverse charge VAT is due and payable to the Moldovan budget at the date of external payment.

Input VAT incurred on acquisitions of goods and/or services may be deducted, provided it is incurred by a VAT registered payer to perform VAT-able supplies within its business activity.

A company is required to register for VAT purposes if the total turnover within the last 12 consecutive months reached the threshold of MDL 600,000 (approximately EUR 38,700).

The optional registering as a VAT payer may be performed when the threshold of MDL 100,000 (approximately EUR 6,500) is reached and other compliance requirements are observed.

Should the company register a deductible input VAT exceeding its output VAT, this balance could be partially refunded, only if the company carries out a specific range of business activities (e.g. export supplies, international transportation services, production of bakery and dairy products, leasing activity). Otherwise, such VAT amount may be carried forward to the following months, offset against the Company's future output VAT liabilities.

Additionally, VAT payers performing capital investments in Moldova may be entitled to refund the recoverable VAT related to this kind of capital investments. While before 2012 such refund was not available in Chisinau and Balti, starting with 2012 the VAT refund has been extended for capital investments in these municipalities. Note that specific conditions should be met, and there are few exceptions to this rule (e.g. buildings and certain transport items).

According to the VAT law, the supply of fixed assets as contribution in kind to the statutory capital of a Moldovan Company is VAT exempted with input VAT deduction right. Fixed assets are considered to be tangible assets the unit value of which exceeds MDL 6,000 (around EUR 390) and which have a useful life of more than one year. The VAT exemption applies only to the supply of fixed assets which are included in the share capital, as provided by current legislation.



Taxation of resident individuals

Resident individuals

7% *	annual income up to MDL 25,200 (approximately EUR 1,630)
18%	annual income exceeding MDL 25,200 (approximately EUR 1,630)
6%	dividend income (15% for the period 2008-2011; non-taxable prior to 01 January 2008)
6%**	social security contribution at the level of employee
23%	social security contribution at the level of employer
3.5%	health insurance contributions at the level of both employee and employer
exempt	interest incomes from deposits placed in Moldova until 1 January 2015

* In the Republic of Moldova there are two progressive Personal income tax ("PIT") rates 7% and 18%.

** The 6% employee social security contribution rate is applied to a base capped at five times the national average salary for the year, i.e. MDL 17,750 (approximately EUR 1,150) multiplied by 12.

The legislation provides an annual fixed social security contribution for other categories of taxpayers of MDL 4,704 (approximately EUR 300) and for an annual fixed amount of medical insurance contribution paid by other categories of taxpayers, which constitutes MDL 2,982 (approximately EUR 190).

Taxation of foreign individuals

Income obtained by the individual is taxed on a cash basis.

Based on Moldovan tax law, the object of taxation for:

- foreign citizens being Moldovan residents, is the gross income, including benefits in kind provided by the employer, derived from (i) any source within Moldova, as well from (ii) abroad related to the work performed in Moldova;
- foreign citizens being non-residents of Moldova, is the gross income, including benefits in kind provided by the employer, derived from any source within Moldova.

The employee's gross income (both resident and non-resident) includes basic pay, overtime pay, supplementary pay, awards and bonuses, compensation from unused holiday or vacation time, as well as benefits in kind (e.g. housing allowances, compensation for school fees, food, personal expenses etc).

According to the Moldovan tax law, foreign citizens (individuals) become Moldovan tax residents if they stay for at least 183 days during the fiscal year (which corresponds to the calendar year).

The payments performed to the foreign individuals fall under the same PIT rates as for resident individuals (i.e. 7% and 18%).

Considering the provision of the domestic law applicable in 2012, Moldovan social security contributions are optional for foreigners being seconded to Moldova and working with no local labour agreements. Otherwise, based on the recent amendments to the law, for foreign citizens and stateless people employed under labour agreements in Moldova, social security contributions are computed similarly as for Moldovan citizens (i.e. 6% at the employee level and 23% at the employer).

No health insurance contributions are required for foreign citizens seconded to Moldova (i.e. no local labour agreement). Still, the respective foreigners may benefit of private optional health insurance.

Foreign individuals with local labour agreements have to pay health insurance contributions as Moldovan citizens (3.5% for each payer category - employers and employees).

Other tax issues

Rulings

Even though the law does not provide for the possibility of obtaining binding rulings, comfort letters can be obtained. Taxpayers that inadequately computed tax liabilities due to incorrect written explanations issued by the Moldovan Tax Authorities are not subject to sanctions (i.e. fines and late-payment penalties).

Tax inspections

Under the general tax rule, the Moldovan Tax Authorities can assess tax liabilities no later than four years after the last date established for the submission of the relevant tax report or for the settlement of that tax liability (when the submission of the tax report is not required). This limitation term does not apply in case of tax evasion related crimes. According to the 2012 tax law, taxpayers that erroneously calculated taxes / duties, and this fact has not been identified during a previous tax inspection, are exempted, under a repeated tax inspection, of fines and penalties for identified tax violations afferent to the periods under the repeated tax inspection.

Transfer Pricing (TP)

TP regulations are currently at the initial stage of development, as the law does not list any specific TP methods. According to the tax law in force, transactions carried out between related parties should observe the arms-length principle; those that do not follow this rule are disregarded for tax purposes.

In accordance with Moldovan tax law, a company is considered the taxpayer's related party if it controls the taxpayer, is controlled by the taxpayer, or both the company and the taxpayer are under the common control of a third party.

From a tax perspective, control is the ownership (either directly or through one or more related parties) of 50% or more in value of the capital or voting power of one of the companies. In this case, an individual is treated as owning all equity interest owned directly or indirectly by members of one's family. Two individuals are related parties if they are spouses or relatives up to the fourth degree.

Losses incurred in dealing between related parties carried out directly or through intermediaries are treated as non-deductible for CIT purposes.

According to current Moldovan tax law, there are no formal TP documentation requirements. However, at the time of writing, there is a proposal that the formal transfer pricing documentation requirements would be introduced in the Moldovan tax law starting with 2014.

Permanent establishments (PEs)

The concept of a tax "Permanent Establishment" does exist in Moldova. Generally, the PE of a non-resident entity is subject to corporate tax in Moldova on any profits attributable to that Permanent Establishment. While non-resident entities operating in Moldova without a locally established entity run the risk of creating a taxable Permanent Establishment, since there is no local concept of a legal branch that is not a legal entity, non-residents do not typically intentionally operate in Moldova through a taxable Permanent Establishment.

The PE, unlike resident companies, is only required to calculate the taxable base for CIT purposes on income sourced in Moldova. Due to the regulatory environment in Moldova, foreign enterprises operating through a PE in Moldova are not common.



Customs Framework

Moldova is WTO member since 2001.

Generally, any kind of goods and means of transport may enter and leave the territory of Moldova without any restriction (certain limitations specifically provided by the legislation are in force, which cover goods and means of transport crossing the border by breaching state security, public order, environment, etc).

Both definitive and suspensive customs regimes are provided under Moldovan law. Definitive customs regimes refer to import and export, while suspensive customs regimes comprise: transit, bonded warehouse, inward processing relief (with suspension), processing under customs control, temporary admission, and outward processing relief.

Of these customs regimes, the following are deemed to have economic impact: bonded warehouse, inward processing relief, processing under customs control, temporary admission, and outward processing relief. The suspensive customs regimes allow for suspension of import duties payment, usually for a specific (limited) period and provided that certain conditions are fulfilled, whilst a customs regimes having economic impact triggers a specific economic advantage to the benefit of the company applying it (e.g. repayment of customs duties paid upon importation, application of lower customs duty rates or customs duties exemption).

There are also some environmental pollution taxes related to specific packaging and goods that importers should pay.

The Law on Customs Tariff establishes standard customs duty rates applicable upon import of goods into Moldova, depending on their specific customs tariff classification code. The Moldovan Customs Tariff is based on the Harmonised Commodity Description and Coding System.

Customs duty rates are generally indicated as percentages to be applied to the customs value (i.e. ad valorem duty rates) of goods imported into Moldova. The maximum ad valorem standard customs duty rate is 25%. There are also specific customs duty rates established, as well as combined rates.

The customs valuation is generally performed in accordance with the customs valuation principles in the General Agreement on Tariffs and Trade (GATT).

The customs value is determined based on one of the six provided valuation methods (i.e. transaction value, transaction value of identical goods, transaction value of similar goods, deductive value, computed value, and reserve method). If the first method is not applicable, then the second method should be applied and so forth.

A preferential tariff treatment presumes a reduction of or exemption from customs duty, which may also be applied within a specific quota (settled either as value or quantity).

A preferential tariff treatment is granted for specific categories of goods depending on their origin and in accordance with the free trade arrangements (FTAs) to which Moldova is a party. Moldova has concluded FTAs to date with most of the Commonwealth of Independent States (CIS) countries and is also a Central European Free Trade Agreement (CEFTA) contracting state.



Also, from 1 March 2008 until 31 December 2012, Moldova benefits from Autonomous Trade Preferences (ATP) from the EU.

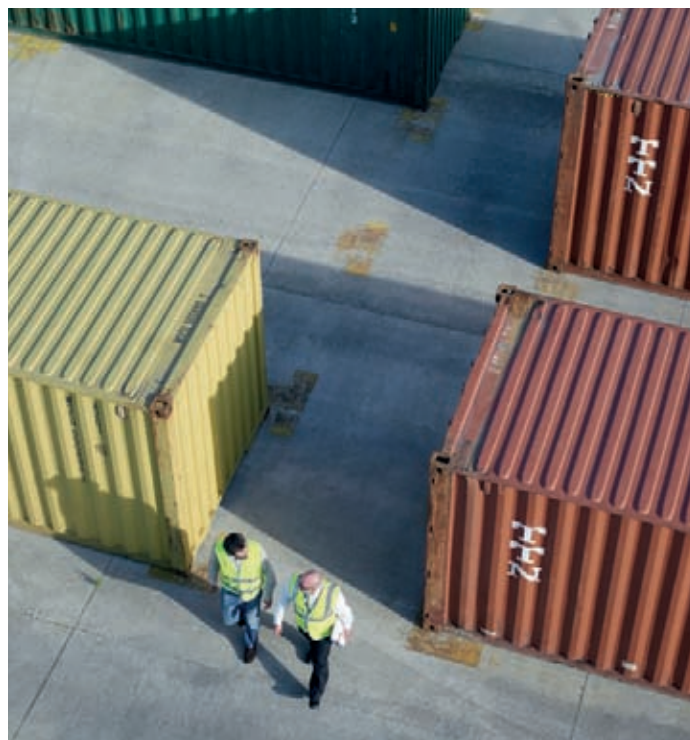
A favourable tariff treatment presumes a reduction or an exemption from customs duty upon import of specific goods into Moldova, depending on their type or final destination, according to domestic customs law or international agreements to which Moldova is a party.

Moldovan customs law provides the following exemptions, among others, from customs duty:

- Goods imported by individuals for personal use, not exceeding a specific threshold.
- Fixed assets aimed at being contributed in kind to a company's statutory capital.
- Goods released in Moldova under transit, bonded warehouse, or inward processing relief regimes.
- Moldovan goods previously exported and released back within a three-year term in the same status, as well as compensatory products obtained under outward processing relief.
- Certain movable goods imported by legal entities carrying out leasing activities for the purpose of paying off their contractual liabilities derived from lease agreements concluded with Moldovan individuals or legal entities.

Moldovan customs legislation also provides for:

- the concepts and procedures of post clearance audit
- the obligation of individuals and companies to maintain the necessary documents for customs control for 6 years, and
- the obligation of individuals and companies that perform external trade transactions to maintain the related documents for the purposes of post clearance audit for 5 years.



Foreign Direct Investment

Total FDI

According to statistical data in 2011, the inflow of the net direct foreign investments into the economy of Moldova amounted to USD 274 mil, increased by 38.8% from the level in 2010.

Two thirds of the foreign capital present in the Republic of Moldova is invested in joint venture companies, while the rest belongs to companies in foreign ownership. From the point of view of the total capital value and also from the numerical point of view the companies with foreign capital are concentrated in the category of companies with a large share of foreign capital (75-100%), fact indicating that foreign investors prefer to control the management of companies as much as possible, or even integrally.

During 2005-2008 the foreign investments have increased in their absolute volume and also have diversified. While at the end of 2005 the FDI were in their majority concentrated in the „processing industry”, „electricity and heating energy, gas and water supply” as well as in „wholesale and retail trade; car repair, repair of motorcycles, of household and personal goods”, then by the end of 2008 there was an increase of the share of „financial activities” and of „transactions in securities, rental activities and provision of services to enterprises”.

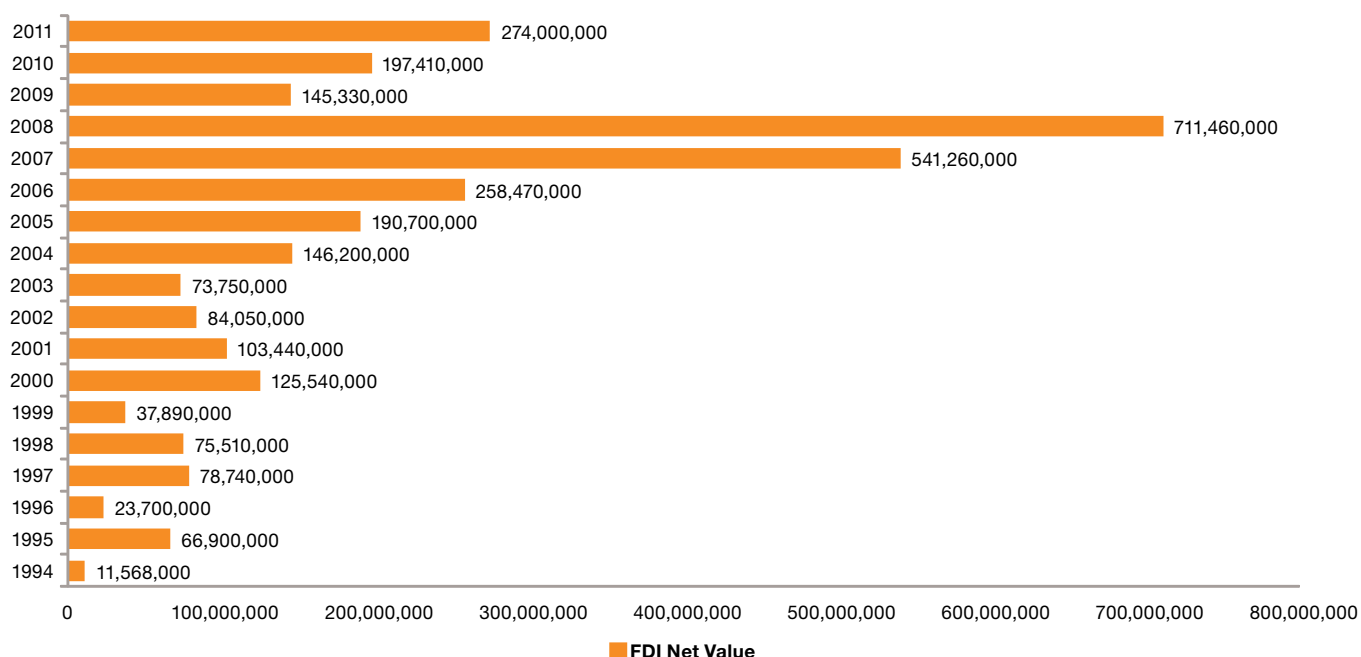
Another peculiarity of FDI in the Republic of Moldova is their concentration from the territorial point of view, which has become stronger with time. In 2008 the Chisinau municipality was standing for 79.8% of the total FDI stocks. The advantages the regions of the Republic of Moldova may offer to foreign investors are the cheaper labour force (e.g. relevant for textiles), proximity to the raw materials (construction materials) and existence of a specific market (provision of services to farmers).



Companies with foreign capital are larger than the local ones and promote a more active investment policy in comparison to companies with domestic capital. Large scale production, better economic performances and bigger access to external financial sources has made possible for companies with foreign capital to register essentially bigger inflows of tangible and intangible assets during last years. At the same time, the fact was demonstrated, with some exceptions, that companies oriented to the satisfaction of the internal demand promote a more active investment policy compared with the ones oriented mainly to exports.

The latest value for net Foreign direct investment into the economy of Moldova, net (BoP, current US\$) in Moldova was \$274,000,000 as of 2011. Over the past 18 years, the value for this indicator has fluctuated between \$711,460,000 in 2008 and \$11,568,000 in 1994.

The ratio of FDI flow into the economy of Moldova in GDP in year 2011 was 3.91%.



Source: Ministry of Economy

Major Foreign Investments



BCR



MEGAPOLIS MALL
CENTRUL COMERCIAL - DISTRACTIV



DANUBE
LOGISTICS



METRO

Dräxlmaier 

DEZVOLTĂM ÎMPREUNĂ SPIRITUL DE ECHIPĂ



MOBIAS
BANCA
GROUPE SOCIÉTÉ GÉNÉRALE



gasNatural
fenosa



Moldcell



KNAUF



orange™



LAFARGE
dam și ciment materialelor



ProCredit Bank



LEAR
CORPORATION



Raiffeisen
LEASING



LUKOIL



SÜDZUCKER

Western NIS Enterprise Fund

Incentives for investors

Information technology (IT) industry

During 2012-2016 the Moldovan companies whose main activity is software development (IT companies) and their employees may benefit from a range of tax incentives (subject to specific conditions being met).

Employees of IT companies may benefit from personal income tax (PIT) incentives for employment salaries earned from such companies – standard taxation being limited to certain monthly amounts (i.e. two average forecasted salaries per economy). PIT incentives are applicable only for salary income. Other types of income that does not refer to salary remuneration (e.g. benefits in kind, material aids, etc) are taxed with the standard rates.

Also, monthly social security contributions at the level of employers of IT companies are also limited to the income capped to two average forecasted salaries per economy.

Incentives for the residents of Free Economic Zones and Industrial Parks

For details please refer to section *FEZ and IP incentives overview* at page 34.

Other tax incentives

Also, the other tax incentives applicable in Moldova are available for:

- Legal entities and individuals receiving interest income from bank deposits and corporate securities (until 01 January 2015),
- Legal entities which made capital investments within the Investment Agreement “With regard to the Free International Port “Giurgiulesti”, etc.



Investment support

Openness to Foreign Investment

Moldova continues to take steps toward developing a stronger economy, reforming a cumbersome regulatory framework, combating corruption and adopting reforms aimed at improving the business climate. Poor physical infrastructure, cumbersome licensing procedures, excessive permit requirements, and proliferation of fee-for-services to public authorities and commercial organisations all contribute to a business environment that remains among the most challenging in the region. For example, in the Doing Business Dealing with Construction Permits indicator, Moldova ranks 158th out of 176 economies and requires twice as many procedures as the average for OECD countries.

After a prolonged recession in the 1990s, GDP has grown for seven straight years and inflation has decreased. Moldova, which is consistently ranked among the poorest countries in Europe, relies heavily on investments, foreign trade, and remittances sent by Moldovans working abroad, for economic growth. Remittances equalled 38 percent of GDP in 2007. Recent years have seen an increase in foreign direct investment (FDI) as investors have taken advantage of the eastward expansion of the European Union (EU), which now borders Moldova following the January 1, 2007, accession of Romania. The Government of Moldova has made efforts to tackle some obstacles to investment, such as corruption and red tape. Furthermore, Moldova has declared European integration a strategic objective. The country had an Action Plan with the EU that set out a roadmap for democratic and economic reforms and the harmonisation of Moldovan laws and regulations with European standards.

The Government has created an adequate legal base, including favourable tax treatment for investors. Under Moldovan law, foreign companies enjoy the same treatment as local companies (national treatment principle). The Government views investments as vital for sustainable economic growth and poverty reduction. However, the amount of foreign direct investment (FDI) is far below the country's needs. In attracting FDI, the Government continues to add incentives. In 2008 the Government introduced zero tax on business profit reinvested in a business.

In March 2012 Moldovan Government approved the National Development Strategy "Moldova 2020", subject to approval by the Parliament. It will succeed the National Development Strategy (NDS) adopted in 2007. The NDS "Moldova 2020" was developed in broad-based consultations with stakeholders and civil society. The NDS defines the Government's developmental objectives and will guide the budgetary process over the period 2008-2011. Attracting FDI is critical to enhancing several pillars of the NDS.

In 2006, after a five-year intermission, the Government resumed financial relations with the IMF by signing a Memorandum of Economic and Financial Policies that included criteria for the improvement of macroeconomic indicators, infrastructure development and better state property management.

In coordination with the IMF, the Government has introduced budgets with low deficits and made reducing inflation a goal. A new Supplementary Memorandum of Economic and Financial Policies has been signed on 12 January 2012, which envisages on objectives like maintenance of macroeconomic stability, consolidation of public finances and acceleration of structural reforms for supporting the tax-budget strategy.



Human capital

Demographic data

Population

The Republic of Moldova has a population of 3.564 million. Moldovans represent the largest ethnic group (75.8%), followed by Ukrainians and Russians (8.4% and 5.9% respectively) and smaller minorities such as the Gagauz minority (an ethnic group of Turkish origin, 4.4%) and Bulgarians (1.9%).

According to the latest data, 41.44% of the population live in urban areas. Chisinau municipality has a population of 786.3 thousand people and Balti municipality has 148.2 thousand people.

Language

The main language spoken in Moldova is Romanian, although Russian is also commonly spoken and business is often conducted in one of these two languages. In addition, many Moldovans speak English, French, and/or Italian.

Education

The Moldovan state education system includes primary, secondary, technical and higher education institutions. Education is mandatory for Moldovan citizens up until the age of sixteen. The Government ensures free access to education at all levels according to approved quotas. There are 1,667 educational institutions in Republic of Moldova, with the majority of them being State owned (97.48%).

During 2010, the economically active population was of around 1,235 million persons. Out of total occupied population amounting 1.143 million, 22.98% have completed higher education studies, 15.76% have completed technical education while 24.24% have completed secondary, 20.71% lyceum, 15.58% gymnasium, and 0.73% primary education.

In 2010 the unemployment rate is of 7.4% with a medium term of 13 months of unemployment. The total amount of unemployed persons include:

- 62.3% men and 37.7% women
- 62.4% urban population and 37.6% rural population.

Students by Indicators, Types of institution and Years

		2007/08	2008/09	2009/10	2010/11
Thousand	Total	641.5	607.9	579.8	557.9
	General schools	462.8	436.1	415.5	396.5
	Vocational schools	24.5	24.3	22.2	21.4
	Colleges	31.3	32.7	32.2	32.2
	Higher educational institutions	122.9	114.9	109.9	107.8
Per 10,000 inhabitants	Total	1,796.0	1,704.0	1,627.0	1,566.9
	General schools	1,295.0	1,222.0	1,166.0	1,113.6
	Vocational schools	68.0	68.0	62.0	60.2
	Colleges	87.0	92.0	90.0	90.3
	Higher educational institutions	344.0	322.0	308.0	302.8

Labour costs

Employment income

Employee gross income includes:

- basic pay,
- overtime pay,
- supplementary pay,
- awards and bonuses,
- compensation from unused holiday or vacation time, as well as
- benefits in kind (e.g. housing allowances, compensation for school fees, food and personal travel expenses).

Moldovan tax law provides for special rules (i.e. tax exemption) regarding the income obtained by members of diplomatic missions, and other missions accredited as such, and their personnel.

The annual personal allowance provided for Moldovan residents is of MDL 8,640 (approximately EUR 560). Individuals can also benefit from a spouse's exemption of the same amount, provided the spouse does not use it in the year concerned.

In addition, an individual benefits from an annual allowance of MDL 1,920 (approximately EUR 125) for every dependant (except for those disabled since childhood that are entitled to the MDL 8,640 (approximately EUR 560) exemption per year). If a dependant have several supporters, exemptions for dependants will be given to every supporter.

Social security contributions

Contributions to the Social Fund are mandatory for Moldovan citizens, but unlike taxes they have an exact destination and are available for refund to the taxpayer in the form of pensions, allowances, etc.

For more details on social security contribution please refer to section "Taxation of individuals".

Health insurance contributions

The mandatory health insurance contribution, computed as a percentage of wages and other forms of payment and remuneration.

For more details on health insurance contribution please refer to section "Taxation of individuals".

Temporary work incapacity related costs

The payment of the allowance for temporary work incapacity due to common illnesses or accidents unrelated to work for the second calendar day are to be paid as follows:

- the first calendar day – paid by the insured person / employee
- the second, third, and fourth calendar day – paid by the employer
- starting with the fifth calendar day – paid by the social security state budget.

Salary inflation history and forecasts

PwC Moldova annually (since 2007) performs a Salary and Benefits Survey – PayWell Moldova. The participants in the PayWell Moldova Survey are companies from different industries (i.e. IT&C, FMCG & Industries, Pharma, and Banking) including the leaders on the Moldovan market.

The table below describes the average monthly salary in the Republic of Moldova for the period 2010-2012 from the data from the National Bureau of Statistics in comparison with the PayWell Moldova Salary and Benefits Survey.



	2010	2011	2012
The National Bureau of Statistics	MDL 2,972 (EUR 190)	MDL 3,193 (EUR 205)	MDL 3,550 (EUR 230) (forecasted)
PayWell Moldova	MDL 5,976 (EUR 385) (100% higher)	MDL 5,578 (EUR 360) (75% higher)	N/A

Labour regulation

Labour relations in Moldova are regulated by the Labour Code (effective as of 1 October 2003), Collective Labour Conventions (at national, territorial, branch and company level) and other special laws (e.g. Law on wages). The Labour legislation provides employees with minimum guarantees which cannot be worsened or limited by any employment contract. Certain aspects of employer - employee relations are governed by internal regulations adopted at the company level by the employer (e.g. staff handbook).

Trade unions

Trade unions, historically, were very tough strong in negotiations on labour relations. They are currently effective in obtaining minimum wage legislation, as well as other basic rights for employees. They also conclude annual collective labour agreements at different branch and company levels.

Union membership for employees is not compulsory, but still has a high-level of influence in large and state-owned enterprises. In small private companies they tend to be less active.

Employers should ensure the necessary conditions for the activity of unions. Unions have no right to participate in the management of a company and its commercial activity. Nevertheless, sometimes the employer should take the opinion of the trade union into account when adopting internal regulations (i.e. internal policies) or dismissing trade union members.

Salaries and wages

An employer may not negotiate and establish a basic salary lower than the national minimum gross salary. This is currently MDL 1300 (about EUR 85) per month for privately-owned companies.

The average monthly salary amounts to MDL 3,550 (about EUR 230) for year 2012, having increased by 7.5% from the previous year. Currency regulations demand that salary payments be made in local currency (MDL), including those to foreign staff.

Employment contracts

The conclusion of written individual employment contracts with all employees is compulsory. The contract should contain provisions concerning the employee position, salary level, working conditions and other mandatory issues.

As a general rule, employment contracts are concluded for an indefinite period. Fixed-term employment contracts may be concluded only in specific situations provided for by the Labour Code. Employment contracts may provide for a trial period of employment up to six months.

Working Hours

The standard working week stated in the Labour Code is 40 hours, over five or six working days a week, but generally from Monday to Friday.

The law defines limits and rates for overtime, holiday / weekend and night work. Working hours on weekends or holidays can be either compensated with free time or paid. Overtime is generally paid as 150% of the hourly rate for up to a specified number of hours and 200% beyond that.

Paid Holidays

Annual paid vacations are established at a minimum of 28 calendar days a year. Additional paid leave can be given to employees for special occasions such as a marriage, birth of a child, death of relatives, study, etc. Sick and maternity leaves are paid from the Social Insurance Budget.

Termination of Employment

An individual employment contract may be terminated at the initiative of the employers on the specific grounds stipulated by the Labour Code (e.g. failure of trial period, staff redundancy, systematic non-compliance with regulations / requirements or absence of the employee from the working place, theft, etc).

The Labour Code gives additional protection to specific categories of employees, including minors, female employees, employees with children, union members and various other categories. There are specific situations in which employment cannot be terminated by the employer (e.g. during sick leave or maternity leave).

Severance payments may appear in specific situation such as termination of the contract due to liquidation of the employer, staff redundancy or in the situation then the employee does not correspond to with the held position due to its health situation.

Foreign workers

Foreign citizens who work in Moldova based on a local labour contract or those seconded to Moldova have to obtain a work permit. Specific incentives in obtaining the work permits are provided for the management of large companies with foreign investments.

Infrastructure

2011

Volume of goods transported by transport enterprises (tonnes)

Number of transported passengers

railway 4,554

railway 4,711.3

auto 185.7

bus and micro-bus 114,383.1

naval 149,100

naval 122,600

air 1,600

air 700,400

Total transported goods 9,890.4

Total transported passengers 119,849,000

Source: National Bureau of Statistics

Air Transportation

Eleven air carriers operate in Moldova and perform regular flights. The biggest air carriers are the public enterprise, "Air Moldova" and the private company "Moldavian Airlines". Foreign airline companies present in Moldova are: Austrian Airlines, Carpatair, Air Baltic, Turkish Airlines, Tandem Aero, S7 Airlines, Malev, Tarom, Meridiana, Lufthansa, Atlasjet, AeroSvit, Utair.



Commercial air transport

Scheduled flights

Year	Passengers	Freight and mail, tonnes	Passengers	Freight and mail, tonnes
2005	480,785	1,726	447,593	1,540
2006	546,633	1,838	511,315	1,652
2007	687,221	2,262	647,361	2,136
2008	845,926	2,469	834,084	2,225
2009	806,583	2,021	797,586	1,865
2010	936,226	2,398	928,761	2,305
2011	1,044,785	2,710	1,036,587	2,646

Source: National Bureau of Statistics

Road transportation

The country has more than 9,500 km of roads, but only 8,700 km have rigid surfacing: 3,300 km of national roads and 6,100 km of local ones. 93% of roads need repair. There are no motorways and in winter snow can make certain areas temporarily impassable.

Railway transportation

The State Enterprise “Calea Ferata” runs Moldova’s railroad. The railway network – total 1,138 km (707 mi) still needs considerable investment.

The entire length of the Moldovan railway network is single track and not electrified. Much of the railroad infrastructure is still in a poor state, all of the rolling stock being inherited from the former Soviet Union. Average commercial speed for passenger trains is 35–40 km/h (22–25 mph) (including stops).

However, substantial investments have been made in building new railway lines since 2003, with the goal of connecting Chişinău to southern Moldova and eventually to the Giurgiuleşti terminal. The first such segment was the 40 km (25 mi) Revaca–Căinari line, opened in 2006.

Connections exist to Ukraine at Kuchurhan, Mohilyv-Podil’s’ky, Ocnîţa. The track between Basarabeasca and Reni crosses the border back and forth. Note that the Kuchurhan crossing as well as the Tighina–Tiraspol–Kuchurhan segment are under the control of the Transnistrian separatist authorities, the circulation of trains on the route depending on the level of political tensions between the separatists and the Government of Moldova.



Between Moldova and Romania there is a break-of-gauge (Romania employing standard gauge). The most important crossing (including gauge changing equipment) is Ungheni-Iaşi, another two are Cantemir-Falciu and Giurgiuleşti-Galaţi. International passenger trains run to Bucharest, Kiev, Minsk, Saint Petersburg and Moscow.



Naval transportation

Giurgiulesti International Free Port (GIFP), Moldova’s only port accessible to sea-going vessels, is situated at km 133.8 of the River Danube in the South of Moldova. GIFP serves as the only direct sea/river-borne transshipment and distribution point to and from Moldova

Key locations for investments

Moldova has designated areas where domestic and foreign investors can carry out entrepreneurial activities under preferential terms and conditions (i.e. favourable tax, customs and other regimes).

These designated areas are the Free Economic Zones (FEZ) and Industrial Parks (IP).

Free Economic Zones

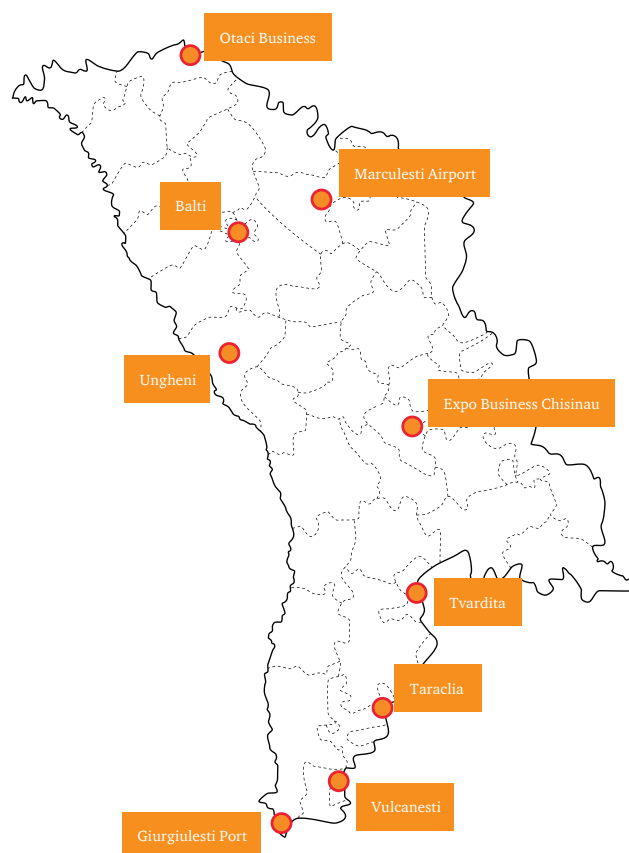
FEZ are parts of the Moldovan customs territory, separate from the economic point of view, in which local and foreign investors may carry out entrepreneurial activities under a preferential regime, i.e. benefiting of special guarantees and facilities (tax, customs, regulatory, immigration, etc.).

FEZs are created for a period of at least 20 years. Moldova has currently seven FEZs established between 1996 and 2011, located all over the country regions (North, Centre South). There is also an international free port (South) and airport (North-East), whose status is similar to FEZ.

FEZ residents should be registered in Moldova (legal entities with local, mixed or foreign capital) and are selected by FEZ Administration, based on the investments' amount and type, infrastructure available / to be created, type of activities to be carried out, etc.

The following types of activities may be carried out in a FEZ:

- Industrial production of goods for export (apart from ethylic alcohol and alcohol production);
- Sorting, packing, labelling and other similar operations for goods which transit the Moldovan customs territory;
- Other auxiliary activities necessary for the basic activities above (e.g. utility services, warehousing, construction, catering etc.);
- External commercial activity (i.e. wholesale of goods imported into FEZ outside Moldova and offered for export);
- Transportation activity (i.e. transport of imported or exported goods through the FEZ territory by air or water).



Each type of activity within FEZ is subject to a separate time-limited authorisation issued by FEZ Administration.

FEZ Expo-Business-Chisinau operates in Chisinau, for the period of 1995-2025. Area managed as free zone – 23.61 ha (the land is used 100%). In 2011 it had 60 registered residents.

FEZ „Balti” operates near Balti City, in the northern part of the country. It was created in 2010 for a period of 25 years. FEZ „Balti” is composed of three areas: subzone 1 (1.50 ha), subzone 2 (10.35 ha), subzone 3 (110 ha). In 2011 it had 12 residents, among which the key investor was “DRAEXLMAIER AUTOMOTIVE” Ltd.

FEZ „Ungheni-Business” is located near the city Ungheni, in the central region of Moldova, on the west border with Romania. It was established in 2002 for a period of 45 years. The total area of the FEZ is 42.34 ha divided into main territory and four sub zones. In 2011 there were 39 residents registered.

FEZ „Otaci-Business” was established in 1998 for a period of 25 years. FEZ “Otaci-Business” is located in Otaci, Ocnita District. It has two sub-zones, of 32.17 ha and 1.02 ha respectively. In 2011, 12 companies were registered as residents of FEZ “Otaci-Business”.

FEZ „Taraclia” was established in 1998 for a period of 25 years. Taraclia FEZ is located in the south region of Moldova, in Taraclia District. The Free Zone is located along the railway Chisinau-Besarabka-Reni, on the territory of several industrial enterprises, its total area being of 36 ha. In 2011 there were 8 residents registered.

FEZ „Valkanes” was created in 1998 for a period of 25 years. It is the only FEZ located in Gagauzia region. It is located at 6 km from Vulcanesti. FEZ „Valkanes” has an area of 122.3 ha divided in two sectors (78 ha and 44.3 ha respectively). In 2011 there were 27 residents registered.

FEZ “Tvardita” is situated on the south of the Republic of Moldova. It was created in 2001 for a period of 30 years. FEZ’s area is of 3.57 ha.

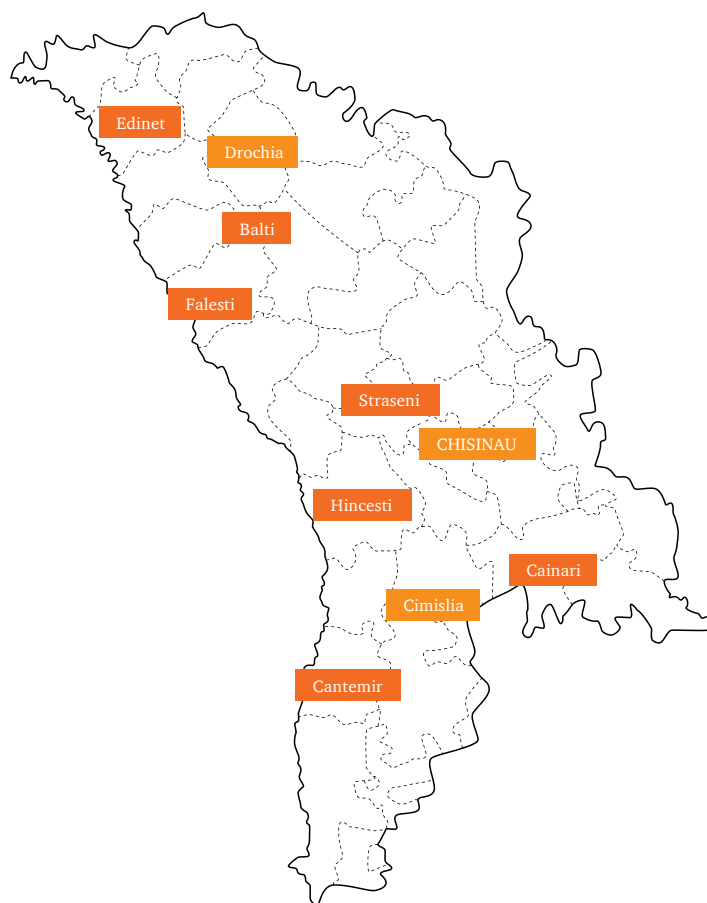
Industrial parks

An industrial park is a bounded territory with technical and production infrastructure, where economic activities, mainly industrial production, provision of services, employment of scientific researches and / or technological development, may be carried out, benefitting of specific incentives.

An industrial park may be created for 30 years either on the territory of state or private enterprises, through green field investments or by means of public private partnerships. In practice, an industrial park is created by means of obtaining the title of industrial park by an enterprise on the basis of Government decision. This enterprise becomes the administrator of the industrial park, i.e. it can also act as the resident of the industrial park.

Any legal entity registered in Moldova (legal entities with local, mixed or foreign capital) can become an industrial park resident on the basis of a contract concluded with the administrator-enterprise, aiming for carrying out such activities as industrial production, service provision, implementation of the scientific researches and/or technological development within the industrial park.

The new law on industrial parks was adopted in 2010. In 2010-2011 three enterprises obtained the title of industrial parks on the basis of Government decisions:





Industrial park „Bioenergagro” is created in Tarigrad, Drochia District in the northern part of Moldova. The area of this industrial park is 13.49 ha. It is a private industrial park. The title of industrial park was offered by the Government to “Bioenergagro” LLC, including the plot of land in their private ownership in order to implement the first investment project on the Biogas production complex by the “Bioenergagro” LLC.

Industrial park “Tracom” is located in Chisinau on a territory with an area of 32.26 ha. It has the necessary infrastructure for residents to be able to perform their activities in the following areas: manufacturing of machinery and equipment, electrical and electronic production, manufacture of metal articles and IT.

Industrial Park “Cimișlia” is located in Cimișlia city on a territory with an area of 40 ha. It is currently under construction. According to the project, field of specialisation of this Industrial Park will be mainly the following: manufacture of dairy products, oil production, manufacture of starch and starch products, production, processing and preserving of meat.

There are also other places identified on the basis of feasibility studies suitable for the industrial parks establishment (Edinet District, Edinet; Falești District, “UMS Falești” JSC, Hancești District, Hancești, Cantemir District, Cania Commune, Municipality of Chisinau, Cainari, Strasenii District, etc.)

FEZ and IP incentives overview

Aiming for investments' attraction, Moldova offers certain incentives for the residents of FEZ and Industrial parks.

FEZ incentives

Protection of FEZs residents against legal acts worsening the applicable regimes

Should the newly adopted laws ("New Law") worsen the conditions of FEZ residents' activity in respect of customs, tax and other regimes provided for by the previous laws concerning FEZ ("Old Law"), FEZ residents may benefit from the regimes provided by the Old Law for:

- 10 years as of entering into force of the New Law, but not more than the period of FEZ operation (general rule);
- The whole period of operation within FEZ, but not more than 20 years of entering into force of the New Law (special rule applicable to residents whose investments in the fixed assets of FEZ-company or in the development of FEZ infrastructure exceed EUR 200 million);
- The Old Law will be applicable for the mentioned period to the FEZ residents' activity within the investment projects registered before the entry into force of the New Law.

Special tax and customs regimes

For the 2012 year, the following CIT incentives for FEZ investors are applicable:

- Entities that are established in the FEZ and export goods and services from FEZ outside the customs territory of the Republic of Moldova would be entitled to apply only 50% of applicable CIT rate on such gains for other cases the CIT rate would be as 75% from the established one;
- The income obtained from export of goods (services) originating from the FEZ outside the customs territory of the Republic of Moldova is CIT exempted for a period of 3 years, provided that the FEZ residents invested in the fixed assets of their enterprises and/or in development of the infrastructure of the FEZ a capital equivalent to at least 1 million USD;
- The income obtained from export of goods (services) originating from the FEZ outside the customs territory of the Republic of Moldova is CIT exempted for a period of 5 years, provided that the FEZ residents invested in the fixed assets of their enterprises and/or in development of the infrastructure of FEZ capital equivalent to at least 5 million USD.

From a VAT standpoint, goods and services supplied in the FEZ from abroad, from FEZ outside the customs territory of the Republic of Moldova, in the FEZ from other areas of Moldova and those supplied to residents of other FEZ are subject to 0% VAT.

According to the customs provisions, goods are introduced into the FEZ with no import VAT or customs duty and are not subject to economic policy measures, according to specific criteria. However, certain taxes in specific situations might be incurred by residents of the FEZ. Investors in the FEZ are guaranteed and protected from changes in legislation for a general period of up to ten years, while under certain conditions this period may be extended to 20 years.

Transfer of profits, currency repatriation rules

Monetary means obtained by foreign investors as profits (dividends) or from the sale of their shareholding in companies - FEZ residents, or resulting from reorganisation / winding up of companies - FEZ residents, may be freely transferred outside of the Moldovan territory, after fulfilling tax liabilities.

The provisions on foreign currency repatriation are applicable to the export-import transactions between FEZ residents and foreign entities. However, these rules are not applicable to transactions between FEZ residents and other Moldovan legal entities operating outside FEZ.

Special visa and work permits regime for foreign workers of FEZ residents

A simplified procedure of work permits issuance is provided for the foreign workers of FEZ residents. No consular fee is required for issuance of business visas for foreign workers of FEZ residents.

Industrial Parks incentives



IP Residents and IP Administration may benefit of the following real estate facilities and Government support:

- Free of charge change of the category of land with agricultural destination;
- Entitlement to privatise the public property land associated with constructions, at the land normative;
- price;
- Free of charge transfer of public property assets with the purpose of industrial parks establishment;
- upon owner's decision;
- Application, by the administrating enterprise, the reduction coefficient down to 0.3 of the tariff set;
- for the annual lease payment for the public property land;
- Optimisation of state controls.

Labour & education overview

Most of the FEZ and IP are located near or within the biggest cities in Moldova (Chisinau, Balti, Ungheni, Drochia).

Most of the universities, professional and vocational schools are located in Chisinau. Students coming from all around the country do either return home after graduation or remain in the study centres.

FEZ „Balti” is located near the Balti City in the north region of Moldova. In Balti there are several higher and medium education institutions, including Balti State University, Dniester Institute of Economics and Law, Balti Polytechnic College, professional and vocational schools, etc.

FEZ „Valkanes” is located near the town of Vulcanesti. Currently there are two high schools, two secondary schools and a gymnasium.

Ungheni City is located in the east-central part of Moldova, on the border with Romania. Its population is of 38,300 people, economically active – 62% of total. There are 6 high schools, 2 secondary schools, 2 primary schools, a boarding school, a multipurpose school, Medicine College, Agribusiness College, 2 sports schools, a hospital and two medical centres.

The district where FEZ “Taraclia” is located has 20 schools, a State University and a vocational college.

The Free International Airport Marculesti is located close to towns where industrial enterprises were built, including the former military-industrial complex. In the surrounding areas (Floresti and the neighbouring villages) there are three vocational schools, which prepare workers in different fields (construction workers, mechanics, electricians, operators, etc.).

According to the statistical data, in 2010 persons with secondary and vocational education represented 45% of the employed and persons with higher education – 23%.

Local transportation

Most of the FEZs are located at the criss-cross of national roads and do have access to railways.

FEZ “Expo-Business Chisinau”

- 1 km to International Airport Chisinau
- International road Chisinau-Odessa
- 150 km to Free International Airport Marculesti
- 240 km to Giurgiulesti International Free Port

FEZ „BALTI”

- International route – 1 km from E583 European road (Vienna-Uzhgorod-Chisinau-Odessa-Rostov/Don)
- National route – location at the crossroads of the international road M4 (Balti-Floresti-Soroca) and the ring road with direct access to the national road Balti-Chisinau and the international road M14 (Balti-Edinet-Cernauti)
- Railway – location at the intersection of three railway lines (Balti-Rabnita, Balti-Ungheni, Balti-Ocnita), there are two stations (Balti-Slobozia Station, called the North Station, and Balti-City Station, called the West Station)
- Balti International Airport (Leadoveni) at 10 km and Marculesti International Airport
- Railway at a distance of 1 km.

FEZ „Otaci-Business”

- The national route is located at a distance of 500 m from the FEZ, and the nearest railway station – Valcinet – is situated at a distance of 1 km
- Access through the routes Otaci-Ocnita, Otaci-Soroca, Otaci-Balti.

FEZ „Valkanes”:

- Proximity to the Romanian border (Giurgiulesti customs) – 50 km, and to Ukraine – 1 km
- Main railway linking the FEZ with the Danube port of Reni (Odessa region, Ukraine) – 38 km
- Distance to Galati (Romania) – 60 km, to Odessa – 260 km, to Ismail – 60 km, to Chisinau – 180 km
- The closest airports are located in Chisinau – 180 km, and Cahul – 35 km
- Located close to the international route M3 Giurgiulesti-Chisinau.





FEZ „Ungheni-Business”

- Access to the Russian-type railway, the European-type railway is located at 2 km
- Chisinau International Airport is located at 140 km
- Marculesti International Free Airport is located at 105 km
- The distance to the national road is 1 km.

FEZ „Taraclia”

- Access to railway and roads
- Access to local and international routes
- Developed communication system
- 150 km from Chisinau
- 75 km from Giurgiulesti International Free Port
- 35 km from the border with Ukraine
- 55 km from the border with Romania.

FEZ „Tvardita”

Existing infrastructure:

- National highway (Chişinău-Cimişlia-Basarabeasca-Ceăldâr-lunga)
- International Airport at a distance of 125 km (Chişinău)

Success stories

Dräxlmaier Group Automotive

The main resident in subzones 1 and 2 of the free economic zone “Balti” is the foreign capital company “Draexlmaier Automotive” Ltd., which produces electric coaxial cables for major companies like BMW, Daimler-Benz and Volkswagen. Being an international partner to the automotive industry, the Dräxlmaier Group has a global presence with 38 thousand employees working at 53 sites spread over 20 countries and four continents.

The company has investments of USD 30 million in the Republic of Moldova, around 2,500 employees and annual sales exceeding MDL 200 million. The company plans to expand in the coming years, with an expected 18,000 sqm increase in production and warehouse spaces, investments of USD 22 million and employing an additional 1,500 people.

Giurgiulesti International Free Port

Giurgiulesti International Free Port, Moldova’s only port accessible to sea-going cargo vessels, is situated 133.8 km / 72.2 nautical miles from the Black Sea on the maritime section of the river Danube. Privately owned Giurgiulesti International Free Port’s entire territory, including its business park, will retain a status similar to that of a free economic zone until the year 2030. The general investor and operator of Giurgiulesti International Free Port is the foreign capital company “Danube Logistics” Ltd., owned by Danube Logistics Holding BV (80%) of the Netherlands and the European Bank for Reconstruction and Development (20%). The objective of Danube Logistics’ international management team is to establish Giurgiulesti International Free Port as the premier business park and logistic centre in the Republic of Moldova.

Residents of Giurgiulesti International Free Port benefit from a location on international trade and transportation routes such as: the Rhine-Main-Danube waterway corridor, which connects the Black Sea, 14 European countries and the North Sea; the European and Russian railway systems, as well as the international road network.

The port is a green field development with newly constructed utility and road infrastructure. All land plots leased by residents benefit from newly constructed road, electricity, water, gas and fibre-optic telecommunication connections. The reliability of electricity and gas supplies has been ensured by the newly constructed 110kv electricity substation and a recently completed connection to the national high pressure gas pipeline network. Port Facilities consist of an oil product terminal, a grain terminal, a vegetable oil terminal, a bulk cargo terminal, a newly constructed container and general cargo terminal, a Ro-Ro terminal and a mixed-gauge rail terminal.

The International Port currently has 29 registered residents. About 353 people were employed in production and service activities within the port as at 1 January 2012. The total volume of investments made by the residents in the International Port for the entire period of its activity is about USD 54.8 million. During 2011, 66,800 tons of oil was imported through the International Port oil terminal.



Lafarge

Located in 64 countries with 68,000 employees, Lafarge is a world leader in building materials, with top-ranking positions in its Cement, Aggregates & Concrete businesses. In 2011, Lafarge posted sales of EUR 15.3 billion and, for the second year in a row, was ranked amongst the top-10 of 500 companies evaluated by the “Carbon Disclosure Project” in recognition of their strategy and actions against global warming.

Lafarge has been operating in Moldovan since 1999, after the acquisition of the then most important cement producer in the country – the Rezina Cement Plant. Since then, it has invested more than EUR 40 million to modernise the industrial assets. Lafarge currently holds 95.31% of the capital share of Lafarge Ciment (Moldova) SA, with 333 employees and a turnover of MDL 512 million in 2010.

In 2010 Lafarge Ciment (Moldova) SA launched a new product line (Cemplast, Cemfort and Cemfortextra), aligned with European quality standards, to replace the then existing product range. The new product line was innovative for the Moldavian market, designed to benefit final customers by making their choices and work easier. In line with the Group commitment, the formula of the new products allows reduced CO2 emissions. In order to better understand the needs of its partner concrete producers, while sustaining the development of new products, Lafarge Ciment (Moldova) SA extended the service range provided to its partners in 2011 by opening a new Concrete Test Centre in Chisinau. In recognition of its commitment to its customers, the company won the top prize “The Golden Mercury” for brand promotion in the “Trademark of the year” national competition in 2010 “The Golden Mercury” in 2011 (new product line) and “The Gold Medal” of the contest in 2012 (Concrete Test Centre).



Lear Corporation

One of the most dynamic residents of the free economic zone “Ungheni-Business” is the foreign capital company “Lear Corporation” Ltd., the original capital for which came from the Netherlands. This resident is part of the concern Lear, which was founded in Detroit, USA, in 1917. With headquarters in Southfield, Michigan, Lear maintains 207 locations in 35 countries around the globe and employs approximately 100,000 people. Over 50% of the corporation’s plants are located in the U.S. and Canada. The company’s key customers are Ford, Opel, Jaguar, Volvo, Mazda, Fiat, Volkswagen, Peugeot, General Motors, etc. Car seats, electronic equipment and interior elements make up over 80% of its product range.

“Lear Corporation” Ltd. has been producing equipment for motor vehicles in the free economic zone of “Ungheni-Business” since 12 January 2010. The company currently has over 1,115 employees, with invested capital of over USD 3.6 million. The company makes products from textiles, vinyl and leather, with net annual sales reaching MDL 457.8 million in late 2011. The company expects to increase its future investment to USD 4.2 million and achieve annual net sales of EUR 43.6 million in late 2012.

How can we help?

The Ministry of Economy

The Ministry of Economy is the Government's central public administration body. The basic functions and objectives of the Ministry of Economy are to direct and promote state economic policies, to ensure economic reform implementation and to raise the population's living standards.

The Ministry's mission is to ensure national economic growth by optimising the regulation framework for entrepreneurial activity, creating prerequisites for business environment development, developing technologies, ensuring competitiveness, creating an attractive investment environment, contributing to de-monopolisation of the domestic market and removing anti-competitive practices, and promoting international economic cooperation.

The Ministry has the following responsibilities with regard to investment and export promotion policies:

- participate in the development and promotion of state investment policies (including attraction of direct foreign investment), free economic zones and export promotion of domestic production;
- improve legal framework in order to stimulate investment activity;
- ensure the harmonisation of national legislation with EU rules on investment;
- participate in policies promoting venture capital investments in companies with high degrees of innovation;
- help the creation of a favorable investment climate for foreign and local investors, and improve tools for attracting domestic and foreign investment and export promotion;
- monitor and analyse the process of free economic zones establishment and development, implementation of strategic investment projects and projects beneficial to the national economy;
- analyse processes and factors influencing investment activity, the increase of national economic competitiveness and export promotion, and determine state policy priorities in the area.



Moldovan Investment and Export Promotion Organisation (MIEPO) – Your Reliable Partner

The Moldovan Investment and Export Promotion Organisation (MIEPO) is a public non-profit institution coordinated by the Ministry of Economy of the Republic of Moldova. MIEPO can be considered as a reliable partner for all potential investors and importers of Moldovan products.

MIEPO was created under Government Decision no. 105 on 2 February 1999 and its services are provided free of charge. Its main objectives are:

- Export Promotion;
- Foreign Direct Investment Attraction.

In order to realise these objectives MIEPO collaborates with local and foreign public and private institutions, associations, international organisations, etc. MIEPO is a member of the World Association of Investment Promotion Agencies (WAIPA).

MIEPO uses the following tools to implement Government investment attraction and export promotion policy:

- Support in identification of partners and investment site locations in Moldova.
- Organisation of local and foreign Business Missions, Forums, B2B Meetings, Matchmaking, Training for local businesses, participation of local companies at international trade fairs.
- Moldovan investment climate promotion.
- Development of promotional materials.
- Identification of constraints faced by investors / exporters in setting up their business in Moldova, by means of questioning companies, with further development and submission of relevant proposals to the Government in order to overcome the problems.
- Coordinates feasibility studies for investment projects to be implemented in the Republic of Moldova, marketing analysis at the national level.
- Development of proposals for national programmes, strategies, etc. according to its competencies, etc.

MIEPO can be considered a “One Stop Shop” information point for investors to provide them with a broad spectrum of information at all stages of the investment process: pre-investment (including the organisation of study visits for potential investors), investment and post-investment. MIEPO also identifies partners at the request of local companies seeking to promote their products on foreign markets and at the request of foreign companies that intend to buy Moldovan products.

MIEPO is always available to assist potential investors and foreign importers of Moldovan products examine, establish and develop business opportunities in the Republic of Moldova by use of modern tools of foreign investment attraction and export promotion.



For more than 15 years PwC has been serving its clients in Moldova. We take great pride in our capability to think global and act local for your long term success. This is achieved through a combination of domestic expertise - represented by local staff having relevant experience, and international knowledge - obtained from a diversity of professionals in different jurisdictions who are part of our firm.

PwC Moldova provides full range of Tax and Legal, Advisory and Assurance Services.

Our team comprises the largest tax, legal and advisory practice in Moldova, well suited to solve the complex issues you may face. Our areas of specialisations are the following:

Tax Services

- Corporate Taxation - being highly qualified in all aspects of inward investments and structuring investments in terms of corporate income tax, WHT and local tax regulations.
- Indirect Taxation - having extensive experience in solving complex issues related to indirect taxes, customs procedures and foreign trade.
- HR Services - covering individual and corporate advice, ranging from assistance with obtaining work and residence permits, advising and assisting with all matters regarding income taxation legislation, salary surveys, outplacement and human resources audit.
- Tax compliance, accounting and payroll assistance - maintaining accounting records, preparing and submitting financial statements based on NAS / tax returns, as well as ensuring the payroll process.



Legal Services

The Legal team of PwC Moldova is a member of international network of PwC Legal firms which compromise more than 2,000 business lawyers in over 75 countries. PwC Legal in Moldova has been included in the top positions in the rankings of Legal500 and IFLR1000.

PwC Moldova provides full range of legal services, among which:

- Regulatory compliance;
- Investments;
- Corporate and commercial;
- Mergers and acquisitions;
- Competition;
- Employment and immigration;
- Banking and financing;
- Litigation (commercial, tax and administrative) etc.

Advisory Services

The Moldovan Advisory practice, in cooperation with Romanian Advisory team provides a full range of consulting and deals services, including in such subjects as Strategy, Finance & Accounting, Operations, People and Change, Technology, Governance, Risk and Compliance, Dispute Analysis and Investigations (Forensic), Business Recovery Services, Corporate Finance, Transaction Services, Valuation and Strategy.

Assurance services

- Audits in accordance with the International Standards on Auditing (ISA) or with other audit standards recognised and generally accepted.
- Preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) or with other recognised accounting standards (US or UK GAAP).
- IFRS induction, operational audit, internal audits, business planning, analysis of security systems, market penetration, investigations and accounting expertise.

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