

## Law on IT parks approved

23 June 2016

### In brief

The Republic of Moldova Parliament has approved the Law on information technology (“IT”) parks. The law regulates the process of creating such parks, their operation and the incentives to their residents.

### In detail

The purpose of the law is to establish the mechanism and processes necessary for developing the IT industry by creating new jobs with high added-value and by attracting local and foreign investment.

Under this law, residents of the parks could be legal persons or individuals registered in the Republic of Moldova as conducting entrepreneurial activity that carry out as their principal activity one or more of the following activities (based on CAEM rev.2):

- custom software activities (client-oriented software) (62.01);
- computer games editing activities (58.21);
- editing activities of other software products (58.29);
- management activities (management and exploitation) of calculation means (62.03);
- data processing, webpage administration and other related activities (63.11);

- web portal activities (63.12);
- IT consulting activities (62.02);
- other IT services related activities (62.09).

In this context the principal activity is that which generates 70% of a park resident’s sales income.

When creating the parks, the Government will set up for each park an administrative authority (the “Administration”) with the legal person status to operate on self-financed principles. Park residents should pay mandatory membership fees, the amount of which will be established by the Administration.

In order to become a park resident, those who intend to carry out the activities mentioned above, under the conditions set, have to sign an agreement with the Administration of the park for a period of at least four years.

The residents of the parks will pay a single tax that includes:

- a) corporate income tax;
- b) personal income tax;

- c) mandatory social security contributions due by employers and employees;
- d) mandatory health insurance contributions due by employers and employees;
- e) local taxes;
- f) tax on immovable property; and
- g) road tax applied to vehicles registered in Moldova.

The single tax of 7% of sales income, but not less than the minimum amount due per employee, is to be calculated and paid monthly by each park resident. The minimum amount of single tax per employee is set at 30% of the national average forecasted salary for that year.

The employees of park residents will be granted all types of social insurance benefits established by the law. The insured monthly income when determining those benefits will be 60% of the national average forecasted salary for that year.

The legislative and normative framework needs to be

adjusted to apply these incentives.

*[Source: Law no. 77 dated 21 April 2016 on information technology parks, Official Gazette No. 157-162 dated on 10 June 2016]*

### ***The takeaway***

The Law on IT parks enters into force as of 1 January 2017.

The legislative and normative framework will be adjusted in order to implement this law

and enforcement of the incentive mechanism.

## ***Let's talk***

For a deeper discussion of how this new legislation might affect your business, please contact:



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