

Amendments to tax legislation and other normative acts

4 October 2019

In brief

Laws significantly amending tax and customs legislation, and other normative acts have been published.

In detail

Income tax

Individuals whose taxable annual income (except for the income provided under Tax Code art. 90¹) exceeds MDL 360,000 will not be able to benefit from the personal allowance. Individuals who do benefit from the personal allowance will have to file a personal income tax return, by excluding respective allowance and recomputing of the due personal income tax.

Resident and non-resident individuals who do not perform entrepreneurial activities will have to recognise for tax purposes capital gains as 50% of the difference between the sale proceeds and the asset basis value.

The withholding tax on payments made to individuals in accordance with art. 90 of the Tax Code has been increased from 7% to 12%.

Lottery and / or sports betting winnings are to be considered non-taxable income only up to 1% of the personal allowance for each win.

Value added tax (VAT)

The VAT rate for accommodation and catering services has been increased from 10% to 20%.

Individuals will have to pay VAT on goods imported by mail deliveries in B2C (business to consumer) commercial transactions. The provision will apply to goods of a commercial nature exceeding the quantitative limits established by the law or that have an intrinsic value exceeding EUR 200 per delivery.

The definition of "intrinsic value" representing the actual value of the goods placed on the territory of the Republic of Moldova will be introduced. The intrinsic value does not include transport, insurance and other related costs.

Public-private partnership contracts of national interest concluded after 1 September 2019 will no longer benefit from related VAT incentives.

Meal tickets

Employers will have to determine and pay social security contributions for meal tickets granted to employees.

The value of the meal tickets established by the legislation does not include the individual compulsory social security contribution.

Payment for environmental pollution

The tax rates have been significantly increased for goods that produce environmental pollution when used.

Tax administration

As of 6 September 2019, the prohibition on performing tax inspections for the periods preceding 1 January 2018 has been repealed.

Excise duties and Customs tariff law

Individuals will have to pay excise duties and customs duties for goods imported by mail deliveries in B2C (business to consumer) commercial transactions. The provisions will apply to goods of a commercial nature exceeding the quantitative limits established by the law and that have an intrinsic value exceeding EUR 200 per delivery.

**Regulation on delegation
of Republic of Moldova
entities' employees**

As of 27 September 2019, employees leaving for business trips on a non-working holiday day will be granted a day off on their return from the business trip.

[Source: Law no. 115 dated 15 August 2019 on amending the Tax

Code no. 1163/1997, published in the Official Monitor no. 274-278 dated 6 September 2019, Law no. 122 dated 16 August 2019 on amending some legislative acts, published in the Official Monitor no. 279-280 dated 6 September 2019 and Decision on the amendment of the Regulation on delegation of the employees of Republic of Moldova entities, approved by the Government Decision no. 10/2012, published in

the Official Monitor no. 296-301 dated 27 September 2019]

Takeaway

The significant amendments to tax and customs legislation, and other normative acts, will enter into force on 1 January 2020, with some exceptions.

Let's talk

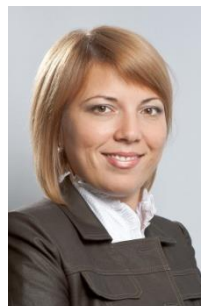
For a deeper discussion of how this new legislation might affect your business, please contact:



Daniel Anghel
Partner
daniel.anghel@pwc.com



Ionut Sas
Partner
ionut.sas@pwc.com



Tatiana Stavinschi
Senior Manager
tatiana.stavinschi@pwc.com

PricewaterhouseCoopers Moldova
37, Maria Cibotari Street
Chisinau, Republic of Moldova
Tel.: + (373 22) 25 17 00
Fax: + (373 22) 23 81 20

This Tax & Legal Alert is produced by PwC Moldova Tax and Legal Department.

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2019 PwC. All rights reserved. "PricewaterhouseCoopers" and "PwC" refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.