

Foreign Investment Guide

Value Added Tax (VAT)

Value Added Tax, or VAT, is an indirect tax payable on the supply or import of goods and services to and within the territory of Moldova. It is a general, broadly-based tax assessed on business transactions based on the value added to the goods and services. It applies to most goods and services that are bought and sold for use or consumption within Moldova. Goods sold for export, or services sold to customers abroad are normally not subject to VAT. However, imports are taxed to keep the system fair for Moldovan producers so that they can compete on equal terms with suppliers situated outside Moldova. VAT is a general tax because it applies to all commercial activities; it is a consumption tax, because it is paid by the final consumer; and is an indirect tax paid to the tax authorities by the seller of the goods or services in question who is the taxable person.

Non-taxable items

Delivery of goods, services performed within the free economic zone; Interest related income received by the tenant under a lease contract; Delivery of goods and services performed for free for publicity and/or promotion of sales in the amount of 0.1% of the proceeds from sales received during the year preceding the year the delivery is made; Transfer of ownership within the reorganization of the trader.

Taxable Persons

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

Requirement to Register for VAT

All business with sales exceeding MDL 300,000 (€ 17,921) over a 12-month period must register for VAT with the local Fiscal Inspectorate of the Ministry of Finance where they are issued with a VAT identification number. This number must appear on all VAT invoices. Exceptions to the requirement for registration are government bodies, public agencies, medical-sanitary institutions and holders of business patents who are not required to pay VAT. Businesses with sales exceeding MDL 100,000 (€5,973) over a 12-month period may register for VAT if payments for goods and services they provide are made through bank transfers.

There are four rates of VAT: 20%, 8%, 6% and 0%

Only VAT registered entities are entitled to deduct and to refund VAT

Stocks of material and capital equipment, the customs value of which exceeds MDL 3,000 (€179) per unit and which are imported into the country as fixed assets, representing a contribution to the formation or increase of the statutory capital, are exempt from VAT

Products/services exempt from VAT

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- Baby food;
- Children's products;
- Privatised State property;
- Medical services;
- Financial services;
- Securities transactions;
- Insurance products;
- Postal services;
- Imports of electricity;
- Automobile imports;
- Gambling;
- Books;
- Periodicals;
- Art works;
- Cultural events;
- Temporary imports;
- Re-import of domestic goods;
- Non-commercial goods of less than € 50 etc.

Products and services VAT-rated at 0%

- Exported goods;
- Exported services;
- International transportation;
- Electrical power;
- Water supplies;
- Goods for diplomatic missions;
- Services for diplomatic missions;
- Goods used in technical assistance projects;
- Services used in technical assistance projects;
- Goods, services delivered within the free economic zones outside the customs territory of the Republic of Moldova;
- Delivered from the free economic zones outside the customs territory of the Republic of Moldova;
- delivered in the free economic zone in the rest of the customs territory of the Republic;
- Delivered by free economic zones residents of the Republic of Moldova to each other;
- Garment industry inward processing.

VAT Rates

The standard rate of VAT is 20%. This applies to all goods and services produced within Moldova, as well as to all imported goods and services that are subject to VAT. A reduced rate of 8% applies to medicines, bakery and dairy products originating from Moldova, although food products for children are exempt from VAT. This rate also applies to sugar made from sugar beet either produced domestically or imported and to the production of plant growing and horticulture in natural form and production of livestock in its natural form, live weight and slaughtered, produced and delivered in the country – 8%. A 6% rate applies to imported or domestically-produced natural or liquefied gas. Certain other products are zero-rated or are VAT-exempt.

How is VAT charged?

A supplier of goods or services subject to VAT must submit a VAT invoice to the purchaser. The VAT due on any sale is a percentage of the sale price but from this the taxable person is entitled to deduct all the VAT paid at the preceding stage. Double taxation is thus avoided and tax is paid only on the value added at each stage of production and distribution. Accordingly, the final price of the product is equal to the sum of the values added at each preceding stage, with the final VAT paid being an accumulation of the sum of the VAT paid at each stage. At the end of the tax period (usually the end of the month following the reporting month) payers of VAT must complete and submit a VAT return to the tax authorities.

VAT on Imports

VAT on imported goods must be paid as part of the customs clearance process. VAT on imported services must be paid no later than the date of payment for such imported services.

VAT on Temporary Imports

Goods temporarily imported into Moldova for further processing and re-export or moved through Moldova under a transit regime are not subject to VAT, excise duty or customs duty. Businesses involved in this type of operation must conclude individual arrangements with the Customs Office. The duration of the transit of goods through the territory of Moldova is set out by the customs authorities, but is not to exceed eight days from the time the goods in question pass through the Customs borders of Moldova.