

Investment Guide

Republic of Moldova

The Moldovan Investment Agency
2020

Contents

Introduction	4
I. INVESTMENTS	5
1.1. Legal Framework	5
1.2. Guaranties	7
1.3. Forms of Investment	8
1.4. Investment Promotion Agency.....	8
II. BUSINESS ENTITIES	10
2.1. Forms of business entities.....	10
2.2. Limited Liability Company (LLC)	10
2.3. Joint Stock Company (JSC).....	11
III. INCORPORATION OF BUSINESS ENTITIES.....	12
3.1. Preparatory steps	12
3.2. Registration formalities.....	15
3.3. Post – registration formalities.....	16
IV. ACQUIRING A PERMIT FOR BUSINESS ACTIVITY.....	18
4.1. What is a permit?	18
4.2. The businesses that are licensed or authorized.....	19
4.3. The procedure for issuance/granting the permit.....	20
V. TAXATION.....	23
5.1. Legal Framework	23
5.2. Tax System.....	23
5.3. Moldovan residency rules	24
5.4. Corporate Income Tax	24
5.5. Withholding tax.....	26
5.6. Value Added Tax.....	27
5.7. Personal Income Tax	29
5.8. Social Fund Contributions	29
5.9. Health Insurance Contributions	30
VI. BUSINESS TRAVEL REGULATIONS AND GRANTING RIGHT OF STAY.....	31
6.1. General regulations.....	31
6.2. Getting a visa to enter Moldova for business purposes	31
6.3. Restrictions for exit and entry.....	33
VII. MOLDOVAN BANKING SYSTEM. FOREIGN CURRENCY REGULATIONS.....	37
7.1. Moldovan Banking System	37

7.2.	Foreign Currency Regime	41
VIII.	PERSONAL DATA.....	45
8.1.	Data Protection Authority	45
8.2.	Scope of application of law	45
8.3.	Key Definitions	46
8.4.	Grounds for Processing	46
8.5.	General Rules of Processing	47
8.6.	Notification of Processing	47
8.7.	Restrictions on the international transfer of data. Data localisation requirements.....	48
8.8.	Sanctions	48
8.9.	Upcoming events.....	48
IX.	TRADE-RELATED ISSUES. E-COMMERCE.....	50
9.1.	Background.....	50
9.2.	How is E-commerce regulated under Moldovan law?	50
9.3.	Participants to the E-commerce.....	51
9.4.	Licences or permits necessary for E-commerce.....	52
9.5.	Consumers' Protection.....	53
9.6.	Placing the offer and concluding the electronic contract	53
X.	TRADE AND CUSTOMS PREFERENTIAL REGIMES	55
10.1.	General Overview.....	55
10.2.	World Trade Organization.....	55
10.3.	Deep and Comprehensive Free Trade Area	55
10.4.	Agreement on the Free Trade Area in the CIS region	57
10.5.	Central European Free Trade Agreement	57
10.6.	Free Trade Agreement between the Republic of Turkey and the Republic of Moldova	58
XI.	TRANSPORT	59
11.1.	Transport of goods	59
11.2.	Transport of passengers. Air transport	61
XII.	INCENTIVES AND SUPPORT FOR CERTAIN CATEGORIES OF INVESTMENTS.....	64
12.1.	Free Economic Zones	64
12.2.	Industrial parks.....	66
12.3.	IT parks	67
XIII.	CAPITAL MARKET.....	70
13.1.	General.....	70
13.2.	Overview of the local stock exchange and listing segments (markets)	70

13.3.	Key Listing Requirements	71
13.4.	Prospectus Disclosure	71
13.5.	Prospectus approval process.....	72
13.6.	Listing Process	72
13.7.	Corporate Governance	72
13.8.	Special disclosure obligation for public companies	73
XIV.	MERGERS AND AQUISITIONS	75
14.1.	General.....	75
14.2.	Relevant legislation	75
14.3.	Mechanics of M&A.....	75
14.4.	Participants in M&A transactions.....	75
14.5.	Restrictions for foreigners to participate in M&A deals	76
14.6.	M&A Phases	77
14.7.	Price and Key Costs	80
14.8.	Privatization.....	80
XV.	DISPUTE RESOLUTION	83
15.1.	General overview	83
15.2.	Court Proceedings	84
15.3.	Representation in the court	85
15.4.	State tax.....	85
14.5.	Legal databases	85
15.5.	Special Procedures	86
15.6.	Enforcement.....	88
15.7.	Alternative Dispute Resolution: Arbitration.....	89
15.8.	Alternative Dispute Resolution: Mediation.....	92
XVI.	ECONOMIC ACTIVITY DURING CRISIS. THE COVID-19 PANDEMIC CASE STUDY	96
16.1.	Working during the COVID-19 Pandemic.....	96
16.2.	New labour schemes during the crisis	97
16.3.	Business models during crisis.....	99
ANNEX 1	101
ANNEX 2	102
ANNEX 3	104

Introduction

Investing in foreign countries is a complex procedure, and often it is a challenge to understand where to start. This Guide provides potential investors with all the necessary information that helps to comprehend the investment environment and various investment opportunities in the Republic of Moldova.

By this Guide we invite you to discover this environment, which stimulates entrepreneurial spirit, investment, and innovation. In the Guide you will find out that despite some challenging political and economic conditions, Moldovan legal framework supports the country's enormous potential for foreign investors. Moldovan economy requires massive investment and provides numerous opportunities, whether through a partnership with a state company or through private investment.

In recent years, the Government of the Republic of Moldova has made a lot of significant changes to the legal framework regulating entrepreneurial activity and investments in Moldova. A growing number of laws complies with European Union (EU) standards and the process of harmonisation of Moldovan legislation with the EU rule of law is advancing steadily. The required business regulatory bodies were appointed in line with the modern market economy. Interaction with the public authorities is in active and continuous process of digitalization. Also, several significant incentives and facilities have been provided for the production and IT sector.

The purpose of this Guide is to make you, as a potential investor, to understand and to be able to prognose the development of your investments in Moldova, to know the number of existing formalities and the mechanism of starting business, as well as to feel very close to the regulatory authorities in each phase the growth of your investment. Using this Guide, you could go deeper by accessing the sites of the authorities, request information, apply for a licence, authorization or file a notification. Moreover, templates for your business could be downloaded here.

The Guide is structured so that it also provides a comprehensive summary over the Moldovan banking system, personal data requirements, capital market regulations, M&A opportunities, and other regulatory aspects in Moldova, tailored on needs of foreign investors. A very specific Chapter is dedicated to economic activity during a crisis, providing legal solutions based on the COVID-19 situation.

If you would like to pursue further any investment opportunities and still have any questions or need certain detailed information in a particular area, the Moldovan Investment Agency is ready to support you and offer advice that would respond to your specific needs.

Please note that this Guide is designed to provide information suitable for common cases only and does not constitute professional advice. The information in the Guide and related legislation is based on laws in effect as of 1 July 2020.

I. INVESTMENTS

1.1. Legal Framework

Over the past years, the legal framework regulating entrepreneurial activity and investments in Moldova has improved considerably and generally follows international practice. A growing number of laws comply with European Union (EU) standards and the process of harmonisation of Moldovan legislation with the EU rule of law is steadily advancing. Also, the required business regulatory bodies were appointed in line with the modern market economy.

The main safeguards of the investment activity in Moldova are provided by the supreme law of the land, **Constitution of the Republic of Moldova**. It protects, among other, the inviolability of investments by both individuals and entities; the freedom of trade and entrepreneurial activity; the competition; and the right to private property. Also, the key constitutional principles include the supremacy of international law over the local legislation; market economy; and private property.

Additionally, protections provided by the Constitution have been further developed and detailed in a distinct law, **Law nr. 81/2004 on Investment in Entrepreneurial Activity**, which brought additional comfort to investors in line with the best European legislative standards.

In particular, this law establishes the legal, social and economic principles of organization and development of investment activity in Moldova, rights and obligations of investors, the powers and competences of public authorities in the field of investment activity, the guarantees the investors benefit from, and the venues of settling investment disputes.

Other laws of major importance for the investment activity include:

- Law No. 845/1992 on Entrepreneurship and Enterprises;
- Law No. 235/2006 on Principles of Entrepreneurial Activity;
- Law No.220/2007 on Registration of Legal Entities and Individual Entrepreneurs;
- Law No.160/2011 on Principles of Authorisation of Entrepreneurial Activity;
- Law No.135/2007 on Limited Liability Companies;
- Law No. 1134/2007 on Joint Stock Companies;
- Law No. 171/2012 on Capital Market;
- Law No. 440/2001 on Free Economic Zones;
- Law No. 179/2008 on Public Private Partnership;
- Law No.202/2017 on Activity of Banks; etc.

Also, Moldova has entered into a significant number of bilateral treaties purported to protect investment, avoid double taxation, simplify certain formalities, and facilitate the interaction and cooperation of the authorities. Some of the most important international instruments signed and ratified by Moldova include:

- Bilateral Agreements on **Promotion and Mutual Protection of Investments** with more than 30 countries, including major economies such as the United States of America, France, Italy, Great

Britain, Germany, Turkey and Romania¹. These agreements provide additional guarantees to investors, which prevail over the domestic legislation.

- More than 50 International Agreements on **Avoiding Double Tax Taxation**² .
- Many other Bilateral Agreements on **Trade-Economic Collaboration**, as well as **Free Trade Area Agreements**³.

Moldova is also a member of the **World Trade Organization** since 2001⁴.

The **Agreement on the Free Trade Area in the CIS**, signed on 18 October 2011, stipulates the facilitation of regional trade by improving commercial relations between signatory states⁵.

Moldova is party to the **Central European Free Trade Agreement (CEFTA)** since 2007. CEFTA aims at increasing trade with goods and services and impelling investments between the CEFTA member states, as well as eliminating trade obstacles and distortions and facilitating the circulation of goods in transit and the trans-border circulation of goods and services between the Parties' territories⁶.

The **Deep and Comprehensive Free Trade Area (DCFTA)** between the Republic of Moldova and the European Union, initialled on November 29, 2013, is part of the Association Agreement between the Republic of Moldova and the European Union⁷.

Since 1992, the Republic of Moldova has been a member of MIGA - **Multilateral Investment Guarantee Agency**. This international agency can be used whenever necessary by a foreign investor as a guarantee against political risks, which further contributes to the success of an investment in Moldova⁸.

The Republic of Moldova ratified the **Convention on the Settlement of Investment Disputes** between States and Nationals of Other States in 2011 (ICSID Convention)⁹. Moldova is also a signatory to **the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958)**¹⁰.

To enable investment in the Moldovan economy and to ensure an efficient promotion of exports of domestic goods and services, the Moldovan Government approved the **National Strategy for Investment Attraction and Export Promotion for 2016-20** and associated implementation Action Plan, a strategic document reflecting the country's vision in this area. This Strategy identified seven priority sectors for investment and export promotion: agriculture and food, automotive industry, business services such as business process outsourcing (BPO), clothing and footwear, electronics, information and communication technologies (ICT), and machinery.

¹ The list of countries with which Moldova has signed an agreement on promotion and mutual protection of investments is available in ANNEX 1 to this Guide.

² The list of the countries with which Moldova has signed an agreement on avoiding double tax taxation is available in ANNEX 2 of this Guide

³ The List of countries with which Moldova has signed agreements on Trade-Economic Collaboration as well as the Agreement on the Free Trade Area is available in ANNEX 3 of this Guide.

⁴ For additional details visit: https://www.wto.org/english/thewto_e/countries_e/moldova_e.htm

⁵ For additional details visit:

http://www.eurasiancommission.org/ru/act/trade/dotp/sogl_torg/Documents/FTA%20CIS_Text_with_protocols_ENG.pdf

⁶ For additional details on CEFTA, visit:

<http://transparency.cefta.int/sps/Moldova/Bilateral%20and%20International%20Agreements/Moldova/>

⁷ For additional details on DCFTA, visit: <http://dcfta.md/eng>

⁸ For more details on member countries, visit: <https://www.miga.org/member-countries>

⁹ <https://icsid.worldbank.org/en/Pages/icsidocs/ICSID-Convention.aspx>

¹⁰ <http://www.newyorkconvention.org/>

1.2. Guaranties

According to the Law nr. 81/2004 on Investment in Entrepreneurial Activity, the following are the most important principles and guarantees for investors in Moldova:

(a) Freedom to Make Investments

Investors may invest in Moldova in **all and any of the sectors** of business activity. Legislation on competition, environment, national security, public health protection, and other legal provisions shall be observed.

Law nr. 160/2011 on Principles of Authorisation of Entrepreneurial Activity provides the list of business activities that require licencing, authorisation, or certification.

(b) Non-discrimination of Investments

In Moldova investments **may not be subject to discrimination** on the basis of citizenship, domicile, residence, place of registration or activity, state of origin of the investor or investment, or for any other reason. This is also applicable to any facility granted to investors.

(c) Property Rights

The Moldovan legal system protects and facilitates the acquisition and disposition of **all property rights**. Foreign investors can obtain, in accordance with the Moldovan legislation, ownership over movable or/and immovable property on the territory of Moldova, except for land intended for agricultural use and land under the forestry fund.

Any investor has the right to freely establish, acquire and dispose of shares in business entities.

Moldova recognizes the assignment of a foreign investor's rights over its investments made on its territory to another state or foreign legal entity.

(d) Interdiction of Expropriation of Investments

Investments may not be expropriated, nationalized, interrupted by force, or be subjected to measures with a similar effect, which deprive the investor, directly or indirectly, of the title or of the control they have over the investment. Exceptions to this rule are provided expressly by law and could be applied only in case the following conditions are met:

- The measure is taken to secure national interest or public utility;
- The measure is not discriminatory; and
- Preliminary and equivalent compensation is provided.

Public utility and payment of compensation are determined in accordance with the **Law nr. 448/1999 on Expropriation for Reasons of Public Utility**.

(e) Compensation of Damages

The investor has the right to compensation for damages caused by infringement of their rights. Thus, the law expressly refers to the acts that harm the investor's rights and interests, including those adopted by the public authority or other illegitimate actions thereof.

Compensation is equivalent to the actual extent of damage at the time of occurrence. The damage may also include missed profit.

(f) Free Transfer of Money and Goods Derived from Foreign Investment

Money and goods derived from foreign investment may be used and reinvested on the territory of Moldova, or/and may be transferred abroad, provided that all tax obligations were met. Foreign investors benefit from the right to freely convert Moldovan national currency into foreign currency and vice versa in accordance with the national legislation.

(g) Additional Safeguards

Additional safeguards may be provided by: (i) public-private partnership agreement, and (ii) investment agreement executed for strategic investment projects.

1.3. Forms of Investment

Investment – all goods (assets) placed in entrepreneurial activity on the territory of Moldova.

Investments may take the form of:

- (a) Property rights in movable and immovable property (shares, real estate, etc.);
- (b) Any right, including license or authorization, granted by law or contract;
- (c) Rights derived from shares, shares or other forms of participation in companies (dividends);
- (d) Money and **other receivables** of economic and financial value;
- (e) Intellectual property rights.

1.4. Investment Promotion Agency

The Moldovan Investment Agency (the "Agency") serves as the focal point for all matters related to investments. The focus of the Agency is promotion and support of the investments. Its activity may be split in three main groups:

Investment Promotion	Investment Facilitating	Investment After Care Program
<ul style="list-style-type: none"> • Business forums and missions • Investment fairs and exhibitions 	<ul style="list-style-type: none"> • Personalized services • Providing sector information and facilities 	<ul style="list-style-type: none"> • Elaboration and assistance of technical visits • Technical working sessions

<ul style="list-style-type: none"> • Conferences and round tables 	<ul style="list-style-type: none"> • Investment profiles • Investment locations analysis (ZEL, offices) 	<ul style="list-style-type: none"> • Business matching – B2B with local companies • Connecting with partners (public authorities, existing investors) • Connecting with service providers
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According to the provisions of the Regulation on the Organization and Functioning of the Agency, the most notable functions in supporting and protecting investments of the Agency are as follows:

- a) supporting investments and investors before, during and after the investment process;
- b) acting on a one-stop shop principle, for the provision of services to potential and existing investors;
- c) supporting potential investors in the process of launching and developing their projects through interaction with central and local public authorities, companies and non-commercial organizations;
- d) localization of the global value chain by facilitating the connection of active foreign investors with local economic agents;
- e) guiding and assisting investors through all administrative and judicial procedures related to the implementation of an investment project, including in the field of mandatory registrations and obtaining permits;
- f) providing quick access to complex information related to legal issues and opportunities to implement investment projects;
- g) facilitating the public-private dialogue in order to develop the private sector and ensure the economic development of the country;
- h) facilitating the dialogue between the investor and the public authorities in order to respect the rights of investors granted by the regulatory framework;
- i) assisting in the conclusion of investment agreements for strategic investment projects;
- j) presenting the interests of the investors to public authorities;
- k) conducting research studies in order to develop proposals for improving the investment climate and providing information on analyses and studies performed;
- l) providing comprehensive and up-to-date information materials (once a year) for investors, in English and possibly in other languages, on the investment climate, sectors and other topics of interest.

II. BUSINESS ENTITIES

2.1. Forms of business entities

All forms of entrepreneurial activity embodied in the Moldovan legislation can be conventionally divided into four groups:

Entrepreneurial activity practiced by individuals, without establishing a legal entity ***Commercial entities***

- Individual entrepreneur
- Entrepreneurial patent holder
- Self-employed

- General partnership
- Limited partnership
- Limited Liability Company
- Joint Stock Company

Cooperatives

- Business cooperative
- Production cooperative

Enterprises

- State enterprise
- Municipal enterprise

Overall, the form of business organisation does not influence the type of activity to be carried out by a legal entity. However, certain types of business activity expressly provided by law may be carried out only under specific forms of business organisation (e.g. only JSCs may obtain licences for banking, insurance activities, etc).

According to statistical data provided by the Public Services Agency as of 1 February 2020, the State Register contains information on **124,373** legal entities and individual entrepreneurs, of which:

Limited Liability Companies	88,619
Joint Stock Companies	2,136
Production Cooperatives	662
Business Cooperatives	248

The most common forms are Limited Liability Companies and Joint Stock Companies. From a foreign investor's perspective, the choice is usually an LLC due to simple and flexible registration and operation.

2.2. Limited Liability Company (LLC)

- Associates can be individuals or legal entities, local or foreign ones.

- The maximum number of associates is 50. LLC may consist of a single person, provided it shall not be a company consisting of one person.
- The share capital is divided into shares called social parts. The share capital shall be divisible by one MDL. The minimum allowed share capital is 1 (one) MDL for each participant.
- Money or goods can serve as contributions to the share capital. Labour cannot serve as a contribution to the share capital. Goods may be transferred with the right of use or ownership. Once the ownership right is transferred, the associate loses the right over the contribution.
- Associates are responsible for company obligations within the limits of their contribution.
- Associates can freely transfer their social part to associates, spouses and relatives, or to other categories, as determined by law. If the social part is transferred to other persons, associates have the right of pre-emption.

Law No 135/2007 on Limited Liability Companies

2.3. Joint Stock Company (JSC)

- The most complex and advanced form of commercial companies, specific to large enterprises where shareholder contributions count, which is recommended for attracting investment.
- Mandatory form for financial institutions and insurance companies.
- Joint Stock Company founders can be individuals and legal entities from Moldova and other countries.
- The maximum number of founders is not limited. The minimum number is limited to one person (provided it shall not be a company consisting of one person).
- The company's share capital is divided into shares and cannot be less than 20,000 MDL¹¹.
- Shares are securities, negotiable and transferable, which shall be divisible by 1 MDL.

Law No 1134/1997 on Joint Stock Companies

¹¹ Starting with 1 January 2021 the minimum amount of the share capital shall be **600,000 MDL**.

III. INCORPORATION OF BUSINESS ENTITIES

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

Incorporation of a company in Moldova involves a series of economic, financial, organizational, and legal actions and decisions.

3.1. Preparatory steps

(1) Select the legal form of entrepreneurial activity (business structure)

Limited Liability Company is the front runner of legal organization forms registered in Moldova. The popularity of this form is generated by the simplicity of its establishment and operation. However, when choosing the legal organization form of entrepreneurial activity, consideration should be given to factors such as: number of participants upon company establishment, confidence in other participants, types of activities to be carried out, size of share capital, turnover, fund raising, taxation, etc.

(2) Decide on the name of the company

The name of the company allows for its individualization, along with other attributes of identification. The name is public, registered in the State Register of Legal Entities and Individual Entrepreneurs.

Upon choosing the name, consideration should be given to name originality. Registration of a name which is the same, or similar to another, would be rejected. To avoid such situations, it is advisable to check in advance the name of the company as regards its availability and distinctiveness, directly with the registration authority.

Registration Authority is the Public Services Agency
<http://www.asp.gov.md/en>

If the registration authority confirmed the availability of the requested name, it can be reserved for a period of six months.

Fee for name reservation is 142 MDL (24 hours)

If the name contains the name of a notorious person or another name that does not coincide with the name of the founders, and if it contains an official or historical name of a state or territorial administrative unit, submission of their written consent to the registration authority is required.

If you intend to use the name as an emblem or trademark of the company, or if you wish to avoid encountering any trademark similar to your company name, it should be registered with the State Agency for Intellectual Property.

Any document issued by the company must contain the name, state registration number, fiscal code and address

(3) Decide on the registered office

A legal entity may have only one registered office, which is indicated in the articles of incorporation and is registered with the registration authority. The registered office is the location of executive bodies and will serve as the post address of the legal entity.

There are no requirements established for the size of the registered office or its location. The registration authority does not request documents confirming the fact of establishment of the registered office (title of ownership or lease agreement). However, these are requested by the tax body for the registration of the legal entity's subdivisions with the tax authority.

Incorrect indication of the registered office triggers
civil and administrative liability

(4) Determine the activities to be carried out

The company can practise any type of activity that is not prohibited by law, even if it is not provided in the articles of incorporation. However, the articles of incorporation shall indicate the main types of activity aligned with the Classifier of Economic Activities of the Republic of Moldova. As a rule, this is done by the representative of the registration authority upon submission of the application for registration, or by the notary, if the articles of incorporation are authenticated by a notary.

The Classifier of Economic Activities can be downloaded at
<https://statistica.gov.md/pageview.php?!=ro&idc=385>

It is important to determine the type of activity for the company's compliance with other specific requirements for certain types of activities, such as the requested minimum share capital (e.g. insurance companies), licensing and/or authorization (e.g. for imports, transportation or sale of petroleum products).

(5) Determine the size of the share capital

The financial foundation of a company's activity is represented by the asset base of the company upon its establishment.

The monetary expression of these goods (contributions) represents its share capital, which may be increased or decreased throughout operation of the company. The size of the share capital shall be indicated in the articles of incorporation.

The minimum size of the share capital is established for Joint Stock Companies, Limited Liability Companies, and for some types of activity of legal entities.

Banks	100 mln MDL
Insurance companies	15 mln MDL
Exchange offices	500,000 MDL
Non-banking financial institutions	300,000 MDL

It is very important to determine the size of each shareholder's contribution, the manner and timeframe for its submission (LLCs have a timeframe of maximum 6 months from company registration). For some types of activity (e.g. audit activity), local capital is mandatory.

Money and goods can serve as contributions to the share capital. Goods may be transferred with the right of ownership or use. If the contribution is not paid within the established timeframe, the shareholder may be excluded from the company.

(6) Decide on the internal organizational structure of the company

In order to generate its own will, and to form and express it, the company requires certain bodies that will ensure its functionality.

The Supreme Decision Body (General Meeting of Shareholders or Sole Shareholder) forms the will of the legal entity. It decides on the most important issues concerning company operation and even existence.

The Executive Body (Administrator) executes the will of the General Meeting of Shareholders, which is manifested in relation to third parties, without a power of attorney.

The Supervisory Body is an optional body, but mandatory for Joint Stock Companies with more than 50 shareholders, which aims at supervising the operation and at adopting certain categories of issues, during the period between meetings of the Supreme Decision Body.

The Control Body (Auditor or Audit Commission) exerts control over the acts and operation of the Executive Body. Board members, administrators and accountants of legal entities cannot be members of the Control Body. The auditor's powers can be transferred to an audit company.

(7) Identify the administrator and accountant

The company can have one or more administrators that manage the company and represent it without a power of attorney. If the entity has more administrators, their duties shall be regulated by the articles of incorporation. Otherwise, they have equal powers for company administration and representation.

Any person from Moldova or from abroad, with full legal capacity, can be appointed as administrator, except for cases when:

- by law or court order they are prohibited from holding the administrator function or other functions, which provides the right of transfer of tangible assets;
- the person has outstanding criminal records for crimes against property, economic crimes, crimes committed by officials or by people who manage commercial organizations.

The administrator is subordinated to the Supreme Decision Body (if the articles of incorporation do not establish subordination to the Supervisory Body), which appoints and dismisses the administrator, sets remuneration and approves its reports.

The administrator's name and the specimen of signature are registered in the State Register and any related changes shall be duly registered

The administrator that is a foreign citizen must obtain a residence permit with the right to work in Moldova, after the completion of company registration.

The administrator shall keep the company books. The entity's chief accountant shall have a related higher education or specialized secondary education degree. The law allows combining the function of administrator and accountant.

The activity performed by the administrator and accountant can be carried out under a services contract.

3.2. Registration formalities

The company is considered established from the moment of its state registration with the registration authority.

The state registration procedure lasts 24 hours (ordinary procedure)
The expedited term for registration is 4 hours (expedited procedure)

(1) Phase No 1 – Submission of documents to the Registration Authority

The application for company registration shall be submitted to the Registration Authority.

The following documents shall be attached to the application for company registration:

- Founders' decision regarding establishment of the legal entity (a template can be downloaded [here](#)).
- Identity card (for natural persons) or articles of incorporation. Excerpt from the Commercial State Register of the founder's home jurisdiction confirming registration if the founder is a foreign legal entity.
- Identification of the person to be registered as administrator of the future entity. If the administrator is not physically present for the registration decision, the person will empower someone to this effect and will thus submit to the registration body the specimen signature authenticated by a notary.
- Information on the ultimate beneficiary of the company (a template can be downloaded [here](#))

Registration Authority is the Public Services Agency
<http://www.asp.gov.md/en>

The Registration Authority's specialists verify the capacity of founders and the documents submitted. If the documents are compliant with the applicable legislation, the application is received, and the applicant shall pay the state registration fee.

Registration fee – 1149 MDL (ordinary procedure)
4596 MDL (expedited procedure)

The Registration Authority provides a number of services related to company registration and some intermediation services. Fees for all services can be found at:

http://asp.gov.md/sites/default/files/pdf/acte-institutionale/Anexa_2_Lista_serviciilor_CIS_08_07_2019.pdf

The specialist of the Registration Authority will set the day and time when founders and the administrator must appear before the State Registrar for the actual registration.

(2) Phase No 2 – Registration of the company

The founders, administrator of the future entity, or their representatives, appear before the state registrar at the date and time established. The registrar further reviews the documents submitted for registration, as well as the founders' and administrator's capacity.

The registrar assigns a unique identification number (IDNO) and releases the excerpt from the State Register of Legal Entities and Individual Entrepreneurs, together with the decision on registration, articles of incorporation and stamp (if requested).

Founders or their authorized representatives shall sign the articles of incorporation and the registrar shall authenticate them. The law also provides that the articles of incorporation be authenticated by a notary before company registration and have them attached to the application for registration.

Once registered with the Public Services Agency, the entity obtains full legal capacity.

3.3. Post – registration formalities

(1) Open the bank account¹²

The administrator of the legal entity contacts the selected bank to open a bank account. Upon request, the administrator shall attach an excerpt from the Register, the articles of incorporation and the certificate confirming the beneficial owner of the bank account (where the founder is a legal entity).

The bank shall open a bank account and shall notify the tax authorities. After receiving confirmation from the tax authorities, the bank account becomes fully operational. The share capital can be kept in the entity's bank account.

List of authorised banks in Moldova

<https://www.bnm.md/en/content/authorized-banks-republic-moldova>

(2) Compliance and reporting

Once the company is registered, the Registration Authority issues an informative note, thus informing the entrepreneur that, based on the one-stop shop principle, it is now on the books of tax, statistical, health, and social authorities. No further submission of documents to these authorities is required to have the company on their books.

However, the company shall comply with the reporting requirements.

The list of public authorities for reporting purposes:

¹² The JSC shall open a temporary bank account before its registration, where the shareholders shall transfer their monetary contributions.

<https://raportare.gov.md/page/lista-autoritati-publice-de-raportare>

In particular cases the company shall notify the Regulatory Authority on the intended activity (e.g. provision of communication services and/or network) or/and shall obtain the permissive act requested by law (<https://actpermisiv.gov.md/#/home>).

IV. ACQUIRING A PERMIT FOR BUSINESS ACTIVITY

In some cases, incorporating a company and its registration at tax, social insurance and statistics authorities is not enough to operate properly.

Certain business activities and operations are subject to a special procedure of authorization allowing it to operate in Moldova.

Depending on the type of business the company intends to be engaged in and its importance for the state and public, the company shall obtain certain additional documents from public authorities or state institutions. Legally, such documents are called the permit.

Parliament is generally the authority, which decides what types of activity shall be subject to licensing.

The list of activities subject to licensing,
terms and procedure of issuance are expressly regulated by
Law No.160/2011 on Principles of Authorisation of Entrepreneurial Activity.

4.1. What is a permit?

Permit - document by means of which the issuing authority ascertains certain legal facts and meets the conditions set forth in the law, certifying applicant's investiture with a series of rights and obligations for initiating, carrying out and / or ceasing entrepreneurial activity or related actions; indispensable to this activity.

Permits are official documents in the absence of which it is not possible to conduct business activities, provide a service, sell a good. Usually, the conduct of such activities / operations in the absence of the permit is prohibited and sanctioned by law.

The permit can be called license, permission, certificate, authorization, approval, patent, certificate of competence.

The permit issued by a public authority shall correspond to at least one of the following criteria:

- It is a pre-requisite and/or a requirement for initiation, implementation or termination of a business activity in one or several specific areas;
- Refers to movable and/ or immovable goods and services used, made or sold in the course of conducting business activities;
- confirms and/or certifies professional skills of employees of the company valid only in relation to activities of the relevant company and necessary for the business activity it conducts; this document cannot be used by the specified worker at a different company conducting similar activities.

There are three categories of permits depending on the purpose and the regulatory conditions:

- *License* - an act issued by the licensing authority certifying the right of the holder to conduct the activity indicated in the license, for a certain period of time, in whole or in part, subject to licensing conditions, and

- *Authorization* - is a document by which the issuing authority confirms certain facts and / or provides the applicant with certain rights and obligations related to conducting and / or termination of a business activity or actions related to this activity.
- *Certificate* - act that refers to the conformity of certain goods or services or to the certification of knowledge / capacities of employees of a legal entity within above-mentioned criteria, based on which no primary rights are granted for the activity, but which is required by law to confirm the compliance with some technical requirements and failure to obtain those does not jeopardize the entire activity of the legal entity in a particular area.

4.2. The businesses that are licensed or authorized

Issuing authorities are entitled, within the limits of competences provided by Law No. 160/2011, to request / issue to legal entities carrying out entrepreneurial activity and / or their staff only the permits indicated in the Nomenclature set out in the Annex to this Law.

It is now forbidden to issue or request any form of permission not included in the Nomenclature.

As of today, there are 31 business activities requiring a special license, including but not limited to; banking activities, insurance activity; activity of professional participants on securities market, casino activity, ethylic alcohol production, import of tobacco products, pharmaceutical activity, water supply and sewage services etc..

Some previously licensed activities can now be dealt with on the basis of a permit (for example, construction, audit or security activity), others - without special permits or certificates (for example, tourist activities).

Public Services Agency is one of the public authorities regulating business activity. Licenses issued by the Public Services Agency cover various sectors of national economy, 13 of licensed activities are within the competence of the Public Services Agency.

For the entire list of activities that are licensed, conditions of issuance and other relevant details please follow the link:
<http://www.asp.gov.md/ro/node/52>

For the regulated market, such as banking, insurance, energy and communications, licenses are issued by the corresponding market regulators, such as:

- **National Bank of Moldova** - banking and currency exchange activities. For additional details please follow the link <http://bnm.md/>
- **National Commission for Financial Market** - management of private pension funds; activity of savings and credit associations; professional activity on securities market; activity of credit history bureaus. For additional details please follow the link <https://www.cnpf.md/ro>
- **National Agency for Energy Regulation** - import and wholesale and / or retail of petrol, diesel and/or liquefied gas stations; power generation; electricity transmission and / or activity of central dispatch; distribution of electricity; supply of electricity at regulated or unregulated tariffs.

For additional details please follow the link: <http://www.anre.md/>

- **National Regulatory Agency for Electronic Communications** - use of radio frequencies or channels and / or numbering resources for the provision of networks and / or electronic communications services. For additional details please follow the link: www.anrceti.md
- **Coordinating Council of Audio-visual** - broadcasting by terrestrial radio electrical means and / or any other means of telecommunications besides terrestrial radio electrical means. For additional details please follow the link: www.cca.md

In the other two categories of permits provided by the Nomenclature (permits and certificates) about 120 more documents are included, which are issued by competent state institutions and public authorities.

Types of permits are as follows: authorization, permit, certificate, approval, notification, coordination, patent, qualification certificate etc.

Permits could be of a general nature, which are authorizing a certain type of activity, for example: industrial fishing authorization, permit for air navigation services, authorization for international transportation services, authorization for drug production; and special nature, that is referring to a specific aspect of undertaken activity, an action or person, such as: authorization for import of telecommunication equipment or sugar in the preferential regime, permit for special use of water sources etc.

Unless regulated by a special law, permits can be requested and/or applied for only if the requested type is included in the Nomenclature.

Permits can be issued by issuing authorities: i.e. local and central public authorities, subordinated institutions, and legal entities rendering services of public interest. The list of issuing authorities and permits issued by each authority is provided in the Nomenclature.

82 permissive documents are authorizations, for example: Ministry of Economy grants the certificate of authorization in the area of metrology, Ministry of Finance – certificate confirming the professional qualifications of auditor, State Tax Service – certificate of registration of the technical maintenance centre for cash registers, Customs Service – authorization for customs warehousing, Agency for Technical Supervision – permit to receive and store explosives, National Agency for Food Safety - veterinary and sanitary permit, Ministry of Internal Affairs - permit for private security activity.

36 permits are certificates and they include some of the following: Certificate of registration of biocidal products (Agency of Public Health), Certificate of airworthiness (Civil Aviation Authority), Certificate for drug registration (Drug Agency), etc.

The list is not full, therefore, before engaging in any business it is necessary to consult with a lawyer on what are the permits necessary to undertake the specific activity.

4.3. The procedure for issuance/granting the permit

Permits are issued under the procedure of a one stop shop authorisation. This was introduced lately and is a mechanism allowing parties involved in a business activity to file documents for registration, licensing and authorization purposes through a one stop shop.

The one stop shop mechanism is optional for entrepreneurs, as they can use the traditional way of authorizing their business activity in Moldova.

The procedure of issuing the permit consists in the declaration of the applicant and the confirmation of the issuing authority regarding the compliance with requirements and conditions established by the legislation for the performance of the licensed activity or for granting the certificate.

In order to obtain a permit, the following steps should be observed.

1. Submitting the application to the state issuing authority

The applicant fills in the application form and submits it along with the documents required by the relevant regulations for the issuance of the permit.

The application can be submitted by one of the following ways:

- Direct submission at the “one-stop-shop” of the competent authority assisted by the receiving officer,
- Sending to the competent authority by mail in original hardcopies or by e-mail in the electronic form signed through a digital signature,
- Using information systems and the digital government platform.

The main platform for issuing the permit electronically is available on the following website:
<https://actpermisiv.gov.md/>.

The authentication in the system is done by using the digital signature through the governmental services (MPass).

In case of an electronic submission of the application, attached original documents should be provided in original hardcopy for verification purposes to the competent authority upon the issuance of the permit or no later than 30 days as of the issuance day.

2. Payment of the fee for the issuance

The applicant pays the fee through the governmental service (MPay) or the bank. If the fee is paid through the bank, the applicant shall provide the payment confirmation to the receiving officer.

As a rule, a fee is paid in full upon the issuance of the permit. For certain categories of permits, fees and payment conditions are different. The amount of fees applied for each permit is provided by the Nomenclature.

Some permits are available free of charge.

3. Receipt of the application by the issuing authority

Upon obtaining of the application, the receiving officer of the competent authority registers the application and conveys to the applicant the confirmation even though some documents required by law may be missing.

The application is returned to the applicant only when it does not contain the identification data of the applicant. Incomplete information, missing documents or unpaid fee are not grounds to refuse the registration and return the application.

4. Examination of the application

The authority opens the case, reviews the application and confirming documents, verifies compliance with conditions. During the process of examination the competent authority will request and obtain the relevant approval/ reports from another authority involved in the issuance procedure, through the interoperability platform (MConnect), without requesting it from the applicant.

If the application has not been duly completed, the documents/information required by law are missing, the authority shall suspend the examination of the application and notify the applicant about the suspension, specifying and describing the grounds for suspension, the deadline and the remedial actions needed to initiate the examination of application.

The term of suspension shall not exceed 30 days.

5. Issuance of permit

The general term of issuance of a permit is 10 business days as of the confirmation of receipt, unless special terms are provided in the relevant regulations.

The special term may be set for 1 day, 20 days, but not exceeding 30 days.

The competent authority can refuse the issuance of the permit in one of the following cases:

- The applicant does not meet the requirements and/or conditions, directly established by law concerning the relevant permit, and does not observe them;
- Applicant does not prove the compliance with requirements or does not provide the missing information/documents during the suspension period of the case.

The applicant shall be duly notified about the refusal regarding the issuance, with appropriate justification under the law, no later than the expiry of the term for the review.

If the competent authority fails to issue the permit in due time or fails to notify the applicant on the refusal, the permit is deemed to be issued by default.

V. TAXATION

5.1. Legal Framework

Moldovan tax system is regulated by primary laws, regulatory documents and international treaties to which Moldova is signatory.

The primary legislation regulating taxation in Moldova is the Tax Code of the Republic of Moldova No. 1163 of 24.04.1997. The normative acts, such as regulations, instructions and orders, are issued by the Tax Service shall be qualified as regulatory documents and shall not contradict the primary laws. Moldova applies commentaries to the Articles of the OECD Model Tax Convention while interpreting Double Taxation Treaties.

Moldova is a signatory of 50 (fifty) double taxation avoidance treaties (“**DTT**”) with other jurisdictions. The list of DTT to which Moldova is party may be found in ANNEX 2 and can be accessed for updates following the link: <https://mf.gov.md/ro/content/acorduriconven%C8%9Bii-pentru-evitarea-dublei-impunerii-la-situa%C8%9Bia>.

5.2. Tax System

The Moldovan tax system includes taxes levied at the national and local levels. The Tax Code regulates personal and corporate income tax, Value Added Tax, excises, property taxes, local taxes, road taxes, natural resources taxes and tax administration, which are categorized as state taxes and local taxes.

National level taxes and duties, to be paid to the national budget:	Local level taxes and duties, enacted at the level of administrative territorial units, and to be paid to the budget of the corresponding territorial unit:
<ul style="list-style-type: none"> • Income Tax, • Value Added Tax, • Excise Tax, • Corporate Income Tax (CIT) • Customs duties, and • Road Tax. 	<ul style="list-style-type: none"> • Immovable property tax, • Natural Resources Tax, • Territorial Development Tax, • Tax for Local Auctions and Lotteries; • Tax for external advertising; • Tax for the use of the local symbol; • Tax for shops and/or for social services units; • Market Tax, • Hotel Tax, • Resort Tax, • Transport Services Tax, • Parking Tax, • Dogs Owners Tax, • Tax for Vehicles , • Parking Tax, • Tax for Street Trading and Services Units; • Waste Collection Tax; • Tax for Advertising Installations.

5.3. Moldovan residency rules

Moldovan tax legislation regulates different tax regime for residents and non-residents.

Moldovan residents are considered:

1. Individuals with a permanent domicile in Moldova. The individual permanently domiciled in Moldova shall be regarded as a Moldovan resident, even when he/she (i) is outside Moldova for treatment or vacation, for studies or business trips, or (ii) is outside Moldova as an official of Moldova, acting as such.
2. Individuals, who stay in Moldova at least 183 days during the tax year.
3. Legal entities or any organization having the status of a natural person, that are organized and managed in Moldova or whose main place of business is located in Moldova.

Non-residents are considered:

1. Individuals that are not permanently domiciled in Moldova.
2. Individuals, who stay in Moldova less than 183 days during the tax year.
3. Individuals, who stay in Moldova at least 183 days during the tax year:
 - a. as a person with diplomatic or consular status, or as family member of such person;
 - b. as an employee of an international organization, created under an international treaty to which Moldova is party, or as a family member of such person;
 - c. for treatment, on vacation, studying, on a business trip, provided that it is the sole reason for staying in the Republic of Moldova;
 - d. for the purpose of travelling to another state through the territory of the Republic of Moldova (transit);
4. Legal entities that are organized and managed outside Moldova or whose main place of business is not in Moldova.

Non-residents carrying out, full or partial entrepreneurial activity on Moldovan territory through a fixed place of business either directly, or through a dependent agent will be considered to have a permanent establishment for tax purposes on Moldovan territory, if the criteria established by Moldovan Tax Code are met. A permanent establishment of a non-resident will be regarded as a Moldovan resident for tax purposes. Thus, the income obtained by the non-resident through a permanent establishment shall be taxed in Moldova similar to Moldovan business entities.

5.4. Corporate Income Tax

CIT rate

Profits obtained in Moldova by resident businesses or nonresident businesses through their permanent establishment are subject to a corporate income tax („CIT”) which varies from 4% (certain small and medium size enterprises) to 7% (farmers) and 12% (all other CIT taxpayers).

Income tax rate

non-business individuals	12%
businesses (individuals, professionals, business entities)	12%
farmers	7%
certain SMEs	4%

The taxable base is determined based on the worldwide income accounting result prepared in accordance with the National Accounting Standards („NAS”) or IFRS, further adjusted for tax purposes. IFRS are mandatory for public interest entities (i.e. entities traded on a regulated market, banks, insurance companies, collective investment funds, state-owned enterprises or joint-stock companies that are more than 50% state-owned).

The corporate income tax should be paid in installments on a quarterly basis. A final tax calculation and payment should be made by 31 March of the year following the reporting tax year by taking into consideration the payments made in instalments during this reporting tax year. As a result, an additional liability or a receivable on corporate income tax may arise.

Deduction

Deduction of business expenses is generally allowed, but companies need to justify its necessity for the particular business.

In order to be deductible, expenses of a business entity shall be:

- necessary and ordinary for the performance of entrepreneurial activity, and
- confirmed by corresponding documentary evidences.

Among deductible expenses considered to be incurred within business activity are the following:

- the ordinary and necessary expenses paid out or incurred by the taxpayer during the tax year, exclusively for business purposes;
- amortization of intangible assets;
- research and development expenses incurred during the tax year as current expenses;
- interest payments, provided they represent a usual and necessary expense incurred in connection with a business activity, except for certain specific cases;
- depreciation of fixed assets calculated depending on the category of property and in accordance with the category of property, and the established rates.

The deductibility of certain expenses is limited, including:

- business trip expenses and representation expenses, expenses for the insurance of legal entities, within the limits approved by the Government;
- repair expenses of fixed assets recorded in the balance sheet;
- repair expenses of fixed assets (used according to the operational lease agreement);
- bad debts;
- expenses not justified by supporting documentation exceeding 0,2% of taxable income;
- philanthropic and sponsorship expenses borne for the benefit of specific beneficiaries;
- amounts obtained as a result of assets' reevaluation.

The following expenses are non-deductible:

- payments to interdependent persons (related parties) where there is no proof that the payment is reasonable;
- expenses incurred through activities generating non-taxable income;
- income tax, penalties and fines relating to income tax, as well as penalties and fines related to other taxes (duties), levies and compulsory payments to the budget, as well as penalties and fines for legal infringements;
- taxes paid on behalf of third parties;
- money paid for the acquisition of land;
- money paid for the acquisition of property for which depreciation is calculated;
- losses resulting from the sale or exchange of property, performance of works and provision of services between interdependent parties;
- payments made in favor of holders of business patents.

Capital gains and losses

As a general rule, shares and immovable property are treated as capital assets for tax purposes. Income earned from their sale is therefore deemed as capital gains, equal to 50% of the difference between the purchase and sale price. Capital gains are included in the annual income of the taxpayer and are taxed according to the general rule.

Losses may be carried forward for five consecutive tax years.

5.5. Withholding tax

Pursuant to provisions of the Tax Code, withholding tax („**WHT**”) is applied by Moldovan entities at the source of payments from certain payments made to non-resident individuals or business entities and to resident individuals.

WHT from revenues paid to nonresidents shall be determined by Moldovan Tax Code or by DTT to which Moldova is party. When a DTT is applicable and regulates a different WHT rate, the DTT shall apply.

Applicable WHT rates under Moldovan Tax Code

- | | |
|-----------|---|
| Dividends | <ul style="list-style-type: none"> • When dividends are paid to Moldovan resident individuals: <ul style="list-style-type: none"> - 6% from dividends paid for undistributed revenues, except for those obtained in 2008 -2011; |
|-----------|---|

	<ul style="list-style-type: none"> - 15% from dividends paid to legal entities or individuals for undistributed revenues obtained in 2008-2011; - 12% from dividends paid in the course of the tax year.
	<ul style="list-style-type: none"> • When dividends are paid to non-residents: <ul style="list-style-type: none"> - 15% from dividends paid in 2008-2011; - 6% from dividends paid for other periods.
Interest	12%
Royalty	12%
Donations	6% from donations to individuals
Other incomes paid to individuals or non-residents	12%

5.6. Value Added Tax

(1) General Information

The value added tax („**VAT**”) represents the collection to the State budget of a part of the value of delivered/imported goods or services on the territory of the Republic of Moldova. Thus, VAT includes the following transactions:

- (a) supply of goods or services made in Moldova by a taxable person in the course of business activity;
- (b) imports of services received in Moldova by a taxable person (using the „reverse-charge” mechanism); and
- (c) imports of goods.

As a general practice, an entity that has a fixed place of business or carries out commercial or professional operations on a regular basis in Moldova must register for VAT. Moldovan Tax Code regulates mandatory and voluntary registration regimes for VAT. The mandatory VAT registration threshold is the turnover or imported services of MDL 1,2 million in any period of 12 months. No threshold exists for voluntary VAT registration. Voluntary VAT registration is allowed for persons planning to perform taxable supplies of goods and services, irrespective of their turnover value.

VAT payers must make payments for every tax period. The standard tax period is a calendar month.

(2) VAT registration procedure

In order to register as a VAT payer, the entity should file a VAT registration application form before the last day of the month during which the VAT registration thresholds are met. In case of voluntary registration, the application form may be submitted any time before the thresholds for mandatory registration are met. As a result, the State Tax Service will issue a VAT registration certificate, indicating the name and legal address of the taxable person; date of VAT registration and VAT code.

(3) Non-registration or late registration penalties

Failure to register or delayed registration as a VAT payer is penalized with a fine from 7% to 10% of the amount of taxable supplies, except for supplies exempted from VAT through a deduction right.

If VAT on an imported service is not paid at the correct time, a penalty is imposed, effective from the date on which VAT became due (that is, effective from the date of the payment for services).

(4) VAT Rates

The standard VAT rate is 20%, which applies to all supplies of goods or services, unless a specific measure provides a reduced rate or an exemption. The reduced rate is applied for certain services and products, namely:

- (i) 8% - for bakery, dairy, agricultural production, drugs, etc., and
- (ii) 10% - for accommodation services and food products (excluding goods subject to excise duty) supplied by business entities whose operational activities consist solely in the provision of accommodation and/or provision of food services.

(5) VAT exemptions

With the right to deductions:

Some supplies are classified as exempted from VAT with the right to deduction, which means that no VAT is chargeable, but the supplier may recover related input tax.

Exports of goods and related services, international transport of persons and freight, electrical and thermal power, water supply to the public are exempted from VAT with the right to deduction.

With no right to deductions:

Some supplies are classified as exempt from VAT without the right to deduction, meaning that supplies of goods and services are not subject to VAT and such supplies do not give rise to a right of input tax deduction.

The following goods and services are included into this category: dwellings; land; cars; long-term tangible assets contributing to the share capital under the special rules approved by the government; food for children; financial services; educational services; insurance; books and periodicals, etc.

(6) VAT refunds

In general VAT refunds periods are monthly. Refunds must be filed by the 25th of the month following the end of the refund period. Payment in full must be made by the same date.

(7) VAT due date

In general, a VAT payer becomes liable for VAT payment at the time of the earliest of the following events:

- (i) receipt of partial or total payment from the customer;
- (ii) supply;
- (iii) issuance of VAT invoice.

VAT payers must make payments for every tax period. The standard tax period is a calendar month.

The VAT due date for imported goods is either the date of import, or the date on which the goods leave a suspensive customs procedure.

The VAT due date for imported services is the date of payment for services.

(8) VAT and digital economy

The place of supply of digital services (i.e., electronic communication services, broadcasting and television services, services provided by radio-electronic means) is considered to be the place/residence of the customer.

This means that for business-to-business (B2B) and business-to-consumer (B2C) transactions, the customer is required to pay VAT on imported services under the reverse-charge mechanism. For B2C supplies, the individual should pay VAT simultaneously with the payment for imported digital services and declare the related VAT until the 25th of the month following the reporting month by filing a VAT refund.

However, in practice this is not commonly done.

5.7. Personal Income Tax

Income obtained by resident or non-resident individuals in Moldova
is subject to a standard income tax of **12%**.

Moldovan residents are subject to taxation of their income received during the tax period from any sources within the Republic of Moldova or outside the country, except when income is expressly exempt from tax under Moldovan law. Also, non-residents are subject to the Moldovan taxation system for income derived from Moldovan sources, as income received from property located in Moldova, remuneration for activity performed in Moldova, interest and royalties received from legal entities in Moldova.

Income Tax is withheld from employee's gross income that includes the basic salary, overtime salary, supplementary salary, awards and bonuses, compensation for unused holiday or vacation time, and all other monetary or in-kind benefits, as well as other services obtained without payment from the employer.

Personal Income Tax shall be paid by the employer to the tax authorities at the same time as the salaries are paid.

5.8. Social Fund Contributions

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

An individual, domiciled in Moldova, shall be insured for social risks, such as retirement age, loss of care giver, invalidity, temporary disability caused by illness or accidents, professional diseases, child care, illness prevention, rehabilitation of work capacity, maternity, child birth, unemployment, and burial.

The subjects of taxation include persons who have a permanent residence in Moldova and are employed under individual employment agreements.

The social security contribution is paid by the insured individual, except when such individual is employed by a Moldovan employer based on an employment, services or other similar agreement.

A company is required to pay its mandatory state social insurance contribution and withhold the mandatory state social insurance contribution from the wages of employees.

Generally, employers shall pay social security contributions of **18%** (with some exceptions) of their employees' gross salary and other remunerations to the Social Security Fund. Employees pay an individual contribution in the amount of **6%** of their gross salary and other remunerations.

The legislation provides an annual fixed social security contribution for other categories of taxpayers in an amount approved for each year (e.g. MDL 10,740 applicable in 2020).

Amendments to the social fund contributions are forecast for the 2021.

5.9. Health Insurance Contributions

The employer and the employee are each required to pay a health insurance contribution of **4,5%** from the gross salary. The legislation also provided for an annual fixed amount of health insurance contribution paid by other categories of taxpayers in an amount approved for each year (MDL 4,056 applicable in 2020).

For foreign citizens and stateless persons employed under civil or labor agreements in Moldova, health insurance contributions are calculated similarly as for Moldovan citizens.

VI. BUSINESS TRAVEL REGULATIONS AND GRANTING RIGHT OF STAY

6.1. General regulations

The issue of getting the right to come and to ensure legal stay should be considered before starting a business or get employed as a foreigner in the Republic of Moldova.

The entry and / or exist of foreign citizens in / from Moldova is regulated by Law No. 200 on Foreigners Regime in the Republic of Moldova of 16 July 2010.

Foreign citizens may enter and leave Moldova based on valid documents required to cross the state border, which are recognized or accepted by the Republic of Moldova and a visa, if international agreements do not stipulate otherwise.

The type of visa required for an individual to enter the Republic of Moldova depends on several factors, such as individual's nationality, the purpose of visit, and intended duration of visit.

Moldova established the visa regime for the representatives of certain countries. Citizens of most of the states (EU member states, CIS member states United States of America, Canada, and other country nationals), holders of all the types of passports, do not need visas for entry on the territory of the Republic of Moldova for a period of stay up to 90 days, counted cumulatively within the prior term of 180 calendar days.

The list of foreigners who are obliged to have a visa may be accessed following the link:
<https://mfa.gov.md/en/content/visa-regime-foreigners>

Foreigners who are nationals of some countries may enter Moldova without visa if they are holders of residence permits or valid visas (excluding transit visas), issued by one of the Member States of the European Union or one of the States Parties to the Schengen Agreement.

6.2. Getting a visa to enter Moldova for business purposes

Application procedure

Visa is granted to foreigners by the Diplomatic Missions and Consular Offices of the Republic of Moldova abroad and eVisa (short stay type C) by the Consular Affairs Division of the Ministry of Foreign Affairs and European Integration of the Republic of Moldova.

An eVisa is an authorization to enter Moldova issued in PDF format. An eVisa grants the same right to enter Moldovan territory, as ordinary sticker-visa in the passport.

In order to apply for an eVisa, foreign citizens should access the Government web portal
www.evisa.gov.md.

The applicants shall respect the following steps:

- (1) Fill in the visa application form in electronic format;
- (2) Attach all scanned documents necessary for issuing the visa;

- (3) Pay the consular fee if the request is approved by using the card;
- (4) Receive the visa on the email after all data are processed;
- (5) Print out of the visa on paper to be presented at the border crossing.

Type of visa and documents required

Depending on the purpose and the intended duration of business travel, the following types of visas may be obtained by foreigner investors to enter and stay in Moldova:

Type C (short stay visa) – foreigners who are travelling for economic or commercial purposes, such as registration of legal entity or of the subsidiary of a foreign company, negotiation or execution of contracts, checking the use and operation of goods acquired or sold under commercial and industrial co-operation contracts, as well as to foreigners who are or will become shareholders of local companies.

Type C visa is issued for a determined period, with the right of one or more stays not exceeding 90 days during any previous period of 180 days.

The necessary documents to be submitted to the diplomatic mission or consular office for obtaining a short-term visa for business travel are the following:

- Application (it has a statutory form, which may be downloaded [here](#));
- Passport (valid for at least 3 months beyond the intended date of leaving the territory of Republic of Moldova);
- A recent mat, colour photo (35mm x 45mm);
- Booked round-trip ticket valid up to the destination or, driving license, green card and registration documents of the vehicle, if traveling by car;
- Medical insurance (minimum insured amount of EUR 30,000);
- An invitation from a company, nongovernmental organization or public authority for participation in meetings, conferences, fairs or congresses related to trade and industry or, an invitation issued by the Bureau for Migration and Asylum;
- Proof of existence of financial means during the stay in Moldova, at least EUR 30 per day, but not less than EUR 300 for a stay shorter than 10 days (cash, travel checks, credit card, etc.) or, if applicable, the commitment of accommodation filled and signed by a person from the Republic of Moldova ([download](#));
- Proof of accommodation: booking of a tourist accommodation unit classified in accordance with the law, proof of ownership or rent of a house on behalf of the applicant or, if applicable, the commitment of accommodation filled and signed by a person from the Republic of Moldova ([download](#)).

The consular fee to be paid at the submission of the above-mentioned documents is **EUR 60**.

Type D (long stay visa) - foreigners who are travelling for the purposes of investing into the national economy, those who are or intend to become shareholders with management or administration powers in legal entities.

Type D visa is issued for a period not exceeding 12 months, for one or more stays in Moldova with a duration not exceeding 90 days during each period of 180 days.

Type D visa allows foreigners to apply for a permit to stay in the Republic of Moldova.

The necessary documents to be submitted to the diplomatic mission or consular office for obtaining a short-term visa for business travel are the following:

- Application (it has a statutory form, which may be downloaded [here](#));
- Passport (valid for at least 3 more months beyond the intended date of leaving the territory of Republic of Moldova);
- A recent mat, colour photo (35mm x 45mm);
- Medical insurance (having the minimum insured sum of EUR 30,000);
- Proof of investments in the national economy and / or proof of status of shareholder or person in charge of managing and administering companies/ or the decision on granting the permit of stay issued by the Bureau for Migration and Asylum;
- Proof of existence of financial means during the stay in Moldova of at least EUR 30 per day, but not less than EUR 300 for a stay shorter than 10 days (cash, travel checks, credit card, etc.) or, if applicable, commitment of accommodation filled and signed by a person from the Republic of Moldova ([download](#));
- Criminal record, translated into Romanian or English.

The consular fee to be paid at the submission of the above-mentioned documents is **EUR 80**.

6.3. Restrictions for exit and entry

An individual will be prohibited to *enter* Moldova if:

- (i) he/she failed to present entry documentation in due form, validity and content, as required by Moldovan law; or provided false information when filling in entry documentation;
- (ii) there is information that the respective individual is involved in financing, preparing, supporting or committing terrorist acts; or is part of or supports transnational criminal organized groups; or might participate or participated in crimes against peace and humanity or war crimes, or crimes against humanity regulated by international treaties to which Moldova is party;
- (iii) he/she violated the regime of State border or the border crossing regime at the State border;

- (iv) he/she committed crimes against the Republic of Moldova or its citizens during other stays in the Republic of Moldova or abroad and has an active criminal record;
- (v) he/she illegally introduced or attempted to introduce in the Republic of Moldova other foreigners or is involved in the trafficking of human beings;
- (vi) he/she has infringed, without any grounds, the purpose for obtaining a visa or upon entry on the territory of the Republic of Moldova; or was previously removed from the territory of the Republic of Moldova and did not reimburse related costs; has exceeded the period of stay on the territory of the Republic of Moldova under the law; or has other prohibitions to enter Moldova.

An individual will be prohibited to *exit* Moldova only in limited cases as regulated by Criminal Code or Civil Procedure Code of the Republic of Moldova, in particular due to the following reasons:

- (i) he/she is imprisoned in Moldova based on a criminal court judgement; or, in a criminal prosecution or trial on Moldovan territory, he/she was put on a wanted list or is prohibited from leaving the locality or country; is subject to conveyance of the minor under supervision, or home arrest, or preventive arrest, or temporary release under judicial bail, with the obligation not to leave the town;
- (ii) the foreign citizen is subject to medical coercive measures in Moldova under the criminal law;
- (iii) the foreign citizen is prohibited to leave Moldova based on a court decision under the Moldovan Enforcement Code.

6.4. Granting the permit of stay to foreign investors

As a general rule, any foreign individual needs to obtain a temporary residence permit for work purposes, even if the person is an employee seconded for a limited period of time to the Republic of Moldova.

It is prohibited to pay a salary to a foreign person without first being granted a residence permit.

As an exception, no temporary residence permit for work purposes is needed, when the specialist is detached to Moldova for a term of up to 90 days during the period of 1 year from the first entry in Moldova.

In this case, the local entity has to notify the Bureau of Migration and Asylum („BMA”) regarding the foreign specialists, subject to secondment from a foreign entity. The notification has to be submitted to BMA at least 5 working days before the respective individual starts his activity in Moldova.

Starting a business and making investment in a local company in Moldova provides an opportunity for the foreign investor to get a residence permit and legal stay in Moldova for a longer period in a more expedited manner.

Foreign investors may be qualified to receive the permit of stay based on foreign investments made in the local company.

The permit of stay under this regime may be also granted to the individual (foreign citizen) acting as the shareholder and the administrator of local companies. The investment made in a company includes the contribution to share capital and the loans granted by the shareholder.

To apply under this procedure, one of the following minimum requirements has to be met:

- a) the amount of investments made by the shareholder into the company in the last three years, shall be at least 60 average salaries in the economy (i.e. MDL 7,965 for 2020 year); or
- b) the company has created at least 4 work places and pays a salary which is no less than the average monthly salary in the economy.

To obtain the permit of stay for a longer period, the amount of investments shall be higher or a number of jobs have been created in each company where the foreigner is a shareholder, as follows:

Term of the permit of stay (years)	Investments (average salary)	Jobs
2	60-200	4
3	200-600	8
4	600-2000	15
5	2000-4000	25
8	more than 4000	50

In order to apply for a longer period, it will be necessary to provide the last financial statement, the audit confirmation of investment made for the last 3 years and a Report on the staff turnover and employment for last year.

Some categories of investors may perform activities without getting a permit of stay in case they do not hold paid positions within the local company and the stay period will not exceed 90 calendar days during any period of 180 calendar days.

The whole procedure consists of two stages:

1) Applying for the right of stay with BMA

Upon the submission of an application with BMA, the following documents are to be collected and provided by the representative of the local company:

- Application for the issuance of a permit of stay (the application can be found on the official website of BAM <http://bma.gov.md/>);
- Copy of the passport (copy and the original);
- Draft of the employment agreement in case of the administrator, indicating the salary which the foreign citizen will be granted. The wage is to be no less than average salary in the economy;
- Confirmation documents of (i) confirmation of investment made by the non-resident shareholder in the share capital of the local company or (ii) existence of at least 4 jobs with a salary not less than average salary in the economy,
- Declaration of residence in Republic of Moldova (legalized by a Moldovan notary);

- Criminal record from the country of origin or another country where he/she had a residence for past 2 years (the original, which shall be translated into Romanian, legalized by a notary and legalized / apostilled, if necessary¹³);
- One photo size 3x4.

The application is to be submitted to BMA no less than 30 days before the expiry of 90 days from the first entry.

After submission of above-mentioned documents, BMA will grant a Decision on the issuance of a permit of stay within 15 days.

2) Issuance of the permit of stay (ID Card)

Upon the Decision on granting the right of stay, the foreign investor has to appear before BMA for requesting the permit of stay (this procedure implies the mandatory personal presence within the BMA).

The second stage will last 30 days within the ordinary procedure, which implies a state fee of MDL 400.

If applying for the expedited procedure, the following terms are available: 5 days (MDL 930), 24 hours (MDL 1,100) and 8 hours (MDL 1,280).

¹³ For countries which are not part to Hague Apostille Convention, and those which allowed certain exceptions in respect of Moldova, such as Germany, for example, instead of apostille the 'supralegalization' procedure shall apply.

VII. MOLDOVAN BANKING SYSTEM. FOREIGN CURRENCY REGULATIONS

7.1. Moldovan Banking System

Overview

The banking system is supervised by the central bank, the National Bank of Moldova (“**NBM**”). At the date of this paper, 11 banks are licensed and active on the Moldovan banking market, 4 of them are part of international financial groups and have major foreign investors with branches in Europe.

The list of Moldovan banks may be accessed here:

<http://bnm.md/en/content/authorized-banks-republic-moldova>

Central Bank

The NBM’s activity is governed by Law No. 548 on the National Bank of Moldova of 21 July 1995 (<http://bnm.md/files/NBM%20Law%20updated%202020.pdf>)

The primary objective of NBM is to ensure and maintain price stability. Without prejudice to the primary objective, NBM shall promote and maintain a financial system based on market principles and shall support the general economic policy of the state.

The NBM works on a permanent basis with the International Monetary Fund, the European Central Bank and specialized consultants from the World Bank, as well as with other organizations, in developing banking policies and procedures.

More information on the corporate governance of the NBM, its activity as well as reports on financial activity of Moldovan licensed banks may be found on: <http://bnm.md/en/search>

Main legal framework

The Basel III framework regulations are being implemented in the Republic of Moldova. New regulatory requirements have put pressure on Moldovan banks in 2018 when a new law, Law No. 202 on the activity of banks of 6 October 2017 has been adopted and enacted.

The Law on the activity of banks aimed at aligning Moldovan regulations to European prudential requirements and Basel III framework. The Law on the activity of banks partially transposed the EU Directive 2013/36/CE of the European Parliament and Council of 26 June 2013, the Regulation No. 575/2013 of the European Parliament and Council of 26 June 2013.

The list of all normative acts in the banking sector may be accessed here:

<http://bnm.md/ro/content/bancile-licentiate-din-republica-moldova>

Following the amendment of the legal framework, important decisions of the NBM regarding the transparency of bank’s operations and structure have been passed. Implemented measures have led to major changes in the shareholders’ structure of existing banks and stimulated the arrival of foreign investors into the Moldovan banking sector.

Current performance index of banks may be consulted on the website of the NBM which publishes quarterly reports on the financial status of banking sector:
https://bnm.md/ro/search?partitions%5B0%5D=677&post_types%5B677%5D%5B0%5D=897

Activities of banks

Moldovan banks are mainly involved in the following activities:

- (a) acceptance of deposits and other repayable funds,
- (b) lending, including, inter alia: consumer credits, mortgage credits, financing of commercial transactions,
- (c) financial leasing,
- (d) payment services,
- (e) issuing and administration of payment means such as cheques, bills and promissory notes and other similar means of payment,
- (f) issuing guarantees and undertaking commitments,
- (g) trading with financial instruments on their own behalf and on behalf of clients,
- (h) keeping in custody and managing financial instruments, etc.

Banks liquidity and capacity to secure the deposits of individuals is closely supervised by the NBM. The NBM issued guidelines in relation to different aspects of banks activity that are mandatory for the market players and their shareholders. Periodic reports are submitted to the NBM informing the supervisor on the volume of performed operations, observance of prudential requirements etc. Each bank has developed and implemented policies and regulations on bank's appetite for risk and prudence of operations depending on their strategy of business, observing minimum requirements provided in NBM regulations and instructions.

Information on main financial indicators of activity, including liquidity of banks in Moldova may be consulted on the NBM website following the link:
<http://bnm.md/bdi/pages/reports/drsb/DRSB1.xhtml?id=0&lang=ro>

All activities that may be performed by a bank are indicated in its license for banking activity.

A bank may not engage in activities that are not covered by its license.

Banks may also not engage in the following activities:

- (a) pledging own treasury shares at the expense of bank's debts;
- (b) extending loans secured by shares, other equity securities or bonds issued by the bank and / or its related party, including by an entity belonging to the group to which the bank is party.

Other players on the market

Only banks may attract deposits from individuals.

Other activities performed by banks such as crediting, transfer of credit, payment services, issuance of e-money and other activities may be performed by other entities such as the non-banking credit institutions, leasing companies, payment service providers and e-money issuers.

This is also highly regulated aiming to adopt best European practices on the Moldovan market.

The existing Law No. 114 on Payment Services and E-money of 18 May 2012 fully transposes provisions of PSD 1. In the nearest future a new law on payment services is going to be adopted aiming to transpose provisions of PSD 2.

Information on state policies in regulating payment services area may be accessed on <http://bnm.md/ro/content/bancile-licentiate-din-republica-moldova>

Consumer lending is widely spread in Moldova. Besides banks, non-banking credit institutions are active in this area. Currently, there are 169 non-banking credit institutions undertaking different types of lending activities in Moldova.

Credits to consumers, benefit from a higher protection with minimum standard safeguard of consumer rights in credit agreements. The Law No. 202 on Consumers Credit Agreement of 12 July 2013 fully transposed the provisions of the EU Directive 2008/48/CE of the European Parliament and Council of 23 April 2008. At present, Moldovan provisions are in line with the European Regulations.

More information on non-banking credit institutions may be accessed on the web page of the National Commission for Financial Market <https://www.cnpf.md>

Procedure of licensing banks

All banks are organized as joint stock companies and may operate subject to obtaining of the banking license issued by the NBM. The NBM shall only license a bank if it is fully convinced that the bank can ensure the safe conduct of banking activity and complies with the requirements of prudent and sound management, guaranteeing the protection of interests of depositors and other creditors, as well as a good functioning of the banking system.

Upon applying for a license, foreign and domestic banks are subject to the same NBM licensing requirements.

The main requirements involve:

- (a) maintenance of a minimum share capital
- (b) reputation and financial reliability of significant shareholders
- (c) evidence of a strong and professional management team (iv) presentation of a comprehensive three-year business plan.

Generally, the NBM authorization process includes **3 stages**:

- (1) prior NBM approval for the setting up of the bank
- (2) incorporation of the bank and,
- (3) obtaining the license for banking activity.

Individuals or legal entities or a group of individuals and/or legal entities which intend to become significant direct or indirect shareholders of an already existing bank, e.g., have a contribution to the share capital or voting rights in the bank equal to or more than **1%**, must obtain NBM approval.

Requirements for holding equity in the bank

To ensure the stability of the banking system, NBM has introduced certain requirements to be met by the shareholders of a bank (individuals or legal entities), as follows:

- (a) sound reputation, analysed in terms of integrity and professional competence, including experience as a controlling shareholder or a director/manager of a financial institution;
- (b) reputation, knowledge, skills and experience of any member of the management body and any member of senior management who will direct the business of the bank, as a result of the proposed acquisition;
- (c) financial soundness of the proposed acquirer, in particular in relation to the type of business pursued and envisaged in the bank, where the acquisition is proposed the NBM has the authority to analyse the source of funds used by individuals or legal entities to gain the position of a significant shareholder);
- (d) provision of necessary information related to the group they belong to (the NBM verifies whether the group of which the bank will become a part has a structure that makes it possible to exercise efficient supervision of the bank by the NBM and other authorities);
- (e) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorism financing, is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof.

All these requirements are verified by the NBM before any direct or indirect acquisition of a **1%** and more equity in a bank.

Failure to obtain prior authorization of the NBM will lead to the suspension of the voting right of the respective shareholder, the right to convene and hold General Shareholders Meetings, the right to put discussion points on the agenda, the right to nominate candidates for the management body membership or the right to receive dividends.

Persons that have breached the obligation to obtain prior authorization of the NBM for holding the equity of the bank shall within 3 months from the date of proposed/general acquisition of shares, dispose of shares related to the ownership thus acquired. If not disposed of in the given term the shareholding will be cancelled, and equity obtained by breach will be forcibly sold following the provisions of the Moldovan law.

Activity of branches of foreign banks

Banks having their head office in another state, which have been licensed in another state, shall carry out activities on the territory of the Republic of Moldova provided only the following cumulative conditions are met:

- (a) the activity is to be carried out through the established branch office;
- (b) the branch was licensed by the NBM;
- (c) the competent authority in the country of origin of the bank does not oppose the establishment of the branch in the Republic of Moldova, this fact being confirmed in a document issued by the said authority;
- (d) the legal framework of the state of origin and/or the manner of its application does not prevent the NBM from exercising its supervisory functions;

- (e) the foreign bank complies with the provisions of the Moldovan law and the regulations issued for its application.

The activities, which are permitted to be carried out through a branch established in the Republic of Moldova, shall be stipulated in the license issued by the NBM and shall not exceed the scope of activities allowed to the bank under the license issued by the competent authority in the country of origin.

The activity of a foreign bank's branch established in the Republic of Moldova is subject to the same prudential supervision of the NBM as in case of banks, which are legal entities of the Republic of Moldova and are licensed by the NBM, including the application of sanctions and other sanctioning measures.

7.2. Foreign Currency Regime

The main provisions currently regulating foreign currency operations are incorporated in the Law No. 62 on Currency Regulation of 21 March 2008.

National currency and exchange rate

The national currency is the (Moldovan leu, pl. Moldovan lei, short form - MDL).

The Moldovan leu exchange rate is determined on the foreign exchange market after the confrontation of supply and demand in foreign exchange. That is the market exchange rate which is a free exchange rate that reflects market conditions and may vary throughout the day. It is displayed by financial intermediaries and banks.

The official exchange rate is determined by the NBM and may be closer or further to the exchange rate formed on the foreign exchange market. The exchange rate is used for various settlement operations, evaluations, statistics, reports.

To determine the official exchange rate of MDL against USD, considered as reference currency in the Republic of Moldova, one uses the arithmetic average of the average purchase and sale exchange rate weighted to the spot transactions volume conducted on the foreign exchange market of the Republic of Moldova between 12.30 PM of the previous working day and 12.30 PM of the reporting day.

Official exchange rate of Moldovan Leu against another currency is determined by multiplying the official exchange rate against the U.S. dollar with the cross-exchange rate of the respective foreign currency against the U.S. dollar established on the international market at 2:00 PM, Chisinau time.

Official exchange rate of Moldovan Leu against foreign currencies is set by the NBM on each working day and is available from the next working day. The official exchange rate during weekends (holidays) is the same as in the previous working day.

The daily official rate may be found on <https://bnm.md/ro/content/ratele-de-schimb>

Domestic and foreign payments of legal entities

Generally, payments made between residents, related to trade of goods and services must be carried out in Moldovan lei.

In certain situations, and only if expressly allowed by law, payments can also be made in foreign currency, for example in the following cases:

- a. legal entities in cross-border trade of goods and services;
- b. legal entities residents of free economic zones for transactions in the free economic zone;
- c. lending in foreign currency where it is expressly allowed by law etc.

Payments among resident legal entities should be performed via bank transfers.

Payment in cash is restricted for legal entities.

Cash requirements for legal entities

Under the law, resident legal entities shall keep their financial means, in Moldovan lei or foreign currency, in their bank accounts opened with Moldovan licensed banks.

The amount of cash that may be withdrawn and kept in the cashier of the legal entity, as well as the grounds for such withdrawal are strictly regulated by law.

Opening of bank accounts

Opening of bank accounts in Moldova is a rather straight forward operation. The volume of information to be submitted to the bank depends on the policies of the relevant bank and aim at performing the KYC procedures and AML clearance of transactions.

Opening of bank accounts abroad is possible only for cases expressly provided by law and subject to the authorization of the NBM.

Cross border payments

Cross-border trade is allowed and encouraged in Moldova. Moldova is party to multiple bilateral and international treaties ensuring free flow of products, subject to the observance of local customs requirements.

Payments and transfers within current foreign exchange operations may be freely performed and do not require prior authorization or notification of the NBM.

Such transactions refer to the following, but not limited to:

- (a) payments within international trade of goods and services, including works, as well as payments and transfers within bank credit facilities related to international trade (for instance, letters of credit, overdrafts, overnight credits, credit cards) with initial repayment period not exceeding one year;
- (b) payments representing interest on loans/credits and net income from other investments;
- (c) payments for the repayment of loans/credits or amortization of direct investments;
- (d) transfer of funds intended to cover family living expenses;

- (e) payments and transfers within other operations, which are not capital foreign exchange operations, for instance: payments related to medical treatments, travel expenses, study expenses; payments related to duties and taxes, except for duties and taxes related to inheritances; penalties; payments related to court expenses; payments and transfers related to technical assistance; payments related to social insurance, including pensions; payment of membership fees in international organizations, public, religious or other non-profit organizations.

Repatriation rules

Currency control rules, require, among others, residents to repatriate (collect), from their non-resident partners, the funds that should have resulted from an export of goods/services (as well as from other foreign operations and transactions).

It does not matter whether the money have been received or not. If the company has recorded a debt it shall either collect the money/product or initiate court actions to recover the money.

Breach of repatriation rules is punishable
with a fine in the amount of the unrepatriated value.

Foreign capital transfers. NBM authorization and notification

Residents and non-residents may hold financial assets in both foreign currency and Moldovan lei.

Financial assets held in Moldova may be repatriated or transferred, locally and abroad by non-residents.

A capital foreign exchange transaction is the operation resulting from:

- (a) operations related to direct investments;
- (b) operations with immovable property;
- (c) operations with financial instruments;
- (d) commercial loans/credits;
- (e) financial loans/credits;
- (f) guarantees;
- (g) operations in current and deposit accounts with financial institutions;
- (h) operations related to life insurance;
- (i) personal operations;
- (j) import and export of foreign exchange values;
- (k) other capital operations.

Authorization of operation

Residents are free to perform capital foreign transactions involving outflow of capital from the Republic of Moldova.

However, most of capital transactions involving outflow of capital from the Republic of Moldova are to be authorized by the NBM before they are executed, if their value exceeds 10 000 Euro. Exceptions apply.

Notification of operation

Certain transactions concluded between residents and non-residents which involve the inflow of capital into the Republic of Moldova where residents are receiving loans/credits and guarantees from non-residents should be notified to the NBM.

Loans/credits and guarantees shall be subject to notification in case of:

- c) interest-bearing commercial loans/credits, except for the receiving of loans/credits by the resident supplier from the non-resident factor within the factoring operation, if the non-resident factor assumes the risk of insolvency of the non-resident debtor for the undertaken debt;
- d) financial loans/credits, except for the following:
 - (a) interbank credits with the initial repayment period not exceeding one year;
 - (b) loans/credits received from non-residents by using credit cards issued by non-residents at the request of residents;
- e) guarantees issued by the non-resident guarantor based on the underlying transaction between two residents;
- f) loans/credits within operations related to direct investments.

Loans below EUR 50,000 may be received and used by residents without notification.

Failure to observe the rules on notification / authorization
will impede the performance of transactions.

Commercial banks will restrict the use of capital if no evidence of the NBM notification / authorization of the relevant external commitment is submitted to them.

VIII. PERSONAL DATA

8.1. Data Protection Authority

The National Centre for Personal Data Protection of the Republic of Moldova (NCPDP) was founded following the adoption of Law No. 17 of 15 February 2007 on Personal Data Protection. On April 14, 2012, the law was repealed with the entry into force of Law No. 133 of 8 July 2011 on Personal Data Protection (the “Law”). The Law aimed to transpose the provisions of the EU Directive 95/46/EC and is the core legal act regulating the protection of personal data in Moldova.

The official website of the NCPDP is www.datepersonale.md

NCPDP is an autonomous public authority, independent of other public authorities, natural persons and legal entities.

The main objectives of the NCPDP are to defend the fundamental rights and freedoms of natural persons, especially the right for private life regarding the processing and cross-border transfer of personal data, organizing actions to prevent violations of the legislation in the area, including the rights of data subjects, guiding data controllers in the context of the correct application of the legislation in the area and informing, raising awareness and educating the society on the importance of personal data protection etc.

8.2. Scope of application of law

Moldovan law will apply to the processing of personal data:

- (a) in the context of activities performed by controllers established on the territory of the Republic of Moldova;
- (b) within the diplomatic missions and consular offices of the Republic of Moldova, as well as carried out by other controllers that do not have a permanent establishment on the territory of the Republic of Moldova, but are situated in a place where the domestic law of the Republic of Moldova applies by virtue of international public law;
- (c) by controllers that are not established on the territory of the Republic of Moldova, making use of means situated on the territory of the Republic of Moldova, unless such equipment is used only for purposes of transit through the territory of the Republic of Moldova. Collecting data via mobile devices or PC physically located in Moldova may be sufficient for considering Moldovan Law applicable to the processing of data;
- (d) in line with the law, in the context of actions for prevention and investigation of criminal offences, enforcement of convictions and other activities within criminal or administrative procedures;
- (e) attributed to the following categories: governmental secret, professional secret, bank secret, medical secret, commercial or tax secret, as well as other information with a limited accessibility or to administrative transactions performed due to civil, criminal, administrative proceedings;

- (f) in relation to deceased persons, except processing of data such as: first and last name, date of birth or death, as well as data related to enforcement of inheritance rights.

8.3. Key Definitions

Personal data - any information relating to an identified or identifiable natural person ('personal data subject'). An identifiable person is the one who can be identified, directly or indirectly, by reference to an identification number or to one or more factors specific to his physical, physiological, mental, economic, cultural or social identity.

Special category of personal data (sensitive data) - data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, social belonging, data concerning health or sex life, as well as data related to criminal convictions, administrative sanctions or coercive procedural measures are being considered sensitive data.

Processing of personal data - any operation or set of operations which is performed with personal data, whether or not by automatic means, such as collection, recording, organization, storage, keeping, restoring, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, blocking, deletion or destruction.

Data controller - a natural or legal person governed by public law, or by private law, including a public authority, agency or any other body which alone or jointly with others determines the purposes and means of processing of personal data expressly provided by applicable law.

Data processor - a natural or legal person governed by public law, or by private law, including public authority and its territorial subdivisions, which processes personal data on behalf of the controller, on instructions from the controller.

Personal data subject's consent - any freely given, expressly and unconditionally indication of will, in written or electronic form, according to the requirements of the electronic document (qualified electronic signature), by which the personal data subject offers his consent to personal data relating to him being processed. Simply ticking of a box may not be sufficient.

8.4. Grounds for Processing

In Moldova personal data shall be processed with the consent of the data subject.

The consent of data subject is not necessary if processing is necessary for the:

- (a) performance of a contract to which the personal data subject is party, in order to take steps at the request of the data subject prior to entering into a contract;
- (b) carrying out an obligation of the controller, under the law;
- (c) protection of life, physical integrity or health of the personal data subject;
- (d) performance of tasks carried out in the public interest or in the exercise of public authority prerogatives vested in the controller or in a third party to whom the personal data are disclosed;

- (e) legitimate interest pursued by the controller or by the third party to whom personal data are disclosed, except where such interest is overridden by the interests for fundamental rights and freedoms of the personal data subject;
- (f) statistical, historical or scientific-research purposes, except where the personal data remain anonymous for a longer period of processing.

8.5. General Rules of Processing

General rules of personal data processing are:

- 1) Processing is allowed only subject to prior notification of the NCPPD on the envisaged processing;
- 2) Personal data shall be processed with the consent of personal data subject, unless another legal ground applies;
- 3) Processing of special categories of personal data shall be prohibited, except for cases provided by the law;
- 4) Personal data undergoing processing must be:
 - a. Processed fairly and lawfully;
 - b. Collected for specified, explicit and legitimate purposes and not further processed in a way incompatible with those purposes;
 - c. Adequate, relevant and not excessive in relation to the purposes for which they are collected and/or further processed;
 - d. Accurate and, where necessary, kept up to date;
 - e. Kept in a form which permits the identification of personal data subjects for no longer than is necessary for the purposes for which the data were collected and further processed.
- 5) Data controller is to ensure adequate administrative and technical conditions to prevent unauthorized access or alteration / destruction of data.

8.6. Notification of Processing

The notification procedure is rather complex. It is performed on the electronic platform of the NCPPD and requires uploading several documents that provide evidence of the technical and administrative conditions of personal data processing implemented by the data controller.

Following information on processing is disclosed to the NCPPD as a minimum:

- (a) policies and regulations of data controller ensuring precise determination of the type of processed data, terms and conditions of processing, data subjects, processing purpose,

observance of the minimum security requirements¹⁴ in their processing within Personal Data Information Systems;

- (b) appointment of a data officer;
- (c) submission of evidence of grounds for notified processing;
- (d) envisaged data transfers if intended.

More information on the procedure of notification may be found here:

<https://datepersonale.md/legislation/ncppd-decisions-instructions/drafts/procedura-de-notificare/>

Upon acceptance of the notification, data controller is registered in the Register of Data Controllers with each notified database.

The register may be accessed online and is public

<https://registru.datepersonale.md/>

8.7. Restrictions on the international transfer of data. Data localisation requirements

No rules on data localisation or residency requirements exist in Moldova. However, if transferred abroad the authorization of the NCPPD shall be obtained.

The Republic of Moldova is not an EU member state. Moldova has no exceptions on data transfer within a specific region. Standard rules on the cross-border transfer of data, as provided below, apply to any transfer of data outside the borders of the Republic of Moldova.

Cross-border transfer of personal data undergoing processing or that are intended for processing after transfer may take place only with prior authorization of the NCPPD, as provided for by the Law, and only if the country in question ensures an adequate level of protection of personal data subjects' rights and of data intended for transfer.

Where the NCPPD considers that the country of destination does not ensure an adequate level of protection, it shall prevent any transfer of data.

Transfer of personal data to states that do not ensure an adequate level of protection may take place only as an exception and in cases provided by the Law.

8.8. Sanctions

Breach of provisions related to personal data protection is punishable with an administrative fine of MDL 6,000 (approx. EUR 312) to MDL 15,000 (approx. EUR 781) applied to a legal entity, with or without applying the prohibition to undertake a particular activity for a term of three months to one year.

8.9. Upcoming events

¹⁴ The minimum-security requirements are approved via the Governmental Decision No. 1123 on the Approval of the Requirements for the Assurance of Personal Data Security of 14 December 2010

Currently Moldovan Parliament is examining a draft law on Personal Data Protection, transposing the provisions of the EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Important amendments to the rules on processing of personal data will be enacted once the law comes into force.

The draft law has passed the first hearing and shall undergo the second hearing procedure in order to be adopted and further published in the Official Gazette of Republic of Moldova. However, until it is published, the draft law may be subject to amendments.

IX. TRADE-RELATED ISSUES. E-COMMERCE

9.1. Background

E-commerce is currently one of the intrinsic tools used worldwide by the providers of goods and services while deploying their economic activity. Moreover, the e-commerce became one of the most crowded areas for start-ups, as it allows a swift, economic and practical business model.

Moldova is an example of a country having embraced e-commerce over the past few years. Selling on the Moldovan e-commerce market turned out to be a profitable business, while the consumers' demand for online purchasing has constantly risen.

The Moldovan e-commerce industry is still under development and is gradually implementing the necessary regulatory environment, for ensuring the proper online trading and purchasing. There are a few things to be taken into account when pursuing legal compliance as an e-commerce business.

As per the publicly available data of January 2020, the following statistics are available with regard to Moldovan citizens over 15 years old:

- 71% are internet users;
- 37% are online buyers or payers for goods or services;
- 44% hold accounts in financial institutions;
- 17% hold credit cards;
- 0% hold e-money.

The above-mentioned data reveals the unexplored potential for e-commerce in the Republic of Moldova, as the percentage of online trading and purchasing is still below the average. However, the last few years have brought regulatory improvements to Moldovan legal environment, directed to enhancing the digitalization of the national economy.

9.2. How is E-commerce regulated under Moldovan law?

The Moldovan Law No. 284 on E-commerce (the „**E-commerce Law**”) of 22 July 2004 has undergone an extensive amendment in 2018, turning out to be a legal instrument adapted to the current needs of the e-commerce environment. The E-commerce Law has transposed into national law several parts related to online commerce, comprised by the Directive 2000/31/EC on Electronic Commerce.

Under the E-commerce Law, e-commerce is the economic activity deployed by individuals and legal entities, consisting of trading goods, providing services or executing works, which is performed by means of electronic communications or electronic contracts.

The business activity of e-commerce is called „information society services” and the traders of goods and services by means of electronic commerce are defined as „providers of information society services”.

Under Moldovan law, any service provided remotely by electronic means, in order to obtain remuneration, upon the individual request submitted by the recipient of such service is included in the category of „information society services”, thus is deemed to fall under the e-commerce notion. In this regard, not only the provision of services, but also the sale of goods online and execution of works are considered information society services, i.e. e-commerce.

However, there are certain activities not constituting information society services and thus not falling under the e-commerce notion and the applicable regulatory framework. Such activities are, as follows:

- a) services provided in the physical presence of the provider and the receiver of services, even if such services involve the use of electronic equipment;
- b) services involving a material content, even if they are provided by means of electronic devices;
- c) services provided without the use of Internet (off-line services), such as the distribution of programs on storage devices;
- d) services that are not provided through electronic data processing and storage systems, such as:
 - voice telephony services, fax / telex services;
 - services provided by voice telephony or fax;
 - direct sales by phone / fax;
- e) services provided by means of data transmission, without an individual request submitted, for the purpose of their simultaneous reception by an unlimited number of individuals (point-to-multipoint transmission), such as:
 - services of broadcasting or re-broadcasting of audio-visual program services;
 - teletext.

9.3. Participants to the E-commerce

The participants involved in the E-commerce are providers of services, receivers of services and E-commerce intermediaries.

Providers of services

Providers of e-commerce services are individuals or legal entities registered as entrepreneurs and providing information society services. Providers registered or established within Moldova, as well as providers directing their services towards Moldova or towards several countries, including the Republic of Moldova shall be governed by Moldovan E-commerce Law.

The main requirement established towards providers of services is to be registered or established in Moldova as an entrepreneur. Thus, the entrepreneur obtains the right to perform e-commerce in Moldova from the moment of its registration with the national Registry of Legal Entities and Individual Entrepreneurs.

With regard to providers or services registered outside Moldovan territory, that are directing their services towards Moldovan customers, their activity is regulated by international treaties to which Moldova is party, and by their national law.

However, when directing their economic activity towards Moldovan consumers, foreign providers shall comply with the requirements established by Moldovan law (related to consumers protection, personal data protection and others, as described below).

Receivers of services

A receiver of services is deemed any Moldovan individual or legal entity registered in Moldova, that is using the information society services for commercial, professional or other purposes, especially in order to search for information or access to it.

As mentioned above, the providers of e-commerce services will be subject to the Moldovan regulatory framework, if their services are directed to Moldova or to several countries, including Moldova.

In this regard, the activity of an e-commerce provider will be deemed directed towards Moldovan receivers, if before concluding an electronic contract with the consumer residing within Moldova, the web pages and the entire activity of the service provider clearly states that such provider intended to enter into commercial relations with consumers from Moldova.

E-commerce intermediaries

The intermediary in the e-commerce business is considered any individual or legal entity providing to other e-commerce subjects services related to the organisation and management of information systems and networks, as well as services of transmission, obtaining and storage of information by electronic means.

9.4. Licences or permits necessary for E-commerce

As a general rule, the e-commerce is not subject to prior authorisation or licencing. Thus, the provider of services may start to deploy the e-commerce activity from the moment it is registered as an entrepreneur, as regulated by Moldovan law.

However, if the economic activity envisaged by the provider requires certain permits, authorisations or licences, such acts are to be obtained in the first place. Thus, if the usual commercial activity requires certain permissive documents, electronic commerce can only be carried out from the moment such acts are obtained by the provider or services. Therefore, the requirement for authorisations, licences and permits has not been removed for the e-commerce.

Additionally, to perform e-commerce in Chisinau, a special Notification to the competent authority should be submitted. The Notification should disclose the exact type of e-commerce services to be provided, as well as data about the provider of such services.

The Notification can be submitted through the governmental portal of public services: <https://servicii.gov.md> or by means of the one stop shop for the management of permissive documents (SIA GEAP, <https://actpermisiv.gov.md>).

The fee to be paid quarterly for performing e-commerce activity in Chisinau is MDL 10 000 (i.e. about EUR 517).

9.5. Consumers' Protection

The provider of e-commerce services shall develop and publish the General Terms and Conditions of Use for its services (the “**Terms**”). The Terms are to be made easily, directly and permanently available to consumers in Romanian. Besides Romanian, the provider may present the Terms in any other language, subject to the Romanian version being mandatory.

The Terms should include information about the provider as well as its services and their related conditions. The following details shall be made available to consumers:

- the full name and legal form of organisation of the provider;
- the registration (for legal entities) or the identification (for individuals) number of the provider;
- legal address, e-mail, phone number;
- the number and term of validity of the authorisation, licence or permit held by the provider (if such a permissive document is available);
- the professional title, professional body which the provider is registered with, applicable professional rules (for regulated professions);
- VAT code;
- data regarding the shipping conditions;
- prices of goods, works to be executed or the services to be provided;
- any discounts, as well as any charges or taxes included in the price for goods, services or works;
- whether the delivery costs or other expenses are included in the price;
- phone number and the official website of the Moldovan Consumers Protection Agency;
- payment terms;
- the term of validity for the offer and the price;
- the return procedure, as regulated by Moldovan law.

In addition, the service provider shall ensure the compliance with the Moldovan personal data protection law, by providing the consumers with information on: categories of collected data, consumers' rights as data subjects, types of cookies used, their number and the procedure for their deletion, and other related information.

9.6. Placing the offer and concluding the electronic contract

After placing a product/service/work on the electronic platform, the provider shall comply with the national requirements related to the commercial offer.

Thus, if the receiver of services has placed an order by electronic means, the provider shall immediately and without any delay confirm electronically the receipt of the order, as well as its acceptance or rejection.

The information about the order, including the confirmation of its acceptance, is deemed delivered when both the provider and receiver of services have expressed their consents on concluding the electronic contract.

Upon trading with a product/service/work, the provider and receiver of service should conclude an electronic contract. The contract should be executed by:

- (a) the receiver of services applying the simple signature, the unqualified signature or the qualified signature; or
- (b) by the click-wrap agreement.

The click-wrap agreement is a technique used by commercial websites, ensuring the consumer is able to manifest the consent on executing the contract. The consumer should grant the consent by ticking the “*I agree*” or “*I agree to the Terms and Conditions*” box.

Since the electronic contracts are assimilated to contracts concluded according to the usual procedure, such contracts should be stored by the provider for a 5 years period.

X. TRADE AND CUSTOMS PREFERENTIAL REGIMES

10.1. General Overview

Republic of Moldova has signed a set of treaties for liberalization of the trade regimes, including Deep and Comprehensive Free Trade Area, Agreement on the Free Trade Area in the CIS region, Central European Free Trade Agreement. Also, a draft of a new Customs Code was voted in the Parliament of Republic of Moldova, which merges existing separate laws on customs procedures and goods crossing national border and approximates rules to align with the EU Authorized Economic Operator requirements and Approved Exporter conditions. The New Customs Code shall enter into force on 1 January 2022 and aims to accelerate and broaden the spectrum of elimination of customs duties on trade between Moldova and the EU.

Special trade regimes are applied based on the international agreements ratified by Moldova with international organization or other states.

10.2. World Trade Organization

Moldova is a member of the World Trade Organization since 2001 and, as such, is a signatory to the General Agreement on Trade in Services (GATS). One of the basic principles of the WTO is that no country can discriminate between its own and imported products.

As WTO member, Moldova has a liberalized export regime of goods. Exports have no taxes or any other restrictive measures. There are no quotas, prohibitions or other restrictions on export. Export of certain types of goods is licensed, as cryptographic and technical means of protection of the information, arms and ammunitions, organic weapons, sporting and/ or hunting.

Moldova also has a liberalized import regime of goods. However, the import of goods detrimental to human health, flora and fauna, and to the integrity and national security of the Republic of Moldova is prohibited by law. Import of certain types of goods is licensed, as: ethyl alcohol, alcoholic beverages and imported beer, tobacco items, plant protection products and fertilizers, toxic chemicals, perfumes and cosmetics.

More information on the trade regimes, may be found following the link: <https://mei.gov.md/ro/content/organizatia-mondiala-comertului>.

10.3. Deep and Comprehensive Free Trade Area

The DCFTA between the Republic of Moldova and the European Union, initialled on November 29, 2013, is part of the Association Agreement between the Republic of Moldova and the European Union.

This preferential trade system has allowed Moldova to benefit from reduced or eliminated tariffs for its goods, an increased services market and better investment conditions.

The DCFTA committed the Government to a course of reforms to bring to its governmental, regulatory and business practices in line with EU standards.

The scope of implementation of the DCFTA is to integrate further into the European common market and create more opportunities for investment in Moldova as a bridge between Western and Eastern European markets.

The provisions of DCFTA assume the gradual liberalization (up to 10 years from the date of signature) of *trade in goods and services*, free movement of labour, *reduction of customs duties* and non-technical barriers, the abolition of quantitative restrictions and harmonization of Moldovan legislation with EU legislation.

The following preferential rules applies under the DCFTA:

(a) Tariff duties

Complete elimination of all import duties and prohibition of export duties, on all goods on the EU side. Only some agricultural goods (mostly products of animal origin, sugars and cereal products), which are considered sensitive in the EU, will be subject to monitoring of trade flows. This monitoring will aim to ensure that imports of products classified as Moldovan do correspond to the Republic's production capacity and no tariff circumvention by products of non-Moldovan origin occurs. In addition, a limited number of fruits and vegetables, which are subject to entry prices in the EU, will be liberalised (ad valorem free) within TRQs (tariff rate quotas) covering traditional trade flows.

As regards the Republic of Moldova, an immediate elimination of all import duties is foreseen for a majority of products. A staged liberalisation process (between 3 and 10 years, depending on a product) is foreseen for certain sensitive products (mostly agricultural, such as wine, certain processed agricultural goods, certain meat products and vegetables/fruits, as well as textiles/clothing among industrial goods) for the Republic. Certain products remain non liberalised, managed within tariff rate quotas (poultry and pork meat, certain dairy products, processed meat products or sugar and related). The TRQs cover however the traditional trade flows between the EU and the Republic.

(b) Rules of origin

The Republic of Moldova will apply the rules of origin which make it possible to join the Pan-Euro-Med (PEM) Convention, as a zone of cumulation of manufacturing processes with the EU and other PEM members, and which fosters positively regional economic integration for trade in goods. However, to smoothen the transition between the autonomous trade regime 3 and DCFTA, until end 2015, the Autonomous Trade Preference for the Republic of Moldova will continue to apply on the basis of the applicable rules of origin (for the purpose of benefiting from that preference, not DCFTA).

Republic of Moldova benefits from the Autonomous Trade Preferences („ATP”) by the European Union. Thus, most industrial products originating in our country are not subject to customs duties. It is important to mention that these provisions refer to goods produced entirely in our country, or which are originally from another country, have been processed to a sufficient extent to receive the certificate of origin from the Republic of Moldova.

With regard to the exemption from import duties, however, there are exemptions which relate in particular to certain products of plant and animal origin. For many of them, there are certain quotas within

which Moldovan exports are exempt from import duties, but the products will be taxed when the Republic of Moldova exceeds this quota.

Starting with 2014, the quantitative restrictions for Moldovan wines were lifted, thus their export to European Union market being fully liberalized.

Tax exempted product (in the limit of quota) include: the main types of fresh and frozen meat, most processed meat products, including preserves, but also other products of animal origin (such as milk and eggs), some cereals and sugar white. It is important to note that the requirements for animal products are very strict in the European Union, which limits the ability of domestic producers to export.

For more detailed information, please visit the link: <http://dcfta.md/>

10.4. Agreement on the Free Trade Area in the CIS region

The Agreement on the Free Trade Area in the CIS region, was signed between Armenia, Belarus, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan and Uzbekistan.

This Agreement provides for the maintenance of a zero percent customs duty on more than 10 000 groups of goods, the reduction and phasing out of duties for products that are exempt from the free trade procedure, as well as the non-application of new restrictions. In this context, the parties undertook not to impose quantitative restrictions on the import and export of goods.

In order to benefit from the preferential free trade procedure under the CIS, domestic exporters must comply with the rules of origin of goods (thus the products intended for export must meet the criteria for sufficient processing to be determined for each item). Their determination takes place on the basis of special rules for determining the country of origin, and goods that do not meet the conditions of origin will be exported to the CIS countries without benefiting from the preferential regime i.e. the customs duties in force will be applied to them.

For more detailed information, please visit the link: <https://mei.gov.md/ro/comunitatea-statelor-independente>.

10.5. Central European Free Trade Agreement

Moldova is party to the CEFTA since 2007. Currently, the members of CEFTA are Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and UNMIK Kosovo.

This Agreement implies (i) the liberalization of trade in both industrial and agricultural products, (ii) improvement of the conditions for the promotion of investments (including direct foreign investments), (iii) increase of trade with goods and services and stimulate investments through fair, clear, stable and predictable rules, (iv) eliminate obstacles and distortions on the way of trade and facilitate the flow of products in transit and the trans-border flow of goods and services and series between Parties` territories. Thus, following the entry into force of the CEFTA Agreement in 2006, all customs duties on imports and exports, as well as all quantitative restrictions and other charges having equivalent effect in trade with industrial products and most agricultural products, were abolished. It should be noted that, in the negotiations with CEFTA members, the Republic of Moldova has agreed on the full liberalization of trade

in agricultural products (while a mutual quota regime for wines has been established with the Republic of Macedonia).

For more detailed information, please visit the link: <https://mei.gov.md/ro/comunitatea-stator-independente>.

10.6. Free Trade Agreement between the Republic of Turkey and the Republic of Moldova

Free Trade Agreement between the Republic of Turkey and the Republic of Moldova was signed on 11 September 2014 in Chisinau and entered into force on 1 November 2016.

With Turkey – Moldova FTA, tariff and non-tariff barriers for trade were eliminated in trade between the Parties. Also, Agreement regulates numerous subjects such as sanitary and phytosanitary measures, technical barriers to trade, intellectual property, rules of origin, internal taxation, antidumping and countervailing measures, safeguards and balance of payments measures.

With Turkey – Moldova FTA, the customs duties on industrial goods originating in Moldova upon the entry into force of this Agreement was eliminated. Since 1 November 2020, customs duties applied by Moldova on imports of all industrial products originating in Turkey will be abolished.

Concerning agricultural products, the Parties exchanged mutual concessions for certain products in the form of tariff quotas or on unlimited basis subject to MFN duty reduction or exemption. Reciprocal concession lists for agricultural products are laid down in Annex III of the Agreement.

The products benefiting from the preferential tariffs should fulfil the rules of origin set out in Annex I of the Agreement.

For more detailed information, please visit the link: <https://mei.gov.md/ro/content/acord-de-comert-liber-intre-republica-moldova-si-republica-turcia>.

XI. TRANSPORT

Transport is a well-regulated by Moldovan law area, due to its various nature and technical details it entails.

Moldovan law addresses the aspect of rail, road, air and waterborne transport, regulating both freight transport, as well as the transport of passengers. Comprehensive statutory provisions are established towards the transport agreement, transport of dangerous and perishable goods, carriers' liability in relation to the beneficiaries of transport services, as well as safety of passengers or transported freight.

Regardless of the type of transport, the prerequisite for performing transportation and for benefiting of transport services is for a transport agreement to be first concluded. By concluding a transport agreement, the carrier undertakes the obligation to transport the passenger or goods to a certain destination, while the beneficiary of such services is required to pay a certain charge.

The transport of passengers requires for a ticket or other such travel document to be issued by the carrier, while transport of goods is ascertained by a consignment note.

The aspects to be established by the transport agreement, both transport of passengers and transport of goods, relate to: the scope of services, billing and payment, transport safety to be ensured by the carrier, as well as the limitation of carrier's liability for any damages occurred towards the passengers or the transported freight.

11.1. Transport of goods

Under Moldovan law, the transport of goods can be performed by air, railway, road or via waterways.

Each mode of transportation is characterized by a set of operational and technical characteristics. Therefore, certain technical characteristics are established in relation to the speed of transportation, capacity of vehicles the transport is performed with, as well as the requirements the means used at transportation are to comply with.

Similarly, operational characteristics relate to safety conditions the vehicles used at transportation are to ensure, loading and unloading of goods, terms of transport and delivery, as well as the conveyance of goods to the consignee.

(1) Rail freight transport

The transport of freight by railways is initiated by a request for transportation submitted by the consignor to the railway. Such request shall be submitted no later than 10 calendar days before the beginning of the month, or no later than 15 calendar days – with regard to requests for export traffic and mixed traffic.

Furthermore, the transport of goods will be performed in correspondence with the request submitted by the consignor. The railway is to observe the requirements and specifications indicated in the consignor's request, such as those related to the: date of loading, points of delivery, the consignee of goods, as well as the freight wagons distribution, determined by the volume, type and nomenclature of goods to be transported.

Loading and unloading of freight into the wagons is performed either by the railway or by the consignor/consignee. Regardless of the entity performing the loading/unloading, the wagons which the goods are to be placed in, shall correspond to certain technical norms established by the competent authority. Also, the volume of goods shall not exceed the maximum capacity allowed for the certain type of wagons which the freight is to be transported in.

An important aspect with regard to transport of goods by railway is the obligation of the consignor to prepare the goods for transportation, so that their integrity and safety, as well as the integrity of wagons and containers is ensured during transportation. Thus, goods are to be properly packaged and stored for transportation, in accordance with the statutorily established requirements.

Failure of the consignor to duly prepare the goods for transportation leads to the railway being exonerated from the liability towards any damage occurred to such goods.

Also, under Moldovan law, transport of goods by railway is performed in sealed wagons and containers. After the goods are loaded for transportation, the wagons and containers are sealed and opened solely for customs control or upon the delivery of goods to the consignee.

(2) Road freight transport

Similar to the freight transport by railway, transport of goods by road is subject to a transport agreement concluded between the carrier and the beneficiary of such services. Parties to such an agreement are to expressly establish the type and number of transport means necessary to perform the freight transportation, as well as the loading point, the itinerary and the point of delivery.

For ensuring its safe delivery to the consignee, to freight be loaded into the road vehicles is to be duly prepared by the consignor, that shall ensure the freight is correspondingly packaged, marked and loaded into the vehicles.

With regard to freight transport by road, an important requirement is for such goods to be accompanied by the invoice. Thus, the carrier is prohibited to accept goods for transportation, if the consignor has not presented the invoice for such freight.

Also, special requirements are established towards transport of certain goods. Thus, the consignor is bound to declare the value of:

- precious metals and objects manufactured from such metals, precious stones, works of art, paintings, antiques, carpets and devices which a price is not determined for; and
- household items.

In the event of any damage or destruction of goods whose value was declared by the consignee, the carrier is bound to compensate the damaged incurred by the consignor. However, the maximum amount to be compensated by the carrier in such case cannot exceed the value of goods, as declared by the consignor.

(3) Waterborne freight transport

With regard to waterborne transport, the proof of concluding an agreement for freight transportation by such means is the bill of lading. Additionally, the carrier shall issue a shipment sheet and a receipt for the goods received for transportation.

Aside from a few exceptions, goods which are to be transported via waterways are to be transported solely in sealed containers and ships, in order to ensure such freight is duly delivered to the consignee. Upon delivery of goods to the destination, the carrier and the consignee shall both check the freight, by establishing the volumes delivered, as well as any damages and losses occurred to the goods.

(4) Claims

Moldovan law establishes specific requirements regarding the claims which can be submitted towards a carrier of goods.

Thus, the consignee of goods is entitled to submit a claim and to obtain the compensation of damages incurred, in the event the goods are delivered late, are damaged or are not delivered at all (i.e. are lost). In this regard, the consignor or the consignee are entitled to deem the goods conveyed to the carrier as being lost, if such goods were not delivered at the point of delivery:

- within 30 calendar days from the date of delivery, indicated in the transport agreement; or
- within 60 calendar days from the moment the goods were conveyed to the carrier for transportation, if a date of delivery was not set.

For submitting a claim with the carrier, the consignee shall observe certain timeframes. Thus:

- for late delivery of goods, the consignee shall submit the written claim to the carrier within 21 days from the moment of receiving the goods;
- if the consignee has received the goods without having verified their condition, the claim shall be submitted no later than at the moment of receiving such goods, if the damages or losses are apparent;
- if the consignee has received the goods without having verified their condition, the claim shall be submitted no later than within 7 days (except for Sundays and public holidays), from the moment of receiving such goods, if the damages or losses are non-apparent;
- if the consignee and the carrier have jointly checked the condition of goods delivered, the consignee is entitled to submit a claim within 7 days (except for Sundays and public holidays) from the moment the good have been verified, if the damages or losses are non-apparent.

It is also important to observe the statute of limitation term for claims related to freight transport agreements. Thus, the general term for submitting the claim with the carrier is 1 year. However, if the carrier has manifested gross negligence or deliberate default, the statute of limitations term is 3 years.

The term for the statute of limitations shall be counted:

- from the moment the goods have been conveyed to the consignee – in case of partial loss or damage of freight;
- after 30 days from expiry of the delivery date; or 60 days from the moment the goods were conveyed to the carrier for transportation, if a date of delivery was not set – in case of total loss of the freight.

11.2. Transport of passengers. Air transport

The transport of passengers may also be performed by means of rail, road, air and waterborne transport. Regardless of the type of transportation used, the carrier is bound to compensate the damages caused to

the passengers due to delays in transportation, death or injuries caused to passengers, or losses or damages occurred to passengers' luggage.

The sole exception from the rule mentioned above is for such delays, damages or losses to occur due to unexpected situations, out of the carrier's control.

The law establishes certain limits towards carrier's liability for damages caused to passengers and their luggage, depending on the type of distress caused by the carrier.

Thus, with regard to air transport, Moldovan law establishes the right of passengers to receive compensation of the damages incurred due to flight delays of flight cancellations occurred upon carrier's fault.

Therefore, if a flight has been cancelled due to carrier's fault, passengers are entitled to receive:

1. re-routing or full refund of the ticket cost; and
2. care offered by the carrier, such as: meals and refreshments, hotel accommodation, transport between the airport and place of accommodation, as well as the right to make telephone calls, to send teletex, fax messages or e-mails free of charge. The care to be offered by the carrier depends on the amount of time the passenger has to wait for the next flight; and
3. the compensation established by law (the "**Compensation**").

The rights of the passengers mentioned at points 1-3 above are to also be granted by the air carrier in case of flight delays. The specific right to be granted to the passenger will be determined by the exact period of time the flight is delayed.

The amount of Compensation mentioned at point 3 above is directly related to the distance between the point of departure and the final destination of the passenger. Thus, the Compensation will amount to:

- a. EUR 250 for all flights of 1500 kilometres or less;
- b. EUR 400 for all flights between 1500 and 3500 kilometres;
- c. EUR 600 for all flights not falling under (a) or (b).

For benefiting of compensation for delayed or cancelled flights, the passenger shall address a written claim with the air carrier. As mentioned at sub-section 15.1 above, claims arising out of transport agreements are subject to a statute of limitations period. The same timeframes as mentioned above (i.e. the general term of 1 year and the term of 3 years) are to be applied with regard to air transport of passengers.

With regard to damages occurred to the luggage, Moldovan law establishes the following terms for the claim to be submitted by the passenger:

- for apparent damages to the luggage, the passenger shall submit the claim with the carrier upon leaving the aircraft or upon receiving the luggage;
- for non-apparent damages to the luggage, the passenger shall submit the claim within 7 calendar days from the moment of leaving the aircraft or upon receiving the luggage;
- if the hand luggage is lost, the passenger shall submit the claim upon leaving the aircraft;
- if the luggage (except the hand luggage) is lost, the passenger shall submit the claim within 7 calendar days from the moment the luggage should have been delivered to the passenger.

It is important to observe the above-mentioned timeframes for claim submission. Otherwise, if no such notification is made to the air carrier within 1 month from the moment of arriving at the destination point, the passenger will be deprived of the right to claim compensation of the damages incurred.

XII. INCENTIVES AND SUPPORT FOR CERTAIN CATEGORIES OF INVESTMENTS

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

12.1. Free Economic Zones

Overview

A free economic zone (FEZ) is a specific part of Moldovan territory in which Moldovan and foreign investors may conduct certain types of activities benefiting from special guarantees and incentives (tax, customs, regulatory, immigration, etc.). The main legal acts regulating FEZ in Moldova are the Law No 440/2001 on free economic zones and the Tax Code.

FEZ are created for a period of at least 20 years.

Moldova currently has seven FEZ, located all over the country's regions:

1. Expo-Business-Chisinau
2. Balti
3. Ungheni-Business
4. Otaci-Business
5. Taraclia
6. Vulcanesti
7. Tvardita

Some FEZ privileges are also applicable to the Free International Airport "Marculesti" and Giurgiulesti International Free Port (GIFP).

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

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

- Industrial production of export-oriented goods, except for ethyl alcohol and alcoholic production;
- Sorting, packing, labelling and other similar operations for goods which transit through Moldovan customs territory;
- Other auxiliary activities necessary for the basic activities indicated 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);

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

Investments that were made within Free Economic Zones in Moldova so far amount to USD 432,7 million, with USD 35,8 million being invested in 2019 (an increase of 9.0% from 2018).

As of 1 January 2020, 208 residents were registered in seven Free Economic Zones. The number of employees working in the FEZ at the end of 2019 was 18,180 people.

FEZ incentives

(a) Special tax and customs regimes

For 2020, the following incentives for FEZ investors are applicable:

- FEZ residents, which export goods (services) from FEZ outside the customs territory of the Republic of Moldova or deliver manufactured goods to other FEZ residents, are entitled to apply **50%** of the applicable CIT rate on such income for goods to be exported. For other cases, the CIT rate is **75%** of the established one.
- The income obtained from exports of goods (services) originating from the FEZ outside the customs territory of the Republic of Moldova or from supply of produced goods to other FEZ residents is CIT exempted for a period of **three years**, provided that FEZ residents invested a capital equivalent of at least **USD 1 million** in fixed assets of their enterprises and / or in the development of the infrastructure of FEZ, and is CIT exempted for a period of five years, where the invested capital is at least **USD 5 million**.
- From a VAT perspective, goods and services imported to FEZ from abroad or from the rest of the customs territory of the Republic of Moldova, or exported outside of Moldova from the FEZ are subject to **VAT at a 0% rate**. The delivery of goods or services within the FEZ are not subject of VAT taxation.
- According to the customs provisions, goods originating from the FEZ and exported from FEZ to the rest of the customs territory of the Republic of Moldova or abroad are **exempt from any customs duties**, except for the customs processing fee. Also, goods imported to FEZ from the rest of the customs territory of the Republic of Moldova or from abroad are exempt from any customs duties, except for the customs processing fee.

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.

(b) Transfer of profits, currency repatriation rules

Proceeds obtained by FEZ residents as profits (dividends) or from the sale of their shareholding, 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 do not apply to transactions between FEZ residents and other Moldovan legal entities operating outside FEZ.

Special visa and a simplified procedure of work permits regime is available for foreign workers of FEZ. No consular fee is required for the issuance of business visas for foreign workers of FEZ.

12.2. Industrial parks

Overview

Industrial parks are one of the most effective factors supporting positive economic development all over the world. For Moldova, however, the concept of an industrial park is a relatively new one. It has been legally regulated by the Law No 182/2010 on industrial parks and the first industrial park appeared in 2010.

An industrial park represents a defined territory which has technical and production infrastructure administered by a managing company, and where the resident companies carry out economic activity, under an incentivised regime provided by the state.

Any legal entity registered in Moldova can become an industrial park resident on the basis of a contract concluded with the administrator-enterprise, aiming to carry out such activities as industrial production, service provision, implementation of scientific researches and / or technological development within the industrial park.

The land for an industrial park, along with the buildings and the facilities located on it, must cumulatively fulfil the following requirements:

- be free of any encumbrances;
- be free of any disputes;
- have access to transport routes;
- be able to connect the technical and production infrastructure of the park to public utilities;
- have an area of at least 5 hectares;
- be in the usage of the applicant for a term of at least 30 years or in its ownership.

Several enterprises obtained the title of industrial park on the basis of Government decisions since 2010.

There are 10 industrial parks which are located all over the country such as IP “Bioenergagro” (Drochia), IP “Tracom” (Chisinau), IP “Cimislia” (Cimislia), IP “CAAN” (Straseni), IP “Raut” (Balti), IP “Edinet” (Edinet), IP “Triveneta Cavi Development” (Straseni), IP “Comrat” (Comrat), IP “FAIP” (Durlesti) and IP “Cahul” (Cahul).

As of 01.01.2020, there are 82 companies registered as residents of industrial parks. According to the investment projects the residents act in the field of information and communication technologies, electronic equipment, machinery building, furniture, industrial goods (parts, accessories), production from metal, garments, foods, wines etc.

During the last 9 years of the industrial parks activity:

- volume of investments amounted to 2,535.0 million MDL
- volume of production – 3,407.1 million MDL;
- total sum of paid taxes – 522,5 million MDL;
- number of created jobs – 4,262.

Industrial parks incentives

IP Residents and IP Administration may benefit from the following immovable property incentives and Government support:

- Exemptions related to exclusion of land from the agricultural land category;
- Free or gratuitous transfer of public property goods;
- Right of privatization of public land associated to the buildings at a privileged price;
- Tax incentives;
- Application of a preferential rate of the lease on land or public property goods;
- Optimisation of state inspections;
- Allocation of financial means for the creation of infrastructure.

12.3. IT parks

Overview

The ICT sector is continuously growing in Moldova. This process is actively supported by Law No. 77/2016 on information technology parks which regulates the process of IT parks creation and their operation.

Moldova IT Park is the first IT park in Moldova, which started its activity on 1 January 2018, being created to operate for the next 10 years. During the first two years of its existence, the number of its residents exceeded 500 IT companies.

Moldova IT Park is the main focal point of access for best services and incentives for the IT sector, which has proven its uniqueness by being a virtual structure, which operates in a multi-stakeholder governance model.

Acting as a cluster facilitator, the Park provides the organizational platform with a set of innovative tools and new approaches to accelerate, in a coordinated manner, the transformation of economy, streamlining corporate innovation practices, boosting the growth of the IT industry, supporting partnerships, creating new jobs and attracting local and foreign investment.

Any legal entity registered in Moldova and aiming to carry out activities stated by the law can become an IT park resident by concluding a contract with the Administration of the IT park.

According to the law, the following main activities may be carried out in the IT Park (the main activities are the ones that generate at least 70% of the Park's resident's sales revenues):

- custom software development activities (client-oriented software);
- computer games editing activities;
- editing activities of other software products;
- management activities of computing means;
- data processing, web page administration and other related activities;
- web portal activities;
- information technology consultancy activities;
- other activities related to informational technology;

- other forms of education limited to training in computer science;
- research and development in other natural sciences and engineering, based on the use of specialized high-performance computing equipment, limited to experimental research and development services in (i) mathematics, (ii) computers and computer science, (iii) physics, (iv) nanotechnology, (v) engineering and technology, except biotechnology, (vi) natural sciences and engineering, except biotechnology;
- research and development in biotechnology, limited to (i) experimental research and development in the field of bioinformatics: database building in genomics, protein ordination, complex biological modelling processes, including biological systems and (ii) experimental research and development in the field of nano-biotechnology: nanoscience and micro-projection tools and processes used in the construction of devices for the study of bio-systems and application in medication, diagnostics, etc.
- manufacturing of electronic components limited to (i) microprocessors and (ii) integrated circuits.
- Motion picture, video and television programme post-production activities, based on the use of specialized high-performance computing equipment, limited to (i) services for obtaining special offers and (ii) animation production services;
- Specialized design activities based on the use of specialized high-performance computing equipment.

IT parks incentives

(a) Virtual presence

The residents of the IT Park can be located anywhere on the territory of the Republic of Moldova.

(b) Single taxation regime

The residents of the IT Park pay a **single tax of 7%** on sales revenue (but not less than a minimum amount per employee, which equals to 30% of the average monthly wage forecasted per economy for that year – e.g. 30% x 7,953 MDL = 2,386 MDL per month per employee).

The single tax includes the following taxes:

- Corporate income tax;
- Personal income tax on salary;
- Social security contributions (due by both employee and employer);
- Health insurance contributions (due by both employee and employer);
- Local taxes;
- Immovable property tax;
- Road usage tax.

Other taxes, which are not covered by the single tax, are due according to the general rules. These include:

- Withholding taxes;
- VAT and excises;
- Other taxes not specifically included in the single tax.

(c) Simplified tax reporting

Since 7 taxes were included in the single tax, the IT Park residents have a simplified reporting regime. Overall, the single tax return replaced all standard returns related to taxes included in the single tax.

(d) Application of the law over time

In case new laws that modify or cancel the rate and/or the composition of the single tax are adopted, the residents of the IT Park have the right, to work according to the existing law until 31 December 2025.

(e) Favourable immigration regime (IT Visa)

Foreign individuals with senior management positions in entities performing IT activities and IT specialists are entitled to favourable immigration rules as follows:

- IT specialists can work in Moldova for a period up to 90 days during every 6 months based on a simplified notification to the Bureau of Migration and Asylum;
- IT specialists can obtain a work permit for a period up to 2 years;
- IT managers can obtain a work permit for a period up to 4 years.

It should be mentioned that the periods for which IT managers and specialists are granted work permits is double as compared to standard rules.

(f) Benefits for employees

Insured by the state – while being exempted from the tax burden, the employees continue to benefit from social insurance in amount of 60% of the average salary in the economy (approved on a yearly basis by the Government).

No taxes on other benefits – all extra benefits granted to employees (e.g. bonuses, premiums, benefits in kind) are not subject to additional taxation.

No need to submit individual personal income tax return – all income obtained by employees within their labour relationship with an IT park resident shall not be additionally reported in the annual personal income tax return.

XIII. CAPITAL MARKET

13.1. General

Moldovan capital market started its existence in 1994, following a mass privatization process. From that date this sector was subject to several reforms, which are continuing until nowadays.

The main regulatory act is the Law No. 171 on Capital Market of 11 July 2012 (“**Capital Market Law**”), which has been drafted by transposing 11 EU directives, including MiFID, the Directive on Takeover Bids, the Investor Compensation Scheme Directive, the Market Abuse Directive, the Capital Adequacy Directive and the UCITS Directive.

The Capital Market Law establishes entities and systems that are part of the capital market infrastructure, including regulated markets, financial intermediaries, multilateral trading facilities (MTF), central security depository, securities settlement systems, and independent registrars. The Law also regulates the activity of investment firms, public offering and takeover bids, determines mandatory disclosure requirements, and conditions for financial investments.

The National Commission for Financial Market (“**NCFM**”) is the independent regulatory agency which supervises securities market, insurance sector and non-banking financing in Moldova.

The capital market in Moldova is limited to equity securities market, transacted on primary and secondary markets. The corporate bonds market in Moldova does not exist yet. The market of financial debt instruments is represented mainly by governmental securities, which are placed only on the interbank market. The NCFM currently is working on a new reform allowing governmental securities to be also transacted on the regulated market.

Transactions related to the issuance of new securities take place on the primary market, while the secondary market deals with the trading of securities already issued and admitted to trading.

Transitioning with securities on the secondary market may be performed on the regulated market, through the multilateral trading facility or outside the regulated market, directly between the buyer and purchaser. Transactioning on the regulated markets and MTF is not very popular, therefore a significant part of transactions are still done over the counter.

The Moldovan Stock Exchange (“**MSE**”) is the only stock exchange duly licenced and operating in the Republic of Moldova.

The MSE has been initially created in 1994 and performed its first transactions in 1995. After the reform of the capital market legislation in 2013, the MSE obtained the licence as market operator, and authorizations for the regulated market, and for the multilateral trading facility.

13.2. Overview of the local stock exchange and listing segments (markets)

Under the Capital Market Law, a regulated market represents a multilateral system, which is managed and used by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling orders in financial instruments that are admitted for trade in a way that results in contracts. The regulated market operates under its own rules and shall be authorized by the NCFM.

Currently, MSE is the only operator which is authorized to manage and operate a regulated market in Moldova. The transactions on MSE regulated market are performed according to the MSE Rules.

The Capital Market Law also regulates the possibility to trade securities through the MTF, representing a system operated by an investment firm or market operator which brings together multiple third-party buying and selling orders in financial instruments. In Moldova, MTFs can be operated by investment firms or market operators based on its own discretionary rules and are subject to broadly the same overarching regulatory and transparency requirements as regulated markets.

Currently, the only market operator authorized to operate through the MTF system in Moldova is the MSE.

13.3. Key Listing Requirements

Key listing requirements for the admission of securities on the MSE regulated market are as follows:

- 1) publication of the public prospectus;
- 2) securities proposed for listing shall be fully paid, except for the primary issuance of securities;
- 3) minimum market capitalization of EUR 1 million;
- 4) minimum free float of 10%, except for primary issuance of shares;
- 5) issuer's net assets are not lower than the issuer's share capital;
- 6) documentary evidences, including:
 - (i) charter and excerpt from the trade register;
 - (ii) registration certificates for each issuance of securities;
 - (iii) public offer prospectus as approved by the NCFM;
 - (iv) audited financial statements for the last 3 years, and for the previous quarter together with the auditor's reports;
 - (v) resolution of issuer's governing bodies approving the listing of securities on the regulated market, etc.

13.4. Prospectus Disclosure

When the issuer is seeking admission on the MSE regulated market the key disclosure document is a prospectus.

The prospectus regime in Moldova is mainly governed by the Capital Market Law, the NCFM Regulation No. 33/1 of 16.06.2015 on Public Bids, the NCFM Rules No. 13/10 of 13.03.2018 on Steps, Terms, Method and Procedure of Securities Registration, and the MSE Rules.

A prospectus should be written in an easily analyzable, concise and comprehensible form and shall contain the necessary information which is material to an investor for making an informed assessment of the issuer, the rights attached to the securities being offered, the reasons for the issue and impact on the issuer. It may be published in a single document or in three separate documents comprising a registration document (containing information related to the issuer), a securities note (containing information concerning the securities being offered) and a prospectus summary.

13.5. Prospectus approval process

The NCFM is the competent authority in Moldova for reviewing and approving the prospectus of public bids of securities to be issued by Moldovan issuers.

NCFM approves or refuses the approval of the prospectus within 10 business days from the date of prospectus submission together with all supporting documents. The term for examination may be extended by additional 20 days in case of primary issuance of shares.

The approval of the prospectus can follow once the NCFM clears the prospectus.

There is no limited number of prospectus draft submissions. Any additional information or documents submitted to the NCFM for the prospectus approval restarts the term for the prospectus examination by the NCFM.

13.6. Listing Process

The application for admission of securities for trade on the MSE regulated market, together with supported documents should be examined by the MSE Department of Marketing, Listing and Ratings. Within 10 business days for domestic companies, and 20 business days for foreign companies, from the date when a corresponding application is submitted, the MSE will need to decide over acceptance or refusal of the listing application.

If the application is accepted, the applicant will be invited to sign the listing contract within 10 business days as of the application acceptance date.

The applicant will also be issued a certificate confirming the listing of securities on the MSE regulated market.

13.7. Corporate Governance

An issuer whose securities are admitted to be traded on the regulated market is considered a public interest entity and has the obligation to comply with the Corporate Governance Code approved by the NCFM in 2015 (“Code”).

The Code is also compulsory for other public interest entities, even if their securities are not admitted to be traded on the regulated market, if the entity is a financial institution, insurance company, leasing company or voluntary pension fund.

All other companies that are not public interest entities may follow the Code on a voluntarily basis.

Public interest entities also have the obligation to report their compliance with the Code in relation to (i) international corporate governance standards, (ii) protection of the legitimate rights and interests of shareholders, (iii) clarification of the roles of its governing bodies, (iv) functionality of the entity in a non-

corrupt environment, (v) promotion of the interests of managers, employees and shareholders, as well as by other measures.

The Code prescribes specific independence requirements for the directors of public interest entities. Under the Code at least 1/3 of the board must be composed of independent directors. The number of board members should be sufficient to ensure the organization of the board's activity, including the possibility to create board's committees and allowing shareholders to elect the candidate for which the shareholder has voted.

The Code also requires the board to create committees for the preliminary examination of the most important issues related to the entity's activity, such as remuneration committee, risk management committee etc.

13.8. Special disclosure obligation for public companies

Public interest entities, including issuers whose securities are traded on the regulated market, are subject to special disclosure obligations. The information that is to be disclosed by a public interest entity is expressly regulated by the Capital Market Law, and includes:

- 1) annual report of the entity;
- 2) quarterly report of the entity;
- 3) interim statement of the entity's management;
- 4) information on events impacting the economic and financial activity of the entity;
- 5) entity's articles of incorporation.

The purpose of the disclosure obligations imposed on public interest entities is to ensure that all investors have equal, equitable and simultaneous access to information for making an informed assessment of issuers and their securities.

In addition, participants to the capital market have the obligation to immediately inform the NCFM of any material breach of laws relating to operations, manipulation activities, market abuses, or other breaches that may affect market stability.

Failure to comply with disclosure obligations may imply sanctions in the form of a warning, public warning, suspension or withdrawal of qualification certificates, suspension or withdrawal of management, suspension or interdiction to perform certain activities on the capital market, suspension of license, withdrawal of license or authorization, or a fine of up to MDL 1 million (about EUR 50 thousand).

Moldovan Capital Market Law also regulates specific ad-hoc disclosure obligations for shareholders and issuers as follows:

- 1) Notification on corporate developments that have an impact on the issuer's activity:

Within 7 business days, a public interest entity should disclose the occurrence of any event with impact over the company's activity, such as:

- amendments to voting rights related to different categories of securities;

- new issuance of securities;
- payment of dividends;
- conversions, fractioning or consolidation of securities from previous issuances;
- events that may influence the activity of the issuer or the price of securities admitted to trade.

- 2) Notification of significant proportion of voting rights: An individual or a legal entity who directly or indirectly reaches, exceeds or falls under 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66%, 75% or 90% of the voting rights in a public interest entity or in a company whose shares are traded on the MTF, should respectively notify the issuer and NCFM within 4 business days.

The public interest entity that is the issuer of voting shares, upon the receipt of the notification specified above shall disclose the information contained in the notification to the public, promptly and no later than within 3 business days from the date of receipt.

- 3) Notification of acquisition of company's own shares: A public interest entity who acquired or sold its own voting shares, and after the transaction reaches, exceeds or falls under 5% or 10%, should disclose information to the public promptly and no later than 5 business days.

XIV. MERGERS AND ACQUISITIONS

14.1. General

Mergers and acquisitions (“**M&A**”) do not represent a clearly defined category and are primarily used as business terms. M&A is referring to a set of transactions consisting in the transfer of control and ownership of a business or its assets.

A merger is a combination of two or more entities and is a variety of businesses’ legal reorganization in the form of amalgamation or absorption. Entities of different organizational forms may merge, subject that all entities involved are registered in the same public register. Entities under liquidation process may also participate in a merger prior to assets’ distribution in a liquidation procedure.

An acquisition is when a business or individual acquire another business, a division of another business, a product line or certain assets from another business. In general, acquisitions are structured as either stock (shares in JSC or participations in LLC) purchases or assets purchases.

14.2. Relevant legislation

Rules regulating M&A deals in Moldova are dissipated in different legal acts, with main rules contained in the following legal acts:

- Civil Code No. 1107 of 06.06.2002;
- Law No. 135 on Limited Liability Companies of 14.06.2007;
- Law No. 1134 on Joint Stock Companies of 06.06.2002;
- Law No. 171 on Capital Market of 11.07.2012;
- Law No. 183 on Competition of 11.07.2012;
- Regulation No. 17 on Economic Concentrations of 30.08.2013.

14.3. Mechanics of M&A

The following alternative means of M&A transactions are possible in Moldova:

- (1) acquisition through direct negotiation – this is the most used alternative of private acquisition of stocks in LLCs, shares in non-public JSCs and of assets;
- (2) acquisition through public bids – public bids are mandatory for acquisition of shares exceeding 1% of share capital in public JSCs and for public acquisitions of State-owned stocks and assets in the privatization process;
- (3) reorganization – the transfer of control in case of merger through reorganization takes place in the form of amalgamation of two or more entities in a newly created company, or through absorption of two or more entities in one existing company. The entities amalgamated or absorbed in a merger are dissolved and all their assets and liabilities are transferred to the company remaining after merger.

14.4. Participants in M&A transactions

In most of M&A transactions in the form of stocks or assets acquisitions, the following participants are involved:

Purchaser: Every M&A transaction involves at least one purchaser, the person (individual or legal entity) that signs the purchasing agreement, pays the purchase price and which, after closing, directly or indirectly, owns or controls the target company or its assets. The purchaser will also work with the seller or aim to establish the primary financial and strategic terms of the transaction, lead negotiations of key deal points, manage due diligence procedures.

Seller: The seller in an M&A transaction is the person or persons selling the equity securities or assets being purchased by the purchaser. In private M&A transactions, where there is typically one or a small group of individuals who control the target company, these “control persons” will generally act as the seller. In that capacity, as the counterpart to the purchaser, they will sign the purchase agreement, receive the purchase price and transfer the securities or assets subject to the transaction. The seller in a private M&A transaction will be responsible for post-closing indemnification obligations owed to the buyer (i.e., obligations to reimburse the buyer for certain losses it may incur as a result of violations of the purchase agreement).

Target: The term “target” is generally used to refer to a company, ownership or control of which will be acquired in the M&A transaction. A private M&A target is the subject of the deal and not usually a party to it. The term “target” is not used in transactions involving a sale of assets, where “acquired assets” are at stake. In a private deal, the target company itself may not be expected to participate actively in the negotiation and implementation of the transaction, aside from facilitating the due diligence by providing access to information and materials to the purchaser.

Besides entities that are parties or subjects of the M&A transaction, there are certain categories of persons whose liability or interests are to be considered during the M&A process, and namely:

Creditors of merging entities: M&A transactions in the form of reorganization, involves the transfer of liabilities of merging entities to the entity that will survive the merger. To protect the interests of relevant creditors, merging entities have the obligation to inform their creditors within 15 days after the corporate decisions on merger are issued by the correspondent corporate bodies of the merging entities. Creditors are entitled to ask for guarantees from the merging entity, if merger may endanger the payment of the creditors’ claims. The law imposes joint liability on directors of the merging entity for any damages caused to creditors of such merging entity during 3 years after the merger.

Employees: M&A transactions involve employment issues in case of reorganization or change of control. Under the Moldovan Labor Code, with at least 30 days before starting the reorganization or change of control process, the employer should inform the employees of the entity which is subject to merger or change of control and provide details on the (i) date of reorganization or change of control; (ii) grounds of reorganization or change of control; (iii) legal, economic and social consequences of reorganization or change of control; (iv) measures to be implemented in relation to employees.

Pre-emption rights of shareholders: In the case of LLCs, other shareholders have a preferential right to purchase shares on the same terms and conditions as offered by potential third-party purchaser. The pre-emption rights may exist also in the case of sale of shares in JSC that were initially registered as closed JSC except when their articles of incorporation regulate otherwise.

14.5. Restrictions for foreigners to participate in M&A deals

Foreign individuals and entities may freely participate in M&A transactions involving entities, shares or assets in Moldova, with certain exceptions.

- (1) Restrictions to own agricultural land and land plots from the forestry fund: Foreign companies or individuals, as well as Moldovan companies with foreign investment are prohibited from owning agricultural land and land plots from the forestry fund.
- (2) Restrictions for residents from non-transparent jurisdictions: Residents of non-transparent jurisdictions (such as, for instance, Andorra, Bahamas, Costa Rica, United Arab Emirates, Hong Kong, Virgin Islands, Iran, Singapore etc.) are prohibited from acquiring shares in Moldovan commercial banks and insurance companies. The list of non-transparent jurisdictions is approved by the National Bank of Moldova (applicable for commercial banks) and by the National Commission for Financial Market (applicable for insurance companies).

14.6. M&A Phases

Any M&A process may be conventionally separated in following phases:

- a) Preparatory phase;
 - b) Negotiation phase;
 - c) Prior Approvals from State Entities;
 - d) Closing Phase;
 - e) State Registration Phase.
- a) Preparatory phase
 - (1) Corporate approvals by the correspondent corporate bodies of each participant involved. In some cases, articles of incorporation of entities involved in a M&A transaction (seller, buyer, target in case of takeover bids) the intention to initiate discussions on a potential merger or acquisition requires approvals by boards of directors or general meetings of shareholders, as regulated by the articles of incorporations and by-laws of the involved entities.
 - (2) Performance of legal, financial, operational due diligences. Due diligence is a thorough review of the target and target's books, records, inventory, contracts and more. The goal of due diligence is for the purchaser to confirm the target's financials, contracts, customers, and all other pertinent information. For due diligence purposes, online data rooms are usually used acting as central depository of documents and information. Considering that due diligence implies the transfer of sensitive information of the target, correspondent non-disclosure agreements need to be in place.
- b) Negotiation phase: this phase is specific for private M&A that do not require a mandatory bidding process. At this phase, parties usually perform the necessary evaluations, agree on the main terms of the transaction and execute preliminary contractual documentation such as letters of intent, heads of agreements or term sheets. The preliminary contractual documentation represents the roadmap for the transaction and lays out the intent of the parties to sell and

purchase the stock or assets for the proposed terms. The preliminary contractual documentation usually does not bind the parties to the deal and any party can still walk away for any reason.

c) [Preliminary approvals of State Authorities](#)

(1) *Competition clearance by the Competition Council:*

Under the Competition Law, the Competition Council of Moldova must be notified of any concentrations of undertakings including mergers and acquisition of control, provided that in the year preceding the concentration the undertakings concerned reported:

- a) a combined aggregate worldwide turnover of at least MDL 25 million of all the undertakings concerned;
- b) at least two of the undertakings concerned reported an aggregate turnover in Moldova of at least MDL 10 million.

The acquisition transactions are subject to competition clearance when the direct or indirect control in an entity is changed. Under the Competition Law, the “**control**” exists when an entity directly or indirectly:

- a) owns more than half of the capital, or
- b) has the power to exercise more than half of the voting rights, or
- c) has the power to appoint more than half of the members of the supervisory board, the administrative board or bodies legally representing the entity; or
- d) has the right to manage the entity’s affairs.

For the purposes of thresholds calculation, the parties to an M&A deal need to consider the turnover of all merging parties and their affiliates (in case of merger); turnover of the purchaser and its affiliates, and turnover of the target and its affiliates (in case of acquisition of control).

When thresholds are cumulatively met, all merging entities (in merger deals) or the purchaser (in acquisition of control) should file a notification in the form approved by the Competition Council, together with the required supporting documentation.

The notification of the economic concentration (merger or acquisition) should be submitted prior to reorganization or closing of the transaction. In case of public takeover bids, the notification should be filed prior to the announcement of the public offer.

Depending on the complexity of the economic concentration, its evaluation by the Competition Council may take from 30 to 120 days as of the date of effective notification.

Parties are generally prohibited to put into operation a notifiable economic concentration in the absence of the Competition Council decision. If parties close the deal or put into operation a notifiable concentration, Competition Council may initiate an investigation, and the responsible entities may be subject to fines of up to 5% from their turnover in the precedent year.

(2) *Approvals of markets regulators*

M&A deals involving shares or assets of businesses operating on regulated markets may require preliminary approvals from correspondent market regulators. For instance,

- a) direct or indirect acquisition of:
 - 1% and more in the capital of a Moldovan bank requires prior approval of the National Bank of Moldova;
 - 10% and more in the capital of a Moldovan nonbanking payment service provider requires prior approval of the National Bank of Moldova;
 - 10% and more in the capital of a Moldovan insurance company requires prior approval of the National Commission for Financial Market;
- b) merger of:
 - Moldovan banks - prior approval of the National Bank of Moldova;
 - Moldovan nonbanking credit organizations - prior approval of the National Commission for Financial Market
 - Moldovan insurance companies - prior approval of the National Commission for Financial Market;
 - Moldovan entities registered in the form of joint stock companies - prior approval of the National Commission for Financial Market;
 - Moldovan entities operating on Moldovan power sector require prior approval of the National Agency of Energy Regulation.

d) [Closing Phase](#)

At closing, parties execute the purchasing agreement, which is often referred to as the SPA (stock purchase agreement) or APA (asset purchase agreement), or merger agreement.

The form of the purchasing agreement will depend on the subject matter thereof. For instance, acquisition of stocks in a Moldovan LLC or of real estate requires notarial authentication as a form of validity.

e) [State registration phase](#)

Most M&A deals performed with stocks in Moldovan companies or their assets require registration in public registries.

Thus, all mergers are subject to mandatory registration in the Register of Legal Entities maintained by the Public Services Agency.

Acquisition of stocks in LLCs are subject to mandatory registration as a change of shareholders in the Register of Legal Entities maintained by the Public Services Agency.

Acquisition of shares in JSCs are subject to mandatory registration as a change of shareholders in the Register of Shareholders maintained by the Central Depository, or by the independent registrar of the respective JSC.

Acquisition of immovable property is subject to mandatory registration in the Immovable property Register maintained by the National Cadastre Agency of the Republic of Moldova.

14.7. Price and Key Costs

The price to be paid by the purchaser and key costs in an M&A transaction are always subject to agreement between parties.

There are no statutory requirements or restrictions as to minimum or maximum level of price to be paid by the purchaser, unless it is unreasonable and lower than the market value, in which case there may be tax implications.

Depending on the type of transaction, the following charges or fees may apply:

- (a) purchase of shares in a JSC is subject to a transfer stamp duty of 0.5% of the shares price to be paid to the National Commission for Financial Market;
- (b) purchase of shares in an LLC is subject to a state fee of 0.1% of the shares price to be paid to the State budget;
- (c) notary fees for authentication of the purchase agreement in transactions where shares in LLCs or immovable property are involved depends on the value of the subject matter of the agreement and may be up to 0.1% of the price of the agreement.
- (d) competition clearance of the economic concentration is subject to a fee of 0.1% of the combined aggregate turnover of the undertakings concerned in the Republic of Moldova, but not exceeding MDL 75,000;
- (e) registration of amendments in the Register of Legal Entities in relation to the merger or acquisition of shares is subject to State fees depending on the legal transaction (reorganization or change of shareholder).

14.8. Privatization

Moldova as a State through its competent bodies may also participate in civil transactions, as seller or purchaser with a specific status. When the State sells its property the transfer is made through a strictly regulated privatization process.

Privatization represents the process of transfer of public assets from public ownership of the State or of local administration into the ownership of private entities.

Legal Framework

The main normative acts regulating the privatization process and methods are:

- Law No. 121 on Management and Privatization of Public Property of 04.05.2007;

- Law No 1308 on Land Normative Price and Sale and Purchase Manner of 25.07.1997;
- Government Resolution No. 919 on Commercial and Investment Competition for Public Property Privatization of 30.07.2008;
- Government Resolution No. 136 on the Regulation for Outcry and Discount Auctions of 10.02.2009;
- Government Resolution No 145 on the Regulation regarding the Sale of Public Owned Shares on the Regulated Market of 13.02.2008;
- Government Resolution No. 1008 of 10.09.2007

Public authorities with managing and privatization powers

State policy in the area of public property management and privatization is promoted by the Ministry of Economy. The Agency for Public Property is the line agency overseeing the state policy in the field of management and privatization of public property, post-privatization activity and exercises the functions of the owner of State property.

In the field of privatization, the Agency is responsible in particular for:

- a) identification of assets to be proposed for privatization, subject to Government approval, as well as the assets that may not be subject to privatization;
- c) participates in preparing and conducting State assets privatization and concluding of sale and purchase agreements;
- d) monitors and supervises the performance by purchasers of their obligations under the sale and purchase agreements, applies measures for enforcement and disputes resolution;
- e) informs the public and potential investors on privatization process and results.

Who may purchase state property?

Any legal entity or individual from Moldova or abroad, as well as any association thereof may participate in the privatization process, subject to limitations established by law. In particular, are prohibited to participate in privatization process, as sellers:

- (a) public institutions and legal entities, State and municipal enterprises, companies where the State controls 25% and more of share capital;
- (b) former participants to privatization projects that did not observe their contractual obligations under privatization contracts;
- (c) legal entities under voluntary liquidation or insolvency process.

State property that may be purchased

The following categories of assets belonging to the State or to local administration units may be subject to privatization and may be proposed for sale to private entities (both individuals and legal entities):

- (a) stocks in LLCs and JSCs;

- (b) non-residential premises;
- (c) unfinished constructions;
- (d) municipal enterprises as unitary property complexes;
- (e) immovable property, movable property and property complexes;
- (f) land plots adjacent to private or under privatization assets, including land plots for construction.

The list of assets that are proposed for privatization may be consulted on the web site of the Agency <http://www.app.gov.md/ro/advanced-page-type/bunuri-supuse-privatizări>.

Privatization methods

Privatization of public assets may be performed according to the methods strictly determined by law, including:

- (a) sale of shares on the regulated market or through multilateral trade systems;
- (b) sale through public auctions (including outcry and discount auctions; auctions without initial price announcement, public takeover bids);
- (c) sale through commercial or investment competitions, including individual projects.

The privatization is also allowed in the form of donation of shares, or transfer of shares as payment for states' bonds; or through assets (including shares) exchange.

Participants make their offers according to the information published by Public Property Agency about state assets offered for privatization. A special commission analyses the offers in a dialogue with the bidders and awards the specific asset to the bidder that made the best offer.

The exact privatization methods to be used for particular assets are determined depending on the peculiarity of the assets that are alienated, as well as on State's necessities, including but not limited to needs for capital investments, importance of the enterprise which is subject to privatization for the Moldovan economy.

The sale price in the privatization process should be established according to the law, and initially is determined by the Government commissions created by the Government.

XV. DISPUTE RESOLUTION

15.1. General overview

According to the Constitution of the Republic Moldova and the Law No. 514 on judiciary organization of the judicial system of 6 July 1995 the Republic of Moldova comprises three tiers of courts of general jurisdiction, namely: one Supreme Court of Justice, four Courts of Appeal and fifteen Ordinary Courts (courts of first instance).

For a distinct category of cases, specialized courts; or specialized panels may be set up (as within the district courts, Courts of Appeal and the Supreme Court of Justice).

The legal system is of continental orientation meaning that the legislation involves codifications. Even though the case law is not recognized as a direct source of law, there is a general tendency to pursue a uniform jurisprudence, following the principle of security and certainty of legal relations.

The Supreme Court of Justice

The Supreme Court of Justice is the highest court and the only supreme court in the Republic of Moldova that insures the correct and uniform application of the law by other courts.

The activity and attributions of the Supreme Court of Justice are regulated by the
Law No. 789 on the Supreme Court of Justice of 26 March 1996
and other Moldovan laws.

The Supreme Court of Justice acts as a cassation instance for the courts of general jurisdiction and examines recourses against the court decisions issued by the ordinary courts and courts of appeal issued in civil, criminal, administrative and other matters, as established by the procedural law.

The activity of the Supreme Court of Justice is performed by the Civil, Commercial and Administrative Panel, the Criminal Panel or other panels, that might be instituted by the Plenum of the Supreme Court of Justice.

The decisions issued by the Supreme Court of Justice are irrevocable.

Courts of Appeal

There are four regional courts of appeal in the Republic of Moldova. Each of the courts of appeal has several ordinary courts in their jurisdiction.

Courts of appeal act as *a court of second instance* for ordinary courts and examine appeals and recourses against decisions issued by ordinary courts from its jurisdiction.

Courts of appeal act as *a court of first instance* for the specific cases assigned by the law to their competence.

Courts of appeal are competent to decide on conflicts of jurisdiction between ordinary courts within their area of jurisdiction.

Civil, commercial and administrative Panels and the Criminal Panels that hear all civil, criminal, administrative and other matters operate within courts of appeal. Judges of the courts of appeal are specialized depending on civil, administrative, criminal or other matters.

Decisions of the courts of appeal are final and enforceable but may be subject to cassation by the Supreme Court of Justice.

Ordinary Courts

Ordinary courts hear all civil, administrative, criminal and other matters cases except the ones that are, according to the law, in the exclusive competence of the courts of appeal or of the Supreme Court of Justice.

Currently, the only specialized court by subject matter is the Chisinau District Court, having competence on insolvency matters, civil matters, administrative matters, criminal matters, offence matters and criminal investigative matters. Other ordinary courts are not specialized, however special sections might be created (for insolvency matters)

In civil matter, generally, the court from the place of residence/legal seat of the defendant is competent to hear the case. Several exceptions are provided by the law when the court from the place of residence/legal seat of the claimant is competent to hear the case.

In criminal matters, the court in the territorial jurisdiction of which the crime is committed is competent to hear the case.

The decisions of the ordinary court may be challenged to the competent Court of Appeal.

15.2. Court Proceedings

Generally, court proceedings are regulated by the legal provisions establishing by the Civil Procedure Code of the Republic Moldova, the Criminal Procedure Code of the Republic of Moldova, the Contravention Code of the Republic of Moldova, the Administrative Code of the Republic Moldova and Law on insolvency.

As a rule, the court hearings are open to the public in line with the publicity principle and are audio recorded through the "SRS FEMIDA" system. However, closed hearings may be held for the purpose of protection of information that is a state secret, commercial secret or other information disclosure of which – is prohibited by law, or for the purpose of preventing disclosure of the information which refers to private life, damages to honor and dignity or business reputation, as well as under other circumstances which could damage the interests of participants to a civil process, the fundamentals of law order or morality. The court hearing may be ordered to be held in a closed session for the entire period of the process or only for the period of performance of certain procedural actions.

The proceedings in the ordinary courts and courts of appeal take place with the presence and participation of parties (with some exceptions provided by the law).

The proceedings at the Supreme Court of Justice are based on written submissions, without the participation of parties.

All files may be submitted directly to the court, sent and received by ordinary mail or by e-mail.

15.3. Representation in the court

Legal entities shall be represented in court by their management bodies, by other authorized employees of a legal entity or by the attorneys-at-law or trainee attorneys.

Individuals can protect their interests in a civil case in person, through an attorney-at-law or a trainee attorney. Personal participation in a process does not deprive an individual of a right to have a lawyer.

The power of representation in court grants the representative the right to exercise (on behalf on the principal) all procedural rights, except those which, according to the law, are mandatory to be mentioned in the power of attorney or mandate.

All attorneys-at-law are members of the Moldovan Bar Association.

The attorneys-at-law may carry out their activity within the Individual Lawyer Office or within the Associated Law Offices on a contract basis.

The database of the Law Offices may be accessed following the link:
<http://db.avocatul.md/search>

The general list of lawyers authorized to practice are updated each year and published on the official page of Moldovan Bar Association.

The list, for 2020, may be accessed, following the link:
<http://uam.md/index.php?pag=news&id=918&rid=2124&l=ro>

15.4. State tax

The amount of the state tax for the court proceedings is regulated by Law Nr. 1216 on state tax of 3 December 1992 and depends on the character of the claim.

For pecuniary claims, the amount of state tax is 3% of the value of the claim but should not exceed MDL 50,000 – for legal entities and MDL 25,000 – for individuals, regardless of the value of the action.

For the specific types of claims, the amount is expressly established by the law.

For the appeal, against a court decision, the state fee makes up 75% of the fee paid in the ordinary court or of the challenged value.

For the recourse, the state fee makes up 50% of the value of the fee amount paid in the ordinary court or of the challenged value.

There are specific cases, provided by the law, when the party is exempted from state tax.

14.5. Legal databases

The information concerning the activity of the district courts and courts of appeal as well all issued court decisions, orders or rulings are published on the official online platform of the courts, that may be accessed, following the link: www.instante.justice.md.

The information concerning the activity of the Supreme Court of Justice and issued decisions are published on the official online platform, that may be accessed, following the link: jurisprudenta.csj.md

All information open to the public through the court platforms is depersonalized.

15.5. Special Procedures

Insolvency cases

Insolvency proceedings for legal entities are governed by the Law No. 149 on Insolvency of 12 June 2012 and by the Civil Procedure Code. The insolvency procedure starts with filling a request within the competent court, where the judge will assess whether the business is illiquid or over-indebted or at risk of insolvency. The request may be submitted by the debtor, creditors or other persons indicated in the law.

Opening of insolvency proceedings may lead to: (i) bankruptcy, with the purpose of liquidating the debtor's assets and satisfying its liabilities; or (ii) restructuring of the debtor involving the preparation, approval, implementation and enforcement of a plan to address the financial and economic difficulties of the debtor; or (iii) simplified bankruptcy; or (iv) accelerated restructuring procedures.

Insolvency proceedings are heard
by specialized first instance courts.

The court directs and controls the proceedings from opening to closure. It decides, among other matters, on the initiation and termination of proceedings and on the appointment, dismissal or replacement of the Insolvency Office Holders. The court also decides on any appeals submitted by the debtor, the creditors' committee or any interested parties and is responsible for approving the reorganization plan.

All civil proceedings in which the insolvent debtor was involved, are suspended and are examined in the insolvency proceeding by the insolvency court.

Upon issuance of the decision, the operative part of the decisions has to be published in the Official Gazette in cases expressly indicated by the law.

The decisions issued by the courts in insolvency proceedings may be challenged in the courts of appeal within 15 days from the date of issuing.

Written procedure

The written procedure is applicable when the value of the claim does not exceed 10 (ten) average salaries per economy at the date of court referral, without considering interest, penalties, courts costs and other ancillary income, this claim shall be examined as a claim with low value (*low-value-cases*).

The court examines the case without summoning the parties, except in the situation when the judge considers the participation of the parties necessary or if the judge admits the request of the parties to examine the case in a public hearing.

The operative part of the decision must be issued in a maximum **6 (six) months** from the date of claim submission.

The court decision is subject to appeal. The appeal is examined in written procedure or with summoning of the parties. The decision of the court of appeal is final and irrevocable.

The written procedure is not applicable for disputes arising from non-patrimonial rights, taxation and customs disputes and any other disputes regarding the liability of public authorities.

Judicial mediation

Judicial mediation is a mandatory procedure for certain types of cases expressly provided by the Civil Procedure Code and is initiated by the judge that examines the case.

If parties agree to settle the dispute amicably and sign the settlement agreement, the judge issues the decision on terminating the trial within 3 days.

If parties fail to sign the settlement, the judicial mediation is terminated, and the case is conveyed for examination to another judge/panel of judges.

Order of payment procedure (Simplified procedure)

The order of payment procedure (simplified procedure) is applicable in certain cases listed in the Civil Procedure Code.

The procedure is started upon the written request for payment submitted by the creditor to the ordinary court if the preliminary procedure is fulfilled.

The court order is issued by the court without summoning parties and a court hearing is held within **5 days** from the date of submitting the application.

The timeframe of the procedure is limited and should follow tight deadlines. The court order is to be sent to the debtor not later than the next day following the date of the issuance. Within 10 days, the debtor may submit objections to the court order. If the court accepts the objections the court order is cancelled and a decision is issued in 5 days. In such case, the creditor may readdress a civil claim in a general civil proceedings order.

If the debtor does not submit the objections or if he accepts the debt, the court issues the second copy of the court order which may be immediately enforced.

Temporary cessation of the validity and withdrawal of licenses/ authorizations related to entrepreneurial activity

In cases provided by law, authorities, entitled to issue permissive acts in any of the fields of entrepreneurial activity, may request the suspension or, as the case may be, withdrawal of the permissive acts aimed for entrepreneurial activity.

Suspension or withdrawal will have the effect of impossibility to continue mentioned licensed/authorized activity.

The application shall be submitted to the district court in whose territorial area the entity has its headquarters. The application will be admitted for examination if it was submitted within 3 business days from the issuance of the decision to suspend or withdraw the permissive act in question.

The examination of the claim takes place in court proceedings, with the participation of the entity, the representative (lawyer), the competent authority and any other interested parties within 5 business days from the date of its acceptance.

In case of admitting the request after remedy of the circumstances that led to the suspension of the permissive act concerning the entrepreneurial activity, the court that issued the corresponding decision, at the request of either the entity or the competent authority, initiates a lawsuit and, within 5 business days, issues a decision for annulment of the suspension of the respective permissive act. Pursuant to this decision, the competent authority issues the decision to resume entrepreneurial activity.

Administrative proceeding

Any of administrative acts issued by public authorities may be challenged in a special proceeding regulated by the Administrative Code by the party claiming to have suffered an injury.

Generally, the administrative claim is submitted to the ordinary courts in which jurisdiction is the public authority that issued the challenged act and is examined by specialized judges. In cases expressly provided by the law the administrative claim is examined by the courts of appeal, as a first instance court.

Special panels are created within the Court of Appeal and the Supreme Court of Justice for examination of the administrative claims.

15.6. Enforcement

Enforcement of national court judgments

The court judgment issued in first instance becomes binding and enforceable after being examined in the appeal.

If the court judgement is not executed on a voluntary basis, the party may submit an application for the issuance of the Enforcement Order to the court that issued the judgement.

The Enforcement Order shall be submitted to the bailiff for enforcement within 3 years from the date that court judgement becomes final.

The enforcement procedure is performed in accordance with the procedure established and governed by the *Enforcement Code of Republic of Moldova No. 443 of 24 December 2004*.

Enforcement of foreign court judgements

The foreign court judgement may be enforced on the territory of Republic of Moldova after it is duly recognized by the competent courts of Republic of Moldova.

The foreign court judgment (including settlement agreements) will be recognized and enforced on the territory of Republic of Moldova, if, under the international bilateral/multilateral treaties, the procedure regarding the reciprocity of the effects of foreign judgments – is established.

The foreign judgments under which the courts ordered preservation measures, and those ordering temporary enforcement may not be enforced on the territory of the Republic of Moldova.

The foreign court judgment may be submitted for enforcement in the Republic of Moldova within 3 years of entry into force of the judgment in accordance with the law of the issuing state.

The request for the recognition shall be filed with the court in whose territorial jurisdiction the enforced execution shall be performed. The procedure of the recognition of the foreign court judgement is provided by the *Civil Procedure Code of the Republic of Moldova*.

15.7. Alternative Dispute Resolution: Arbitration

General Overview

The Government of the Republic of Moldova is crafting a modern and robust arbitration system, promoting the alternative dispute resolution methods. Since the first piece of legislation on arbitration dates to 1994, the number of arbitration institutions has increased a lot. Based on a list published by the Supreme Court of Justice of Moldova, there is a rather extensive number of arbitration courts in Moldova organized within various NGOs and associations, with 30 arbitration courts in total.

Legal framework

There are two main laws governing arbitration in Moldova:

- Law No. 23 on Arbitration of 22 February 2008 applicable to arbitration where the arbitration forum is in Moldova and the dispute is not subject to the Law on international commercial arbitration; and
- Law No. 24 on international commercial arbitration of 22 February 2008 applicable when (i) the arbitration forum is in Moldova, (ii) the parties have their residence in different states, (iii) the place of arbitration is designated by parties; (iv) most of the envisaged assets or company's focus of main interests are in another state; or (v) the parties have expressly agreed that the subject matter of the arbitration agreement shall relate to at least two states.

The two arbitration laws contain most of the provisions relevant for the resolution of disputes. The Republic of Moldova is among the countries, which transposed the UNCITRAL Model law in its legislation. Although Moldova has chosen the path of adopting two arbitration laws, international and domestic arbitration procedures are not much different. Special rules regarding the recognition and enforcement of foreign arbitral awards are established by the Moldovan Civil Procedure Code.

Arbitration Clause

An arbitration clause may be a clause within a contract or a separate agreement between the parties.

As a general rule, the validity of the arbitration agreement is regarded separately from the validity of the contract in which it is included. For the validity of the arbitration agreement, the legislation establishes

formalities regarding its form. The arbitration agreement shall be concluded in writing, failing which will make it null and void.

Any of the disputes to be examined in arbitration, shall fall under those „capable of settlement by arbitration”.

The legislation establishes the type of claims that cannot be resolved in arbitration, namely: family disputes, claims arising from leases or other lease rights, limitation in exercise of capacity, liquidation of the legal entity or any other cases exclusively assigned to ordinary courts.

Arbitration Tribunal

Parties to an arbitration clause are free to determine the number of arbitrators. In the absence of such an agreement, the tribunal consists of three arbitrators. Each party is nominating its arbitrator and the two appointed arbitrators shall appoint the third presiding arbitrator (super-arbitrator). The parties or the appointed arbitrators may decide that one of them, shall be appointed as the super – arbitrator.

Any individual with full capacity, who has agreed to arbitrate and who, according to the party’s opinion, is competent to arbitrate may act as an arbitrator. Under Moldovan legislation there are no direct provisions on qualifications for arbitrators, however the categories of individuals having no right to arbitrate are clearly defined.

Arbitration Procedure

(1) Terms

The case shall be examined in the timeframe agreed by the Parties. In case such term is not established, the dispute shall be resolved in no more than **six months**.

The parties may agree, at any time during the proceedings, to extend the duration of arbitration, either in writing or by verbal agreement, made before the arbitral tribunal and recorded in the minutes of hearing. As an exception, the arbitral tribunal may establish, by means of an order, a longer period of time for conducting the arbitral proceedings or to extend the proceedings, considering the complexity of the dispute, when it is determined that one of the parties directly or indirectly obstructs the conduct of the arbitral proceedings or for other justified reasons.

(2) Costs

Arbitration fees depend on whether the dispute is international or local. Fees are stipulated in the court rules. The fees of the Arbitration Court within the Chamber of Commerce and Industry of Moldova are as follows:

For international arbitration, the fee for the registration of the application is USD 200.

The arbitration fee depends on the value of the claim, for instance for actions with the value up to USD 50 000 – 5%, but not less than USD 500, for actions with the value USD 50 001 to USD 100 000 – USD 2500 + 3% from what is higher than USD 50 000.

The full list of arbitration fees may be consulted, following the link:
<https://arbitraj.chamber.md/arbitraj-international/norme-le-privind-taxele/>.

To get acquainted with the list of fees to be paid for a specific dispute, follow the link:
<https://arbitraj.chamber.md/arbitraj-international/calculator/>.

For domestic arbitration, the fee for the registration of the application is MDL 1000.

The arbitration fee depends on the value of the claim, for instance for actions with the value up to MDL 50 000 – the arbitration fee is 3% but not less than MDL 1000, for actions from MDL 50 001 to MDL 100 000 – the arbitration fee is MDL 1 500 + 2,8% from what is higher than MDL 50 000.

The full list of arbitration fees may be consulted, following the link:
<https://arbitraj.chamber.md/arbitraj-intern/norme-le-privind-taxele/>.

To get acquainted with the list of fees to be paid for a specific dispute, follow the link:
<https://arbitraj.chamber.md/arbitraj-intern/calculator/>.

Particular rules on arbitral fees and costs may be established for different arbitration institutions.

Award

The award shall follow special requirements related to the form established by the legislation in force.

The award shall be made in writing and signed by the arbitrator or arbitrators. In arbitration proceedings with more than one arbitrator, the signatures of the majority of the arbitration tribunal shall suffice, provided that the reason for any omitted signature is stated.

The award shall state the reasons on which it is based, unless parties have agreed that no reasons are to be given or the award is an award on agreed terms. The award must further state the date and place of arbitration, as determined, and will be deemed to have been made at that place. After the award has been made, a copy signed by the arbitrators shall be delivered to each party.

Regarding the confidentiality of the award, the legislation is silent in this respect. Usually, the rules of the local arbitration institute will provide clear rules on confidentiality.

Enforcement

(i) Enforcement of domestic arbitral awards

A specific feature of the examination of civil cases in arbitration is the fact that parties agree to voluntarily execute the final jurisdictional act – the arbitral award, immediately or within the time limit indicated in the judgement.

If the parties does not execute voluntarily, the interested party can proceed with forced execution by addressing the court the issuance of the Enforcement Writ and submit an application for enforcement to the bailiff.

(ii) Enforcement of foreign arbitral awards

By recognizing a foreign arbitral award, the authority of the judgment is confirmed and the foreign award is assimilated, by naturalization, to the national award. After the recognition of its effects on the territory of Republic of Moldova, the award shall be recognized as enforceable.

The arbitral awards issued outside the country, become available on the territory of Republic of Moldova, only if duly approved by Moldovan authorities

A foreign arbitral award can be recognized and enforced in Moldova if (i) it is issued in line with an arbitration agreement on the territory of a foreign state that is party to the 1958 New York Convention on Recognition and Enforcement of Foreign Arbitral Awards; (ii) if its recognition and enforcement is governed by an international treaty to which Moldova is party; or (iii) if the recognition and enforcement is allowed on the basis of reciprocity as regards the effects of foreign arbitral awards.

The enforcement of foreign arbitral awards is performed in accordance with Code of Civil Procedure, that prescribes the rules and principles established by New York Convention.

15.8. Alternative Dispute Resolution: Mediation

Rather than going to court, one can solve disputes through Mediation. Mediation is a form of alternative dispute resolution (ADR) where a mediator will assist disputants in reaching an agreement.

The Moldovan Government and justice practitioners understand the advantages of mediation and encourage parties to mediate their disputes.

There are two forms of mediation in Moldova:

- (1) Judicial Mediation;
- (2) Voluntary Mediation

Judicial Mediation

Judicial mediation is a form of mandatory mediation that has been introduced for certain types of disputes.

Back in the spring of 2017, mandatory judicial mediation has been introduced for the following categories of cases:

- a. consumer protection;
- b. family disputes;
- c. disputes related to ownership right between individuals and/or private legal entities;
- d. employment disputes;
- e. disputes resulting from tort liability;
- f. disputes related to inheritance;
- g. other disputes of a value lower than MDL 200,000 (about EUR 20,000) except those disputes where an insolvency initiation decision has been taken.

At the request of the party judicial mediation may take place in other cases than those described above.

Settlement is possible both, within voluntary or judicial mediation.

Judicial mediation is considered mandatory because the mediation procedure shall be mandatorily initiated by the court upon receipt of the claim. Thus, your dispute falls in one of the abovementioned categories of disputes the court will convene the parties and suggest them to mediate the case presenting the advantages of such a solution and possible drawbacks of continuing the judicial resolution of the dispute.

If parties agree to mediate the case will be mediated by the judge. If parties refuse to mediate, judicial mediation procedure is terminated, and the case is redistributed to another panel of judges for trial.

All discussions and documents executed within judicial mediation are confidential and without prejudice. So, neither the parties, nor the court or any other third party that have participated in the judicial mediation may use the information obtained within mediation or in relation to it.

Where parties reach an agreement within judicial mediation, a settlement will be drafted. Main terms of the settlement will be included in the Court Order on termination of case that takes the place of a court decision.

If parties fail to reach an agreement the judicial mediation procedure is terminated, and the dispute is distributed to be tried by another panel of judges.

Voluntary Mediation

(1) Notion of Voluntary Mediation

Mediation brings people in conflict together with a specially trained, impartial, third person who assists them in reaching a voluntary agreement.

The role of the mediator is to facilitate communication between the parties, assist them in focusing on the real issues of the dispute, and generate options that meet the interests or needs of all relevant parties to resolve the conflict.

- Mediation is not a court of law.
- Mediation does not rely on specific law issues, evidences and statements of facts.
- Mediators will not render decisions.
- Parties shall discuss to solve their own issues by looking to the future instead of finding the guilty party.

More information on mediation may be found
on the official web site of the Moldovan Mediation Council
<https://mediere.gov.md/>

(2) Legal framework governing voluntary mediation in Moldova

Mediation is a legal institution in Moldova, regulated, mainly by the Law on Mediation, adopted in 2007.

The law sets up the legal framework for the mediation in Moldova, provides for the conditions to become a mediator, rights of the parties implied in mediation, regulates the specifics of mediation procedure for different types of disputes and ensures confidentiality of the entire mediation process.

General provisions allowing the settlement of parties, including via mediation, are incorporated as well in the core material and procedural acts of Moldova – Civil Code of Moldova, Code of Civil Procedure, Criminal Code, Code of Criminal Procedure and others.

(3) Advantages of voluntary mediation

Quicker: Mediation is usually quicker than a court or even arbitration examination. Years may pass before parties will get a final decision of the judge. Months will pass before an arbitration award is delivered. In contrast, a mediated agreement may be obtained in a couple of hours or in several sessions over a few weeks.

Less expensive: Mediation is very much less expensive than a typical lawsuit. Going to a court implies payment of state fees, lawyer's fees, expenses related to disclosure of evidence. Often costs exceed benefits. Getting a mediator is much cheaper and combined with the much quicker term of resolving the dispute, you'll be paying less money. If you can't agree, other legal options are still possible. Even a partial settlement can diminish later litigation fees.

State incentives for mediation: Parties that have resolved their disputes by mediation are free of state tax for confirmation or inserting the enforcement clause in their settlement agreement. Moreover, if parties, have participated in mediation before initiating a court trial but no settlement has been reached they are partially exempt from state tax. If parties settled their dispute during court examination the state duty is partially or totally returned depending on the circumstances.

Control over process: There are no strict rules of procedure. There is no judge that will oblige you to act as prescribed. In mediation, parties are in control. Parties are the decision makers; they decide the outcome of their dispute. Mediators will only help parties to discuss, will adapt the environment of the meeting to the case and needs of the parties. Efficient mediators use their skill and experience to influence progress and yet, importantly, leave it up to the parties whether to settle and on what terms. Mediators will not impose a solution or render decisions. Parties will agree on their own, unique solution.

Voluntary: Mediations are initiated by mutual agreement between parties in a dispute. Once mediation has started, parties' participation is always voluntary, meaning that any party can choose to leave mediation without any adverse consequences. Mediation is not binding unless and until an agreement is reached, when settlement terms become an enforceable contract. Until that happens, the parties may walk away from the mediation at any time.

Confidential: Unlike court cases, which are a matter of public record, mediation is confidential. This means that there is no record of the meeting, no transcript, no audience and any evidence introduced during mediation cannot be used later or revealed. Mediation is a private process and not subject to public knowledge and possible media attention, as the case with civil litigation can be.

Enforceable: If the settlement reached by mediation is breached the other party may confirm the settlement in court (an expedited procedure applies - 15 days, without party's participation) and obtain the enforcement order much cheaper and easier.

(4) Initiating a voluntary mediation

Voluntary mediation is initiated by mutual agreement between the parties in a dispute.

It is essential that the parties agree to settle the dispute (including a potential one) by mediation.

The agreement by which the parties agree to submit the dispute to mediation is called mediation agreement. It shall be agreed in writing and may take the form of a separate agreement between parties or can be expressed as the mediation clause inserted in the basic agreement of parties.

Mediation may be agreed upon, before, during or after the dispute arose. Mediation can be agreed as well when the dispute has been already submitted to court. Mediation can be agreed at different stages of examination in the courts of the first instance, in appeal, recourse or even during the enforcement procedure.

(5) Standard clause to refer disputes to voluntary mediation

All claims, disputes, and controversies arising out of or in relation to the conclusion, performance, interpretation, application, execution, termination or enforcement of this agreement, including but not limited to breach thereof, shall be referred to mediation before, and as a condition precedent to, the initiation of any claim in court of law. In this sense a party (“offering party”) makes a written offer of compromise (“Mediation Request”) to another party (“offered party”) in which proposes three Moldovan licensed mediators to mediate the case.

Within 3 business days from the receipt of the Mediation Request offered party shall answer, in written, the Mediation request by choosing one of proposed mediators. The mediator that has been chosen by the parties shall mediate the dispute according to the conditions set in the mediation agreement to be signed with both parties. In the event parties are unable to agree on a mediator or terms of mediation agreement parties shall submit their claims to the competent courts of law.

(6) How can I choose a Mediator?

As of today, there are more than 177 licensed bureaus and mediators’ offices in Moldova. Mediators associated in this bureaus and offices have been licensed by the Ministry of Justice and are trained to mediate different types of disputes.

The complete list of mediators’ bureaus and offices may be accessed at:
http://mediere.gov.md/sites/default/files/document/attachments/lista_birourilor_de_mediere_actualizata_la_data_de_12052020.docx.pdf

XVI. ECONOMIC ACTIVITY DURING CRISIS. THE COVID-19 PANDEMIC CASE STUDY

Regardless of a company's well-established rules of activity and working procedures, sometimes external and unexpected factors might disturb its normal functioning. Factors such as natural disasters, economic crisis, governmental orders, regional or national emergency can lead to significant impediments for a company to continue its unhindered business.

Issues such as the ability of a company to continue its sales of goods or provision of services or to ensure the normal activity of its employees can strike a business anytime. And, while some crisis situations are instantly occurring and are swiftly impacting the company, others may evolve over time and may last for unforeseen periods.

The recent and still ongoing example of an international crisis affecting almost every sector of industry and type of business is the COVID-19 pandemic. The pandemic has brought overnight strict rules related to operation of many companies, some of which, were forced to suspend their activity.

Employers were suddenly faced with the issue of establishing the appropriate labour schemes towards their employees and ensuring their security at the workplace. Also, new working procedures and operation schemes had to be introduced, for ensuring the business is continuing its activity, despite the difficulties encountered.

16.1. Working during the COVID-19 Pandemic

Despite the COVID-19 pandemic, the red code and the emergency state instituted within the Republic of Moldova, the activity of many companies has not stopped. While continuing their activity, many companies had to face several security rules established due to the pandemic, as well as with intense scrutiny performed by the competent authorities responsible for public health.

During the pandemic, companies had been and are still subject to unplanned state inspections, performed in order to monitor the compliance of national businesses with the rules on preventing the spread of the COVID-19 infection.

Currently, non-compliance with the security rules of preventing the spread of the infection can lead to fines amounting up to **EUR 3,865**.

Therefore, in order to ensure the company's compliance with hygiene and security rules and to avoid sanctions being applied by public authorities, certain measures have to be observed, as follows:

(1) Preventing the risks

Appointing a responsible person. The company should appoint one or more persons responsible for monitoring and managing the COVID-19 infection within the unit. Such a responsible person(s) may be any employee assigned with special competences.

In order to appoint the responsible person(s), an Internal Order has to be issued, which should define the competences and duties of the designated employee(s).

Approving internal regulations and norms. Internal rules and policies establishing behaviour rules for employees have to be approved. Such rules should regulate the hygiene measures to be undertaken by

employees for avoiding and preventing the spread of infection. Such rules should be established by an Internal Guideline and should be presented to the employees.

Approving the Protection Plan against COVID-19. An internal Plan directed to measures to be undertaken for preventing the contamination and rules to be observed by employees and visitors should be approved. The Plan should also establish the measures to be undertaken by the employer in the event of an employee falling sick due to the infection, such as: employees to be isolated, tasks to be delegated to other employees, etc.

(2) Information and Training

Employee's information. The employees should be constantly informed about the behaviour rules and norms, technical and sanitary measures to be undertaken for avoiding the infection. Informing and training employees in this regard should be conducted by the responsible person appointed within the unit.

Informing the visitors. The visitors coming to the company should be informed on the safety and sanitary measures to be observed. Visitors may be informed by means of posters and signs placed with the unit.

Social distancing signs. Signs indicating the minimal distance to be kept between employees and visitors should be placed within the company.

Posters on sanitary rules. Posters comprising rules on ensuring hand sanitation, respiratory hygiene and cough etiquette should be hanged inside the unit.

(3) Ensuring the necessary sanitary means

Sanitation of the workplace. The employer should make sure that employee's workplace, including the desk, chair, door handles, floor is periodically cleaned and sanitized.

Sanitation tools. Soap and disinfectant dispensers, napkins, masks, and other such tools should be made available to employees.

Isolating the employees. Employees manifesting respiratory disease symptoms must be prohibited from coming to work and should be immediately isolated from other employees.

16.2. New labour schemes during the crisis

The Covid-19 pandemic has brought up many issues related to appropriate labour schemes directed to employees. The matter of ensuring the continuity of business, while also dealing with the issue of employees not being able to come to work or requesting special working conditions has been faced by many domestic companies.

The issue of special labour schemes in relation to employees should be addressed with any crisis leading to disruption of a company's activity and is not limited to the COVID-19 pandemic only. While being confronted with a crisis situation, the company must take certain measures to ensure that employees are able to continue working and performing their duties to the best of their abilities.

On the other hand, certain crises, such as shortage of production, economic difficulties or internal structural changes may require measures such as terminating the labour relationships. Special rules should be observed in this regard, as well.

Below is a description of measures to be undertaken for ensuring the continuity of employees' activity or the termination of their employment with the company.

(1) **Special labour schemes**

Moldovan labour law allows for special labour schemes to be laid down, depending on the necessary requirements of both employers and employees. Regardless of the schemes implemented, it is necessary to first obtain the employee's consent in this regard, and to perform the necessary formalities, as required by law.

- i. Flexible working hours. The employer may agree with the employee on a flexible working schedule. Such schedule would allow the employee to come and to leave work at the desired hours, subject to labour duties being completed in time.

While applying this labour scheme, it is important to ensure the maximum allowed working hours per day are not exceeded.

- ii. Part-time work. Another applicable solution would be for the part time work regime to be implemented. The employee can benefit from a part-time day or part-time week, as agreed with the employer.
- iii. Compressed work week. The employer and employee may also agree on the compressed work week. Such working regime would consist of 4 days working week or 4 days and a half, as necessary.
- iv. Working in shifts. Working in shifts regime allows for working in 1, 2, 3 or 4 shifts, as necessary due to the workload of the employer. This regime requires for the maximum working time and working hours rules to be observed.
- v. Working from home. The work from home regime was one of the most applied schemes in the context of COVID-19 pandemic and can be implemented in any other situation which precludes the employee from coming to work.

Working from home implies certain rules to be observed by the employer towards the employee. The employer has to ensure the employee benefits from the proper health and safety conditions while working from home, similarly as working from the employer's office.

Also, the maximum allowed working time per day cannot be exceeded, and the usual working hours should be observed.

The employer should also ensure compliance with the protection of personal data rules and undertake the necessary measures for ensuring the employee is keeping the confidentiality of the information related to the employer and its operation.

- vi. Segmented working day. The segmented working day is composed of a part which the employee is working from the employer's office and another part of the day which the employee is deciding

on his/her own as to the hours of coming and leaving the office. The maximum working hours per day may not be exceeded.

- vii. Technical unemployment. In the event the crisis faced by the employer leads to the employees not being able to work in any of the above-mentioned labour schemes, the employer may dispose the technical unemployment. It is at the sole discretion of the employer, without requiring the employee's consent.

For the technical unemployment period, the employment relationship is suspended, thus the employee is not working while always being at the employer's disposal, if so requested. A special allowance should be paid by the employer for this period, consisting of at least 50% of the employee's monthly base salary.

- viii. Work Stoppage. Another measure that can be taken by the employer without the need to obtain the employee's consent is work stoppage. This is also a measure that suspends the employment agreement, due to the employee not being able to perform his/her duties.

The allowance to be paid to the employee for the work stoppage period amounts to 2/3 of the employee's base salary per time unit.

(2) Terminating the employment relationship

In the event no special labour arrangement can be applied, the employers might have to terminate the employment relationship with certain employees.

In this regard, for terminating an employment agreement at employer's initiative, subject to no fault of the employee, certain measures should be observed.

a) *Mutual termination agreement*

An applicable option for terminating an employment contract is to conclude a mutual termination agreement between the employee and employer. Such an agreement should be concluded in writing and is subject to the employee's consent. Thus, in no way can the employee be bound or persuaded by the employer to conclude a termination agreement.

The termination agreement should provide all the conditions for terminating the labour relationship, including the severance payment to be provided to the employee, if so agreed by parties.

b) *Redundancy procedure*

If the employee does not agree to terminating the employment by a mutual agreement, the redundancy procedure may be applied. This procedure requires certain steps to be followed by the employer and formalities to be observed. Thus, a notice should be addressed to the employees, a 2-months' notice period should be granted, and the corresponding severance payment should be paid.

Additionally, the employer is prohibited from reinstating the position having been subject to redundancy for a one-year period. Also, the rules regarding certain categories of employees that cannot be subject to redundancy have to be observed.

16.3. Business models during crisis

While faced with a crisis, companies may be bound to adapt to new ways of performing their activity, appropriate to the difficulties encountered. The COVID-19 pandemic for example, has led to several companies being precluded from continuing their usual businesses, and being prohibited to provide goods, services and works to consumers as they normally do.

Since in any difficult situation it is important to be able to adapt to new conditions, companies should also implement new business models, adjusted to the circumstances brought by the crisis.

An alternative business model applied by many companies in the COVID-19 pandemic is the e-commerce. It allowed companies to continue the provision of services, goods and works to consumers, while complying with the rules imposed by the government.

E-commerce provides for various opportunities and forms of activity, which can be applied by businesses. However, despite the limitless possibilities granted by e-commerce, the participants on digital markets cannot and should not ignore the control mechanisms established by the competent authorities.

The most common forms of online business organisation are e-shops and electronic marketplaces.

Regardless of the exact form the company chooses to deploy its e-commerce activity, the statutory rules established in this area should be complied with. Thus, the rules related to proper registration of the entrepreneur, the permissive documents to be obtained should be complied with. Additionally, Moldovan law establishes exhaustive rules related to consumers' protection and personal data protection to be observed by national and international companies providing goods and services to Moldovan consumers.

Another matter to be observed by the subjects on the digital market is the conclusion of the electronic contract. Performing business activity by means of e-commerce leads to the obligation of the company to immediately acknowledge the receipt of the order placed by the consumer and to confirm its acceptance or rejection. As to the electronic contracts to be further concluded, the national requirements established towards the digital document and the electronic signature should be observed.

ANNEX 1

LIST of countries with which the Republic of Moldova has signed
Bilateral Agreements on Promotion and Mutual Protection of Investments

Name of the country	Date
Canada	12.06.2018
UAE	10.07.2017
Turkey	16.12.2016
Montenegro	20.06.2014
Spain	11.05.2006
Albania	11.06.2004
Slovenia	10.04.2003
Kuwait	29.03.2002
Croatia	05.12.2001
Austria	05.06.2001
Latvia	22.09.99
Lithuania	20.09.99
Belarus	28.05.99
Czech Republic	12.05.99
Hellenic Republic	23.03.98
Russian Federation	17.03.98
Georgia	28.11.97
Azerbaijan	27.11.97
Israel	22.06.97
Belgo-Luxembourg Economic Union	21.05.96
Bulgaria	17.04.96
United Kingdom of Great Britain and Northern Ireland	19.03.96
Uzbekistan	21.11.95
Kingdom of the Netherlands	26.09.95
Ukraine	29.08.95
Finland	25.08.95
Hungary	19.04.95
Poland	15.11.94
Germany	28.02.94
USA	21.04.93
Romania	14.08.92

ANNEX 2

LIST of **Double Taxation Treaties** signed and ratified by the Republic of Moldova

No.	Name of country	Date of application
1.	Albania	01.01.2004
2.	Armenia	01.01.2006
3.	Austria	01.01.2006
4.	Azerbaijan	01.01.2000
5.	Belarus	01.01.1997
6.	Belgium	01.01.1997
7.	Bosnia and Herzegovina	01.01.2005
8.	Bulgaria	01.01.2000
9.	Canada	01.01.2003
10.	Czech Republic	01.01.2001
11.	China	01.01.2002
12.	Cyprus	01.01.2009
13.	Croatia	01.01.2007
14.	Greece	01.01.2006
15.	Switzerland	01.01.2001
16.	Estonia	01.01.1999
17.	Finland	01.01.2009
18.	Germany	01.01.1996
19.	Ireland	01.01.2011
20.	Israel	01.01.2008
21.	Japan	01.01.1999
22.	Kazakhstan	01.01.2003
23.	Kirgizstan	01.01.2007
24.	Leetonia	01.01.1999
25.	Lithuania	01.01.1999
26.	Luxemburg	01.01.2010
27.	Macedonia	01.01.2007
28.	UK	01.01.2009
29.	Montenegro	01.01.2007
30.	Oman	01.01.2008
31.	Poland	01.01.1996
32.	Portugal	01.01.2011
33.	Romania	01.01.1997
34.	Russian Federation	01.01.1998
35.	Serbia	01.01.2007
36.	Slovakia	01.01.2007
37.	Slovenia	01.01.2007
38.	Spain	01.01.2010
39.	Tajikistan	01.01.2005
40.	Turkey	01.01.2001
41.	Netherlands	01.01.2002
42.	Ukraine	01.01.1997

43.	Hungary	01.01.1997
44.	Uzbekistan	01.01.1996
45.	Italy	01.01.2012
46.	Kuwait	01.01.2014
47.	Turkmenistan	01.01.2014
48.	Malta	01.01.2016
49.	Georgia	17.04.2018
50.	United Arab Emirates	01.01.2017

ANNEX 3

LIST of States the Republic of Moldova signed
Bilateral Agreements on Trade-Economic Collaboration

Name of the country	Date
Kazakhstan	16.03.2018
Turkmenistan	07.04.2015
Tajikistan	05.11.2002
Slovak	10.10.2002
Vietnam	21.09.2000
Czeck	11.05.99
Belarus	10.09.98
Tatarstan	10.10.95
Estonia	20.07.95
Tajikistan	10.02.95
Bulgaria	12.12.94
Ukraine	09.12.94

LIST of States the Republic of Moldova signed
Bilateral Free Trade Agreements

Name of the country	Date
Turkey	11.09.2014
Ukraine	13.11.2003
Georgia	28.11.1997
Azerbaijan	26.05.1995
Kazakhstan	26.05.1995
Kirgizstan	15.02.1994
Uzbekistan	30.03.1995
Turkmenistan	24.12.1993
Armenia	24.12.1993
Belarus	16.06.1993
Russian Federation	09.02.1993