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General aspects regarding the VAT regulation in the Republic of Moldova

Value added tax is a tax instrument in the form of indirect tax and is applied in the vast majority of countries. Therefore, the Republic of Moldova is no exception.

VAT is regulated by Title III of the Fiscal Code and constitutes 20% of the taxable value of the goods and services delivered.

Below we will present some basic aspects related to the VAT regulation in the Republic of Moldova.

This tax is of major importance not only for the state, as the main source of budget revenues, but also for VAT payers. In general, VAT administration is a complex thing and involves increased effort and attention for entrepreneurs. Another important aspect of that tax is the nature of its recovery. The possibility of recovering VAT is an important tool in managing a business because it has an important share in the costs of the products and services provided.

In addition to the standard rate of 20% of the taxable value of goods and services, we have two reduced rates, namely:

The 8% quota applies to bakery products, medicines, the supply of natural and liquefied gas, and the production of animal husbandry, sugar, and biofuel.

The 12% quota applies to HoReCa services.

Entrepreneurs who in a period of 12 consecutive months have delivered goods or provided services worth at least 1.2 million lei are required to register as taxable subjects.

With the registration, the territorial tax authority issues the certificate of the VAT payer and assigns the VAT code. In this context, we must also mention that non-resident entrepreneurs who carry out commercial activities on the territory of the Republic of Moldova without holding a co-legal organizational form are obliged to register as taxable subjects once the tax code is assigned.

Each subject taxable with VAT presents the VAT declaration by the 25th of the current month. The declaration and payment of all amounts due are very important because it is the basis for calculation for subsequent applications for VAT refunds.

We have already mentioned that the specificity of VAT is the possibility of recovering it. Recovery is done in two ways. In the first case, we are talking about compensation from the buyer because VAT is included in the selling price. Thus, as a rule, the full payment of VAT is borne by the final consumer of the product or service.

In the second case, we are talking about the VAT refund from the state budget in the cases provided by the Fiscal Code.

The main cases of VAT refund are the following:

- ▶ Refund according to art. 101, 1012, and 1013 of the Tax Code which refers to capital investments, supply of products from pyrotechnics and horticulture as well as investments in means of transport by savings agents who are not subjects of VAT taxation.
- ▶ VAT refund for goods and services charged at the rate of 0 to VAT. These are deliveries for export or to the Free Economic

Zones.

- For deliveries under leasing contracts.

The application for VAT refund is submitted to the territorial tax inspectorate where the subject of taxation is served. The application mandatory shall indicate the amount of VAT requested for reimbursement and attach all the supporting documents for each case.

In accordance with the provisions of GD no. 93 from 01.02.2013, the examination of the application and the refund of the requested VAT amount are made within 45 days.

This term is a strict one, and its non-observance leads to the sanctioning of the person responsible with a contravention fine according to art.311 of the Contravention Code.

The application for a VAT refund can be submitted within 6 years from the date of occurrence of this right.

In case of refusal to meet the request for refund of the requested VAT amount, it can be appealed within 30 days to the State Tax Inspectorate.

Obviously, the regulation of this field is broader, but we considered limiting ourselves to the aspects that would be of increased interest and would be more useful to know for entrepreneurs and potential investors in the Republic of Moldova.

We hope that the information presented was interesting and useful.

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