

Tax and Customs Committee

| # | Issue | Description | Status Quo |
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| 1. | Tax Policy 2021/2022 | Amendments proposed to the Tax Code and other legislative and normative acts | <p>Partially approved.</p> <ul style="list-style-type: none"> Proposals on amending and supplementing Fiscal and Customs Policy and other legislative and normative acts for 2022 submitted on 3.09.2021 Priority proposals regarding the modification and completion of the Fiscal and Customs Policy and other legislative and normative acts for the year 2022 16.11.2021 Expenses related to vaccination of employees are deductible |
| 2. | Abolishment of the 2,5 % Luxury tax in the telecom industry | <p>Electronic communication networks and services growth still remains affected by obsolete taxation provisions. The 2.5% luxury tax applied to all mobile operators seriously affects development of the sector and limits investments in the area. Currently all the fees imposed or regulated by the state on the communication industry like license fees, MNP (mobile number portability) fees and local interconnection tariffs are denominated in EUR, although the tariffs to customers are in local currency. Beside this, all telecom equipment/software and related support and maintenance network costs are imported and are foreign currency denominated as well. The companies are facing material foreign exposure, which is not being possible to hedge due to underdeveloped banking sector. All these factors stop development of the sector and limits full use of DCFTA's opportunities with regards to trade in services. One of the EBA key proposals under the 2021 Tax Policy Exercise was to abolish the 2.5% tax as an unjustified and discriminatory measure in the current situation and future context, given the lack of liquidity, which significantly increases the tax burden exclusively on the electronic communications sector, the strategic sector for the national economy. It was proposed to exclude / revise the luxury tax, a process that unfortunately ended with the emergence of a new tax - the portability fee in the amount of 50% of the payment for the operation. In the EU, the trend is to reduce the costs of mobile operators as well as electronic communications operators, thus reducing consumer costs, while in the Republic of Moldova, these costs will increase by 1.5 million Euros, costs to be covered by operators. Following all the discussions,</p> | <p>Accomplished:</p> <p>MoF accepted to reduce the tax down to 1.5 % starting with 2022 still unaccepted by telecom sector</p> |

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| 3. | Implementation of the EPR principle | The implementation of the EU "polluter pays" principle, that assumes that the financial means accumulated from environmental taxes are transferred to private collective organizations or state-managed organizations aiming to finance environmental projects and are largely intended for the development and operation of waste collection systems, as part of an Extended Producer Responsibility (EPR) principal. | Advanced In process. <ul style="list-style-type: none"> EBA organized over 5 technical meetings with its members, in order to develop a common position for the evolution of the discussion on the EPR (Extended Producer Responsibility). Following the cooperation of EBA and Ministry of Environment 7 meetings of the Ministerial working group, created in this regard, took place in order to define the EPR Concept with various stakeholders. EBA in cooperation with GIZ and SAIPH Consulting House is developing a draft Government Decree (a 2nd one) to be consulted with all relevant stakeholders. The Draft GD is aimed at describing the economic mechanism for Extended Producer Responsibility (EPR) |
| 4. | Car import taxation | Introduction of VAT taxation on the import of cars with the elimination of excise duties that are currently applied | In process. The proposals were presented to the MoF, and during the meeting with Minister of Finance the necessity of this amendment was reiterated |
| 5. | Revision of the taxation of denatured alcohol | Development of the necessary legislative framework to ensure the movement of denatured alcohol free of excise tax | In process. The proposal was submitted to MoF and MoE (position paper) and was reiterated within the meetings with the Ministers. |
| 6. | Modification of GD 693/2018 | The increase of the deductible limit for organized meal related expenses for the employees up to 75 lei per employee/per day (wo VAT) was proposed; | In process. The proposal was submitted to the MoF and MoE. |
| | | The increase of the deductible limit of the expenses related to the transportation of the employees up to 100 lei per employee (wo VAT) in the context of price evolution on petroleum products. | Advanced. In the draft of the GD the limit for transportation was increased up to 65 lei per employee. |
| 7. | Optimization of statistical reports | Optimization of statistical reporting in order to reduce the number of reports presented to the NBS. | In process. Position Paper on optimizing statistical reporting submitted to NBS on 15.03.2021 |
| 8. | E-factura | The technical issues related to the completion and circulation of the e-invoices were approached | In process. EBA participated in the Working Group within Tax Inspectorate in order to present the proposals received from the members. |

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| 9. | Completing the annual income tax report (VEN12) | Request for clarification of some aspects related to the completion and presentation of the Declaration on income tax VEN 12 | In process. Request for clarification of some aspects related to the completion and presentation of the Declaration on income tax VEN 12 submitted on 5.03.2021. Position Paper submitted to MF. |
| 10. | Extending tax neutrality | Extending tax neutrality from the perspective of income tax and VAT in relation to actions taken by Ukrainian refugee support companies | In process. Position Paper submitted to Prime-minister, Government, MF&ME. |
| 11. | Deductibility of expenses related to vaccination of employees | Tax issues on vaccination of employees | Accomplished EBA Position Paper on the vaccination process submitted to Presidency on 31.03.2021 Expenses related to vaccination of employees are deductible |
| 12. | Adjustments of the deductible limit for transportation of the employees | | In process/partially accomplished. EBA proposed the increase of the deductible limit of the expenses related to the transportation of the employees (from 35 lei/per employee to 100 lei/per employee). In the draft GD the deductible limit for employee's transportation was proposed to be increased up to 65 lei per employee/per day |
| 13. | New Customs Code | EBA presented a position paper on revising provisions of the New Customs Code related to free economic zones. | Accomplished EBA participated at 2 meetings in the Parliament on presenting the key amendments and submitted 1 position paper in this regard. The proposals have been partially accepted. The new Customs Code was approved in September 2021 |
| 14. | Reducing the 18 % income tax to 12 % income tax for the legal professionals | It is not reasonable to have such a difference between the 2 types of tax rates, thus demotivating freelancers, lawyers of legal services by taxing their activity with a higher rate of 18 % against the common rate of 12 %. This difference generates the appetite for tax evasion and grey economy on the freelancers market, especially among legal services. | |