



**EUROPEAN BUSINESS ASSOCIATION  
REPUBLIC OF MOLDOVA**

**DCFTA – BUSINESS CLIMATE UPDATE  
(Policy Developments, Macroeconomic Review H1 2019)**



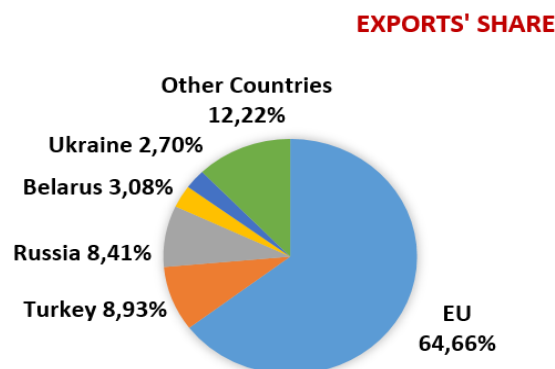
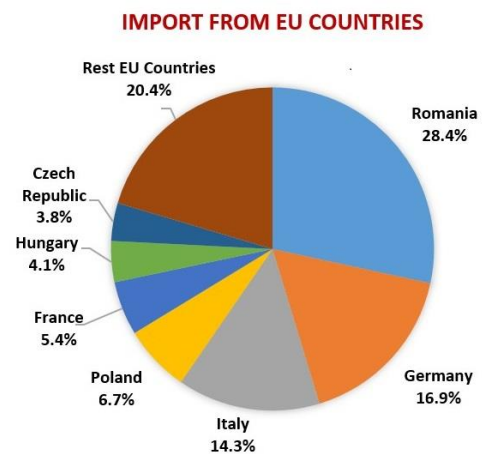
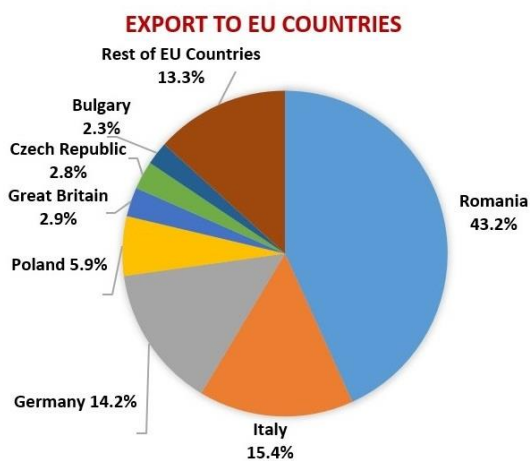


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### 1 H 2019 Macroeconomic review

- **GDP increased by 4.4%** and amounted 41.2 bil. MDL (approx. 2.11 bil. Euro). Data available for Q1 2019;
- **Foreign Direct Investments (FDI) increased by 26.8%** as compared to the same period of 2018 and reached 9.2 bil. MDL (approx. 470 mil. Euro);
- **The trade flow increased by 2.9%** and constitute 4.17 bil. USD (around 3.77 bil. Euro);
- **Exports of the Republic of Moldova increased by 3.5%** and reached 1.36 bil. USD (around 1.24 mil. Euro). Exports to EU had reached the share of 64.7% of total exports;
- **Imports increased by 2.6%** and reached 2.8 bil. USD (around 2.5 bil. Euro). Imports from EU stand at 50.0 % of total imports;
- **Average monthly salary per employee** constituted 7113,6 MDL (around 363 Euro) and increased by **15,8%**;
- **The inflation rate** increased by **3.5 p.p.** and constituted 4.3 %;
- **Public Debt** amounted 54.4 bil. MDL (around 2.8 bil. Euro) and registered an increase of 6.8% compared to H1 2018;
- **Main sectors:**
  - **Industry** (the manufacture +1.2%, energy supply +0.5%, extractive industry +13.9%)
  - **Agriculture** – decrease by 4.2%





## I. TRADE IN GOODS

### A. Internal Trade Law

Over the last two years, amendments to the internal trade law represented one of the main concerns for retail business. The key amendments that were actively debated by retailers and producers related to a series of legal bindings/limitations proposed by the Government/Ministry of Economy and Infrastructure aimed at supporting the producers and promotion of domestic products on the local market. The proposed amendments namely provided the following:

- limitation of 10% discount for the marketing and advertising activities;
- reduction of the period for marketing activities to 60 days per year and;
- the obligation to offer at least 50% of the market shelf for local products;

The proposed limitations create barriers for entrepreneurial activity and infringe main principles of economic freedom and the competitive market. If, under the current circumstances, some or all the above legal limitations are approved and applied, the Government does not have any system of verification/control to ensure if the provisions are respected, which consecutively generate additional corruption and abuse. Some of the above-mentioned proposals like limitation of discounts or marketing activities represent a contractual agreement between the retailer and the supplier which, if being regulated, can be perceived as a Government interference in a business relation/agreement between the Parties in a free market environment.

Considering the Government goal of promoting local producers, the above proposed limitations seem NOT to reach the proposed effect and will rather distort the market. International experience prove that there are alternative instruments to support the producers compared to the proposed limitations, such as national subsidy programs aimed at technological upgrade of local producers, marketing /communication activities carried out by state institutions, certification programs supported by retail chains/Government to ensure sustainable development of local producers and stimulate the market for qualitative products, etc. Following multiple discussions on various platforms the draft law was frozen in the Parliament in 2018 and first half of 2019. Starting with August 2019 new discussions on the respective law were launched on the platform of the Ministry of Economy and Infrastructure and the Parliament Committee on economy, budget and finance. Still consensus was not found. Current draft is oriented to support big producers without offering to SME's any relevant measures to develop.

**Status Quo:** the draft law on the amendment of the Law no. 209/2106 on wastes was withdrawn from the Parliament by the Government Decision no. 515/2019.

### B. Law on patents

The main issues related to the Law on Entrepreneurial Patent no 93-XIV/1998 refers to the extension of the patent system to far more groups of small businesses and self-employed individuals than originally intended. Although no more new patents are being given by the government, existing ones are getting prolonged. Moreover, the patent holder is not subject of similar fiscal obligation as all the as all the other economic operators.

It is important to underline that especially in the area of retail trade, the use of patents by retail traders on local markets, which often have substantial turnover, is an abuse of the system. International experience suggests that the status of patents is usually granted to handicrafts self-employers, laundry services, lockers etc. By not paying taxes and not underlying any accounting requirements, this promotes both unfair competition against regular retail companies and encourages the sale of smuggled goods, to the detriment of the Moldovan state and Moldovan domestic producers.



As a suggestion to overcome the respective problem, the system of patents as well as the list provided in the Annex 1 to the current Law should be revised and restricted to the group of businesses it was originally intended just for individuals offering manual services of limited value or selling own produce with very limited total value.

### **C. Import of meat (as raw material for meat processing industry)**

For the third consecutive year, the quota for import of pork and poultry from the EU is fully exhausted in the third quarter of the year. This is due to the significant number of traders, who purchase the raw material at the beginning of the year, aiming to sell it at a net higher price than the purchase price, after the quota offered by the EU is exhausted. In this sense, instead of stimulating the development of production and creation of value added through processing, the activity of traders is sustained, or the profit margin of traders is covered by the final consumer. Moreover, in 2018 the companies from Transnistrian Region imported meat from the same quotas that are allocated to the companies on the right bank of the Dniester in an amount of 15.4%, thus the rate of consumption of the quota significantly increased, even if Transnistrian companies are not contributing to the Moldovan National Budget.

In order to overcome the above mentioned issue, the following activities should be undertaken:

- To increase the annual quota for the import of meat at least temporary (3-5 years), until the development / conformity of the local producers to the requirements/standards of the EU market;
- To offer a mechanism which will stimulate processors in order to exclude negative impact of traders.

Status Quo: Currently, the draft Government Decision on the administration of the tariff quota for meat imports from the European Union, which provides 60% of the preferential quota exclusively for meat processors, is under finalization.

### **D. Export of animal origin products**

In order to implement the AA / DCFTA, the Republic of Moldova is still lagging behind in the export of animal products on the European Union market, or the National Action Plan for the export of the respective products expires in 2019, without significant results recorded in this respect. Being aware of the need to authorize the state institution/system regarding the harmlessness of animal products, as well as to carry out a series of procedures to be fulfilled until the authorization of the economic agents, it is important to launch the dialogue and reiterate the intention of the relevant institution, as well as the opening of companies from the meat processing sector.

In this regard, EBA Moldova presented to the attention of the relevant central public authorities, the interest of the meat processing companies in obtaining the export right of the products of animal origin on the EU market, as well as the request to advance the first discussions/procedures/ questionnaires, etc. for a faster advancement of the Republic of Moldova in this way.

ANSA is still lagging behind with implementation of necessary animal traceability systems, animal pest control, surveillance of establishments, CRDV Laboratory management and proper accreditation, etc.

At the same time, considering the EU regulations and strict requirements in this respect, the private sector is open to the implementation and adjustment of all sanitary regulations, environmental and consumer protection requirements imposed by DCFTA. Likewise, companies are willing to accept any inspection by EU authorities, in order to establish the degree of compliance with EU food safety requirements which currently is not possible as ANSA DID NOT perform the necessary steps and preparatory, pre-auditing tasks to enable the discussions with private sector establishments.



## E. Export of metal scrap

According to the law on regulating entrepreneurial activity and the law on waste, the export of metal waste is a licensed activity and hence, all metal waste must be sold to local, licensed companies. Moreover, the right to export metal scrap is regulated by the Government Decision no 1284/2002 on the obtaining of the licence for trading and export of the ferrous and nonferrous metal scrap. The main issue consists in the fact that one single company (Metalferos) fulfils the legal requirements in order to obtain the licence for the export of metal scrap. Also, the impossibility to export metal scrap constitutes a problem for companies working under the inward processing regime, who do not own the metal wastes and are obliged to return both the product and waste materials to their supplier (e.g. not only completed cable trees but also the cuttings from cables, which have significant material value).

In this respect, the following recommendations should be implemented:

- Abolishment of the GD no 1284/2002, aiming to liberalize the metal export market;
- Amendment of the Law no 209/2016 on wastes, by introducing additional requirements for the companies which intends to obtain the licence for the export of metal waste, as well as to introduce an additional provision that allow to except metal waste resulting from production processes of companies working under the inward processing regime.

Thus, following the multiple intervention of the last few years, the Ministry of Economy and Infrastructure launched the process of the liberalization of the metal scrap export market. The legal amendments are under discussions with all relevant stakeholders.

**Status Quo:** The Government Decision no. 1284/2002 was abolished through the Government Decision no. 545/2019. The next step is to amend the Law no. 209/2016.

## F. SPS Related Aspects

### *Import requirements for food products, subject to food safety control*

Since the adaptation of the Government Decision no 938/2018 on the Regulation regarding the National Agency for Food Safety (ANSA) border control of the imported goods, the Government approved several amendments aiming to simplify the procedure of carrying out border control by ANSA. Nevertheless, there is a deficient implementation by ANSA of the legislation in force. Thus, the following issues were identified:

- The lack of a risk assessment mechanism within the border control. Despite the fact that AA/DCFTA provides that physical control should be performed with a certain frequency, based on risk analysis (Annexe XXII) and the GD 938/2018 stipulates that ANSA should apply selectivity, including automation, which is a process based on risk analysis, profiles and risk indicators (art. 18) the physic control is performed with a 100% regularity for all food products and the fee charged is amounted at 430 MDL.
- Sampling. ANSA inspectors from border inspection posts take goods from trucks under the pretext of necessity to take samples, without issuing any confirmative documents and certificate of finding. Usually large amounts of high value food are charged.
- TRACES notification. The problem arises in companies that import a large quantity of food (HS Code), which must be notified compulsorily. Thus, it is an exaggerated volume of manual processing in the TRACES system by the importer (20 hours / truck with 1000 items), as well as the stationing of trucks at the border up to 8-11 hours for ANSA control.

The solutions to overcome these issues are:

- To develop a risk analysis mechanism, as it is provided in AA/DCFTA and national legislation;
- To notify in TRACES only the import of products of animal origin, while the foodstuffs of non-animal origin and phytosanitary products to be notify by the economic agent through a declaration on his own responsibility transmitted by e-mail or fax.



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## II. TRADE AND SUSTAINABLE DEVELOPMENT

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### A. Implementation of the Extended Producer Responsibility Principle

#### *Pollution Tax Refund Mechanism*

Currently, the Republic of Moldova continues to charge the environmental pollution tax provided by Law no. 1540/1998 regarding the environmental pollution, although a similar tax is not levied in any EU country. In the EU there is the "polluter pays" principle, however, 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 a Extended Producer Responsibility (EPR) principal.

Despite the fact that the private sector over the years has supported the need to eliminate this tax, following the fiscal reform of August 2019, the pollution tax has been increased by 20%. Under the conditions created, there is a fundamental need elaborate and approve the full tax refund mechanism for the companies that implement the principle of EPR, as well as to ensure that the taxes collected for the environmental pollution will be directed to the National Ecological Fund for the environmental projects. Moreover, it is important to underline that according to Annex XI of the Moldova-EU Association Agreement, the Republic of Moldova, within 4 years from the entry into force of the agreement, had to establish the mechanism of full cost recovery in accordance with the "polluter pays" and the EPR principles. Once the EPR will be implemented with a clear segregation of roles and responsibilities, the tax should be eliminated.

In this context, on July 29, 2019, the working group to elaborate the draft law amending Law no. 1540/1998 regarding the environmental pollution to which EBA Moldova is a part, was created. The proposals regarding the refund of the tax for environmental pollution, corresponding to the recycled quotas to the companies that implement the principle of EPR, were sent both to the Ministry of Agriculture, Regional Development and the Environment and to the Ministry of Finance.

#### *Incineration of the food waste*

On August 15, 2019, the Parliament approved the amendments to art. 17 of Law 209/2016 on waste. These amendments constitute the primary legislative framework regulating the conditions of use of the incineration and co-incineration operations of industrial waste. At the same time, it is necessary to approve as soon as possible the draft Law on animal by-products and derived products that are not intended for human consumption, thus ensuring the elimination of food waste by incineration. At present, both draft laws (Nr 209 and nr 115) are registered in Parliament and were approved in both readings, ready to be submitted to the Presidency for promulgation.

However, it remains particularly important to strengthen the capacities of the supervisory bodies responsible for waste management and environmental protection, especially after the recent implementation of the public sector reform, considering that the capacity and expertise of the control institutions is very limited.

**Status Quo:** In September the Law no. 129/2019 on animal by-products and derived products that are not intended for human consumption and Law no. 116/2019 on the amendment of the Law no. 209/2016 on waste were approved and published in Official Gazette of RM.





### **Cooperation with the Environmental Authorities**

During 2019, EBA Moldova informed the state authorities in the field of environmental protection about the existence of shadow practices, which generates a non-competitive environment in the field of pallet production, metal scrap and other industries. The key issue is related to a doubtful and abusive procedure of issuing the environment authorisation, which consecutively generates cases of tax evasion and underground economy culminating with unfair competition. However, following certain EBA implications, the feedback of the state authorities was totally different from the one expected, the companies that activate legally and pay all taxes were subjected to unplanned controls. The two environment agencies do not have a clear segregation of roles and responsibilities which is generating abusive practices in relation to private entities. Bigger companies strive to have all necessary permissive acts but they get to be controlled more often, then others, which work in shadow economy, do not apply for permissive acts and are „invisible” for controlling authorities.

At the same time, there are impediments/deficiencies in the process of the interaction of the private sector dealing with the collection, storage, trading and export of ferrous and non-ferrous metal scrap with the environmental protection institutions, as follow:

- Lack of clarity/transparency regarding the list of documents to be submitted in order to obtain the environmental authorization for the above-mentioned type of activity and the lack of advisory support from the relevant institutions in this regard;
- Deficient communication and excessive bureaucracy of the Environmental Agency and the Inspectorate for Environmental Protection, thus generating the lack of efficient collaboration with the economic agents, which intend to obtain the environmental authorization.

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## **III. CUSTOMS AND TRADE FACILITATION**

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### **A. Export of Walnuts**

Under the current Government a series of meetings took place aimed at simplifying procedures for the export of walnuts from the RM onto the EU Market. The key issues faced by the exporters are related to Acquisition acts (simplified invoices with individuals when the walnut is procured by intermediary persons from physical persons) and consecutively their verification at the Customs in order to issue certificate of Origin before export. In the past the problem was related to unclear procedures of the verifications carried out by the Customs Service's investigation unit with the aim to verify the origin of the walnuts, as a significant quantities of walnuts are purchased from the natural/physical persons. Currently the Customs Service revised its risk criteria and the majority of walnut exporters were re-directed to the green light channel corridor with all the verifications (audits) performed at later stage, if needed.

Even if this simplification was granted by the Customs Service, this is not a sustainable solution, as the key issue related to acquisition acts was not solved yet and the risk of abuse still exists for the future.

Just to reiterate the fact that in order to avoid any risk of tax evasion in the process of walnut acquisition from physical persons - a 5% withdrawal tax (at the source of payment to cover the fiscal obligation of the natural persons from whom the nuts were purchased) was introduced in the Tax Code in 2014.

### **B. Customs Valuation**

With respect to the customs valuation, many importers still complain on how the customs value of the imported goods when importing into Moldova is verified. Still customs inspectors recur to the indicative prices suggested/stored in the ASYCUDA system for the products imported (not necessarily imported from the same





countries, or correspond the same quality standard) verifying the value against the submitted invoice and contracts.

Following multiple meetings and discussions on various B2G platforms, the Customs Service amended the Government Decision no. 974/2016 which will be soon approved by the Government. However, for a proper and transparent application of the GD 974 it will be imperative to issue additional internal order to clearly guide the customs officers on the customs evaluation procedure and steps and move customs control from customs clearance point to a risk-based post clearance audit. It will be also imperative to make the customs officer accountable for the content of the decision issued (which has to include all the necessary arguments) based on which the value against the invoice was increased.

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## **IV. TRADE IN SERVICES**

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### **A. Financial Services**

#### **Banking Sector**

##### ***Microfinance lending***

Presently on financial market a dissension between banking sector and non-banking financial organizations (NFOs) exists. NFOs are specialized in consumer lending, MSME lending, mortgage and leasing, operating mainly with “non-bankable” clients. Being non depositary-taking institutions NFOs are less prudently regulated than banks. Nevertheless, according to IMF recommendations the new Law on non-banking financial institutions adopted on 16.03.2016 is under review now and it is supposed new requirements and limitations to be introduced.

##### ***Simplification of consumer loan process***

Considering the importance of consumer finance as a major development tool for emerging economies, it is proposed to disburden the process of consumer crediting of unnecessary and unreasonable restrictions. Thus, NBM requires banks to gather certain information regarding the borrowers in order to address the concentration risk – identifying connected groups of individuals taking out loans. Though this requirement is indeed necessary, it should be applied as regards consumer loans starting from a reasonable threshold (e.g. 1 MMDL) and definitely not for unsecured loans. It is unreasonable to put the small loan applicants to reveal their relatives (upto 3rd degree) fiscal codes and other similar details.

##### ***Communication with bailiffs***

The banking sector has been insisting for several years already, without obtaining any results, for the implementation of an IT solution, which would facilitate the information exchange between banks and bailiff. Such a tool would significantly ease the burden for banks in this field, as well would help to avoid problems which can occur in case of incorrect understanding of bailiff’s inquiries/ demands. Additionally, bailiffs should not benefit anymore of such services free of charge and the costs supported by banks (but not only) should be compensated by bailiffs.

##### ***Amendments to the Civil Code***

The new edition of the Civil Code entered into force without a proper term given to get acquainted with the new provisions. This fact is valid not only for banks, but also for notaries or even the Government, which e.g. did not manage to approve until now an important normative document needed for the crediting entities (banks and NBFIs) referring the independent consultancies offered to personal guarantors. This particular issue, regulated by art. 1663, represents a major factor of uncertainties, since the provisions of this article are not only quite



ambiguous, but also creating significant obstacles for an efficient and prompt process of loans granting. Therefore it was proposed to abrogate this article.

## Insurance Sector

The insurance sector still requires restructuring and effective supervision. The existing legal framework has to be properly applied and supervised. The major risk, however is connected to uncertainties related to MD's membership in the international Green Card System. Unfortunately, investigation of frauds which led to massive funds withdrawal from the National Bureau of Motor Insurers (BNAA) were not yet concluded and funds were not recovered. Moreover, there were some changes in the management of the Bureau as well as outsourcing of some of its core responsibilities which were not in line with Council of Bureaus (Green Card HQ) recommendations. Moldova is the only and the longest-monitored country (since 2002) from all 48 members of the Green Card System.

Another issue of concern for the insurance sector is financial stability of the market. Unfortunately, not all market participants comply with financial requirements. There are indications to believe that the information provided in financial reports of some companies is not correct. If not properly managed by the National Commission for Financial Markets (NCFM), the financial stability of the market might be at risk.

Therefore, in order to improve the stability of the insurance sector the following measures should be considered urgently:

- Immediate restoration of the financial stability and security of the BNAA in order to eliminate the risk of Moldova being suspended from the International Green Card System.
- Accelerate and finalize the fraud investigation related to embezzlement of assets from BNAA and measures to ensure the recovery of these assets;
- Ensure unbiased controls of companies, in particular concerning their long-term solvability and liquidity, in order to avoid any issues in advance.

## B. Electronic Communication Networks

### ***Tax of 2.5% for mobile services and fees set in foreign currency***

The telecommunication sector is still facing challenges that impede the development of the sector as a whole. A major concern of private mobile operators companies relates to the continuing application of a 2.5% tax for mobile phone services which are considered as luxury services. The imposed tax is regulated by the Law on the Republican Fund and local funds for social support of the population no. 827/2000 and is considered to be irrational, counter-productive and harmful for the development not only of the electronic communications sector but also of the development of ICT services, especially considering that mobile telephony services are no longer regarded as luxury services.

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.

### ***Tariffs for the portability of numbers and elimination of the roaming tariff***

In order to allow the portability of numbers for customers when switching phone operators, a database maintained by a private operator was selected by the Regulator and imposed by license to all operators. The payments to the private operator are excessive compared to the marginal costs of operating such a database.



During 2018 this summed up to cca EUR3M/annum which would equal cca 100EUR/ported number. The monthly revenue per used hardly reaches 3EUR and is an absolute burden for the operators.

At the same time, it is important to ensure a gradual decrease of roaming tariffs between countries, as well as to ensure the principle of mutuality in the tariff setting approach on behalf of the EU countries. Given that all EU Member States already benefit from this roam-like-at-home communication opportunity, eliminating roaming charges for Eastern Partnership states will further strengthen trade in services between Moldova and the EU, and support of all EU institutions, in particular the European Commission is crucial in this regard in order to transpose the experience of gradual decrease approach over 10 years period performed in EU.

### ***OTT service providers' regulation***

EU has already started to impose regulations on OTT services providers (Skype, Viber, WhatsApp, Facebook etc.). A transfer of knowledge and transposition of regulations implemented in EU would be a considerable contribution to improving the competition and data security environment, as well as will bring additional taxes to the government budget.

### ***Digitalisation of the economy***

Digitalisation of the economy and primarily the need to digitalise the interactions between the companies and state will increase efficiency and reduce corruption.

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## ***V. ENERGY SECTOR***

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### **A. Renewable Energy**

Moldova avails of just 53 MWe of renewable energy (RE) installed capacity, and if the old state-owned hydro plant Costesti is not considered, then just 47 MWe of modern technology RE installed power. This raises the basic question on whether the Law 10/2016 on the promotion of renewable energy is successful in promoting the expansion of renewable energy in Moldova.

The situation as of now is that no RE tender has been launched so far by the government, unrespecting the schedule in place and neither the energy regulator has yet approved the feed-in-tariffs for the different RE technologies.

In recent years, ANRE has reluctantly and selectively assigned tariffs to new RE projects, where a range of prices has been discretionally awarded varying from 8.1-9.6 c€/kWh (in 2018) to 4.1-4.6 c€/kWh (on 2019).

In order to push forward the deployment of RE, the schedule of energy tenders should be updated and, more important, fulfilled by the government. Additionally, ANRE has to set Feed in Tariffs that create incentives for potential investors. Finally, the existing capacity limits based on type of RE technology and the restrictions on ownership should be, in our view, revised by the legislator for the effective development of RE in Moldova.

Since the new clean energy law came into force in March 2018 just net metering scheme for renewable energy systems no larger than 200kW is operational. Moreover, according to the latest statistics, Moldova had only 4 MW of installed PV capacity at the end of 2018 and needs more clean energy capacity. In this respect the tax breaks, reduction or exemption of VAT for renewable project components, and mandating solar on new buildings, would help Moldova secure much-needed renewables capacity.



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## RULE OF LAW

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### A. Justice Sector Reform

According to the business environment perception, insufficient independence of judges and lack of control of the prosecutor's activity raised the following concerns by the business community:

- Selective and politicised justice, where certain court files are examined as a matter of priority while the examination of others lasts for years without sufficient justification;
- Judicial bias and favouritism towards certain parties; unbiased judicial review is critical for a trustworthy judiciary system;
- Hostile take-over attempts facilitated by state authorities and Moldovan courts;
- Interpretations of customs regulations by the customs authorities supported by courts, uncommon in the international trading business;
- Failure to comply with commitments made to European investors under Investment Agreements;
- Need to provide consistent and sustained training to judges as well as a proper and improved qualification process for judges in all areas of law that are important for business, as well as in judicial assessment of economic decisions made by business decision-makers, including with respect to the manner of drafting and content of any and all court decisions;

### B. Tax Policies

With reference to the tax policies, the following activities have to be undertaken:

- Harmonisation of the indirect tax framework with the EU one. Specifically, as per the DCFTA, Moldova has to transpose the EU rules in its legislation within the agreed time frame. While some minor changes in the legislation have been made, it is crucial to ensure that all commitments are followed;
- The lack of correlation between the newly adopted civil code regulations and the tax and accounting regulations must be done immediately (the European term of "branch" was regulated by the Civil Code but NO tax and accounting provisions have been put in place);
- The implementation of IFRS 9 for banks generated an unreasonable level of costs for the banking system which is not in compliance with EU regulations. It is unreasonable to impose a new provisioning system without allowing compliant banks to deduct expenses related to the duly and timely implementation of such new systems;
- The recommended EU general taxation system (for example corporate income tax rules) should be observed by the Moldovan regulations (for example, necessary transportation provided to employees should be fully deductible thus encouraging investors to gather work force from rural areas which otherwise have no employment chances).

### C. Data Protection

Following the multiples workshops organized by EBA Moldova on the practical GDPR implementation divided on specific fields of activity (banking, retailers, automotive, telecommunication) the proposals to improve the main draft national laws on data protection were submitted to the relevant Parliament committees and the National Centre for Personal Data Protection.

The aim of the business proposals/suggestions is to avoid the most costly risks related to:

- Staff recruitment and information management in the human resources record system;
- Collection, storage, disclosure and processing personal data of the customers;
- Consent vs. other legal basis for the processing of personal data;
- Video surveillance at work;



- Privacy Policy for Personal Data Processing vs. regulations, forms, instructions, provisions;
- Registration as data protection officer vs. compliance with the principles of "Privacy by Design" and "Privacy by Default";
- Pre-consultation with the Supervisory Authority (National Centre for Personal Data Protection);
- Applicability of the Law no. 308/2017 on the prevention and combating of money laundering and terrorism financing in relation to the provisions of the Law on the protection of personal data;
- Incompatibilities and restrictions of the person in charge of personal data protection (DPO);
- Control of the National Centre for Personal Data Protection;
- Liability for violation of personal data protection principles;
- The extremely limited term of entry into force of the laws;
- The disproportionate sanctions of up to 2 million MDL or 2% of the enterprise's overall income. The draft law stipulates that when one of these sanctions is applied, the higher value will be taken into account, thus meaning that each time 2% will be applied.