

We continue to inform you about the news, amendments and modifications introduced in the legislation of the Republic of Moldova within April 2011.

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Entrepreneurship

1. There have been introduced amendments and modifications in the Law on pharmaceutical activity No. 1456-XII as of May 25, 1993, which determines that the newly-established drug stores (branches) will be located at the distance of 250 meters (accessible path) from an existing drug store (branch) and at a distance of 500 meters (accessible path) from an existing pharmacy of medicine preparation. Also, there have been established demographic normative for creating drug stores – in cities, towns, regional centers and other localities with the status of towns, a drug store can be raised in a number for up to 3000-4000 people. According to the introduced modifications, drug-store warehouses, drug stores and their branches will be able to be managed only by pharmacists, except for drug stores and their branches placed in rural areas, which may have as managers – pharmacists-elaborators, who have the necessary qualification, demands determined by the Ministry of Health (Law No. 57 as of April 1, 2011, Official Monitor of the Republic of Moldova No. 70-73 as of April 29, 2011).

2. The Parliament modified the annex of the Law No. 451-XV as of July 30, 2001 on the regulation through licensing of entrepreneurial activity, thereby fixing annual tax for gaining license of carrying out activities of maintenance of casinos amounting to 360 thousand lei for each gambling table. The given modification follows to be applied retroactively, starting with August 10, 2010. (Law No. 42 as of March 17, 2011, Official Monitor of the Republic of Moldova No. 46-52 as of April 1, 2011).

3. It has been published the Regulation on monitoring zoos and zoo agents. The given regulation determines the general rules for monitoring zoos (diseases and/or transmissible diseases through natural way from animals to people) and zoo agents (viruses, bacteria, fungi, parasites or other biological entities suspicious to challenge diseases), obligations of economic

entities from food industry etc. (Government Decision No. 264 as of April 12, 2011, Official Monitor of the Republic of Moldova No. 59-62 as of April 15, 2011).

4. The National Commission of Financial Market approved the Regulation on the solvency margins and coefficient of liquidation of the insurer (re-insurer). The Regulation determines the mode of calculating reports, structure and components of minimal solvency margin and other available solvency margins, categories of assets allowed to represent technical reserves and minimal solvency margin, rules of placements discharge and coefficient of liquidation of insurer (reinsurer). (Decision of the National Commission of Financial Market No. 2/1 as of January 21, 2011, Official Monitor of the Republic of Moldova No. 59-62 as of April 15, 2011).

5. In the view of preventing abuse of alcohol and combating alcoholism, the National Agency for Competition Protection has issued a prescription for advertising agencies, that during 30 days since the moment of publishing the present prescription, to take actions for ceasing infringing the provisions of article 8, line (II), letter (a) from the Law on advertising, ensuring the placement of adverting alcoholic beverages only in the audio editorials and programs destined to adult population. At the same time, authorities of local public administration were ordered to recall authorities of placements of companies (exterior signatures and images) containing advertising of alcoholic beverages. (Prescription of the National Agency for Competition Protection No. CNP-57/58-10/20-18 as of March 17, 2011, Official Monitor of the Republic of Moldova No. 54-57 as of April 8, 2011).

6. As a consequence of completing the Law on joint-stock companies No. 1134-XIII as of April 2, 1997 (article 49), it has been determined that the report on dividends from the shares on public property in social capital of the joint stock society follow to be presented to the tax inspectorate by using automated methods for electronic reporting under the conditions established by the Tax Code in article 187, line (21). This stipulation will come into force since January 1, 2012. (Law No. 48, as of March 26, 2011, Official Monitor of the Republic of Moldova No. 53 as of April 4, 2011).

Tax legislation

1. There have been introduced amendments and completions in the Fiscal Code No. 1163- XIII as of April 24, 1997 (republished in the Official Monitor of the Republic of Moldova, special edition as of February 8, 2007). The main amendments are:

- Expansion of the object taxed with income tax (article 14). As a result of modification, in our country there will be taxed the incomes obtained from individuals resident citizens of the

Republic of Moldova, foreign citizens or people without citizenship from any other sources located in the Republic of Moldova and from other sources located outside of the Republic of Moldova for the activity carried out in our country.

- Indirect methods and sources of estimation of fiscal obligation on the income tax will be able to be applied not only against legal entities but also starting with January 1, 2012 against individuals resident and persons which practices professional activity (article 14).

- It has been modified the date of fiscal obligation on VAT for the import of services, the latter making up the date of payment, including, advanced payment for imported services (article 101, 109, 115). The previous editorial generated issues in application, under the existing aspect of a deviation between issuance by non-resident of the document confirming the service was offered and the date of receiving the given document by the beneficiary of service.

- It was introduced the obligation of tax-payers (article 187, line 21) for presenting reports to the State Fiscal Service, by using automated methods of electronic reporting (through internet). This mode of reporting will be implemented gradually: a) starting with January 1, 2012, the obligation will be applied for subjects of VAT taxation, which are deserved by the Main State Taxe Inspectorate, State Tax Inspectorate of municipality Chisinau, State Tax Inspectorate of municipality on Balti municipality and Direction of fiscal administration Comrat;

b) starting with January 1, 2013 will be applied on the rest of subjects of VAT taxation.

- It was excluded from the category of taxation with tax on advertising placements, services of placement and/or broadcast of advertising announces on TV, internet, radio, periodical press, magazines (article 291)

- It has been modified the mechanism of establishing the size of local tax shares through cancellation of maximal limit, being offered to public local authorities the right to fix independently (article 289, 292, 297) (Law No. 48 as of March 26, 2011, Official Monitor of the Republic of Moldova No. 53 as of April 4, 2011).

2. It was published the Law on social insurance budget for 2011. According to the mentioned law it was maintained the tariff contribution of public social insurance in an amount of 29%, out of which the share owned by the employer makes up 23% and the share owned by the employee – 6%. Also, it was mentioned the contribution tariff for public social insurance at 22% for agricultural sector, out of which 16% will be calculated from employer's means and 6% will be subsidized from public budget. The contribution of public social insurance for contributors which carry out their activity on their account (individual entrepreneurs, lawyers, public notaries, law subsidized officers, mediators), for the holders of entrepreneurial patents and for citizens employed on contract basis abroad was fixed at 4,368 lei annually. The calculation of public social insurance contribution from employer for social insurance of employees engaged in civil aviation, the workplaces of which are engaged in special conditions was maintained at 33% of the remuneration fund. According to the mentioned law there have been modified reporting terms (of presentation of declaration on calculation and use of compulsory social insurance

contributions – Form 4-BASS) for certain categories of payers. At this chapter, it was simplified the report for individual entrepreneurs, lawyers, public notaries, legal enforcement officers and mediators, which do not have persons employed on individual labour agreement. These are obliged to present the 4-BASS Form only once per year, until the date of 10 January, 2012 (Law No. 54 as of March 31, 2011, Official Monitor of the Republic of Moldova No. 63-64 as of April 20, 2011).

3. Also, it was published the Law on compulsory medical assistance insurance funds for 2011. The given Law foresees the maintenance for the year 2011 of the first compulsory medical assistance insurance prime at the level of 7% from the labour remuneration fund and other bonuses (3.5% for employee and employer). The compulsory medical assistance insurance prime in fixed amount was determined for 2011 in the amount of 2,772 lei (Law No. 55 as of March 31, 2011, Official Monitor of the Republic of Moldova No. 63-65 as of April 20, 2011).

4. Inspectoratul Fiscal Principal de Stat a operat modificări în Ordinul nr. 82 din 02.05.2006 privind modalitatea și condițiile de eliberare a hârtiei speciale, seriei și diapazonului de numere pentru imprimarea de sine stătătoare a facturilor fiscale de către subiecții activității de întreprinzător ce au statut de plătitor al TVA. Ca urmare a modificărilor, s-a stabilit că agenții economici care beneficiază de dreptul imprimării de sine stătătoare a facturilor fiscale vor fi privați de acest drept:

I) in case when during the year, the Main State Tax Inspectorate will determine non-observance by them of the following minimal demands:

- existence of a computerized system of primary record;
- existence of big assortment and/or a big number of buyers;
- turnover exceeds 1 million lei per month;
- transparency in organization of primary book-keeping at the company;
- positive dynamics of the amounts of taxes paid to the budget, including VAT for the sales performed on the territory of the country, directly proportion with the value of sales made, except for the situations when this demand is not observed, being conditioned by sales made at zero share and reduced VAT share, investment performing, other objective reasons.

II) in case when they are not anymore considered as VAT payers by the State Tax Service.

(Ordinul Inspectoratului Fiscal Principal de Stat nr. 178 din 17 martie 2011, Monitorul Oficial al Republicii Moldova nr. 54-57 din 8 aprilie 2011).

5. It has been published the Order of the Main State Tax Inspectorate on the organization of activity of administration of big tax-payers. Through the order mentioned were approved the criteria of determining the status of big contributor, thereby establishing that they may have this quality.

- Legal entities, which carry out entrepreneurial activity and in the period of the last calendar year, as well as in the management year at the situation as of December 1 combine of the criteria: a) amount of taxes, and other compulsory fees and payments to the national public budget calculated and paid annually makes up 2 million lei, except for VAT, excise-taxes and other taxes administrated by the Customs Service, or b) the income stated in financial accounting or total value of sales are bigger or equal to 50 million lei annually.
- Financial institutions.

Through derogation from the above mentioned, can be registered as big tax-paying economic entities non-established, which, at the date of establishment, are obliged through declaration on personal liability to make investments for within 3 consequent years, the value of which makes up minimum 5 million euros (Order of the Main State Tax Inspectorate No. 267 as of April 14, 2011, Official Monitor of the Republic of Moldova No. 70-73 as April 29, 2011).

6. The Ministry of Finance modified and amended the Order No. 8 as of January 21, 2011, through which it was approved the protocol form in regard to contravention. The latter follow to be used by subordinated institutions of the Ministry of Finance, except for Customs Service (Order of the Ministry of Finance No. 34 as of March 31, 2011, Official Monitor of the Republic of Moldova No. 59-62 as of April 15, 2011).

Banking and banking activity

1. The National Bank of Moldova decided to maintain:

- the basic rate applied for the main monetary operations on short term, at 8%;
- interest rate for overnight credits at 11% annually;
- interest rate for overnight deposits at 5% annually.

(Decision of the National Bank of Moldova No. 56 as of March 31, 2011, Official Monitor of the Republic of Moldova No. 54-57 as of April 8, 2011).

Regulations from various areas

1. It was published the Law on public budget on 2011. It was approved for 2011, income in amount of 19,087,181.7 thousand lei, expenses in amount of 20,354,074.1 thousand lei, budget deficit making up 1,266,892.4 thousand lei. (Law No. 93-VI as April 15, 2011, Official Monitor of the Republic of Moldova No. 63-64 as of April 20, 2011).

2. It was modified and amended the Law on notary No. 1453-XV as of November 8, 2002. The completion is referring to the territory of notary activity, thereby determining the change of activity territory of this can be made exclusively through competition for the announced vacant place. At the competition only notaries that carry out practical activity for at least 5 years will be able to participate. Also, it was specified that filling of the posts by notaries who promoted the competition for changing the territory of activity will be made in accordance with obtained marks. (Law No. 63 as of April 1, 2011, Official Monitor of the Republic of Moldova No. 63-64 as of April 20, 2011).

3. It was modified and completed the Law on preventing and combating money laundering and terrorism financing No. 190-XVI as of July 26, 2007. the modifications concern establishment of reporting entities, mode and conditions of reporting activities or transactions that come under the incidence of mentioned law, storage of date about transactions of individuals and legal entities etc. (Law No. 67 as of April 7, 2011, Official Monitor of the Republic of Moldova No. 69 as of April 23, 2011).

4. It was approved, in new edition, the Regulation on supplying and using electric energy. The regulation aims regulating legal reports among network operators, suppliers and end user in relation to connection of electric installations of end-users to electric networks, referring to contracting, supplying and paying electric energy, as well as referring to using electricity by end user. (Decision of the National Agency for Regulation in Energy No. 393 as of December 15, 2010, Official Monitor of the Republic of Moldova No. 59-62 as of April 15, 2011).

5. The Union of Lawyers from the Republic of Moldova published the Statute of lawyer profession. The given statute regulates the admission for lawyer profession, licensing of lawyer profession, forms of organizing lawyer activity, bodies of lawyer selfadministration etc. (Official Monitor of the Republic of Moldova No. 54-57 as of April 8, 2011).

