WHITE BOOK

FOREIGN INVESTORS ASSOCIATION REPUBLIC OF MOLDOVA

2025

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The proposals of foreign investors
for improvement of the investment climate
in the Republic of Moldova

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2025
Chisinau, Republic of Moldova

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Executive Summary – FIA White Book 2025

The 2025 edition of the White Book of the Foreign Investors' Association (FIA) serves as the primary platform for dialogue between the investment community and the authorities of the Republic of Moldova. Developed in the context of Moldova's new status as a **European Union candidate country**, the 2025 edition reflects the priorities of the business community and offers concrete solutions to strengthen institutions, enhance competitiveness, and accelerate European convergence.

Its publication comes at a pivotal moment — **the implementation of the Reform Agenda under the Moldova Growth Plan 2025–2027** (Government Decision No. 260/2025) and **the National EU Accession Program 2025–2029** (Government Decision No. 306/2025), which are key documents in the pre-accession process. FIA's contributions, formulated by member companies managing over **€2.6 billion in investments** and accounting for approximately **19% of GDP**, provide a practical perspective on the reforms needed for a resilient and sustainable European-style economy.

Chapter I – Justice and the Rule of Law

Judicial reform is a central pillar of the Reform Agenda under the Moldova Growth Plan 2025–2027 (**Pillar 7 – Fundamental Values**). FIA supports strengthening institutional independence, streamlining judicial procedures, digitalizing case files, and increasing transparency in decision-making. Predictable justice is the foundation of investor confidence and the rule of law.

Chapter II – Fiscal Policy and Tax Regulation

The fiscal framework must be stable, digitalized, and consistent with the EU acquis. FIA recommends gradual implementation of international taxation standards (including Pillar II – BEPS), optimization of payroll and fringe taxes, diversification of non-taxable income sources, expansion of expense deductibility, VAT harmonization, and improvement of local tax and property tax frameworks, alongside digitalization of fiscal processes. These measures align with **Pillar 1** of the Reform Agenda – **Economic Competitiveness and Private Sector Development.**

Chapter III – Human Capital and Education

FIA's proposals fully correspond to **Pillar 4 – Social Capital.** The focus is on modernizing the Labor Code, digitalizing HR processes, encouraging dual education, recognizing non-formal skills, and retaining young talent. These measures address the skills gap and stimulate formal employment.

Chapter IV – Competition Framework

Aligned with **Pillar 1** of the Reform Agenda Economic – **Competitiveness and Private Sector Development**, FIA recommends independent, professional, and predictable competition supervision to ensure uniform and transparent enforcement of legislation, effective coordination with sectoral authorities, adherence to procedural deadlines, and promotion of fair competition rules. The objective is - a fair and transparent competitive environment.

Chapter V – Transition Towards a Green and Sustainable Economy

The green transition aligns with **Pillar 3** – **Sustainable Development and Climate Resilience**. FIA proposes integrating ESG principles, developing a circular economy, introducing deposit-return schemes, and strengthening green investments, directly supporting the objectives of the European Green Deal.

Chapter VI – Telecom and Digital Competitiveness

Digital connectivity is a strategic priority in the Reform Agenda under the Moldova Growth Plan for 2025–2027 (**Pillar 2 – Connectivity and Digital Infrastructure**). FIA supports balanced sector regulation, a phased transition to 5G, the reduction of spectrum costs, and the expansion of access to digital infrastructure. These measures enhance connectivity, competitiveness, and integration into the European Single Digital Market.

Chapter VII – Agricultural Sector and Land Relations

FIA's recommendations are in line with **Pillar 3 – Sustainable Development and Climate Resilience** and **Pillar 4 – Social Capital** of the Reform Agenda under the Growth Plan. The proposals focus on clarifying property

regimes, digitalizing the cadastre, modernizing irrigation systems, and ensuring compliance with agroecological standards. The goal is to create a modern, resilient, and sustainable agricultural sector.

Chapter VIII – Financial System

A stable and innovative financial system is key to attracting investments and achieving economic convergence. FIA recommends strengthening prudential supervision, developing the capital market, and promoting fintech solutions, in line with **Pillar 1** of the Reform Agenda – **Economic Competitiveness and Private Sector Development.** Through trust and transparency, the financial system becomes a catalyst for economic development.

Conclusion

The FIA White Book 2025 reflects **85 – 90%** of the priorities and structure of the Reform Agenda under the Moldova Growth Plan 2025–2027, complementing it with an applied perspective based on the experience of foreign investors. The high level of complementarity and absence of fundamental contradictions confirm FIA's role as a **strategic partner of the Government** in the EU accession process.

Through consistent reforms, institutional transparency, and constructive public-private dialogue, the Republic of Moldova can transform the 2025–2027 period into a stage of **genuine convergence with the European economic and value space.**

Chapter I

JUSTICE AND THE RULE OF LAW

The European integration perspective of the Republic of Moldova took shape in June 2022, when the country obtained the status of candidate for accession to the European Union. In this context, the European Commission issued an opinion containing nine key recommendations focused on structural reforms in priority areas. Among these, justice reform has been and remains an absolute priority, as it directly reflects the commitment to the principles of the rule of law and the supremacy of law—fundamental principles on which the functioning of the European Union is based and on which progress in other sectors depends.

Significant progress has been made by the authorities of the Republic of Moldova: aligning the legislative framework with the constitutional amendments regarding the organization of the judicial system; conducting the pre-vetting procedure for candidates to the Superior Council of Magistracy and the Superior Council of Prosecutors; reforming the Supreme Court of Justice, including initiating the evaluation of candidates for the position of SCJ judge; adopting the normative framework on the full external evaluation of judges and prosecutors (full vetting); improving disciplinary accountability mechanisms, as well as procedures for the selection and evaluation of judges and prosecutors. These developments confirm institutional commitment to strengthening an independent, efficient, and credible justice system.

At the same time, justice reform is a broad and long-term process that requires adequate resources, consistency, and continuous monitoring. It is not only an essential requirement of European integration but also a foundation for strengthening democracy and increasing public trust in state institutions. In light of the commitments undertaken through the *Roadmap on "State and Law" (a benchmark criterion in the Republic of Moldova's EU accession process)* (Government Decision No. 275/2025) and in accordance with the *National Programme for the Accession of the Republic of Moldova to the European Union for 2025–2029* (Government Decision No. 306/2025), it is essential to continue the reform in a coherent, transparent, and sustainable manner.

FIA's Vision: An independent, competent, and predictable justice system—an essential pillar for the protection of citizens' rights and the business environment, for strengthening trust in the state, and for attracting sustainable investment.

Introduction of a Transitional Ban on the Application of Arrest for Economic Offenses

A ban on the application of arrest as a coercive measure for "less serious" economic offenses is recommended. At present, this measure is often abused to exert pressure on businesspeople and to obtain fabricated evidence.

According to the 2024 Report of the General Prosecutor's Office, out of 1,614 requests submitted by prosecutors in 2024, 1,429 were approved, which means that approximately 89% — or 9 out of 10 requests — were admitted. This high rate indicates that arrest requests are often examined superficially.

This situation is largely caused not by legislative shortcomings, but by the pro-accusatory attitude displayed by some investigating judges, inconsistent judicial practice, or the lack of independence of certain magistrates. Additionally, the heavy workload of judges negatively affects the quality and depth of examination of case materials and arrest requests.

It is recommended to introduce a temporary ban on the application of arrest for minor economic offenses during the transitional period.

This ban should apply only to "less serious" economic offenses, while for serious offenses, the preventive arrest procedure established by current legislation would continue to apply.

The implementation of this measure could help strengthen business community trust in the judicial system, reduce abuses, and lay the groundwork for a sustainable reform of practices concerning coercive measures in economic crime cases.

Strengthening the Status of Investigating Judges

Currently, there are situations in which the investigating judge finds themselves in a vulnerable position that affects their decision-making independence in exercising their duties. For instance, when an investigating judge rejects a prosecutor's request, the prosecutor may appeal the judge's decision to the Court of Appeal, which can overturn it — and in such cases, the same prosecutor may decide to initiate a criminal proceeding against the judge for allegedly making an unlawful decision.

Although the role of investigating judges is to protect individual rights and freedoms in criminal proceedings, an analysis of their activity between 2017–2021 suggests that they often limit themselves to formally validating procedural acts, rather than ensuring real and effective judicial oversight. The study highlights a tendency toward excessive authorization of arrests and surveillance measures, with little consideration for less intrusive alternatives. Furthermore, it notes a favorable predisposition among judges toward the requests of the prosecution.

In practice, this results in the continued excessive application of arrests and the almost automatic authorization of prosecutors' motions for special investigative measures — particularly interceptions and communications recordings.

Additionally, the heavy workload of judges affects the quality of case review, while the practice of examining motions in closed sessions often appears unjustified.

A more transparent and public approach is therefore needed, along with the integration of technology into procedures to improve efficiency. Moreover, the selection mechanism for investigating judges should become more transparent, with clear criteria and legal safeguards, to increase both the independence and attractiveness of the position.

For further details, see:: https://rm.coe.int/studiu-activitatea-judecatorilor-de-instructie-in-rm/1680aa90b0

It is recommended to strengthen the status of investigating judges by adopting a more transparent and public approach and by integrating digital technologies into procedures to enhance efficiency.

In addition, the selection mechanism for investigating judges should be made more transparent, based on clear criteria and accompanied by legal safeguards, in order to increase the attractiveness and professionalism of the position.

Conduction of court hearings under a special schedule

Conducting court hearings under a special schedule (over several consecutive days or weeks, until the final examination of the case), without long interruptions, for high-profile cases of national importance.

It is recommended that court hearings be conducted under a special schedule, over several consecutive days or weeks, without long interruptions, until the final examination of the case, for high-profile and nationally significant cases.

This measure would help to reduce the risk of delays, ensure the faster resolution of high-profile and nationally important cases, and guarantee compliance with legal deadlines while preventing the expiration of the right to action.

Excluding the personal liability of responsible persons for offenses or misdemeanors arising from entrepreneurial risk

Currently, individuals in managerial or responsible positions are exposed to personal liability for offenses or misdemeanors committed in the course of economic activity, such as:

- violations of sector-specific legislation;
- non-compliance with authorization or licensing conditions;
- infringement of consumer rights.

These actions fall within the scope of commercial risk inherent to business activity; however, the state often applies personal liability to company administrators in addition to the liability of the legal entity, which may amount to an abusive practice.

It is recommended to exclude the personal liability of individuals in managerial or responsible positions for such offenses or misdemeanors, so that:

- liability is borne exclusively by the economic entity on whose behalf and in whose interest the activity is carried out;
- the administrator or managerial person is not personally sanctioned for actions that are part of normal commercial risk.

Amending Article 190 "Fraud" of the Criminal Code of the Republic of Moldova, to include liability for fraud accompanied by the premeditated (intentional) non-performance of contractual obligations in the field of entrepreneurial activity, which has caused significant damage

For example, some companies in the telecommunications industry have reported facing numerous cases of fraud committed by economic agents who request the purchase of large volumes of devices on installment plans and/or at promotional (subsidized) prices, under the pretext of needing them to start or expand their business. After obtaining the devices, these individuals cease all payments and resell the goods (typically through online marketplaces), while the proceeds are appropriated by the offenders.

To continue the fraudulent purchases, the offenders establish new companies, using proxies as shareholders, administrators, or authorized representatives. In such cases, this represents a repeated and deliberate criminal pattern, where the buyer acquires goods without the intention to pay, but with the goal of reselling them and pocketing the proceeds. Unfortunately, law enforcement authorities often refuse to initiate criminal proceedings against such offenders, classifying these acts as civil disputes.

It is recommended to amend Article 190 of the Criminal Code to include provisions that criminalize fraud accompanied by the premeditated non-performance of contractual obligations in the field of entrepreneurial activity, when such actions cause significant damage.

To hold offenders accountable for such crimes, it will be necessary to prove the premeditated nature of the act, meaning that the intention not to fulfill contractual obligations in the course of entrepreneurial activity existed before the conclusion of the contract or before the obligation arose.

Introducing the mandatory use of electronic signatures for judicial acts and their transmission through electronic means

The use of a qualified electronic signature guarantees the authenticity and integrity of judicial acts, providing the same legal value as a handwritten signature. Consequently, the electronic transmission of judicial documents contributes to streamlining judicial processes by reducing administrative costs and communication time.

Considering that this measure aligns with the digitalization trends in public administration and justice across European countries, its implementation would facilitate faster access to justice, particularly for citizens and companies located in remote areas or with limited resources.

It is recommended to include in the legislation the possibility — and, where applicable, the obligation — for courts (judges) to sign judicial acts (such as judgments, decisions, enforcement titles, etc.) using a qualified advanced electronic signature, with the subsequent transmission of these acts to the parties involved via electronic mail (email).

Exemption of electronic communications products and services from the mandatory mediation requirement established in the new draft Law on Mediation and the Status of the Mediator (adopted in the first reading by the Parliament of the Republic of Moldova on June 26, 2025)

The field of electronic communications is governed by special regulatory norms and involves fast-track dispute resolution procedures, including the intervention of the regulatory authority. Imposing mandatory mediation in this context could lead to unjustified delays, additional costs, and violate the principle of efficiency in dispute resolution.

It is recommended to exclude electronic communications products and services from the mandatory mediation requirement established in the new draft Law on Mediation and the Status of the Mediator (adopted in the first reading by the Parliament of the Republic of Moldova on June 26, 2025).

Such an exemption is justified in order to ensure the effective protection of consumer rights and the proper functioning of the market.

Finalizing the vetting process of prosecutors, with the allocation of adequate resources and the establishment of clear implementation deadlines

Delays in applying the vetting process within the prosecution system undermine the credibility of the reform and perpetuate corruption risks. Therefore, accelerating this process, with sufficient resources and uniform rules, is essential to strengthen integrity and restore public trust.

It is recommended to accelerate the vetting process of prosecutors by allocating the necessary resources, defining clear deadlines, and ensuring transparency, in order to strengthen the integrity of the system and restore public trust.

Implementation of structural measures to strengthen the independence and irreversibility of justice and anti-corruption reforms

Practice shows that institutional instability and politicized appointments reduce efficiency and undermine the capacity of institutions to combat corruption. Ensuring stable mandates, obtained through transparent and merit-based competitions, will enhance institutional autonomy and help build public and international partners' trust.

The lack of quorum in the Supreme Court of Justice currently blocks the activity of the Plenary and prevents the unification of judicial practice. Therefore, the urgent completion of the Court's composition is essential to ensure its functionality and credibility.

To ensure a sustainable and credible reform of the justice system and anti-corruption institutions, the following measures are recommended:

1. Stabilize the leadership of anti-corruption institutions (Prosecutor General's Office, Anti-Corruption Prosecutor's Office, and National Anti-Corruption Center) through transparent, merit-based selection processes and real guarantees of tenure. This will reduce political influence, strengthen institutional autonomy, and increase both public and international partners' confidence in the effectiveness of anti-corruption efforts
2. Fully operationalize the Supreme Court of Justice by urgently filling vacant positions to restore the necessary quorum, unblock the Plenary's work, and ensure uniform judicial practice, thereby strengthening the functionality and credibility of the supreme court.
3. Reform the disciplinary system for judges by simplifying procedures and publishing decisions, which will enhance transparency and judicial accountability, reduce the perception of impunity, and strengthen public trust in the justice system.
4. Strengthen the capacity of the Superior Council of Magistracy (CSM) and the Superior Council of Prosecutors (CSP) to ensure continuous evaluation of the integrity and professionalism of judges and prosecutors—an essential measure to prevent regression to old practices, ensure ongoing accountability, and guarantee the irreversibility of justice reform.

The current disciplinary system for judges remains opaque and ineffective, reinforcing the perception of impunity among magistrates. Reforming this system through clear procedures and public access to decisions would ensure genuine accountability and strengthen citizens' confidence in the judiciary.

Following the completion of the vetting process, it is necessary to establish a sustainable mechanism for the continuous verification of the integrity and professionalism of judges and prosecutors. Such a mechanism would prevent the return to flawed practices, ensure constant accountability, and guarantee the irreversibility of justice reform.

Respecting the Principle of Personal Liability and the Right to Property

According to Article 92 of the Enforcement Code of the Republic of Moldova, the enforcement of monetary funds from a debtor's bank accounts must be carried out strictly within the limits of the debtor's personal obligations. Consequently, debts are attributable solely to the debtor and cannot automatically be extended to the spouse, except in cases where:

- there is an agreement of joint liability between spouses regarding the specific obligation; or
- a matrimonial regime applies that allows for the enforcement of joint property for personal debts (e.g., a universal community regime or similar arrangement).

In light of these provisions, the practices of certain bailiffs who, through procedural orders, block the bank or electronic money accounts of a debtor's spouse, or seize assets or funds belonging to individuals who are not parties to the enforcement proceedings, are unfounded and unlawful.

Such actions blatantly violate the principle of individual patrimonial liability established by civil law, the constitutional right to property (Article 46 of the Constitution of the Republic of Moldova), and international standards on property protection under Article 1 of Protocol No. 1 to the European Convention on Human Rights.

Moreover, these practices may entail personal liability for the bailiff, in accordance with the applicable legislation, for infringement of the rights of third parties who have no procedural standing in the enforcement process.

To ensure the legality of enforcement procedures and to prevent unjustified interference with the property of third parties, it is recommended to clarify and strictly observe the limits of enforcement actions, ensuring that:

- Only the accounts and assets of the debtor are subject to enforcement;
- Any extension of enforcement to other persons (including the spouse) is carried out solely on the basis of an explicit legal ground and with full respect for the right of defence of the individuals concerned.

Chapter II

FISCAL POLICY AND TAX REGULATION

Against the backdrop of the prolonged crises of recent years and their socio-economic consequences, the Republic of Moldova needs a flexible and predictable fiscal framework that simultaneously supports the resilience of households and companies while maintaining the competitiveness of the economy. At the same time, it is necessary to strengthen the resilience of both individuals and legal entities through appropriate fiscal instruments designed to support economic stability and sustainable development. The vector of European integration entails the gradual harmonization of fiscal and customs policies with European Union law — a process that directly influences the business climate, investment, and exports.

Following the Bilateral Screening exercise with the European Commission conducted in the spring of 2025 for Chapter 16 "Taxation," the Republic of Moldova now has a clear list of measures to be implemented within concrete deadlines. In this context, particular importance lies in the careful implementation of international taxation rules (including Pillar II – BEPS), taking into account their impact on regimes that provide competitive advantages for the country, as well as on small and medium-sized enterprises. To mitigate the tax burden, transitional periods and mandatory regulatory impact assessments are envisaged, ensuring that alignment with European standards does not undermine predictability for the business environment.

At the same time, other priorities include measures aimed at optimizing salary taxes and non-wage benefits, diversifying sources of non-taxable income, expanding the deductibility of expenses, harmonizing VAT rules, and improving the framework for local taxes and property taxes, along with the digitalization of tax processes. Furthermore, fiscal and customs policies must be coherent with each other and stable in their application, avoiding fragmented changes that increase uncertainty for investors and export-oriented sectors.

FIA's Vision: A simple, predictable, and digital fiscal system that supports investment and economic growth — an essential condition for sustainable development and for the integration of the Republic of Moldova into the European economic area.

GENERAL FRAMEWORK FOR THE ALIGNMENT WITH THE EU ACQUIS

Alignment of the Republic of Moldova with the EU Directives on Income Taxation – Challenges and Priorities for the Business Environment

The Republic of Moldova's commitment to aligning its fiscal framework with European Union directives represents an essential step in the process of EU integration, reflecting the country's determination to establish a transparent, fair, and EU-compatible tax system. However, this alignment also presents significant challenges for both state institutions and the business community — particularly in the context of the transposition of Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large domestic groups in the Union (Pillar II – BEPS), which introduces a top-up tax on the income of multinational groups.

This measure risks creating disproportionate fiscal pressure and unfair competition, especially considering that many FIA member companies are part of international groups with revenues exceeding EUR 750 million, and are therefore directly affected by the new rules — both at the parent company level and at the level of their Moldovan subsidiaries.

It is therefore crucial that the harmonization process be accompanied by a continuous and constructive dialogue with the private sector, in order to identify solutions that minimize fiscal impact and protect the country's economic competitiveness.

The main issues with significant impact for businesses include:

- Discrepancies in the fiscal regime: IT Park, SME sector vs. general taxation system;
- Moldova IT Park residents benefit from a preferential tax regime, paying a single tax of 7% on sales revenue, which substitutes most taxes and social contributions. This regime is guaranteed by law until 2035 and was introduced as an incentive to stimulate economic development, attract investment, and promote innovation. In this context, applying a global minimum tax before the expiry of these legal guarantees could undermine investor confidence and negatively affect the competitiveness and growth of the IT sector. In other European states, strategic sectors or beneficiaries of special tax regimes are granted dedicated transition periods to ensure fiscal predictability and stability.
- The SME sector applies a 4% income tax, with certain exceptions;
- The corporate income tax rate in Moldova is 12%, compared to 15% as required under BEPS (Pillar II);
- Local companies will also need to comply with potential additional reporting requirements and adapt their tax structures accordingly.

It is recommended to:

- Conduct an impact assessment and develop a transition strategy to avoid fiscal shocks and loss of competitiveness;
- Evaluate fiscal risks arising from discrepancies between different tax regimes and develop adaptation scenarios;
- Protect the fiscal regime of the "Moldova IT Park" by requesting a transition period at least until 2035 (the expiry of the special tax regime guaranteed by Law No. 77/2016), in the context of alignment with Pillar II requirements;
- Promote a proactive approach in the process of joining the OECD Inclusive Framework on BEPS, while safeguarding local economic interests;
- Establish a joint working group between the Ministry of Finance and business community representatives to monitor the fiscal impact.

SALARY TAXES AND EXTRA-SALARY BENEFITS

Eliminating Fiscal Limits on Employee Transport and Meal Expenses

The limitation of deductible expenses for employee transport and meals creates obstacles to the efficient operation of businesses. In practice, each company's needs vary depending on the nature of its activity, geographical location, work schedule, and logistical conditions. Therefore,

The following recommendations are proposed:

1. Amend the provisions of the Regulation on determining the tax obligations related to the income tax of legal entities

the amount of such expenses should be determined at the employer's discretion, rather than capped by uniform fiscal regulations.

Moreover, the exclusion of taxi expenses from the category of tax-deductible costs discourages fast and efficient transport solutions, which are increasingly necessary given employees' mobility, business meetings, and the often inadequate urban or rural infrastructure. In many cases, the use of taxi services represents a legitimate and essential logistical option for ensuring the continuity and efficiency of work processes.

and individuals engaged in entrepreneurial activity, approved by Government Decision No. 693/2018, to remove the maximum average ceiling per employee per actual working day for deductible expenses related to employee transport and meals.

2. Allow the deduction of taxi expenses incurred by the employer for business purposes, such as:

- travel to business meetings;
- commuting to the workplace where no direct public transport is available;
- or in cases where the use of taxi services contributes to the efficient conduct of business operations.

Optimization of the Fiscal Regime for Meal Vouchers under Law No. 166/2017

In the context of the continuously rising cost of living, meal vouchers are losing their effectiveness as a fringe benefit due to an unfair and discriminatory tax treatment. Currently, the nominal value of meal vouchers is subject to social security contributions, unlike other non-wage benefits provided under Article 24(19) of the Fiscal Code (such as gifts, vouchers, professional training, sports subscriptions, or medical services), which are exempt from such contributions.

This discrepancy is unjustified, particularly when compared to organized meals provided directly by companies, which are not subject to taxation. For many employers—especially those located in areas without infrastructure for corporate canteens—meal vouchers represent the only viable means of ensuring employees have access to a daily hot meal. This benefit provides immediate and practical value, with a direct impact on employees' quality of life and purchasing power.

Furthermore, the maximum nominal cap of 70 MDL per day, set in 2020, no longer reflects the economic realities of 2025, given the high inflation rate and the sharp increase in food prices. Maintaining this outdated limit significantly reduces the real value of the benefit and discourages employers from using this tool.

Given the ongoing increase in living costs, raising the maximum nominal value of meal vouchers is necessary to preserve their efficiency and attractiveness as a fringe benefit. Meal vouchers are an effective mechanism for supporting employees, enhancing motivation and productivity, without generating significant additional costs for employers within the deductible ceiling.

Adjusting the current limit from 70 MDL to 100 MDL would allow employers to provide meaningful support to their employees while maintaining fiscal control and predictability for the state.

The following amendments to Law No. 166 of September 21, 2017 on Meal Vouchers and Related Fiscal Legislation are proposed:

1. Exclusion of the value of meal vouchers from the base for calculating social security contributions, to ensure fair and consistent tax treatment compared to other non-wage benefits.

Arguments in favor of this measure:

- Tax fairness and neutrality: Aligns the tax treatment of meal vouchers with that of other fringe benefits and with the regime applicable to organized meals offered directly by employers.
- Real support for employees: Increases employees' purchasing power and well-being without creating additional administrative costs for the state.
- Economic efficiency and competitiveness: Encourages employers to offer this highly useful benefit, contributing to motivation, retention, and productivity.
- Clarity and simplification: Removes inconsistencies within the legal framework and facilitates uniform application by companies and tax authorities.

2. Increase of the maximum nominal value deductible for tax purposes from 70 MDL to 100 MDL per working day, by amending Article 4(1) as follows: "The nominal value deductible for tax purposes of a meal voucher for one working day shall range between 35 and 100 lei."

Consequences of the Current Framework:

- Substantial reduction in the real value of the benefit for employees;
- Artificial increase in costs for employers;
- Erosion of an essential employee support tool, negatively affecting motivation and productivity.

Expected Impact:

- Increased purchasing power and well-being of employees;
- Maintaining the attractiveness of meal vouchers as a fringe benefit;
- Greater tax fairness and transparency;
- Reduced bureaucracy for employers and meal voucher administrators.

Tax treatment of salary during business travel, so that instead of the average salary, the employee's monthly base salary is applied

Both the Labour Code and the Regulation on the delegation of employees of entities from the Republic of Moldova (Government Decision No. 10/2012) stipulate that employees delegated on business trips retain their workplace (position) and are paid their average salary for the duration of the trip, including travel time, in accordance with the provisions of Article 175 of the Labour Code of the Republic of Moldova.

It is recommended that during business trips, the salary paid to the employee be calculated based on the monthly base salary rather than the average salary.

This change is justified by the fact that the calculation of the average salary includes previously granted bonuses and incentives, which can lead to a significant increase in salary costs during business trips — even when the employee performs regular duties corresponding to their core responsibilities.

This situation particularly affects companies that have performance-based remuneration systems, as they incur substantial additional expenses without clear economic justification.

Article 24 of the Tax Code. Deduction of expenses related to entrepreneurial activity

Adapting tax legislation to the new realities of work

The economic and social transformations of recent years have required the business environment to rapidly adapt to the new realities of the labour market. Digitalization, the increased mobility of employees, and the need for operational flexibility have led companies to adopt alternative forms of work organization, such as remote work and home-based work.

These forms of work have been expressly regulated in the Labour Code of the Republic of Moldova through the introduction of Chapter IX¹ – Remote Work and Chapter IX² – Home-Based Work, which also provide for the possibility that the employer may compensate expenses incurred by the employee in performing job duties outside the employer's premises.

In this context, it is essential for tax legislation to evolve in parallel with labour legislation to ensure coherence, predictability, and fairness in the application of norms. The expenses borne by the employer to facilitate remote or home-based work should not be treated as personal benefits granted to the employee, but rather as necessary and justified business expenses for carrying out economic activity.

Therefore, we propose introducing clear fiscal provisions that would allow the deductibility of these expenses within a reasonable ceiling, established in relation to the forecasted average salary in the economy, thus contributing to stimulating work flexibility and enhancing the attractiveness of Moldova's labour market.

It is proposed to supplement Article 24 of the Tax Code with a new paragraph, as follows: "Deductibility of expenses incurred by the employer for employees performing remote work or home-based work".

Art. 24, para. (28) – The employer is allowed to deduct expenses incurred for payments made in favor of the employee, as well as for compensating costs related to the employee's remote or home-based work, in an annual amount of up to 50% of the forecasted average monthly salary in the economy, as approved by the Government for the year in which the compensation was granted, per employee.

Such expenses shall not be considered benefits granted by the employer within the meaning of Article 19, para. (1) of the Tax Code and shall not be included in the employee's taxable income.

- Encourages labour flexibility and supports adaptation to new economic realities (digitalization, hybrid work).
- Clarifies the fiscal treatment of reimbursements and compensations for remote or home-based work.
- Prevents double taxation or unfair taxation of employees by recognizing these costs as necessary business expenses, not personal benefits.

Encouraging the Development of Alternative Childcare Services for Children Under 3 Through Tax Exemptions

In the Republic of Moldova, the use of childcare services has increased in recent years, facilitating the re-entry of women into the labour market. However, the enrollment rate of children under 3 remains low (12%), compared to the European average of 45%, due to the limited availability of public institutions (kindergartens), most of which are old buildings inherited from the Soviet period.

In this regard, the Government has approved the National Program for Childcare Services (0–3 years), aiming to raise the enrollment rate to 30% by 2026 and has committed to allocating 1% of the national budget annually for the expansion of such services. Nevertheless, current resources are insufficient for nationwide implementation.

In this context, the application by local public authorities of de minimis aid, through tax exemptions for economic agents investing in the development of alternative childcare services, could stimulate investment and accelerate the expansion and modernization of the system.

Public-private partnerships have proven to be highly effective, as shown by the collaboration between FIA members and UNICEF, offering an example worthy of replication by public institutions.

In this regard, the following measures are recommended:

- Develop and expand alternative childcare services for children under 3 years old up to 45% coverage, in line with the EU Council's Barcelona Objectives on Early Childhood Education and Care, by adopting European practices that promote social inclusion and regional economic development.
- Apply de minimis aid by local public authorities, through exempting economic agents who contribute to or invest in the development of alternative childcare services from certain local taxes – a good European practice that can be easily implemented at the local level.
- Develop public–private partnerships and mobilize donor contributions to modernize the system and ensure universal access, including for vulnerable families.
- Improve quality conditions (such as staff-to-child ratios, group sizes, and inclusion of children with special needs).
- Ensure greater accessibility of services, particularly in regions with economic potential.
- Develop flexible programs for parents with atypical working hours.

Retention of Personnel by Providing Accommodation to Employees Without Applying Payroll Taxes

The labour market in the Republic of Moldova faces two major challenges:

- A shortage of qualified personnel, which severely affects strategic economic sectors;
- High rental costs in Chișinău, which discourage young specialists from settling in the capital and contribute to the workforce exodus.

To counteract the brain drain, companies are often compelled to cover employees' rent expenses—a measure that, under current fiscal legislation, is subject to taxation. There are also initiatives aimed at building temporary dormitories for employees, intended to provide affordable housing solutions and improve workforce retention.

It is proposed that rental payments granted by the employer to the employee be exempt from taxation, within a non-taxable limit of 20% of the forecasted average monthly salary per employee.

To avoid pressure on the national public budget deficit, this incentive may be offered as an alternative to existing fiscal facilities already provided by legislation, such as:

- Article 24, para. (193) of the Tax Code – subscriptions for sports activities;
- Article 24, para. (20) of the Tax Code – voluntary health insurance premiums;
- Article 24, para. (26) of the Tax Code – alternative childcare services for children under 3 years old, etc.

Thus, each employer will be able to choose the most suitable fiscal incentive for the retention and motivation of their employees.

Additionally, to avoid reducing payroll tax contributions and to maintain payments to the state budget, an additional condition may be introduced for granting the above-mentioned facility:

The average salary of the employee (to whom this facility is granted) must not be lower than the average level over the previous 12 months.

These measures would contribute to:

- increasing the attractiveness of Moldova's labour market for young specialists;
- reducing the exodus of qualified personnel;
- strengthening human resource stability within companies;
- stimulating investment in employee housing projects.

INCOME TAX AND SPECIAL DEDUCTIONS

Article 20 of the Tax Code. Non-Taxable Income Sources

In the context of demographic developments, stimulating long-term private savings has become one of the main options for supporting the social insurance system. As the labour shortage remains a critical issue across all economic sectors, employers are increasingly motivated to create the best possible working conditions for their employees.

To attract and retain staff, employers provide a wide range of benefits, among which life insurance policies can be introduced.

Life insurance represents an alternative that can bring significant benefits by increasing the level of population protection and ensuring the availability of financial resources for a family at times of crisis — to maintain its standard of living in the event of unforeseen circumstances (death, accident, disabling illness). For most families, such events result in a drastic decline in living standards and increased dependence on state social assistance.

Moreover, the premiums collected by life insurance companies are invested to cover technical and mathematical reserves, thereby supporting overall economic activity and contributing to the stability of the financial system.

It is proposed to restate Article 20, letter (d^6) as follows:

"d^6) payments referred to in Article 24 paragraphs (19), (19^1), (19^3), (19^4), (20), (20^1), (24) and (26), which do not exceed the ceiling established by the Government or by this Code".

Amendment to Article 24 of the Tax Code. Deduction of expenses related to entrepreneurial activity

Life insurance can help reduce social imbalances by complementing public social assistance programs. At the same time, consistent state support, even with minimal fiscal impact, can bring significant benefits by increasing the population's level of protection.

It is relevant to note that the protection gap among the population has widened in recent years, justifying public intervention to encourage private protection behavior.

The advantages of state support for developing life insurance include:

- Reducing the population's dependency on the public social assistance system;
- Increasing the level of financial protection for the population.

The development of life insurance would help reduce social inequalities and improve public welfare, encouraging families to acquire additional protection tailored to their needs.

Life insurance not only provides financial security for families against risks, but also fosters responsible behavior that supports the sustainability of household income.

At the same time, reducing the population's protection gap also requires:

- Encouraging a change of mindset among citizens regarding risk protection, through raising awareness of individual responsibility;
- Joint and sustained efforts by the industry and public authorities to educate the population and promote the benefits of life insurance;
- Introducing fiscal incentives to encourage the adoption and popularization of life insurance policies and their associated benefits.

In parallel, insurance companies provide long-term financing for both government and the private sector. In OECD countries, insurance companies are among the largest institutional investors (source: Insurance Europe).

To align the deductibility provisions applicable to individuals and employees, it is recommended to allow the deduction of annual expenses incurred by the employer for employees' life insurance premiums.

In this regard, the proposal provides for supplementing Article 24 of the Tax Code with a new paragraph (20^1), as follows:

"(20^1) Annual deduction shall be allowed for life insurance premiums paid by the employer on behalf of the employee under a life insurance contract".

However, compared with neighboring countries, the Republic of Moldova has the lowest life insurance penetration rate in GDP. This unfavorable comparison shows that Moldova is losing each year the social and economic potential of the life insurance market, depriving the economy of valuable investment resources.

Under these circumstances, all stakeholders recognize the need for a fiscal stimulus that would place the life insurance market on a sustained upward trajectory.

Life insurance is one of the most widely used social policy instruments across many countries. Most OECD members and many EU member states encourage the development of life insurance through fiscal mechanisms, such as tax reductions or deductibility of insurance premiums.

This fiscal support has led to a substantial increase in insurance density — measured as the volume of insurance premiums per capita — in countries where life insurance premiums are tax-deductible.

Examples of Fiscal Incentives for Life Insurance and Their Positive Impact:

- BULGARIA: deductibility for life insurance premiums up to 10% of annual personal income.
- CZECH REPUBLIC: since 2001, deductibility for life insurance premiums for policies held at least 5 years and before age 60, up to approximately EUR 400/year. If the policy is terminated early, all tax benefits must be returned.
- ESTONIA: full deductibility for premiums paid on life insurance policies with a minimum term of 10 years.
- LITHUANIA: deductibility for life insurance premiums with a minimum term of 10 years; the deductible amount may be up to four national minimum wages.
- LATVIA: deductibility for premiums paid on life insurance policies with a minimum term of 5 years.

Amendment to Article 24 of the Tax Code

Currently, protocol (representation) expenses are not recognized for tax purposes, even though they directly contribute to the development of business relations, partnerships, and investment attraction. Therefore, recognizing such expenses for tax purposes would represent an indirect support measure for the business environment, without a major impact on the public budget.

It is proposed to supplement Article 24 of the Tax Code with a new paragraph (20¹) (or to renumber it depending on other amendments), as follows:

"(20¹) Deduction of protocol expenses is permitted within the limit of 2% of taxable income. Protocol expenses shall also include VAT-related costs incurred for gifts or souvenirs offered by the taxpayer".

Amendment to Article 31 of the Tax Code. Limitation of Other Deductions

Currently, Article 31, paragraph (3) of the Tax Code provides:
(3) Banks and non-bank lending organizations are allowed to deduct loss allowances for assets and contingent liabilities, calculated in accordance with IFRS.

To ensure uniform application and establish equivalent conditions for the deduction of loss allowances for assets and contingent liabilities calculated under IFRS across the financial sector, it is proposed to adjust Article 31, paragraph (3).

It is recommended that Article 31, paragraph (3) be restated to establish equivalent conditions for both banks and insurers regarding the deductibility of provisions and loss allowances for assets and contingent liabilities.

At the same time, it is imperative to emphasize that the deduction of provisions for loss reductions on assets and contingent liabilities is not regulated by the provisions of Article 50, paragraph (3) of the Tax Code, as was erroneously concluded in previous years.

Articles 50, paragraphs (2) and (3) of the Tax Code regulate the deduction of insurance indemnities and compensation payments, as well as other payments made by the insurer/reinsurer in favor of the insured/third party or the beneficiary of the insurance and/or the reinsured, in accordance with the concluded insurance and/or reinsurance contract, and the deduction of the insurer's expenses related to the formation of technical and mathematical reserves, as established by the Government.

Thus, Article 31, paragraph (3) shall read as follows: "(3) Banks, non-bank lending organizations, and insurers (reinsurers) are allowed to deduct provisions and loss allowances for assets and contingent liabilities calculated in accordance with IFRS".

Amendment to Article 32 of the Tax Code. Carry-Forward of Registered Tax Losses

In international practice, there are many examples of countries that do not impose limits on the carry-forward of tax losses — such as Germany, the United Kingdom, France, and Italy.

Additionally, this measure would be a positive step toward creating a more attractive investment climate and encouraging foreign investment. The pandemic crisis, the war in Ukraine, and rising inflation have significantly slowed the pace of investment recovery in the Republic of Moldova.

In Romania, tax losses can be carried forward for up to seven years, and the country has recorded one of the fastest economic growth rates in Europe in recent years.

The ability to reutilize accumulated tax losses to achieve profitability would be a supportive measure for businesses affected by recent crises.

Allowing unlimited utilization of tax losses represents a legitimate right of the taxpayer. These losses are incurred for entrepreneurial purposes, and their accuracy is verified by tax authorities during audits. Restricting the use of such losses places additional pressure on companies, which are already focused on recovering and achieving profitable returns on their investments.

It is proposed to amend Article 32 of the Tax Code by eliminating the 5-year limit on the carry-forward of registered tax losses.

Amendment to the Tax Code (Title II – Income Tax) regarding the non-taxation of income from the sale of assets in bankruptcy proceedings

The sale of assets within insolvency proceedings during bankruptcy does not have a commercial or profit-making purpose, but rather represents a legal necessity aimed at covering the debtor's liabilities. Therefore, it should not be treated as a "source of income" in the classical fiscal sense.

Accordingly:

- The sale of goods during insolvency at the bankruptcy stage is compulsory and legally mandated, not voluntary;
- The purpose of such sales is the settlement of creditors' claims, not the generation of profit;
- The current fiscal treatment may reduce the assets available to creditors, thereby undermining the principles of fairness and efficiency in insolvency procedures.

It is proposed to supplement the Tax Code (Title II – Income Tax) with a new provision establishing the following rule:

"Income obtained from the sale of a debtor's assets within insolvency proceedings during bankruptcy shall not be subject to income tax until the completion of the distribution of the debtor's estate and the satisfaction of creditors' claims, in accordance with the Insolvency Law. In cases where, after the settlement of all claims, a positive balance remains, this amount may be subject to taxation under the general provisions of the present Title".

VALUE ADDED TAX (VAT) AND EXCISE DUTIES

Harmonization of Product Categories Eligible for the Reduced VAT Rate of 8%

The uneven application of VAT rates across various subsectors of agriculture and the food industry (e.g., milk, meat, planting material, seeds, agricultural inputs) creates competitive distortions and fiscal inequities between producers and processors.

Currently, differences in VAT rates between raw materials, semi-finished, and finished products disrupt value chains, affect companies' cash flow, and discourage investment in processing and modernization.

At present, the 8% VAT rate applies only to certain tariff classification codes, making it technically difficult to identify and monitor each individual item.

In international practice, many countries apply reduced VAT rates to broad categories of food products, ensuring simplicity, fairness, and transparency. For example:

- Romania – reduced VAT of 9% on the sale of food and beverages for human and animal consumption, including ingredients used for food preparation;
- Austria – reduced VAT of 10% on food products, books, pharmaceuticals, passenger transport, newspapers, cultural and entertainment events, hotels;
- Belgium – reduced VAT of 6% on food products, books, water, pharmaceuticals, medical services, newspapers, cultural and entertainment events, hotels;
- Cyprus – reduced VAT of 5% on food products, books, pharmaceuticals, medical services, passenger transport, newspapers, cultural, entertainment, and sports events;
- Czech Republic – reduced VAT of 15% on food products, medical and pharmaceutical services, passenger transport, newspapers, cultural and entertainment events, hotels; and 10% on medicines, books, and baby food;
- Germany – reduced VAT of 7% on food products, books, medical services, passenger transport, newspapers, cultural and entertainment events, hotels;
- Greece – reduced VAT of 13% on food products, pharmaceuticals, medical services, and cultural, entertainment, and sports events;
- Poland – reduced VAT of 8% on pharmaceuticals, medical services, passenger transport, newspapers, hotels, restaurants, cultural, sports, and entertainment events; and 5% on food products;
- Slovakia – reduced VAT of 10% on books, food and pharmaceutical products, medical services, and cultural events.

To ensure a fair, predictable, and growth-oriented fiscal framework for the agro-industrial sector, the following measures are recommended:

1. Harmonize the VAT rates applied to basic agricultural and agri-food products (milk, meat, planting material, seeds, etc.) by establishing a single reduced rate for the entire production and processing chain;
2. Align the fiscal regime with the principle of VAT neutrality, ensuring that no actor in the value chain (producer, processor, or trader) is fiscally disadvantaged;
3. Assess the budgetary impact and develop a phased implementation plan to ensure both budgetary sustainability and competitiveness of local producers;
4. Maintain ongoing consultation with the business community and producer associations to define priority sectors and avoid divergent interpretations of fiscal legislation.

The uniform application of the VAT rate would eliminate market distortions, simplify tax administration, and encourage investment in agricultural value chains (milk, meat, planting material, etc.). This measure would strengthen the sector's competitiveness and enhance fiscal predictability.

Article 101¹, paragraph (1¹) of the Tax Code – VAT Refund on Capital Investments

Fiscal legislation grants the right to a VAT refund for economic agents making capital investments related to the creation and/or acquisition of fixed assets and intangible assets intended for use in production processes (service provision or execution of works).

However, this restriction limits the ability of economic agents who make investments in equipment and machinery with other purposes from using significant amounts of credited funds — sums that could otherwise be reinvested in the development of their entrepreneurial activities.

It is recommended to amend the provisions of the Tax Code (Article 101¹, paragraph (1¹)) to grant the right to a VAT refund for all capital investments in equipment and machinery, not only those used in the production process (service provision/execution of works) but also for those used for commercial purposes such as storage, logistics, and packaging.

Amendment to the Tax Code No. 1163/1997: Introduction of the Self-Billing Mechanism

The current wording of Article 117 "Tax Invoice" of the Tax Code No. 1163/1997 provides: "(1) The taxable person making a taxable supply within the territory of the country shall issue a tax invoice to the purchaser (beneficiary) for the respective supply. The invoice shall be issued at the time when the tax obligation arises, as established under Article 108, except for the cases provided in this Code. For supplies taxed under Article 104 letter a), issuing a tax invoice is not mandatory".

The self-billing mechanism is widely used internationally. The need to introduce it in Moldova arises mainly from the implementation of the deposit-return system for packaging. The system administrator will engage in transactions with approximately 10 000 participants. For the services provided to the Administrator by system participants — including retailers — strict and regular (monthly) documentation will be required.

Through the self-billing mechanism, the system administrator could document such transactions by issuing an invoice on behalf of the seller (service provider).

Expected Advantages:

a. Combating tax evasion – Mandatory documentation and automated reporting within the fiscal system significantly reduce the risk of income concealment or double accounting.

b. Enhancing transparency – Self-billing improves traceability of goods and services, particularly in sectors where supporting documents were previously lacking.

c. Accurate VAT accounting – The mechanism ensures VAT deduction only when the invoice is issued through the authorized electronic system, improving tax collection.

d. Fiscal digitalization – Integrating self-billing into electronic platforms (e-Factura, MConnect, etc.) reduces bureaucracy and enables automated control of commercial flows.

e. Protection of vulnerable suppliers – Farmers or small sellers lacking administrative capacity to issue invoices are not excluded from the market, remaining part of a transparent fiscal framework.

It is recommended to introduce a new mechanism for documenting certain transactions — namely, self-billing.

Situations where self-billing applies:

- Certain operations in regulated sectors, such as recyclable waste that is part of the deposit-return system, products from the primary agricultural sector, or in-kind purchases from individuals, including purchases of agricultural products from individuals who are not registered as economic agents;
- Transactions where the seller lacks the legal capacity to issue tax invoices.

Amendment to Title IV of the Tax Code No. 1163/1997 — Adjustment of Excise Levels in Support of Small Independent Beer Producers

The current version of Article 120⁶ "Excise Levels" in the draft law amending Title IV of the Tax Code No. 1163/1997 introduces a reduced excise rate on beer for small independent beer producers.

The application of a 50% excise reduction for producers with an annual production volume below 200,000 hectoliters (the maximum volume allowed in the EU) effectively places the entire excise burden on a single local producer.

At present, this type of reduced excise is not uniformly applied across all countries, and where it exists, the eligible production volumes are significantly lower: Austria: maximum 50,000 hl, Denmark: maximum 20,000 hl, Hungary: four differentiated excise levels for small producers, with a cap of 125,000 hl, Italy: 10,000 hl

From a market size perspective, Moldova is comparable to Estonia, which does not apply differentiated excise rates.

The comparative analysis of beer market volumes in European countries versus Moldova shows that the threshold of 200,000 hl is irrelevant and overly generous in the Moldovan context.

Country	Market volume	Percentage report 200,000 hl/market volume
Romania	15 mln	1,25%
Poland	37 mln	0,54%
Spain	37 mln	0,54%
Germany	75 mln	0,26%
Belgium	23 mln	0,86%
Netherlands	23 mln	0,86%
France	22 mln	0,9%
Republic of Moldova	1,2 mln(estimated)	16,6%

Based on this analysis, it is recommended that the maximum annual production volume eligible for the reduced excise rate in Moldova be set at no more than 12,000 hectoliters, a value considered more realistic and proportionate to the domestic market scale.

It is proposed to adjust the excise level for small independent beer producers by amending Article 120⁶ of Title IV of the Tax Code No. 1163/1997, so that the maximum annual production volume eligible for the reduced excise rate be set at 12,000 hectoliters, instead of the 200,000 hectoliters proposed in the draft law.

This adjustment accurately reflects the scale of the Moldovan market compared to other European countries and ensures that fiscal support for small producers remains proportionate and sustainable, avoiding the concentration of benefits in favor of a single producer.

LOCAL TAXES AND PROPERTY TAXES

Local Taxes

The current criteria for determining local taxes grant excessive and unsubstantiated discretion to local public administrations. As a result, local councils set local tax rates arbitrarily, without providing any justification or economic rationale for their decisions.

Following the recent amendments to the Tax Code, there has been a considerable — and in some cases unjustified — increase in the fiscal burden borne by economic agents (businesses).

It is proposed to amend the fiscal legislation by adopting a single, mandatory methodology applicable to all local public authorities for the calculation of local taxes, which would protect both local authorities and economic agents. This will allow for the objective and transparent determination of local tax levels.

At the same time, it is proposed that local taxes be indexed annually based on the inflation indices established by the competent authorities, while excluding any other grounds for increasing these taxes, in accordance with European Union practices and directives.

Amendment to Article 277, paragraph (1), letter (c) of the Tax Code – Taxpayers

Property tax and alignment with the provisions of the Law on Access to Property and Shared Use of Infrastructure Associated with Public Electronic Communications Networks

To ensure the practical implementation of the provisions of Law No. 28/2016, it is proposed to explicitly stipulate in fiscal legislation that taxpayers are exempt from calculating property tax for surfaces or land plots that are the subject of an access contract.

Thus, it is proposed to amend Article 277, paragraph (1), letter (c) of the Tax Code, by inserting the following text after the words "of the Republic of Moldova":

"except for those holding access rights in accordance with Law No. 28/2016 on access to properties and shared use of infrastructure associated with public electronic communications networks."

Another solution would be to include, annually in the State Budget Law, a new Annex, similar to Annex No. 9 "Determination of the minimum rent for publicly owned property", which would specify reference prices per square meter for the purpose of property tax assessment.

Based on these reference prices, private sector companies could calculate the taxable base independently.

This approach would eliminate the need for companies to send multiple requests and letters to public authorities in order to obtain the accounting or estimated value of rented properties — a time-consuming and cumbersome process, especially for large entities that lease hundreds of taxable sites for infrastructure placement.

On April 15, 2016, Law No. 28 on access to property and shared use of infrastructure associated with public electronic communications networks entered into force. According to Article 9(3) and Article 41 of this Law, providers of public services cannot be required to pay taxes, fees, tariffs, or rent for internal or external spaces used for the construction or installation of networks.

To date, however, providers of public electronic communications networks and/or services continue to calculate and pay property tax for spaces or land plots to which they have access rights only.

It should be noted that under Article 277(1)(c) of the Tax Code, holders of property rights (rights of possession, management, and/or use) over publicly owned real estate in the territory of the Republic of Moldova are liable to property tax.

At the same time, according to Article 288(2), the taxable base of real estate is the assessed value of such property.

It is also important to note that a large portion of leased or rented properties has not yet been assessed for taxation purposes, while public authorities and institutions financed from budgets at all levels are obliged to provide, free of charge, by May 25 of the current fiscal year, the estimated or accounting value of the real estate transferred for lease or rent to taxable entities.

Despite official written requests, these entities often do not receive the necessary information.

OTHER TAX OBLIGATIONS AND REGULATIONS

Contributions to the State Budget Amounting to 0.5% of the Volume of Investments in Fixed Capital

Following the entry into force of the amendments to the Urban Planning and Construction Code No. 434/2023 (UPC), published in the Official Gazette Nos. 135–138 of March 17, 2025, and the approval by the State Tax Service of Order No. 241 of April 30, 2025, regarding the standard reporting form for Contributions for the Development of Technical Construction Norms (Form DNTC25), published in the Official Gazette Nos. 212–214 of May 6, 2025, economic entities are now required to calculate and declare contributions amounting to 0.5% of the volume of fixed capital investments, in accordance with the provisions of Article 347 of the above-mentioned Code.

Following these legislative and fiscal changes, the business

It is proposed to adopt the following recommendations for clarifying the legal framework and the application of the contributions for construction investments, as follows:

1. Obtaining a Building Permit

Context: According to Article 3 of the Urban Planning and Construction Code (UPC), a building permit is an act issued by the competent authority authorizing the execution of construction works, based on and in compliance with approved planning and urban documentation and/or the urban planning certificate, as well as the project documentation prepared and, where applicable, verified in accordance with the provisions of this Code.

At the same time, Article 150 of the UPC provides a detailed list of works that may be carried out without a design certificate and without a building permit. However, the Generalized Database of Fiscal Practice (GDFP) does not include a clear answer regarding whether a building permit is required in order to calculate the 0.5% contribution.

Questions for clarification:

1.1. If an investor carries out construction, installation, modernization, or repair works without obtaining a building permit, is the investor obliged to pay the 0.5% contribution for the development of technical construction standards? Or

1.2. Is the investor required to calculate the contribution only if a building permit has been obtained?

2. Clarification of the Concept of Installations, Equipment, and Technological and Functional Machinery

community has encountered various practical situations that have generated uncertainty regarding the correct application of the new regulations.

We acknowledge that some frequently asked questions have already been addressed in the Generalized Database of Fiscal Practice, but we believe that additional clarifications are still required.

In this regard, we consider it appropriate to clarify all outstanding questions and publish them in the Generalized Database of Fiscal Practice, in order to ensure uniform interpretation and correct application of the legal provisions.

Context: According to Article 3 of the UPC, construction is defined as a building, civil engineering structure, or special structure consisting of any permanent or temporary structure fixed in or on the ground and designed, planned, and executed to perform or ensure certain technical, economic, social, or environmental functions, including related installations, equipment, and technological and functional machinery.

The same article defines related installations as the totality of installations, pipelines, systems, equipment, and technological and functional machinery that ensure access to public utilities, including communal services necessary for the functioning of the building, whether located within or outside the property boundaries (from the connection point to the users of the building), regardless of whether they are incorporated into the building, and for which authorization is issued together with or separately from the construction.

Question for clarification:

2.1. What types of installations, equipment, and machinery are considered integral parts of the construction for the purpose of calculating the contribution?

3. Investments in Existing Buildings

Context: According to Article 3 of the UPC, construction works represent a set of construction processes carried out in accordance with project documentation, resulting in a finished product expressed through constructive elements of the building and/or its associated installations.

Intervention works on existing buildings include reconstruction, modernization, modification, transformation, consolidation, extension, and capital repair works.

The GDFP currently states: “Objects subject to the 0.5% contribution on fixed capital investment volume include constructions under execution, as well as existing constructions on which interventions are carried out during the calendar year, except for those financed from the national public budget”.

Question for clarification:

3.1. The term “interventions” in the GDFP can lead to different interpretations. Therefore, which types of interventions on existing buildings are referred to (e.g., capital repairs, extensions, reconstructions)?

It would be appropriate for these examples to be taken directly from the UPC to avoid potential ambiguities.

4. Additional Aspects

4.1. Reintroduction of the previous maximum ceiling of 50,000 lei per project, since without such a cap, entities could face significant payment obligations;

4.2. Exemption from this contribution for all “green” constructions, including entities investing in sustainable and environmentally friendly solutions.

Annual Inventory

In accordance with the provisions of the Law on Accounting and Financial Reporting (Law No. 287/2017), an entity is obliged to perform a general inventory of its assets, equity, and liabilities in the manner established by the Regulation on Inventory, developed and approved by the Ministry of Finance.

At the same time, according to the provisions of point 3, paragraph (2) of the Order of the Ministry of Finance No. 60 of May 29, 2012, regarding the approval of the Regulation on Inventory, the entity must carry out the inventory at least once during the reporting period.

To optimize the process of general inventory, it is recommended to introduce the following amendments to the Order of the Ministry of Finance No. 60 of 29.05.2012 on the approval of the Regulation on Inventory, as follows:

- Amend point 3, paragraph (2) of the Regulation to allow the general inventory of an entity’s assets to be carried out at the decision of the shareholders or company management, but no less frequently than once every two years;

- Include in the Regulation the concept of a “materiality threshold”, as a predefined criterion established by the entity to determine whether inventory is required for assets whose value exceeds the limits set in the accounting policies;
- The approval of a materiality threshold would allow entities to identify low-value assets or stocks that are insignificant in relation to total company assets and therefore do not need to be inventoried, as they do not influence the economic decisions of users of financial information;
- Simplify the inventory procedure, including the use of electronic tools and streamlined reporting of inventory results.

Repeal of the Regulation on the Classification of Assets and Contingent Liabilities, approved by BNM Decision No. 231 of 27.10.2011

Currently, banks maintain accounting records of loss allowances for assets and contingent liabilities in accordance with IFRS 9, as reflected in their financial statements (on-balance sheet accounting).

At the same time, under the Regulation on the Classification of Assets and Contingent Liabilities, approved by Decision No. 231 of 27.10.2011 of the National Bank of Moldova (BNM), banks are also required to maintain off-balance sheet accounting records for prudential purposes.

Therefore, the coexistence of two simultaneous approaches — IFRS-based on one hand and prudential on the other — creates conditions for maintaining two parallel methodologies, as well as redundant processes for recording and reflecting loss provisions.

It is proposed to examine the possibility of repealing the Regulation on the Classification of Assets and Contingent Liabilities, approved by the Decision of the National Bank of Moldova (BNM) No. 231 of 27 October 2011.

Repeal of Law No. 1466/1998 on the Regulation of the Repatriation of Funds, Goods, and Services Resulting from Foreign Economic Transactions

One of the challenges identified by the business community concerns the obligations related to the repatriation of funds, imposed by Law No. 1466/1998. Under this law, resident economic agents acting in good faith may still be held liable and sanctioned for the actions or inactions of non-resident companies that fail to fulfill their contractual obligations (for instance, failure to make payments for purchased goods or services).

As a result, in addition to the financial losses already suffered due to the non-performance of third parties, resident companies are further subject to state-imposed sanctions under the Law on Repatriation.

We believe that economic agents should not be penalized twice for the inability to recover debts related to external commercial activities. Moreover, repealing the Law would not endanger state security (as referred to in Article 1, paragraph (2) of the Law), since economic agents themselves have a vested interest in repatriating and collecting funds from foreign trade.

Furthermore, such regulations are absent in European practice, and maintaining them creates unnecessary administrative and financial burdens.

Under these circumstances, it is reasonable to abolish this outdated framework, which is no longer aligned with the EU acquis communautaire and modern trade principles.

It is proposed to repeal Law No. 1466/1998 on the Regulation of the Repatriation of Funds, Goods, and Services Resulting from Foreign Economic Transactions (Official Gazette of the Republic of Moldova, 1998, Nos. 28–29, Article 203).

Chapter III

HUMAN CAPITAL MARKET AND EDUCATION

The business community in the Republic of Moldova welcomes the authorities' openness toward a more flexible regulation of labor relations, as reflected in recent legislative amendments. Human capital remains the main driver of productivity and innovation, and the quality of labor market regulations and the education system directly influences the competitiveness of the economy and its ability to integrate into European value chains.

At the same time, the labor market is under pressure from long-term structural factors: migration and demographic aging, skills shortages and the persistent gap between professional training and the actual needs of companies, as well as global competition for talent. These challenges require a consistent modernization of the labor regulation framework: eliminating excessive bureaucratic barriers, establishing predictable rules for remote work and flexible forms of employment, ensuring a balanced approach to overtime and compensation, and digitalizing human resources processes to reduce compliance costs. For both employees and employers, these measures contribute to expanding access to decent and high-quality jobs.

An essential pillar is represented by "education–business" partnerships, aimed at expanding practice-oriented training, developing targeted reskilling and upskilling programs, updating curricula with a focus on digital and "green" skills, promoting career guidance, and recognizing non-formal learning outcomes.

FIA's Vision: A flexible and inclusive labor market framework, supported by systemic cooperation between education and the business community and by the digitalization of labor market processes—an indispensable condition for increasing productivity, improving job quality, and promoting sustainable development.

Articles 53 and 54 of the Labour Code No. 54/2003 – Modernizing the Legal Regime of Fixed-Term Employment Contracts

In industries with s**easonal or cyclical activity,** such as **food and beverage production,** demand fluctuates significantly depending on the season, events, or consumer behavior. To effectively respond to these variations, employers need **more flexible legal instruments** for temporary employment.

The current regime governing fixed-term employment contracts is **restrictive,** as such contracts may only be concluded in cases expressly provided by law. This rigidity makes it difficult to adapt the workforce to market realities, increases personnel costs, and reduces companies' ability to react quickly during peak periods.

Modernizing this framework by **expanding the legal grounds for concluding fixed-term contracts** would enable:

- more efficient **human resource management;**
- increased **competitiveness** in sectors sensitive to seasonality;
- reduced **administrative and financial burden** associated with permanent employment in temporary contexts.

It is recommended to **modernize the legal framework for fixed-term individual employment contracts** by:

1. **Expanding the cases** in which a fixed-term contract may be concluded, including for industries with **seasonal or cyclical activity.** In this regard, it is proposed to supplement **Article 54 – Form and duration of the individual employment contract** with a new paragraph (x), as follows:

   "(x) A fixed-term individual employment contract may also be concluded when the employer's activity is characterized by seasonal or cyclical variations or by significant demand fluctuations, which justify the temporary employment of personnel".

2. **Introducing more flexible** provisions allowing employers to adapt quickly to market dynamics without compromising the protection of employees' rights. It is proposed to supplement **Article 55 – Cases for concluding fixed-term individual employment contracts** with new paragraphs (x)–(w), allowing fixed-term employment in the following situations:

   (x) *carrying out seasonal activities determined by demand fluctuations or climatic conditions;*

   (y) *implementation of temporary projects or time-limited specific activities;*

   (z) *covering peak periods in production, service provision, or trade activities;*

   (w) *organizing and conducting short-term promotional, commercial, cultural, or event-related activities.*

Article 86, paragraph (1), letter h) of the Labour Code No. 154/2003 — Unjustified Absence from Work for at Least 4 Consecutive Hours (excluding the lunch break) during the Working Day

Article 86, paragraph (1), letter h) of the Labour Code No. 154/2003 provides that dismissal may be applied for the following reason:

"Unjustified absence from the workplace for at least 4 consecutive hours (excluding the lunch break) during the working day — in the case of employees with a daily working time of at least 8 hours per day, or for at least half of the daily working time — in the case of employees with a daily working time of less or more than 8 hours per day."

Thus, the current legal ground provided in letter (h) refers strictly to **physical absence from the workplace**, which does not cover **modern forms of work**, such as **telework and remote work.**

In the absence of a specific regulation, employers **lack a clear legal basis** to sanction situations in which an employee fails to perform work duties for 4 consecutive hours, even though they are contractually obliged to perform remote work.

For the purpose of adapting the provisions of **Article 86 of the Labour Code** to the conditions of **home-based and remote work**, it is recommended to supplement **Article 86** with a new letter **h¹),** as follows:

"h¹) failure by an employee working from home or remotely, without justified reasons, to perform their work duties for at least 4 consecutive hours (excluding the lunch break) during the working day — in the case of employees with a daily working time of at least 8 hours per day, or for at least half of the daily working time — in the case of employees with a daily working time of less or more than 8 hours per day."

Article 90 of the Labour Code No. 154/2003 — Employer's Liability for Unlawful Transfer or Dismissal

In practice, reinstatement to the workplace following a labour dispute is rarely a beneficial option for either the employer or the employee. For this reason, **Article 90, paragraph (4)** of the Labour Code provides the possibility for the parties, instead of reinstatement, to conclude a **settlement agreement.**

At the same time, in the event of a dispute regarding the terms of such settlement, the court, **with the employee's consent,** may order the employer to pay an additional compensation of at **least three average monthly salaries.**

To clarify this provision and eliminate any ambiguity, it is proposed to **remove the requirement for the employee's consent.** Moreover, from the business community's perspective, the phrase "*with the employee's consent*" is inconsistent with judicial practice, since the court adopts its decision **within the limits of the claims submitted by the plaintiff**. Therefore, the employee may either request reinstatement or, in the absence of a settlement, request **compensation equivalent to three average monthly salaries** instead of reinstatement.

It is recommended to remove the requirement for the employee's consent and to restate the paragraph as follows:

"(4) Instead of reinstatement, the parties may conclude a settlement agreement. In the event of a dispute caused by the impossibility of concluding such a settlement, the court may order the employer to pay the employee additional compensation, in addition to the amounts specified in paragraph (2), in the amount of at least three average monthly salaries of the employee."

Article 91 of the Labour Code No. 154/2003 — General Requirements for the Processing of Employees' Personal Data and Safeguards for Their Protection

According to the provisions of **Article 91 of the Labour Code**, for the purpose of ensuring the rights and freedoms of individuals and citizens in the process of processing employees' personal data, the employer and its representatives are obliged to comply with the following requirements:

(f) When making a decision that affects the employee's interests, the employer shall not rely solely on the employee's personal data obtained exclusively through automated or electronic processing.

The provisions of **Article 91, letter (f)** are considered excessive and, therefore, should be **repealed**, as they disproportionately restrict the employer's right to take action — including disciplinary measures — based on information obtained through automated or electronic processing. This restriction has a significant impact, particularly in the context of **remote or home-based work,** where interactions and communication between employer and employee occur entirely through electronic means.

At the same time, it is deemed necessary to **review and update Chapter VI** of the Labour Code to ensure that the regulations on the processing of employees' personal data are harmonized with current legislation, particularly **Law No. 133 of 08.07.2011 on Personal Data Protection.** In this regard, it is proposed to supplement Article 91 with a new paragraph referring to the special law:

*"(2) The processing of employees' personal data by the employer and/or its authorized representatives shall be carried out in accordance with the provisions of **Law No. 133 of 08.07.2011 on Personal Data Protection** and other relevant normative acts in this field."*

Articles 99, 101, and 104 of the Labour Code No. 154/2003 – Flexibilization of Working Hours and Shift Planning

Beer production facilities often operate on a 24/7 basis, which requires a dynamic and adaptable organization of work depending on market demand and technological processes. However, the current legal framework **does not allow for the annualization of working hours** and provides limited room for implementing flexible shift arrangements. This creates difficulties

It is recommended to revise the current legal framework in order to **increase flexibility in working hours and shift planning** by legalizing **annualized working hours and flexible shift systems** (including alternative, rotating, and adaptive schedules). In this regard, the following amendments are proposed:

1. **Article 99 – Global recording of working time:** It is proposed to extend the scope of global working time accounting to allow for **full annualization**, while ensuring compliance with the **annual average of 40 hours per week.**

in ensuring adequate staffing, particularly during peak production periods.

The legalization of working time annualization would enable the redistribution of working hours over the course of a year, without exceeding the maximum legal working time calculated as an annual average. At the same time, introducing **flexible shift models** would support the efficient organization of production activities without infringing employees' rights or rest time regulations.

Such legal flexibility would ensure:

- increased economic competitiveness of production facilities;
- reduced risk of unintentional breaches of labour law;
- improved work–life balance for employees through predictable scheduling;
- alignment with the real needs of the modern economy, characterized by seasonality and fluctuating demand.

2. **Article 101 – Shift work:**
   a) Introduce provisions allowing for **alternative, rotating, and flexible shifts**, depending on production requirements.
   b) Remove from paragraph (11) the phrase **"for state security bodies and internal affairs authorities."**
   c) Amend paragraph (5) by replacing the term **"14 days"** with **"7 calendar days"** and supplement it with the following provision: *"Changes to the shift schedule shall be made with the employee's consent, which may be expressed electronically, at least one day prior to the commencement of work under the modified schedule"*.
3. **Article 104 – Maximum working time:** It is proposed to amend this article to allow for a l**onger reference period (e.g., up to 12 months)** in the case of applying the annualized working time system.
4. **Introduce a new article in the Labour Code – Flexible Working Time**: Additionally, it is proposed to include a separate article in the secondary legislation to regulate **flexible working schedules, with fixed and variable** periods **established by mutual agreement between the parties.**

Article 102 of the Labour Code No. 154/2003 – Duration of Work on the Eve of Public Holidays

According to **Article 102, paragraph (1),** the duration of the working day (or shift) on the eve of a public holiday shall be reduced by **at least one hour** for all employees, except for those who have a reduced working time established under **Article 96 or a part-time working day under Article 97.**

It is considered necessary to revise this article, as the mandatory reduction of working time by one hour on the eve of public holidays may negatively affect employers' business operations, for the following reasons:

1. **Reduced labour productivity** – The one-hour reduction impacts the planned workload, especially in industries with continuous production processes or in services where delivery to clients depends on actual working hours.
2. **Limited effective use of the free hour by employees** – In many cases, this hour is not used productively by workers because:
   - public transportation operates according to the regular workday schedule;
   - employees often choose to remain at the workplace until the end of the day, as the reduction is too short to meaningfully engage in personal activities;
   - a gap emerges between paid and productive time.
3. **Unchanged fixed costs for employers** – Employee benefits (e.g. meals, transportation, equipment, etc.) remain constant, while the number of productive hours decreases, resulting in an increased unit cost per productive hour.

It is recommended to revise the provisions of **Article 102, paragraph (1)** of the Labour Code in order to provide **greater flexibility for employers** in organizing work, without infringing upon employees' rights.

A balanced solution could include:

- regulating the reduction of working hours through a **collective labour agreement**; or
- introducing the **possibility of compensating** the reduced hour on another day, by mutual agreement between the parties; or
- granting the reduction **only in sectors where it does not affect critical production processes or essential services.**

Article 104 of the Labour Code No. 154/2003 – Overtime Work

Currently, **Article 104, paragraphs (5) and (5¹)** of the Labour Code provide the following:

*(5) At the employer's request, employees may perform work outside their normal working hours within the limit of **240 hours per calendar year.***

However, the economic activity of certain industries — such as **the production of consumer goods (e.g., the beer industry)** — is characterized by pronounced seasonality and significant demand peaks, particularly during the summer months or around holidays. In these contexts, a higher degree of flexibility in managing human resources is essential.

The current legal framework limits both the **volume of allowable overtime and the methods of compensation,** by imposing a relatively short timeframe within which compensatory rest must be granted. This rigidity hampers efficient work organization during peak periods, forces companies to rely on temporary hires or short-term contracts (which create additional costs and administrative burdens), and does not reflect **European best practices, where annualized working time systems or higher overtime ceilings** are successfully applied.

Thus, increasing the annual overtime limit and **allowing more flexible compensatory mechanisms** would enable:

- accurate **reporting and payment of all hours worked**, in compliance with legal norms;
- more **efficient work organization**, without infringing employee rights;
- reduced **administrative and financial pressure** on employers, while maintaining decent employment standards.

Additionally, in practice, an increasing number of companies — including those operating in **continuous production sectors** such as consumer goods manufacturing (e.g., beer) — use **12-hour shift schedules**, which comply with the shift-work regime and legally compensate rest periods. However, the **current legislation lacks clarity** regarding how the **annual overtime limit of 240 hours** should be calculated under such schedules.

It is proposed to revise the **regulations on overtime work set out in Article 104 of the Labour Code,** as follows:

1. **Amend Article 104(5)** by increasing the annual overtime limit from **240 hours** to a level that better reflects the economic realities of sectors with **seasonal or continuous activity** (e.g., **416 hours**, similar to Romanian practice — approximately 8 hours/week).
2. **Amend Article 104(8)** to allow **more flexible compensation** of overtime through time off, within a period of up to **12 months,** specifying that such compensation may be granted:
   - either **after** the performance of overtime work, within the stated period; or
   - **in advance**, with overtime performed within **12 months** from the date the compensatory time off was granted.
3. **Explicitly clarify** in the Labour Code or in **secondary legislation** how the annual limit of **240 hours of overtime** applies in cases where employees work under **12/24-hour shift schedules.**

Article 104 of Labour Code No. 154/2003 – Overtime Work

In its current form, the Labour Code stipulates that overtime work may be performed **only with the employee's prior written consent.** While this requirement is justified from the standpoint of protecting employees' rights, it is often interpreted **strictly as requiring a printed, handwritten (wet-ink) signature,** which complicates operational processes in sectors where rapid responses to production or demand fluctuations are essential.

This limitation delays real-time decision-making, **hinders operational efficiency,** particularly in **shift-based work** or outside regular administrative hours, and does not reflect the current **digital realities**, where communication and consent are routinely given through **secure electronic means**.

A clear legal provision allowing employers to obtain employee consent electronically or digitally would preserve legal protection for employees while reducing administrative burdens and enhancing operational flexibility, especially in industries with continuous activity.

It is proposed to **digitalize the procedure for obtaining the employee's consent** to perform overtime work by explicitly allowing the expression of consent **in electronic or digital form,** through mutually agreed means (e.g., email, electronic signature, internal HR platforms, etc.), while ensuring **the legal validity of consent and data security** in accordance with applicable legislation.

Article 113 of the Labour Code No. 154/2003 – Duration of Annual Leave

Article 113(1) provides: *"All employees are entitled to annual paid leave of a minimum duration of 28 calendar days, excluding public holidays"*.

Granting annual leave in **working days** is a practice widely used in many EU Member States (e.g., Romania, Italy, Germany, Greece, etc.), ensuring greater **transparency and fairness** in managing employees' vacation entitlements.

This proposal would facilitate negotiations regarding vacation periods and simplify their calculation. Calculating annual leave in working days would allow employees to benefit from **more vacation days,** while also receiving a **higher amount of leave compensation**—for example, a leave allowance that is **not lower than the base salary corresponding to the working days.**

Moreover, this proposal would ensure compliance with **Directive 2003/88/EC of 4 November 2003** concerning certain aspects of the organization of working time, which under **Article 7(1)** stipulates: *"Member States shall take the measures necessary to ensure that every worker is entitled to paid annual leave of at least four weeks in accordance with the conditions for entitlement to, and granting of, such leave laid down by national legislation and/or practice"*.

As long as the **minimum limit of four weeks per year** set by the Directive is observed, national legislators are free to establish annual leave either in **working days or calendar days.**

It is recommended to amend **Article 113(1)** of the Labour Code by replacing the phrase **"28 calendar days"** with **"20 working days."**

Changing from calendar days to working days, without additional clarification, may lead to interpretative ambiguities for employees who do not work under a standard Monday-to-Friday schedule.

At the same time, it is recommended to **supplement the clause** with the following provision:

"For units operating in shifts — with uninterrupted activity, including weekends and public holidays — the duration of the annual leave shall be 28 calendar days."

Articles 124 and 251¹ of the Labour Code. Introducing the possibility of granting a one-time financial compensation in cases of return from extended maternity leave, when no equivalent position is available

During an absence of up to four years, a company's organizational structure may undergo substantial changes, which can result in situations where the original position or a direct equivalent no longer exists. The absence of a clear mechanism for resolving such cases creates difficulties for both the employer and the employee. Therefore, a clear and predictable measure is needed to avoid uncertainty and potential disputes.

In this regard, introducing a **one-time financial compensation** would represent a fair alternative when reintegration is not possible. This would ensure recognition of the employee's rights while simultaneously protecting the employer's operational needs.

In most EU Member States, there are prohibitions against dismissal on grounds related to maternity, as well as obligations to provide either reinstatement or compensation, with the specific details (amounts, formulas, protection periods) varying from country to country.

Therefore, it is recommended to introduce the possibility of granting a **one-time financial compensation** to employees returning from extended maternity leave, in situations where the original or an equivalent position is no longer available. This measure aims to ensure fairness for the employee, protect her rights, and provide organizational flexibility for the employer, preventing administrative deadlocks, uncertainty, and potential disputes.

Proposed amendments:

1. **To Article 124 – Maternity leave and partial paid leave for child** care, it is proposed to supplement with a new paragraph (x) as follows:

   "(x) In cases where, upon return from leave, the original or an equivalent position is no longer available, the employer may, with the written consent of the employee, provide a one-time financial compensation, determined in accordance with the law or the applicable collective labour agreement. The amount, conditions, and procedure for granting the compensation shall be established by special legislation or the applicable collective labour agreement".

2. **To Article 251 – Guarantees against dismissal,** it is proposed to supplement with a new distinct article, as follows:

   Article 251¹ – Compensation in case of impossibility of reinstatement

(1) Where the reinstatement of an employee returning from maternity leave is not possible for objective reasons, such as the reorganization of the company, elimination of the position, or changes in the organizational structure, the employer may, with the employee's voluntary consent, grant a one-time financial compensation.

(2) The procedure for determining the impossibility of reinstatement shall be established by a normative act of the competent authority.

(3) The employee shall have the right to challenge the decision regarding the impossibility of reinstatement or the amount of compensation, in accordance with the law.

(4) The abusive use of these provisions for the purpose of circumventing the legal guarantees on maternity protection is strictly prohibited.

Article 138 of the Labour Code No. 154/2003 – Bonus Based on Annual Performance Results

Currently, Article 138 of the Labour Code provides:

"(1) In addition to the payments provided under the remuneration systems, employees of the enterprise may be granted a bonus based on the results of annual performance, from the fund formed out of the profit obtained by the enterprise.

(2) The regulation on the procedure for granting the bonus based on annual performance results shall be approved by the employer in agreement with the employees' representatives".

It is considered **unjustified** to impose on the employer the obligation to issue a regulation for granting incentive payments based on annual performance results. If the bonus represents a fixed amount or is determined by a clear and unambiguous formula, the employer should be able to grant it through an internal order or decision, without the need for a separate regulation.

Furthermore, the requirement to obtain the employees' representatives' consent for granting such bonuses is regarded as **unfounded and excessive**. Bonuses granted from the company's profit are voluntary and discretionary in nature, and the decision regarding their allocation should remain within the **exclusive competence of the employer**, insofar as no explicit regulation exists in the collective labour agreement.

It is proposed that Article 138, paragraph (1), be amended to read as follows:

"In addition to the payments provided under the remuneration systems, employees of the enterprise may be granted a bonus based on the results of annual performance from the fund formed out of the profit obtained by the enterprise, on the basis of an order approved by the employer".

Article 209 of the Labour Code No. 154/2003 – Time Limits for Imposing Disciplinary Sanctions

Currently, Article 209, paragraph (2) of the Labour Code provides:

"(2) A disciplinary sanction may not be applied after six months from the date of committing the disciplinary offence, and following a review or audit of the economic and financial activity – after two years from the date of the offence. The duration of any criminal proceedings shall not be included in these time limits".

At present, the impact on a company's activity is no longer determined solely by economic and financial aspects but also by a series of other essential factors that directly affect both the company's reputation and its internal operations. In recent years, the importance of issues such as **cybersecurity, personal data protection, occupational health and safety,** and other related areas has increased significantly.

In this context, practical experience has shown that the current six-month time limit for imposing disciplinary sanctions is insufficient, as the effects of employees' disciplinary violations may become apparent or produce consequences only after a longer period of time.

It is recommended to extend the time limit for applying disciplinary sanctions from **six months to twelve months**, a measure that would ensure more effective management of disciplinary cases — particularly in critical areas such as **cybersecurity, personal data protection, occupational health and safety**, and other related fields.

Article 211 of the Labour Code No. 154/2003 – Validity Period and Effects of Disciplinary Sanctions

Currently, Article 211, paragraph (3) of the Labour Code provides:

"(3) During the validity period of a disciplinary sanction, the sanctioned employee may not be granted incentives provided for in Article 203".

This provision is considered normatively incoherent and unjustifiably restrictive, as it arbitrarily limits the employer's right to reward employees for good performance — even when they demonstrate significant improvement in behavior and work results during the validity period of the disciplinary sanction.

Such a restriction may produce counterproductive effects, as it:

- discourages employees from improving their professional conduct, knowing they cannot receive any form of incentive regardless of subsequent efforts;
- deprives the employer of an important tool for motivation and performance management, especially when the employee has already been sanctioned and has corrected the behavior;
- creates uncertainty regarding the application of collective incentives (e.g., bonuses granted to an entire team or division), forcing the employer either to exclude the sanctioned employee or to breach the legal provision;
- may lead to inconsistent interpretations, particularly concerning the application of the incentives under Article 203(3), resulting in a lack of uniform practice and potential disputes.

A more balanced approach would allow the employer to grant incentives to employees who have been subject to disciplinary sanctions, based on an objective assessment of their subsequent performance, excluding such incentives only when justified and proportionate to the misconduct committed.

It is proposed to repeal **Article 211, paragraph (3)** of the Labour Code.

Article 214 of the Labour Code No. 154/2003 — Rights and Obligations of Employees in the Field of Professional Training

In practice, employers often face situations where they bear the costs of professional training for employees but do not benefit from these investments, as employees choose to terminate their employment before the employer can experience the positive impact of the training provided.

Thus, in order to protect the legitimate interests of employers and encourage investment in the professional development of the workforce, several EU Member States have introduced legal mechanisms that allow the inclusion in employment contracts of a **training cost reimbursement clause**. Below are a few examples of good practices from EU countries:

Estonia: https://www.cedefop.europa.eu/en/tools/financing-adult-learning-db/search/agreement-compensation-training-expenses

Employers and employees may agree on a clause for the reimbursement of training-related costs. Accordingly, the employee undertakes to work for the employer for an agreed period (not exceeding three years) to compensate for the training expenses incurred. Furthermore, under the Estonian Labour Code, employers and employees may agree that the employer will provide financial support for training. In return, the employee is expected to work for the employer for a mutually agreed period after the training — up to a maximum of three years — depending on the duration and cost of the training. The employee is legally required to reimburse the training costs in cases of resignation or dismissal due to breach of employment obligations.

It is proposed to supplement **Article 214 of the Labour Code** with a new paragraph (5), as follows:

"(5) Employees who have benefited from professional training under the provisions of paragraph (1) may initiate the termination of their individual employment contract only after the expiry of the period established by an additional agreement to the employment contract".

In the event of non-compliance with this obligation or in the event of dismissal of the employee for reasons related to their conduct, the employee shall be obliged to reimburse the employer for the training expenses incurred, proportionally to the unworked period

Romania: *Article 198 – Obligations of Beneficiaries of Professional Training*

(1) Employees who have benefited from a training course or internship under the provisions of Article 197(1) may not unilaterally terminate their employment contract for a period established by an additional agreement.

(3) Failure by the employee to comply with the provision of paragraph (1) obliges them to reimburse all expenses incurred for their professional training, in proportion to the remaining period of the commitment set by the additional act to the individual employment contract.

Austria and Germany:

According to CEDEFOP studies, these countries apply similar regulations allowing employers, under certain conditions, to recover training costs if the employee voluntarily leaves the job before the agreed period expires.

from the duration established by the additional agreement to the employment contract.

The provisions of this paragraph shall not apply to mandatory professional training as provided for in Article 195(3), which is offered free of charge to the employee, is considered working time, and shall take place, whenever possible, during working hours."

Labour Code No. 154/2003 — Conflict of Interest

In the complex reality of the current period, companies frequently face situations in which the interests of different parties come into conflict. To ensure the proper and sustainable functioning of an organization, it is essential that such conflicts be identified and resolved in an ethical, transparent, and responsible manner.

In the private sector, conflicts of interest have been recognized as one of the major causes of recent dysfunctions in corporate governance. Failure to address them adequately can seriously undermine the integrity and credibility of organizations, paving the way for unethical practices and, ultimately, for corruption — both in the private and public sectors.

It is recommended to introduce an explicit provision on **conflict of interest** in the Labour Code, as well as to adjust the corresponding existing articles, as follows:

A. Supplementing the Labour Code with a new article dedicated to conflict of interest:

Art. XX: Conflict of Interest

The employer may include in the individual employment contract or in internal regulations a clause on conflict of interest, under which the employee is required to declare any conflicts of interest.

The employee must avoid situations in which they have or may have a direct or indirect interest that conflicts or may conflict with the interests of the employer. The employee is obliged to inform the employer of such situations.

An employee who finds themselves in a conflict of interest must refrain from negotiating or making decisions on behalf of the employer in relation to the legal act or transaction to which the conflict refers.

The employee must also refrain from exploiting, for their own benefit or for that of affiliated persons, investment or business opportunities that they became aware of during their employment, if such investment or activity was proposed to the employer or if the employer had an economic or other legitimate interest in it, except in cases where the employer explicitly declined the opportunity without the employee's influence.

B. Amendment of Article 1 of the Labour Code by introducing the definition: ***"Conflict of interest** — a situation in which the exercise of one's job duties comes into conflict with personal interests"*.

C. Amendment of Article 9, paragraph (2) by adding a new point (j): "(j) The employee is obliged to declare any potential conflicts of interest, in accordance with the procedures established by the employer".

D. Amendment of Article 74, paragraph (1) by adding the phrase: "..., *except in cases of conflict of interest*".

Law No. 10 of 03.02.2009 on State Supervision of Public Health — Preventive Medical Examinations

According to the provisions of **Article 49, paragraph (7)** of Law No. 10 of 03.02.2009 on State Supervision of Public Health, and **Government Decision No. 1079 of 27.12.2023** on mandatory preventive medical examinations for workers, employees are required to undergo periodic preventive medical examinations, the costs of which are covered by employers.

Moreover, these periodic preventive medical examinations are carried out based on risk factors that, in fact, have no real impact on employees' health. This situation arises because **Government Decision No. 1025/2016**, which approved the *Sanitary Regulation on the Supervision of the Health of Persons Exposed to Occupational Risk Factors,* lists professional risk factors that are, in practice, general risk factors.

The following recommendations are proposed:

1. **Amend Article 49, paragraph (7)** of Law No. 10 of 03.02.2009 on State Supervision of Public Health, to read as follows: *"Pre-employment and periodic medical examinations conducted for the purpose of preventing occupational diseases shall be carried out by public or private healthcare providers, with costs covered by the mandatory health insurance funds."*
2. **Accordingly, revise points 4 and 8 of Government Decision No. 1079 of 27.12.2023** on mandatory preventive medical examinations for workers, in order to align them with the proposed amendments to Law No. 10/2009.

   The proposed amendment aims to strengthen the principle of universal access to preventive medical services by eliminating financial barriers for employers and ensuring more effective health monitoring of workers. At the same time, the measure promotes the equitable use of mandatory health insurance funds for preventive purposes, in line with the priorities of the public health system.

   Additionally, revising the secondary regulatory framework of the Law will help adapt the implementing regulations to reflect the new mechanism for financing preventive medical examinations through health insurance funds and eliminate any ambiguity regarding employers' financial responsibility for these services.

Law No. 22 of 23.02.2018 on the Performance of Certain Unqualified and Occasional Activities by Day Laborers — The Scope of Activities That May Be Performed as Occasional Unqualified Work

According to the provisions of **Article 3 of Law No. 22/2018,** unqualified and occasional activities specified under **Division 01** of *the Classifier of Economic Activities of the Republic of Moldova* may be performed **only in the field of agriculture.**

However, in any enterprise, regardless of its field of activity, there may arise situations where short-term, occasional work is required, which does not justify the conclusion of a fixed-term individual employment contract.

To regulate this type of unqualified and temporary activity, the legislator adopted **Law No. 22 of February 23, 2018** on the performance of certain unqualified and occasional activities by day laborers. Nevertheless, the law's applicability is currently limited exclusively to the agricultural sector (Division 01 of CAEM), which significantly reduces its utility and impact in other economic sectors where occasional labor is equally common and necessary.

This legislative restriction no longer reflects current economic realities, as other sectors — such as **forestry, cleaning services, goods handling, or event organization,** among others — also face recurring needs for temporary labor to perform specific, time-limited tasks.

In this context, the following recommendations are proposed:

1. **Amend Article 1, paragraph (2) of Law No. 22/2018** to include additional sectors in which day laborers may be legally employed.
   For example, under Romanian legislation, occasional activities may be performed in the following fields:
   a) agriculture;
   b) hunting and fishing;
   c) forestry, excluding logging operations;
   d) fish farming and aquaculture;
   e) fruit growing and viticulture;
   f) beekeeping;
   g) animal husbandry;
   h) entertainment, film and audiovisual production, advertising, and cultural activities;
   i) goods handling;
   j) maintenance and cleaning services.
2. **Extend the maximum period during which a day laborer may work for the same beneficiary from 120 to 180 days,** following the example of Romanian legislation **(Law No. 52 of April 15, 2011)**, which states:
   "(4) No day laborer may perform activities for the same beneficiary or its representative for more than 90 cumulative days during a calendar year, except for day laborers engaged in agriculture, forestry, viticulture, fruit growing, vegetable growing, floriculture, fish farming, animal grazing in extensive systems, seasonal activities in botanical gardens, as well as in research, development, and innovation activities in the agricultural field carried out under the Academy of Agricultural and Forestry Sciences 'Gheorghe Ionescu-Șișești,' its subordinate institutes, centers, and research-development stations, and national institutes, as well as agricultural and forestry education institutions; in these cases, the period may not exceed 180 cumulative days during a calendar year".
   [Source: Romanian Law No. 52/2011 – https://legislatie.just.ro/Public/DetaliiDocument/127831]

3. **Introduce an electronic registry for recording day laborers** as the sole method for submitting data on day laborer records, and transfer the obligation to report and make payments to the **National Health Insurance Company (CNAM)** and the **National Social Insurance House (CNAS)** to the "beneficiary."

   Romanian experience: *The information system for the electronic registry of day laborers is procured by the Labour Inspectorate, in accordance with the law.*

Law No. 110 of 21.04.2022 on Dual Education

Currently, **Article 1, paragraph (1)** of Law No. 110/2022 regulates dual education **exclusively as a form of organization of technical vocational education** as defined by the Education Code. This approach has enabled the development of partnerships between technical vocational education institutions and economic agents, offering students the opportunity to gain hands-on work experience during their vocational training.

However, the **benefits of dual education have also been demonstrated at the university level**, through several pilot projects implemented by higher education institutions in the Republic of Moldova in cooperation with the private sector. These projects have shown the positive impact of workplace-based practical training on students' professional development, particularly in fields such as information technology, engineering, agriculture, and economics.

Nevertheless, such initiatives **do not fall under the scope of Law No. 110/2022** and therefore do not benefit from the mechanisms provided for dual education — for example, the partial compensation of expenses incurred by enterprises or institutions for student training. This restrictive framework creates an imbalance between education levels and limits the expansion and sustainability of dual education within the higher education sector.

Therefore, given that the benefits of dual education are equally relevant to higher education, it is proposed to **extend the applicability of Law No. 110/2022 to include higher education, at least at the bachelor's level.**

It is recommended to **extend the legal framework of dual education to include higher education,** allowing the implementation of applied practical training programs at the university level.

This amendment would create the conditions for:

- better alignment between academic training and the real needs of the labor market;
- development of students' practical skills during their studies;
- increased employability of graduates;
- active involvement of employers in the training of a specialized workforce;
- remuneration of students for the work performed during dual training, thereby enhancing their engagement and motivation.

Reducing the Labor Shortage and Facilitating Access to Foreign Workers in Agriculture

The agricultural sector of the Republic of Moldova is facing a **severe labor shortage,** caused by the migration of the active population and demographic aging. The situation is further aggravated by **legislative and administrative barriers** that restrict the possibility of hiring foreign workers, preventing agricultural enterprises from covering their seasonal labor needs and maintaining their production capacity.

To develop a clear framework for employing foreign workers and re-engaging those from the diaspora — thereby reducing pressure on farmers and ensuring the stable and competitive functioning of the agricultural sector — the following measures are recommended:

- **Assessment of the legal framework** — Law No. 200 of 16.07.2010 on the Regime of Foreigners in the Republic of Moldova — particularly the procedures and conditions for issuing residence permits for foreign citizens, with a view to attracting foreign workers from credible countries for seasonal agricultural work, in order to address the labor shortage (including additional guarantees and commitments from the state, as well as revision of employer responsibilities).
- **Simplification and acceleration of foreign worker employment procedures,** including through the digitalization of the process for obtaining work permits and authorizations.
- **Promotion of domestic vocational training,** through dual education programs and partnerships between companies, educational institutions, and public authorities, to develop technical and agricultural management skills.

Clarifying the Legal Status of Digital Document Archiving

It is recommended to introduce a provision that legally recognizes the **equivalence of digitally archived documents** (electronically signed or scanned in accordance with established standards) with those kept on paper.

Currently, national legislation requires the **retention of physical copies** even when validated digital versions exist, which creates **uncertainty and additional costs** for businesses and institutions.

It is recommended to clarify the status of digital archiving by introducing a legal provision that recognizes the **equivalence of digitally archived documents** (electronically signed or scanned in accordance with established standards) with those on paper. This measure would reduce costs and storage requirements, increase administrative efficiency, ensure rapid and secure access to documents, and support process digitalization — aligning national legislation with international best practices.

In this regard, the following measures are proposed:

1. **Amendment of Order No. 57/2016** on the approval of the Indicator of Standard Documents and their Retention Periods for public administration bodies, institutions, organizations, and enterprises of the Republic of Moldova, and the Instruction on its application, by:
   - Introducing a dedicated section for electronic documents;
   - Establishing retention periods and validation criteria.
2. **Amendment of Law No. 135/2007** on Limited Liability Companies, by:
   - Clarifying the legal status of scanned documents.
   - Regulating the conversion and storage of documents in digital format.
3. **Amendment of Law No. 880/1992** on the Archival Fund of the Republic of Moldova by introducing a new Article 27^1 to provide for:
   - The implementation of digital archival management systems;
   - The issuance of a technical regulation by the National Archives.

Government Decision No. 95 of 05.02.2009 approving certain regulatory acts on the implementation of the Law on Occupational Safety and Health No. 186-XVI of 10 July 2008 Training of workers in the field of occupational safety and health

In the context of digitalization and the optimization of resources aimed at reducing the use of paper-based documents, the requirement to conduct occupational safety training and to record such training through handwritten signatures on paper documents represents an outdated approach. As a result, the **digitalization of these procedures** would enable both the reduction of material resource consumption and a more efficient management of documentation through **secure electronic archives.**

In addition, certain types of activities or jobs do not involve increased health risks for employees, either in the short or long term. Specifically, office workers whose activity takes place in administrative spaces and whose work tools are computers, telephones, or printers are **not exposed to specific occupational hazards.**

Furthermore, under the current regulations, occupational safety and

In this regard, the following recommendations are proposed:

A. **Amendment of Government Decision No. 95/2009** on the approval of certain regulatory acts implementing the Law on Occupational Safety and Health No. 186-XVI of 10 July 2008, as follows:
   1) At point 53, it is proposed to supplement the provision as follows: *"The results of workers' training in the field of occupational safety and health shall be mandatorily recorded in the Personal Training Sheet on Occupational Safety and Health, which shall be kept by the employer either in physical or electronic format within the employer's secured electronic archive".*
   2) At point 54, it is proposed to supplement the provision as follows: *"After the completion of the training, the Personal Training Sheet on Occupational Safety and Health shall be considered completed either by the signature of the trained employee or by keeping the corresponding data (logs) confirming completion of the training within the electronic record system or electronic archive".*
   3) At point 68, it is proposed to remove the phrase **"which shall not exceed 6 months."** This change implies either eliminating the mandatory periodic training interval in the field of occupational safety and health or allowing training to be conducted as needed, without requiring additional signed documents, while maintaining confirmatory logs — without capping this interval at six months.

B. **Amendment of Article 17, paragraph (2), letter b)** of the Law

health training—particularly **periodic training**—is in most cases conditional on participation in courses organized by **authorized external providers.** Although this approach ensures a certain level of standardization, it does not meet the p**ractical needs of large companies,** which often have sufficient internal capacity to conduct high-quality training tailored to the specific risks associated with each position or workflow.

No. 186/2008 on Occupational Safety and Health, as follows: *"periodically and as necessary, in the case of entities where activities are carried out without risks of injury or occupational disease"*.

C. **Revision of the legal framework** to allow companies to conduct and document employees' periodic occupational safety and health (OSH) training through **in-house training programs**, recorded and validated internally, while ensuring compliance with applicable legal requirements and under the employer's responsibility.

Government Decision No. 681 of 10 September 2020 on the approval of the Concept of the Automated Information System "Electronic Register of Employees" for the public sector

Since 1 September 2019, the mechanism related to employment record books has ceased to apply, and there is currently no electronic system for integrated and systematized record-keeping of information regarding persons employed in the real sector, including data concerning their employment relationships.

At present, the only sources of information on employed persons are:

- the data declared by employers in the **tax reports** submitted to the State Tax Service;
- the data held by the **National Social Insurance House (CNAS)** and the **National Health Insurance Company (CNAM)** regarding insured persons;
- as well as information from the **Register of Public Positions and Public Servants.**

However, the data held by each institution are **incomplete and insufficient** for the creation of a national-level register. Reports are currently submitted with the same data to multiple public institutions, often **with delays** after the establishment and/or modification of an employment relationship.

It is also necessary to consider the **fundamental rights of employees,** who currently lack a **centralized mechanism** to verify their employment relationships — both historical and current, whether officially registered or not. The **Automated Information System "Electronic Register of Employees" (SIA REA)** would allow employees to **individually and in real time** monitor the fulfillment of employers' obligations.

The SIA REA aims to automate the record-keeping processes for employed persons, ensure the preservation of employment history, and facilitate real-time access to data.

In the context of accelerating the digitalization of public services, it is recommended to **extend the applicability of the State Register established by the Automated Information System "Electronic Register of Employees" (SIA REA), approved by Government Decision No. 681/2020, to also include the real sector of the economy (the private sector).**

Encouraging Vocational Training and Attracting Young Specialists to the Agri-Industrial Sector

The agri-industrial sector is facing a **severe shortage of qualified labor and a low level of attractiveness** for young specialists. The **agricultural education curriculum** is not aligned with the current needs of the labor market, and **internships** are often ineffective or merely formal. At the same time, the **lack of fiscal and social incentives** for employers and young professionals in the field limits their interest in seeking or maintaining employment in rural areas.

It is recommended to:

- Develop and approve a **government program** to support and attract young people to the field of **agro-industrial research, development, and innovation.**
- Grant **tax exemptions and incentives** to employers who provide jobs in agriculture, particularly for **young specialists.**
- Offer **loan guarantees and interest subsidies** financed through the **National Fund for Agricultural and Rural Development (FNDAMR).**
- Encourage **educational partnerships** between educational institutions and private companies, with the support of the FNDAMR and development partners, aimed at: updating horticultural and agricultural curricula; organizing effective practical internships; and promoting the concept of **"learning at the workplace."**

Chapter IV

COMPETITION FRAMEWORK

Fair competition is one of the fundamental pillars of sustainable market development. It stimulates innovation and productivity, contributes to improving the quality of goods and services, ensures fair prices, and offers consumers a wider range of choices. For an economy oriented toward European integration, the consistent application of rules in the fields of competition and state aid, in accordance with European Union law, has a direct impact on the investment climate and on ensuring a level playing field, strengthening trust and reducing regulatory uncertainty.

However, several systemic challenges persist. It is necessary to increase the predictability of law enforcement and ensure compliance with procedural deadlines in reviewing economic concentrations and cases of violations of competition legislation; transparency and uniformity of methodologies must be ensured—from assessing dominant positions and analyzing anti-competitive effects to revising the sanctions system in the business environment and establishing requirements for compliance programs. Equally essential is effective coordination with sectoral regulatory authorities and with the public procurement system, in accordance with European rules. A level playing field depends on the consistent application of these instruments and on the harmonization of practices with the European Union's regulatory framework.

A key element for effectiveness is ensuring the independence, professionalism, and institutional capacity of the Competition Council. This enables the prevention of anti-competitive practices, the promotion of compliance with fair competition rules, and the maintenance of a fair and competitive economic environment.

FIA's Vision: Independent, professional, and predictable competition oversight — a guarantee of fair competitiveness, consumer protection, and the development of sustainable investments.

Revision of the Sanctioning System in the Business Sector

Article 246¹ of the Criminal Code – Unfair Competition provides for criminal liability for any act of unfair competition, including:

a) creating, by any means, confusion with a competitor's enterprise, products, or industrial or commercial activity;
b) disseminating false statements in the course of trade that discredit a competitor's enterprise, products, or business activity;
c) misleading consumers regarding the nature, manufacturing process, characteristics, usability, or quantity of a competitor's goods;
d) using a trade name or trademark in a manner that causes confusion with those legitimately used by another economic operator;
e) comparing, for advertising purposes, the goods produced or marketed by one economic operator with those of other operators — punishable by a fine ranging from **3,000 to 4,000 conventional units** or imprisonment of up to **one year**; legal entities may be fined **3,500 to 5,000 conventional units** and deprived of the right to conduct certain activities for **one to five years.**

Comparative analysis with the Competition Law No. 183/2012:

The Competition Law classifies unfair competition as a **violation with the lowest degree of social danger,** compared to other anti-competitive practices. The applicable **administrative sanction is up to 0.5% of the company's turnover** (from the previous financial year). By contrast, **abuse of dominant position or anti-competitive agreements** may be sanctioned with fines of up to **10% of turnover.**

Hence, the following key differences arise:

- Unfair competition can be investigated by the **Competition Council only upon a complaint from the injured party,** and not *ex officio*;
- Anti-competitive agreements are criminally punishable **only in severe cases,** such as hard-core cartels with significant effects (e.g. price fixing, market sharing, bid rigging);
- Other violations of competition law are **not criminally sanctioned.**

The existence of **Article 246¹ of the Criminal Code** thus creates **legislative inconsistency and inequality** in the treatment of various forms of anti-competitive behavior. In practice, this provision allows **disproportionate criminal punishment** for actions that:

- are already administratively regulated;
- pose a relatively low social risk;
- are treated more leniently compared to much more serious economic practices that do not entail criminal liability.

Following the arguments presented, the following recommendations are proposed:

1. **Revision of the economic offenses section of the Criminal Code,** with the purpose of *decriminalizing actions that fall within normal entrepreneurial risk*, except for offenses committed in areas of increased gravity such as the banking system, money laundering, document forgery, etc.

2. **Revision of the Criminal Code** to decriminalize certain economic acts qualified as *"entrepreneurial risk"*, with corresponding adjustment of sanctions and reclassification of certain economic offenses from the category of "serious" to "less serious."

   Accordingly, it is proposed to **repeal Article 246¹ of the Criminal Code**, in parallel with the following measures:
   - strengthening the **administrative sanctioning framework** (through the Competition Law);
   - **training judicial authorities** to ensure the proportional application of legal norms;
   - reinforcing **civil dispute resolution mechanisms** for commercial cases.

Article 22 (1) and (2) of the Competition Law No. 183/2012 – Notification of Economic Concentrations

Chapter 4 of the Competition Law No. 183/2012, dedicated to economic concentrations, **incorrectly transposes** the provisions of **Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings,** in the part concerning the **moment up to which undertakings are required to notify an economic concentration** to the Competition Council.

Article 22 (1) of Law No. 183/2012 stipulates that an economic concentration must be notified **before its implementation**. Furthermore, **paragraph (2)** of the same article provides that *"the implementation of an economic concentration shall mean, as the case may be, the conclusion of the agreement, the announcement of a public offer, or the acquisition of a controlling interest"*.

However, according to **point 4(1) of Regulation (EC) No. 139/2004,** *"concentrations with a Community dimension within the meaning of this Regulation shall be notified to the Commission prior to their implementation and following the conclusion of the agreement, the announcement of the public bid, or the acquisition of a controlling interest. Notification may also be made where the undertakings concerned demonstrate to the Commission their good-faith intention to conclude an agreement or, in the case of a public bid, where they have publicly announced their intention to make such a bid, provided that the planned agreement or bid would result in a concentration with a Community dimension."*

It is proposed to amend **Article 22 (1) and (2) of the Competition Law No. 183/2012 and point 152 of the Plenary Decision No. 2/2025 of the Competition Council,** in line with **point 4(1) of Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings** [the EU Merger Regulation].

Furthermore, it is proposed to **supplement Decision No. 2/2025 of the Plenary of the Competition Council** with a provision explicitly stating that the *conclusion by the parties to an economic concentration of an agreement (e.g., concerning the transfer of shares, the closing of the transaction, etc.) under a suspensive condition shall not be considered as implementation of the concentration.* Such a provision would be consistent with EU best practices, including those applied in **Romania** and other Member States.

In addition, it is recommended to **remove Article 22 (2/1)**, introduced by **Law No. 199/2023, as it duplicates Article 20 (5)** of the same law, creating unnecessary redundancy in the legislative framework.

Thus, under **EU legislation, the conclusion of an agreement or the announcement of a public offer does not constitute implementation** of an economic concentration. Undertakings are required to notify the concentration after the conclusion of the agreement, the announcement of the public offer, or the acquisition of control — not before.

At the same time, undertakings **may**, but are not **obliged,** to notify the concentration **before** these events, if they demonstrate to the Competition Council their good-faith intention to conclude an agreement or to make a public offer, provided that the planned transaction would result in a concentration.

In line with this, **points 152 and 153 of the Plenary Decision of the Competition Council No. 2/2025** should be amended accordingly. A contract (agreement) signed between parties to an economic concentration **under a suspensive condition** (Article 352 of the Civil Code) cannot, by itself, be considered as implementation of the concentration. The measures constituting actual implementation are correctly described under **point 154** of the same Plenary Decision.

The **defective regulation** of the notification timing creates **practical difficulties**, as it forces the parties to an economic concentration to prepare and submit a detailed notification file to the Competition Council **before** they can formalize their key contractual terms with binding effect. This inconsistency hinders the legal and procedural certainty required for effective competition control and alignment with EU law.

Article 47 (7) of the Competition Law No. 183/2012

Article 47 (7) of the Competition Law No. 183/2012 provides:

"(7) The court shall not annul a decision of the Competition Council that is substantively lawful, in cases where procedural infringements did not affect the merits of the case and did not result in a limitation of the parties' right to defense; however, it may refer the case back to the Competition Council for reinvestigation".

This provision constitutes a **derogation from the Administrative Code** with respect to the review of decisions adopted by the Competition Council. Such a derogation was **neither justified nor substantiated** by the law's authors and may **reduce the quality standards** of both investigations and decisions issued by the Competition Council, as it effectively relieves the authority from a strict obligation to comply with its own procedural rules. This opens the way for potential **abuses of power** by the competition authority.

Moreover, the provision **undermines the right to defense** and represents an **interference with the independence of the judiciary**, which is a distinct branch of state power under **Article 6 of the Constitution.** This interference arises through the **restriction of the courts' competence** to conduct a full and comprehensive review of procedural compliance, timelines, and other procedural aspects of the investigation.

Additionally, the mechanism for determining whether a procedural irregularity has or has not influenced the merits of the case or limited the right to defense is **unclear and arbitrary**, since the court's authority to rule comprehensively on the legality of the Competition Council's decision is expressly curtailed.

There is **no legitimate justification** for such a significant derogation from the principle of judicial protection of the parties' rights, as guaranteed under **Article 6 of the European Convention on Human Rights (ECHR).**

It is recommended to **revise Article 47(7) of the Competition Law No. 183/2012** so that the courts retain full competence to examine the manner in which the Competition Council's procedure was conducted and to ensure the protection of the right of defence of the parties involved.

Any derogation from the provisions of the Administrative Code must be clearly justified and must not compromise the quality of the Competition Council's investigations or decisions.

Article 72² of the Competition Law No. 183/2012. Clarifying the liability of legal and economic successors for infringements of competition law

Article 72²: Fine imposed on legal or economic successors (entering into force on August 18, 2026), of the Competition Law No. 183/2012 provides: *"If, within an undertaking that has participated in the commission of an infringement of competition law, legal or organizational changes have occurred, or if the undertaking has ceased to exist, the Competition Council shall hold the legal or economic successors of the respective undertaking liable and shall impose on such legal or economic successors the fines for the infringement of competition law"*.

According to the current provisions of the law, the grounds for imposing liability on an undertaking for the actions of another undertaking are the cessation of existence of the undertaking that committed the infringement of competition law or the occurrence of legal or organizational changes within that undertaking.

These grounds are extremely vague and clearly fail to meet the quality requirements of the law. In its case law, the Constitutional Court has established that, pursuant to Article 23(2) of the Constitution, legislation must meet certain quality conditions. The requirement of legal quality is outlined through the principle of legal certainty, encompassing the criteria of predictability and clarity of the law.

To comply with the three quality criteria — accessibility, predictability, and clarity — a legal norm must be formulated with sufficient precision to enable a person to decide on their conduct and to foresee, in a reasonable manner and depending on the circumstances, the consequences of that conduct. Predictability and clarity are sine qua non elements of the constitutionality of a norm, and in the legislative process, they cannot be omitted (see in this regard Decision of the Constitutional Court No. 10 of 16.03.2017, §§ 40–43).

Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market, as well as the case law of the Court of Justice of the European Union, recognize the right of competition authorities to hold persons other than the original infringer liable in cases of economic continuity. However, such liability arises only in exceptional circumstances, subject to strictly defined criteria.

The vague formulation of the conditions for imposing liability for the acts of third parties leaves room for abuse by the competition authority in identifying such successors and, subsequently, by the courts, resulting in the unjustified liability of persons for infringements committed by others.

Potentially, the extension of liability to legal and economic successors could discourage future acquisitions of shares or assets in companies operating in Moldova, as investors would be unwilling to assume the risk of being fined for an infringement committed by the company prior to the acquisition.

It is recommended to **clearly define the conditions under which an undertaking may be held liable for an infringement of competition law committed by another undertaking,** in accordance with **EU case law**.

Elimination of Minimum Fine Thresholds under Article 72 of the Competition Law No. 183/2012 to Ensure Individualization in Line with EU Guidelines

Unlike EU legislation, Law No. 183/2012 establishes **minimum thresholds** for fines that may be imposed.

It should be noted that the absence of such thresholds does **not** prevent the Competition Council from determining any amount of fine within the statutory maximum limit.

The application of minimum thresholds deprives the Competition Council of the necessary flexibility to determine fines proportionately, taking into account factors such as: the share of the activity in which the infringement occurred relative to the undertaking's total turnover; the gravity and duration of the infringement; whether any harmful consequences occurred; the degree to which the market was affected; whether the infringement was remedied voluntarily; the profit obtained from the infringement; and the base for calculating the fine.

There may be situations where the infringement does not justify a high fine, considering all relevant circumstances, even if it is formally categorized as medium or serious in gravity.

Thus, according to point 13 of the **Guidelines on the method of setting fines imposed pursuant to Article 23(2)(a) of Regulation (EC) No. 1/2003,** "in order to determine the basic amount of the fine to be imposed, the Commission takes the value of the undertaking's sales of goods or services directly or indirectly related to the infringement in the relevant geographic area within the EEA. The Commission normally uses the value of sales achieved by the undertaking during the last full business year of its participation in the infringement (hereinafter referred to as the 'value of sales')."

Setting minimum thresholds calculated on the **total turnover** prevents the individualization of fines in accordance with EU Guidelines and creates an excessively punitive legal framework, which, through the financial risks it generates, **discourages investment in the Republic of Moldova.**

It is recommended to **eliminate the minimum thresholds for fines, while retaining only the maximum limits** for infringements of different nature and severity.

Article 13(1) of Law No. 38/2008 on Trademark Protection and/or Article 63 of the Competition Council's Decision No. 13/2013 on the Approval of the Regulation on the Assessment of Anti-Competitive Vertical Agreements — Parallel Imports

Article 13(1) of the Law on the Protection of Trademarks No. 38/2008 prohibits the holder of a registered trademark from seeking to prevent other persons from using that mark in relation to goods and/or services that have been placed on the market of the Republic of Moldova by the holder or with the holder's consent. In other words, Article 13(1) allows the holder of a registered trademark to prohibit others from using that mark on products/services **if the goods were not placed on the Moldovan market by the holder or without the holder's consent.**

Currently, this **national exhaustion regime** means that **parallel imports** of branded goods from abroad **cannot lawfully enter the domestic market.** The EU, by contrast, applies a **regional exhaustion regime** (within the single market).

Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks (recast) stipulates that the trademark shall not entitle its proprietor to prohibit its use in relation to goods that have been placed on the market in the Union under that trademark by the proprietor or with the proprietor's consent. The **CJEU case law** further confirms that restricting parallel trade between Member States on the basis of trademark rights contravenes the principle of **free movement of goods** within the internal market.

At the same time, **Article 63 of the Regulation on the Assessment of Anti-Competitive Vertical Agreements No. 13/2013** provides that policies restricting **parallel imports**, whereby a supplier limits the distributor's right to make active or passive sales in different countries, are prohibited. Only restrictions on **active sales** into a territory exclusively allocated to another distributor are permitted.

This conflict creates legal uncertainty for both **trademark holders and importers of goods and services** regarding the **lawfulness of prohibiting parallel imports.**

It is recommended to introduce the necessary amendments to the relevant normative acts — by revising **Article 13(1) of Law No. 38/2008 on Trademark Protection and/or Article 63 of the Competition Council's Decision No. 13/2013 on the Approval of the Regulation on the Assessment of Anti-Competitive Vertical Agreements** — so that the **conflict between the provisions related to the admissibility of parallel imports** is eliminated.

The EU–**Republic of Moldova Association Agreement (2014)** recognizes the option of a **regional exhaustion regime.** In the context of EU accession, harmonizing national legislation with the EU acquis provides for the possibility of adopting the **regional exhaustion regime** (allowing parallel imports). Amending **Law No. 38-XVI/2008** to permit parallel imports would **strengthen the domestic market and protect consumers** through lower prices and a more diversified supply.

Arguments in favor of parallel imports:

- **Increased competition and lower prices.** Parallel traders bring to market goods purchased at lower prices from other countries, compelling trademark holders to maintain competitive pricing and diversify their offers. Allowing parallel imports ensures market competitiveness, unlike the current regime, which enables price setting without market pressure.

- **Limiting abuse of dominant position.** Preventing parallel trade is prohibited under certain circumstances. A unilateral action by a dominant supplier may constitute an **abuse of dominant position** (Article 102 TFEU). If the prevention of parallel trade forms part of a distribution agreement, it may infringe the **cartel prohibition** (Article 101 TFEU). European authorities treat such practices as among the **most serious forms of anti-competitive behavior** and have sanctioned companies that block parallel imports as violations of competition rules.

Law No. 96/2021 amending Law No. 461/2001 on the Petroleum Products Market and Decision No. 446 of 12.10.2021 of the ANRE Administrative Board approving the Methodology for Calculating and Applying Petroleum Product Prices

The aforementioned normative acts create a **highly unfavorable framework** for operating in the wholesale and retail trade of petroleum products.

According to Article 4(1) of Law No. 96/2021, the maximum retail prices for standard-type petroleum products are set by the National Agency for Energy Regulation (ANRE) based on the Methodology for Calculating and Applying Petroleum Product Prices.

As a result of implementing this methodology, the commercial margin (i.e., the profit margin for retailers of standard-type petroleum products) is capped and cannot exceed the values established by ANRE on a semi-annual basis.

In practice, the situation resulting from the implementation of Law No. 96/2021 and the Methodology demonstrates that the margins currently set do not even cover the operating costs of petroleum companies, let alone allow for any profit. Moreover, under point 13 of the Methodology, in the absence of one of the standard-type petroleum products (i.e., COR 95 gasoline or diesel fuel without a commercial name) at a filling station, the economic operator must immediately suspend sales of all other product types in the same category, inform consumers by removing the prices from the station's display panel, and submit a report on the absence of standard petroleum products to ANRE within one working day.

Under the current geopolitical conditions, influenced by the armed conflict in Ukraine, such a legal inconsistency poses a risk both to the energy security of the Republic of Moldova and to the stability of the business environment and consumer protection, since in the event that standard-type petroleum products were no longer available (temporarily or permanently) on the domestic market, the retail sale of any other petroleum products would become impossible.

It is recommended to **repeal Law No. 96/2021 and ANRE Decision No. 446/2021 and to revert, at least, to the regulatory framework that existed prior to July 1, 2021** in this sector, while **aligning with European Union practices.**

This would ensure that **petroleum product prices are set by oil companies** in accordance with the **principles of a market economy** and in full compliance with **competition and market legislation.**

Article 26 of Law No. 461/2001 on the Petroleum Products Market and Government Decision No. 1117/2002 approving the Regulation on Retail Trade of Petroleum Products

Implementation of the "Unmanned Fuel Station" Concept

Currently, the legislation of the Republic of Moldova does not regulate the concept of unmanned fuel distribution stations (i.e., automated stations without staff, operating through card payment). Moreover, based on the existing legal provisions, such a type of fuel distribution station would, in practice, be impossible to implement.

It is recommended to **amend Article 26 of Law No. 461/2001 on the Petroleum Products Market and Government Decision No. 1117/2002 approving the Regulation on the Retail Trade of Petroleum Products, by developing and introducing into legislation the concept of unmanned fuel**

The **unmanned fuel station model** is widely applied across the **European Union** — including in countries such as **Austria, Germany, and Greece** — where it has proven to be a **cost-efficient, safe, and environmentally friendly solution** that contributes to **digitalization and modernization** of fuel distribution infrastructure.

stations, in line with the best practices of the European Union.

Government Decision No. 1001 of September 19, 2001 on the Declaration of Goods by Economic Agents from the Eastern Districts of the Republic of Moldova

Creating a Fair and Competitive Business Environment for Economic Agents on Both Banks of the Dniester River

According to Government Decision No. 1001 of September 19, 2001, regarding the declaration of goods by economic agents from the eastern districts of the Republic of Moldova, imports into the districts located on the left bank of the Dniester River are advantaged compared to producers from the right bank (the rest of Moldova).

Local producers from the right bank are disadvantaged because importers operating on the left bank are not required to pay import duties (excise taxes, VAT) to the Moldovan customs authorities. Meanwhile, producers on the right bank must pay taxes in Moldova, and when selling goods to entities located on the left bank, they are additionally required to pay taxes to the authorities on the left bank.

As a result, the current system effectively favors importers from the left bank of the Dniester River to the detriment of local producers from the right bank, who face double taxation and unequal competitive conditions when trying to operate on the left bank.

It is recommended to **repeal Government Decision No. 1001 of September 19, 2001** on the declaration of goods by economic agents from the eastern districts of the Republic of Moldova and to **ensure a fair and competitive business environment for all entities** that operate or intend to operate in the eastern districts of the Republic of Moldova.

Chapter V

TRANSITION TOWARDS A GREEN AND SUSTAINABLE ECONOMY

The green economy has become a strategic development objective. The European Green Deal aims to achieve climate neutrality by 2050, and for the Republic of Moldova, as a candidate country for the European Union, this goal requires accelerating energy efficiency measures, developing renewable energy sources, adapting to climate change, and gradually harmonizing the regulatory framework in line with the EU–Moldova Association Agreement. Access to the European Union's "green" financing programs and instruments opens new opportunities for modernization and sustainable investment.

Foreign investors play an essential role in this process, through the transfer of technologies, the implementation of sustainability standards, and the adoption of responsible corporate governance models that align local practices with European ones. At the corporate level, the priority is integrating ESG principles (environment, social, governance), which address not only transparency but also the efficient management of resources and risks. However, specific challenges persist: a shortage of local expertise, lack of methodological benchmarks, and limited resources for implementation. In this context, FIA experts draw the authorities' attention to the need for support measures and a clear policy framework to facilitate the green transition and strengthen governance capacity and sectoral competitiveness.

Among the main levers are the circular economy and clear signals for directing capital. Priority measures include extended producer responsibility, the introduction of a deposit-return system for packaging, separate waste collection and recycling — actions that can be supported through environmental funds and co-financing mechanisms. Clear national rules for "green" projects are necessary to guide investments, while adapting to the climate requirements of international markets and aligning sectoral practices with European Union standards is essential for strengthening external resilience. Policy coherence and regulatory predictability reduce transition costs and unlock the investment potential of the economy.

FIA's Vision: A coherent and predictable green agenda grounded on ESG principles, the circular economy, the European taxonomy, and decarbonization price signals — a driver of sustainable growth, competitiveness, and access to responsible investment.

INTEGRATION OF ESG CRITERIA INTO CORPORATE GOVERNANCE

Support for ESG Implementation in Companies in the Republic of Moldova

In the context of the rapid advancement of European regulations on sustainability reporting **(CSRD, ESRS)**, the integration of **ESG criteria** (environmental, social, and governance) has become a **strategic priority** for all companies operating in the Republic of Moldova, regardless of sector.

Implementing ESG criteria is not only about **complying with transparency requirements, but also about transforming business models into sustainable, resilient, and stakeholder-responsible** ones.

Companies across different industries can support the ESG transition through measures such as:

- **Energy and industry:** reducing emissions and resource consumption through energy efficiency and green technologies;
- **Agriculture and agri-food:** responsible use of water and soil, reduction of pesticides, and support for rural communities;
- **Retail and services:** responsible sourcing policies, waste management, and workforce diversity;
- **Financial sector:** financing green projects, aligning risk policies with ESG criteria, and ensuring transparency for investors;
- **Technology and telecommunications:** recycling equipment, reducing energy consumption in infrastructure, and developing digital skills.

However, there are common challenges faced by companies across all sectors: a lack of local know-how, insufficient official guidance on alignment with ESRS, uncertainty in defining double materiality, and limited resources for implementation.

Therefore, the successful integration of ESG into corporate governance depends on collaboration between companies, public authorities, and international partners, as well as on the development of training programmes and practical tools tailored to the local context.

The following measures are recommended to **support the business environment:**

- **Develop simplified, sector-specific guides** with concrete examples from relevant industries (e.g., telecommunications, energy, manufacturing) to assist companies with limited resources in implementing the **ESRS standards;**
- **Create free or subsidised digital ESG reporting platforms,** interoperable with existing accounting systems and capable of integration into future EU-level reporting requirements;
- **Clarify ESG requirements according to the size and nature of the company,** to avoid placing a disproportionate burden on **SMEs and non-financial entities;**
- **Promote the voluntary publication of sustainability reports,** particularly in industries with a significant impact on natural resources, to foster **positive competition and access to green financing.**

EU TAXONOMY

EU TAXONOMY

The **EU Taxonomy is a key instrument for directing investments toward sustainable activities**, yet its application in the Republic of Moldova requires a **realistic adaptation** to the country's specific economic context.

Currently, telecommunications-related activities—such as the modernisation of 3G/4G networks to 5G, digitalisation of services, and energy consumption reduction through virtualisation—are not clearly defined as eligible under the green taxonomy. This limitation restricts access to European or climate-related funding.

A revision and expansion of eligibility criteria is therefore needed to include digital transformation as a key component of sustainability, recognising its role in reducing environmental impact and fostering green economic growth.

The following measures are recommended:

- **Adopt a national legal framework establishing a national taxonomy;**
- **Develop an adapted national green taxonomy** that reflects local conditions and includes activities relevant to the **digital economy and critical infrastructure;**
- **Create a public–private investment fund for green infrastructure projects,** with dedicated access for companies that support **environmental and energy efficiency goals;**
- **Integrate EU taxonomy eligibility criteria into the funding guidelines** of governmental programmes and international donor initiatives;
- **Promote public–private partnerships aimed at modernising communication infrastructure** to reduce the **carbon footprint** and enhance environmental performance.

ETS and CBAM

A carbon pricing mechanism—either a carbon tax or an Emissions Trading System (ETS)—is essential for the Republic of Moldova's EU accession process and for alignment with European climate policy. The EU ETS, currently in its Phase IV (2021–2030), represents the main pillar of the EU's climate policy and has proven effective in both reducing emissions and stimulating green investment.

By setting a carbon price, companies are encouraged to invest in decarbonisation technologies and energy efficiency, while renewable energy sources become more competitive compared to fossil fuels.

Establishing a national carbon pricing system would prepare Moldovan companies for the Carbon Border Adjustment Mechanism (CBAM), reduce associated financial risks, and enable the use of revenues to decarbonise the economy and mitigate socio-economic impacts.

It is recommended to establish a national carbon pricing system to prepare companies for the Carbon Border Adjustment Mechanism (CBAM), mitigate financial implications, and ensure that the revenues generated are used to decarbonise the economy and manage socio-economic impacts. At the same time, it is essential that revenues from the ETS be reinvested in ETS-covered industries (such as the glass sector) to support their decarbonisation efforts and maintain competitiveness during the green transition.

Encouraging Participation in the Waste Management System through Tax Deductions

The cost of establishing the deposit return infrastructure is expected to reach tens of millions of euros, and will largely fall on a limited group of major producers, who will have to cover these expenses through direct investments or guaranteed loans.

Allowing the deductibility of such expenses would not only reduce financial burdens, but also encourage retailers to participate in the system by enabling them to deduct costs related to the maintenance of reverse vending machines or dedicated collection booths.

This fiscal incentive would promote broader participation in the waste management system, ensure fair cost distribution, and accelerate the implementation of a circular economy model in the Republic of Moldova.

It is recommended to amend the Fiscal Code of the Republic of Moldova No. 1163 of April 24, 1997, to classify the costs related to the establishment of the deposit system administrator, investments in deposit management infrastructure, and expenses associated with joining the deposit system as deductible business expenses.
This measure would encourage companies to participate in the deposit return system, reduce the financial burden of implementation, and support the development of a sustainable waste management infrastructure aligned with circular economy principles.

Promoting the Circular Economy in the Telecommunications Sector

The adoption of circular economy principles is a key step in aligning the Republic of Moldova with European sustainability standards. The telecommunications sector plays a significant role in this process, both due to the volume of equipment placed on the market and its potential to educate consumers and innovate circular business models.

Based on the practical experience of telecom operators, the logistical and administrative costs related to the collection and recycling of equipment are substantial and often disproportionate to the actual level of responsibility within the value chain. It is therefore essential that the application of the Extended Producer Responsibility (EPR) principle be proportionate and equitable, and that authorities support national collection infrastructure, especially in rural areas.

Additionally, the absence of a clear regulatory framework defining the status of "refurbished equipment" creates uncertainty regarding the reuse of terminals, limiting circular practices and the potential to extend product lifecycles in the telecom industry.

The following actions are recommended to accelerate the transition toward a functional and sustainable circular economy:

- **Full implementation of the Extended Producer Responsibility (EPR)** principle, with a focus on electrical and electronic equipment (EEE), in line with European best practices. Currently, telecom operators bear significant waste management costs, with limited legislative clarity regarding shared obligations with suppliers and equipment manufacturers;
- **Creation of a national electronic traceability system** for waste and secondary materials, allowing effective tracking of decommissioned equipment from collection to recycling or recovery;
- **Urgent adoption of the legal framework for the Deposit Return System (DRS),** which could, in the medium term, include certain packaging components of telecom equipment, particularly those with large volumes of plastic and cardboard;
- **Clarification of end-of-waste regulations,** especially for refurbished equipment or reusable parts, to encourage circular solutions such as product leasing and repair services;
- **Introduction of fiscal incentives** for companies adopting circular models, including exemptions or deductions for investments in repair centers, electronic waste collection campaigns, or buy-back programs;
- **Development of a national program for collecting used equipment** from household customers, involving telecom operators in partnership with local authorities and authorized recyclers;
- **Launch of a public reporting and monitoring platform** for circular performance, enabling companies to transparently communicate their contributions (e.g., quantities collected, reuse rate, etc.).

Improving the registration mechanism for EEE producers under Government Decision No. 212/2018 approving the Regulation on Waste Electrical and Electronic Equipment (WEEE)

According to point 111 of Government Decision No. 212/2018, economic operators placing electrical and electronic equipment (EEE) on the market are required to register in the official **List of Producers.** In practice, however, this obligation cannot be fully implemented because large suppliers — often exclusive representatives of international brands in the Republic of Moldova — fail to register in the Producers List. Consequently, local distributors are unable to meet their legal obligations, as they lack viable alternative suppliers.

This situation results in:

- **a systemic blockage** in the implementation of the Regulation;
- **non-compliance risks** with European legislation, especially given Moldova's candidate status;
- **financial and administrative pressure** on local distributors, who cannot replace exclusive suppliers.

Therefore, improving the registration mechanism for EEE producers under Government Decision No. 212/2018 is essential to ensure the Republic of Moldova's alignment with Directive 2012/19/EU and to guarantee the efficient functioning of the national system for managing waste electrical and electronic equipment (WEEE).

The following measures are recommended:

1. **Revise the registration mechanism** for producers/importers of electrical and electronic equipment (EEE) to ensure that obligations are both applicable and effectively enforceable, including for international brands with exclusive representation in the Republic of Moldova.
2. **Establish a substitution or responsibility-transfer mechanism** through authorized collective organizations, in order to prevent the exclusive transfer of compliance obligations onto local distributors.

ENERGY EFFICIENCY AND DECARBONIZATION

Energy Efficiency and Decarbonization

In a context marked by rising energy costs and the European commitments toward climate neutrality, energy efficiency and emission reduction measures have become essential — both from an economic perspective and a compliance standpoint.

Many companies in the Republic of Moldova are energy-intensive consumers, whether through industrial processes, digital infrastructure, logistics, or production activities. However, limited access to green energy sources and dedicated financing instruments poses significant challenges in achieving climate objectives.

The following strategic directions are recommended:

- **Support the implementation of energy management systems** within enterprises, particularly through grants dedicated to sectors with their own energy infrastructure (e.g., data centers, base stations, servers);
- **Develop a financing/subsidy program** for investments in energy efficiency, decarbonization, and renewable energy across key industries, for instance:
  - in the telecom industry, for the modernization of network equipment and migration toward less energy-intensive infrastructure;
  - in energy-intensive and hard-to-abate sectors, such as the glass industry, to facilitate technological modernization and cleaner production processes;
- **Establish a national carbon pricing mechanism**, applied gradually and in consultation with affected industries, to prepare

In this regard, governmental support for piloting demonstrative decarbonization and energy-efficiency projects is crucial to accelerate the transition toward a sustainable and competitive economy.

for compliance with the Carbon Border Adjustment Mechanism (CBAM);

- **Stimulate public–private investments** in local renewable energy generation, including joint projects between authorities and industries (including telecom operators).

Government Decision No. 1116/2002 on the Approval of the Regulation on the Storage and Wholesale Trade, through an Automated System, of Identified Petroleum Products

At present, paragraph 10 of Government Decision No. 1116/2002 on the approval of the *Regulation on the Storage and Wholesale Trade, through an Automated System, of Identified Petroleum Products* provides that:

"The delivery of excisable petroleum products to importers shall be carried out by means of specialized transport, with the repeated opening and sealing of each tanker containing petroleum products, and with the preparation, in the prescribed manner, of the respective verification documents at the border customs point, which serve as the basis for the issuance of a certificate of identification of petroleum products through the automated system".

At the same time, paragraph 16 of Government Decision No. *587/2020 on the approval of the Regulation on the control of emissions of volatile organic compounds resulting from the storage and distribution of gasoline from terminals to petrol stations* stipulates that:

"Mobile containers shall be designed and operated in such a way as to ensure:

1. *the retention of residual vapors in the container after unloading the gasoline;*
2. *the capture and retention of return vapors originating from the storage facilities at petrol stations or terminals. In the case of tank wagons, this requirement shall apply only where they supply petrol stations or terminals where intermediate vapor storage is carried out;*
3. *the retention in the container of the vapors referred to in subparagraphs (1) and (2) until a new loading operation takes place at a terminal, if they have not been released through pressure-reducing valves".*

Under these circumstances, **compliance with the environmental requirements set out in Government Decision No. 587/2020 is physically impossible,** as the Customs Service opens the tankers in accordance with the provisions of paragraph 10 of Government Decision No. 1116/2002, which contradicts the requirements for vapor retention and capture.

It is proposed to amend or repeal paragraph 10 of Government Decision No. 1116/2002 in order to enable the effective application of the environmental requirements set out in Government Decision No. 587/2020 and to eliminate the regulatory conflict between customs procedures and environmental protection obligations.

Chapter VI

TELECOM AND DIGITAL COMPETITIVENESS

The telecommunications sector remains one of the main pillars of digital transformation and of the economic competitiveness of the Republic of Moldova. Despite recent progress, operators and industry stakeholders face multiple challenges related to regulation, investment, and the protection of fundamental rights.

Among the major priorities identified by the business community are:

- the gradual implementation of the 5G toolbox and the need for adaptation periods that prevent negative impacts on service quality and financial losses caused by the premature replacement of equipment;
- maintaining accessible business models (e.g., selling devices in interest-free installments) in the context of transposing the European Directive on consumer credit contracts;
- optimizing spectrum license costs and making the payment schedule more flexible, considering the massive investments operators must make in network modernization and in implementing new regulations, especially regarding cybersecurity;
- facilitating the expansion of communications infrastructure by simplifying procedures for installing radiocommunication stations and eliminating excessive restrictions;
- maintaining the special fiscal regime for innovation and investments, by upholding the state guarantee granted to IT parks in this regard, and postponing — until the Republic of Moldova joins the EU — the entry into force of the law transposing the European directive on ensuring a global minimum level of taxation for multinational enterprise groups and large domestic groups within the Union.

For the telecom sector to fully realize its potential, a predictable and balanced regulatory framework is needed for investment in next-generation infrastructure; protection of the competitive environment and of users' fundamental rights; and the preservation of a competitive and attractive fiscal regime for innovation and investment.

FIA's Vision: Telecommunications remain a critical link in the digitalization of the economy, in the development of e-commerce, and in strengthening the Republic of Moldova's position as a regional technological hub.

Establishing a Transition Period for the Implementation of the 5G Toolbox

In the context of transposing the EU 5G security toolbox into national legislation, the rapid implementation of bans on the installation and use of key equipment supplied by high-risk vendors may lead to significant financial losses, as it would affect ongoing projects, and the equipment already installed would not have sufficient time to be fully amortized.

To mitigate this impact, it is recommended to establish an appropriate transition period for the implementation of the 5G toolbox, allowing for the completion of ongoing projects and the full amortization of equipment installed prior to the entry into force of any potential ban on the installation of key equipment supplied by high-risk vendors.

Exemption for Terminal Equipment Sold in Interest-Free Instalments

The transposition of Directive (EU) 2023/2225 on consumer credit contracts could affect the mechanism for selling terminal equipment in interest-free instalments when such equipment is offered in combination with electronic communications services.

It is recommended to exempt, from the forthcoming law transposing Directive (EU) 2023/2225 on consumer credit contracts, the terminal equipment sold in interest-free instalments together with electronic communications services, pursuant to Article 104 of the Electronic Communications Law No. 72/2025.

Reduction and Greater Flexibility in the Payment of Radio Spectrum Licence Fees

Radio frequency spectrum licence fees can represent a significant burden for operators, especially in the context of the substantial investments required to meet licence obligations and to implement new EU legislation, including the 5G network security toolbox

It is recommended to:

- reduce radio frequency spectrum licence fees (taking into account the significant investments that will need to be made in the coming years to meet licence obligations and to implement the new legislation transposing EU electronic communications rules);
- provide the possibility for existing suppliers to renew their rights to use radio frequencies, as well as the option to pay licence fees in instalments.

Granting Facilitation Measures for the Installation of Radiocommunication Stations

The sanitary authorization procedures for radio relay stations and the restrictions on the installation of radiocommunication stations (especially mobile ones) on the premises or buildings of educational and medical institutions are excessive and unjustified, which may limit access to quality communications services and slow down the development of communications infrastructure.

It is recommended to exempt radio relay stations from sanitary authorization and to remove unjustified restrictions on the installation of radiocommunication stations (particularly mobile ones) on the premises, within the buildings, or on the properties of educational and medical institutions.

Maintaining the Special Tax Regime for Innovation and Investment

The premature transposition of Directive (EU) 2023/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large domestic groups within the Union would contradict the special tax regime guaranteed to IT park residents—at least until 2035—under Law No. 77/2016, and would also reduce the Republic of Moldova's attractiveness for investment.

It is recommended to exempt IT park residents from the forthcoming law transposing Directive (EU) 2023/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large domestic groups within the Union, at least until 2035, when the state guarantee for the

special tax regime provided under Law No. 77/2016 expires, and to postpone the entry into force of this law until the date of the Republic of Moldova's accession to the EU.

Setting the Remuneration for the Right of Retransmission

The absence of a clear rule regarding the remuneration for the right of retransmission via cable may create financial uncertainty and conflicts between distributors and collective management organizations.

It is recommended to establish, in the Law or in a Government Decision, the remuneration for the right of retransmission (including via cable) owed by media service distributors to collective management organizations, in the form of a percentage share of the revenues related to retransmission activities (via cable), at a rate equivalent to that paid prior to the entry into force of Law No. 230/2022 on copyright and related rights.

Law No. 28/2016 on Access to Properties and Shared Use of Infrastructure Associated with Public Electronic Communications Networks

In practice, a significant number of cases have been identified in which public property administrators do not comply with the provisions of Law No. 28/2016 on access to properties and the shared use of infrastructure associated with public electronic communications networks, invoking formal pretexts in order to:

- request unjustified increases in access fees;
- demand the relocation of existing infrastructure elements;
- refuse to publish access conditions within the deadlines and in the formats required by law.

Although public electronic communications networks represent strategic infrastructure essential for the development of the digital economy, the deficient application of Law No. 28/2016 significantly limits its potential benefits.

In this respect, it is recommended to strengthen the mechanisms for enforcing the law by introducing clear and effective provisions that:

- instruct local public authorities that the regulations on local public autonomy must not be used as a counter-argument to the provisions of Law No. 28/2016, as the Digital Transformation Strategy of the Republic of Moldova for 2023–2030 can only be achieved through public–private partnership;
- establish effective sanctions for failure to comply with legal obligations regarding access;
- grant the competent authority expanded supervisory and intervention powers in cases of abuse;
- set mandatory deadlines and simplified procedures for the rapid resolution of disputes related to property access.

Chapter VII

AGRICULTURAL SECTOR AND LAND RELATIONS

Land policy and the agricultural sector are essential components of the European integration process and strategic factors for national development. They determine food security, export potential, and the sustainable development of rural areas. Their main role is to ensure the efficient and responsible use of land resources, legal protection of property, and transparency in land transactions, aligning practices with the requirements of European Union law.

However, several systemic challenges persist. A predictable regulation of land transactions is necessary to guarantee investor access while ensuring land use in accordance with its intended purpose; respecting the tenant's pre-emption rights; establishing clear mechanisms for lease and land consolidation; digitalizing the cadastre and transaction registers; modernizing irrigation systems and rationally managing water resources; and strengthening control over compliance with agroecological standards. These aspects directly affect productivity, investment attractiveness, and the resilience of rural communities.

Sustainable development requires coherent legislative, institutional, and administrative solutions: unifying procedures, ensuring transparency in evaluations and contracts, reducing administrative burdens, and facilitating access for small landowners to basic legal and cadastral services, along with predictable registration and authentication timelines. Policy consistency and uniform application of legislation increase trust in the land market and stimulate long-term investments in modernization, irrigation, soil fertility restoration, and rural infrastructure development.

FIA's Vision: A transparent, predictable, and sustainability-oriented land policy that ensures the protection of property rights, equal access to the land market, and the responsible use of land and water resources.

Controlled Liberalisation of the Land Market to Stimulate Agricultural Investment

The Land Code of the Republic of Moldova No. 22 of 15.02.2024 (effective from 1 April 2025) restricts the right of foreign natural and legal persons, as well as companies with foreign capital, to own agricultural and forest land.

Article 21(2) of the Land Code provides that: "Foreign natural or legal persons, as well as legal entities whose capital contains foreign investment, may not acquire or own land intended for agricultural use or land from the forest fund through inter vivos legal acts, under penalty of absolute nullity".

Although this restriction aims to protect national land resources, it significantly limits investment in the agricultural and forestry sectors, reducing the competitiveness of the business environment and discouraging technological and sustainable modernisation.

In this context, land market reform becomes essential to stimulate investment and strengthen agricultural holdings.

A model of controlled liberalisation, based on clear legal safeguards and mechanisms to prevent excessive land concentration, would enable the attraction of strategic investors, thereby promoting modernisation and sustainable development of the agricultural sector, while maintaining the protection of the national interest.

In the context of alignment with European Union standards and the need to stimulate productive investment, it is recommended to:

1. **Revise Article 21(2) of the Land Code** by introducing a differentiated access regime for foreign investors, based on clear criteria and subject to conditions such as:
   - The value and impact of the investment project;
   - The development of irrigation systems on the acquired land;
   - The creation of jobs in rural areas;
   - The focus on high value-added crops and the development of value chains.
2. **Develop a monitoring and control mechanism** for the use of land owned by investors, in order to prevent non-productive use or unauthorised changes to agricultural land designation.
3. **Apply these provisions exclusively to legal entity investors**, to ensure a predictable, transparent, and secure framework for long-term agricultural investments.

Exercising the Tenant's Pre-Emption Right in the Sale of Agricultural Land

Under the new Land Code of the Republic of Moldova No. 22/2024, which strengthens the principles of transparency, publicity, and legal security in matters of real rights over agricultural land, it is necessary to create a practical mechanism to ensure the effective implementation of the tenant's pre-emption right, as provided in Article 1295(4) of the Civil Code of the Republic of Moldova No. 1107/2002.

At present, the enforcement of this right is limited by the absence of a unified record of short-term lease contracts (up to five years), which are registered only with the local mayor's office, without producing real publicity effects. Consequently, public notaries lack the legal tools to verify whether an active lease contract exists at the time of the land's sale. This procedural gap leads to abusive transfers and undermines the stability of the land market.

Establishing this right would strengthen the position of farmers who invest in leased land, granting them priority in acquisition and thereby encouraging long-term investment.

Such a measure would contribute to land market stability and promote the sustainable development of agricultural holdings.

To address this shortcoming and to harmonize the Civil Code, the Land Code, and Law No. 246/2018 on Notarial Procedure, the following solutions are proposed:

1. Introduction of a Mandatory Land Certificate. It is recommended to develop and introduce, through a government normative act, a land certificate confirming the existence or non-existence of a lease contract on the agricultural land, issued by the territorially competent mayor's office. This certificate would serve as a mandatory preliminary document for the authentication of any sale-purchase contract of agricultural land.
2. Related Legislative Amendments. For the implementation of this measure, the following legal acts should be amended:
   a) Law No. 246/2018 on Notarial Procedure, by introducing an explicit provision stating that: "When authenticating a sale-purchase contract for agricultural land, the public notary shall be required to request from the seller a certificate issued by the mayor's office in whose jurisdiction the land is located, confirming the existence or non-existence of a lease contract for that land."
   b) Regulation on the Sale and Purchase of Adjacent Land, approved by Government Decision No. 671/2024, to introduce a dedicated section for verifying use rights and locally registered lease contracts prior to notarial authentication.

Implementation of a Unified Digital Register of Land Transactions

The current system for recording land transactions in the Republic of Moldova is characterised by significant institutional and technological fragmentation. The absence of an integrated platform generates challenges in terms of control, transparency, and administrative efficiency, undermining both the legal security of civil transactions and the investment attractiveness of the land market.
In this regard, the main problems identified include:

- Insufficient transparency of data concerning transactions and property rights, which complicates the verification of their legality by authorities, financial institutions, and the public;
- Increased risk of corruption and fraud, caused by uncoordinated systems and the lack of unified traceability of operations;
- Slow bureaucratic processes involving manual verifications and multiple interactions between institutions, leading to higher transaction costs and longer completion times.

To address the identified shortcomings, it is recommended to implement a Unified Digital Register of Land Transactions, interconnected with the Real Estate Register, the fiscal databases, and the public notaries' database, which would allow for:

- Ensuring transparency and controlled access to information through real-time digital registration of all transactions;
- Providing complete traceability of legal processes — from initiation to final registration of ownership rights — with the ability to automatically monitor risks and inconsistencies;
- Reducing corruption and subjective interventions by automating verification workflows and establishing direct interconnection among competent public institutions;
- Streamlining administrative processes through document digitalisation, shorter processing times, and lower transaction costs for both individuals and legal entities.

The implementation of this digital register would represent a key step toward modernising land governance, enhancing investor confidence, and strengthening the integrity of the real estate market, in line with European standards on public administration digitalisation and transparency of land transactions.

Institutionalising the Coordination of the Agro-Industrial Harmonisation Process with EU Standards

At present, there is no institutionalised structure responsible for ensuring both the representation and effective coordination of the Republic of Moldova's European integration agenda. This absence creates difficulties in harmonising national policies and standards with the EU acquis and limits the active involvement of relevant stakeholders, including civil society, in decision-making and implementation processes.

It is recommended to institutionalise, by Government Decision, a clear inter-institutional mechanism for coordinating the process of harmonising national legislation with the EU acquis in the agro-industrial sector.

Such a mechanism could take the form of a Consultative Committee for the Streamlining of the EU Acquis Harmonisation Process, tasked with ensuring transparency, coherence, and the active participation of civil society in this process.

Effective coordination among the responsible institutions would significantly accelerate economic integration and support the adaptation of the business environment to European Union standards, while also strengthening international partners' confidence and enhancing the predictability of the regulatory framework.

Policies and Measures for the Modernisation and Efficiency of the Irrigation Sector

At present, the irrigation sector in the Republic of Moldova lacks a coherent strategy to guide its sustainable development. Access to water resources remains hindered by bureaucratic procedures and an outdated regulatory framework, while the absence of a digital management system limits the efficient and transparent use of available resources.

To address the challenges outlined above, the following measures are recommended:

1. **Approval of a national policy document on land irrigation, aimed at:**
   - Rehabilitating irrigation systems nationwide by attracting substantial financial resources and implementing a systemic development approach;
   - Ensuring sustainable access to water resources for agriculture;
   - Digitalising the irrigation management system;
   - Integrating modern technological solutions for efficient water resource management at all levels.
2. **Reassessment of the regulatory framework governing permits related to irrigation access,** in order to urgently simplify the procedures for obtaining authorisation for special water use and eliminate administrative barriers that hinder the efficient utilisation of existing infrastructure, particularly through:
   - **Amending Articles 25 and 45(3) of the Water Law** to facilitate access to groundwater for irrigation (by simplifying the requirement for a contract on the use of subsurface sectors with evaluated and approved reserves, and the report from the Public Institution "Apele Moldovei" confirming the absence of surface water in the designated area for groundwater use);
   - **Establishing a clear and accessible regulation** governing the construction of artesian wells, regardless of their ultimate purpose, avoiding differentiation at the design stage between water use for agro-industrial complexes and irrigation;
   - **Revising point 25 of Government Decision No. 464 of 05.07.2023**, which sets specific conditions for obtaining subsidies — namely, reducing the minimum productivity thresholds under irrigation for the listed crop types, as these are currently unrealistically high and practically unattainable.

Development and Approval of the National Programme for Organic Agriculture

At present, there is no clear strategic vision for the development of organic agricultural production in the Republic of Moldova. Although the National Strategy for Agricultural Sector Development 2023–2030 includes an objective to increase the area dedicated to organic farming by at least 10% (approximately 2,800 hectares) over the next eight years, it lacks specific actions, performance indicators, a dedicated budget, and implementation mechanisms.
Consequently, this limited approach does not ensure the sustainable and competitive development of the organic farming sector, nor does it enable the full exploitation of Moldova's export potential on the EU markets.

It is recommended to develop and approve a National Programme for the Development of Organic Agriculture, which should include:

- Clear and measurable objectives for expanding organic production;
- Concrete financial and technical support measures for producers;
- Initiatives to promote certification and labelling of organic products;
- Information and education campaigns aimed at consumers;
- Integration of organic agriculture into environmental, trade, and rural development policies;
- Monitoring indicators and a dedicated implementation budget to ensure effective execution and accountability.

Capping and Predictability of Lease Payments Set by Local Authorities

According to Articles 34–37 of the Land Code (Law No. 22/2024) and Articles 1288–1313 of the Civil Code, agricultural land owned by public authorities is leased through public auction, and the amount of rent is determined by local councils. However, the law does not establish limits or uniform criteria for adjusting lease payments, allowing arbitrary and unjustified increases, sometimes made without compliance with Law No. 239/2008 on transparency in the decision-making process.

Repeated and unjustified rent increases by local authorities often undermine the principles of predictability and legal certainty of contractual relations, create economic instability, and violate the public consultation obligation set out in Articles 8–12 of Law No. 239/2008.

Therefore, introducing a mechanism for capping and ensuring the predictability of lease payments would help prevent abuses and ensure the stability of lease relations. Moreover, such a measure would align with the principles of good local governance and proportionality, as enshrined in Law No. 436/2006 on Local Public Administration.

It is recommended to amend the Land Code or develop a Unified Regulation on the Lease of Agricultural Land, to include the following provisions:

- Capping the annual increase in lease payments at a maximum of 15% compared to the previous year;
- Allowing only one adjustment per year, effective from 1 January of the following year;
- Establishing the obligation of public consultation and justification of the decision;
- Introducing an administrative appeal mechanism at the level of the Ministry of Agriculture and Food Industry or the Public Property Agency for contesting abusive decisions.

Regulating the cap and adjustment procedure for lease payments would strengthen transparency, stability, and legal certainty in land relations, prevent abuses, and increase trust between public authorities and lessees.

Implementation of Periodic Assessment of Cadastral Value

At present, the cadastral values of land and real estate in the Republic of Moldova often differ significantly from actual market prices, generating fiscal inequities and distortions in land transactions. The absence of a periodic update mechanism has led to situations where property owners pay taxes uncorrelated with the economic value of their assets, while local authorities are deprived of fair and accurate budget revenues.

Moreover, artificial underestimation of property values enables transactions at nominal prices, undermining real estate market transparency, valuation accuracy, and the credibility of the cadastral system.

To correct these discrepancies between cadastral and market values, it is necessary to legally establish a mechanism for periodic revaluation of real estate and land, to be conducted every 3–5 years, based on updated and transparent methodologies aligned with international valuation standards.

To address this issue, it is recommended to implement a mechanism for the regular updating of cadastral values, ensuring their alignment with market prices. The update process could be achieved through the interconnection of the cadastral register with the databases of public notaries, tax authorities, and the real estate market, enabling the automatic correlation of values. At the same time, the results of the revaluation and the calculation criteria should be made public and accessible through official digital platforms.

The implementation of these measures would ensure fiscal equity, transparency in land and real estate transactions, and increased revenue for local authorities, contributing to the stability and predictability of the real estate market.

Standardisation of Land Contracts

Given the applicable provisions of the Civil Code of the Republic of Moldova No. 1107/2002 and the Land Code No. 22/2024, significant inconsistencies persist in practice regarding the drafting of land contracts (including lease, concession, and land exchange agreements).

These discrepancies, arising from the absence of standardised contractual templates, generate legal uncertainty, risks of inconsistent interpretation, and an increase in disputes between landowners and lessees.

To ensure the legal security of land relations and the uniform application of land legislation, it is recommended to:

- Develop and approve, through a secondary normative act, standard templates for land contracts, including mandatory minimum clauses regarding the object, duration, rights and obligations of the parties, termination conditions, and terms for the transfer of use;
- Obtain official recognition of these templates by the Ministry of Agriculture and Food Industry, the Public Services Agency, and the Ministry of Justice, designating them as official working tools for individuals, legal entities, and local authorities;
- Establish a mechanism for free legal assistance to small landowners, to ensure the proper and informed conclusion of contracts and to prevent abuses or unlawful transfers.

The adoption of these measures would strengthen contractual consistency, increase transparency and fairness in land relations, and reduce litigation by ensuring that all contracts comply with applicable legal provisions.

Establishment of Free Support Services for Small Landowners

Given that a significant share of small rural landowners lack the financial resources to access specialised legal and cadastral services, there is an increased risk of losing property rights through unfair contracts, fraud, or abuse. Moreover, the lack of legal awareness limits these individuals' ability to effectively exercise their property rights and to participate in the civil circulation of land under fair and lawful conditions.

To ensure the effective protection of property rights, as guaranteed by Article 46 of the Constitution of the Republic of Moldova, and in line with the principles of good governance and equity enshrined in the Administrative Code, the following measures are considered appropriate:

- Creation of a national mechanism for free legal and cadastral assistance dedicated to small landowners, coordinated by the Public Services Agency, in collaboration with the Ministry of Agriculture and Food Industry and the Union of Lawyers of the Republic of Moldova, to ensure real and accessible legal protection;
- Provision of free legal and technical consulting services, including verification of property titles, registration of real rights, clarification of cadastral situations, and conclusion of land contracts, in full compliance with legality and transparency standards;
- Establishment of regional land support centres, equipped with certified specialists to assist landowners in procedures related to boundary demarcation, land consolidation, leasing, or inheritance, in accordance with current cadastral and land regulations.

The implementation of these measures would strengthen the legal security of landowners, prevent land loss due to abusive practices, and reduce land disputes, while ensuring fair, efficient, and sustainable management of rural property.

Chapter VIII

FINANCIAL SYSTEM

Financial stability remains a fundamental condition for the proper functioning of the economy. Dysfunctions in this sector can generate systemic effects — from restrictions on financial institutions to severe market disruptions. Therefore, the financial system plays a central role in maintaining the resilience and efficiency of the Republic of Moldova's economy.

In recent years, the financial sector has experienced several episodes of instability with a direct impact on the economy and the population's standard of living. These events have accelerated the adjustment of the regulatory framework and its harmonization with European Union legislation. At the same time, the financial system has demonstrated strong resilience to external shocks, and the National Bank of Moldova has strengthened prudential supervision, maintaining the essential objective of banking system stability and sustainability.

Beyond macro-financial stability, competition, innovation, and the digitalization of financial services are becoming increasingly important — key factors for an attractive investment climate and the expansion of access to modern products. Special attention is given to the development of remote channels and digital payment solutions for households and small and medium-sized enterprises, which enhances user convenience, reduces costs, and supports financial inclusion.

For the further development of the financial sector, a predictable, transparent, and proportionate regulatory framework is necessary, along with effective protection of consumer and depositor rights, and a sustainable partnership between the state, financial institutions, and beneficiaries. Policy consistency and uniform application of regulations increase trust and promote long-term investments.

FIA's Vision: A stable, competitive, and innovative financial ecosystem — the foundation for sustainable investment, economic growth, and the confidence of citizens and the business community.

NBM Decision No. 78/2018 on the approval of the Regulation on Cash Operations in Banks of the Republic of Moldova. Identification of clients during cash transactions performed at banks

Point 15, letter (h) and Annex No. 1 (Elements of the Cash Collection Order) of NBM Decision No. 78/2018 on the approval of the Regulation on Cash Operations in Banks of the Republic of Moldova stipulate that the withdrawal of cash by clients is carried out only on the basis of an identity document.

According to Article 2(1) of Law No. 273/1994 on Identity Documents in the National Passport System, the passport of a citizen of the Republic of Moldova is issued for travel abroad, and therefore cannot be used domestically.

It is recommended to amend NBM Decision No. 78/2018 on the approval of the Regulation on Cash Operations in Banks of the Republic of Moldova, by expanding the categories of identity documents accepted for client identification.

In this regard, it is considered appropriate that, taking into account international best practices and the digitalisation objectives of the financial sector, clients should also be allowed to be identified based on their passport or driver's licence, as these contain essential identification information (personal ID number, holder's photograph, etc.).

At the same time, it is proposed that the document verification process be integrated with the EVO Application – the governmental digital identity platform that enables fast, secure, and automated validation of personal data.

This solution would facilitate compliance with KYC requirements, reduce bureaucracy, and provide a simpler and more modern customer experience..

Law No. 157 of July 18, 2014, on the conclusion and execution of distance contracts for consumer financial services, with a view to excluding the exhaustive list of means of distance communication and replacing it with a general, principle-based regulation

Law No. 157 of July 18, 2014, needs to be revised and adapted to current realities, given that the list of means of distance communication provided in the annex no longer corresponds to modern practices. New means of communication are currently being used that are not expressly provided for by law, which makes it difficult to apply. This amendment would promote modern forms of contracting, widely used in practice, such as those through mobile applications or other digital platforms, while ensuring consumer protection.

It is recommended to amend Law No. 157 of July 18, 2014, on the conclusion and execution of distance contracts for consumer financial services, by excluding the exhaustive list of means of distance communication and replacing it with a general, principle-based regulation.

This approach will allow the use of modern forms of contracting, including through mobile applications and digital platforms, while ensuring effective consumer protection.

Thus, any means of communication should be permitted, as long as it complies with certain essential requirements regarding the identification of the parties, the expression of consent, and the prior information of the consumer.

Strengthening Predictability and Digitalisation of the Insurance Sector

Although many important achievements have been recorded in the insurance field through the implementation of new legislation that partially transposes the best international and European Union standards and practices — particularly in the area of corporate governance — as well as other measures aimed at reforming, developing, and strengthening the insurance sector, there remains a pressing need to enhance the predictability of the legal framework and the implementation timelines of regulatory acts.

The insurance sector in Moldova remains underdeveloped, as evidenced by the low penetration level of insurance products and services and the high protection gap of the population against certain risks. The sector requires transformation, including through financial education of the population, accompanied by joint actions by all relevant authorities, reflected in the development of favourable fiscal and economic policies, and in the promotion of capital market development.

At the same time, the new economic and technological context requires the insurance sector to move to a higher level of innovation and development by introducing and applying innovative technologies and developing electronic insurance products and services that allow consumers faster and more convenient access to insurance. All these advances must be supported by a legal framework specifically designed for this purpose, with increased attention to the risks associated with information technologies and to the development of IT infrastructure that complies with the best international standards and ensures an appropriate level of security.

The competent authorities are recommended to undertake the following measures:

- Strengthen coordination among authorities, particularly autonomous public authorities, in the law-making process to ensure the uniform transposition of the principles of predictability and accessibility of normative acts. This would eliminate the unreasonable practice of bringing regulatory acts into force immediately upon publication, without allowing a sufficient period for businesses and individuals to adapt their conduct or business models.
- Abandon the practice of regulatory acts entering into force from the moment of their publication in the Official Gazette.
- Adapt the legal framework and create the necessary conditions for the electronic issuance of insurance products that do not require assessment of the insured object (e.g., Travel Health Insurance, Property Insurance, etc.).
- In this regard, it is essential to amend Article 1830 of the Civil Code, which currently stipulates that the insurance application and the insurance contract must be concluded only in written form, by updating or supplementing the relevant legislative and secondary acts accordingly.

Development and Regulation of the Concept of a "Material or Financial Agricultural Receipt"

A key premise for implementing this concept is the reduction of exposure to price and exchange rate fluctuations, since an agricultural receipt allows for the fixing of prices or the inclusion of formulas for their recalculation.

An agricultural receipt establishes the unconditional obligation of the debtor to deliver agricultural products or to make a cash payment under certain conditions agreed upon by the parties.

Persons who own agricultural land or hold the right to use land for agricultural production may issue an agricultural receipt.

Under this mechanism, the future harvest of the debtor becomes collateral for the loan obligations. In case of non-fulfilment of contractual obligations, the receipt serves as an extra-judicial enforcement tool, allowing the creditor to obtain ownership rights over the debtor's future harvest. These claims have priority over other creditors' claims.

The value of the pledge must not be lower than the value of the obligation secured by the agricultural receipt. At the time of issuance, the future harvest may serve as collateral only for other agricultural receipts.

If the pledged crop—the object of the security—is destroyed or lost, the debtor must, in agreement with the creditor, replace the collateral with an equivalent form of security. This agreement is recorded in the agricultural receipt and signed by both debtor and creditor.

It is recommended to supplement the provisions of the Civil Code of the Republic of Moldova No. 1107/2002, or to adopt a special law for the implementation of the concept of an "agricultural receipt", based on the model applied in Ukraine.

Additionally, it is necessary to establish a mechanism for the notarial authentication of the agricultural receipt and to grant the concept enforceable power (executory title).

According to Ukrainian legislation, an agricultural receipt is a document establishing the unconditional obligation of the debtor, secured by a pledge of future harvests, to deliver agricultural products or to make a payment in cash under the conditions specified therein.

Civil Code of the Republic of Moldova No. 1107/2002 – Article 729: Insurance of the Pledged Property

Currently, **Article 729 – Insurance of the Pledged Property provides that:** *"(1) The mortgage debtor is obliged to insure the mortgaged property, for the benefit of the mortgage creditor, at its replacement value, against all risks of accidental loss or damage. The mortgage creditor may insure the mortgaged property at the expense of the mortgage debtor if the property has not been insured by the debtor".*

It is recommended to amend Article 729 of the Civil Code of the Republic of Moldova No. 1107/2002 so that the requirement to insure immovable property consisting of "land without construction" becomes optional rather than mandatory, given that such property is not subject to the risk of accidental loss or damage. Therefore, the insurance expenses borne by the mortgage debtor are not considered reasonable, as they represent only a financial burden.

Accordingly, it is proposed to amend Article 729(1) by introducing, after the words "the mortgaged property", the phrase: *"except for land free of construction or other things and works permanently attached to the land".*

Article 4 of Government Decision No. 210 of 26.02.2016 on the Register of Movable Collateral. Revision of the Register of Movable Collateral to increase efficiency and transparency

Currently, Article 4 of Government Decision No. 210 of 26.02.2016 on the Register of Movable Collateral stipulates that: "The Register of Collateral shall be organised in such a way as to ensure that the registration and access processes are simple, efficient, publicly accessible, and transparent".

In practice, however, the structure and functioning of the Register no longer comply with the provisions of Article 4, which negatively affects the accessibility, efficiency, and transparency of its processes.

It is recommended to establish a working group to redesign the entire operational process of the Register of Movable Collateral, with the goal of ensuring that the registration and access procedures are simple, efficient, publicly accessible, and transparent.

Enforcement Code of the Republic of Moldova No. 443/2004 – Application of Seizure

Currently, under the provisions of Article 92 – Enforcement of Monetary Funds from Accounts of the Enforcement Code of the Republic of Moldova No. 443/2004, banks are required to execute the mandatory instructions of bailiffs free of charge, while incurring significant expenses for maintaining the necessary personnel and IT systems. At the same time, banks assume civil, administrative, and criminal liability risks for any errors made during the enforcement process.

In addition to these unjustified burdens, the Enforcement Code does not grant banks the right to collect standard account servicing fees, and they are also prohibited from terminating account servicing due to the applied seizure. As a result, banks are forced to continue providing services to their clients free of charge.

At the same time, according to Article 111 – Procedure for the Enforcement of the Debtor's Salary and Other Income

It is recommended to **supplement Article 92 of the Enforcement Code of the Republic of Moldova No. 443/2004** with the following provision: *"Seizures applied by bailiffs on the debtor's bank accounts or funds in those accounts shall not restrict the bank's right to charge from that account servicing commissions and fees related to the execution of account operations, including the execution of collection orders".*

of the Enforcement Code of the Republic of Moldova No. 443/2004, bailiffs often violate the provisions of this article by avoiding direct communication with the debtor's employer when enforcing salary or income garnishments.

In cases where the debtor claims that the seized account is a salary account, bailiffs instead issue instructions to banks, indicating various (and not always clear) methods for calculating the amounts to be seized and/or for partially lifting the seizure.

As a result, in addition to processing thousands of documents from bailiffs free of charge, banks must often undertake additional work to interpret these unclear instructions and perform specific calculations every month. Frequently, this also leads to disputes with debtors regarding the correct application of such formulas.

It is evident that these situations would not arise if bailiffs properly complied with Article 111, rather than transferring their legal obligations onto the banks. Therefore, it is considered that the introduction of the proposed amendment into the Enforcement Code would oblige bailiffs to comply with the existing legal framework and would help prevent abuses by some of them.

It is recommended to **supplement Article 111 of the Enforcement Code of the Republic of Moldova No. 443/2004** with the following provision: *"The application or lifting of a seizure on monetary funds may be ordered by the bailiff only by specifying the exact amount to be seized, without requiring the bank to determine the amount through its own calculations".*

With regard to Article 127 – Lifting of Seizure, it should be emphasized that bailiffs apply seizures to all existing accounts across all banks, including those with zero balances. After the enforcement procedure ends, bailiffs often fail to lift the applied seizures, leaving banks obliged to maintain these seized accounts with zero balances indefinitely, servicing them free of charge and bearing the related costs.

Meanwhile, each bank accumulates a significant number of such accounts, which generate only expenses and burden the banks' information systems, often hindering the implementation of innovative or even mandatory IT solutions.

It is evident that if a bank account balance has remained unchanged for an entire year after the seizure, the likelihood of any further change is minimal.

It is recommended to **supplement Article 127 of the Enforcement Code of the Republic of Moldova No. 443/2004** with the following provision: *"In cases where the balance of a bank account under seizure remains zero for 24 consecutive months from the date the seizure was applied, the bank shall have the right to close that account and lift the seizure, subsequently informing the bailiff of this action".*

Fiscal Code of the Republic of Moldova No. 1163/1997. Seizure of monetary funds in bank accounts and suspension of account operations by decision of the State Tax Service

The rationale for these proposals is similar to that presented in point 7, referring to the need to ensure fair treatment of banks, compensation for administrative costs, and clearer procedural rules for the application and lifting of seizures by the competent authorities.

It is recommended to introduce the following amendments to the **Fiscal Code of the Republic of Moldova No. 1163/1997**, as follows:

a) To supplement Article 200 with the following provision: "Seizures applied by the State Tax Service on the taxpayer's bank account funds shall not restrict the bank's right to charge from that account servicing commissions and fees related to the execution of account operations, including the execution of collection orders".

b) To supplement Article 202(1) with additional cases in which the seizure may be lifted:

- *"The deregistration of the taxpayer from the State Register of Legal Entities."*
- *"The closure by the bank of the taxpayer's account, if the balance of that* account has been zero for 24 consecutive months after the date the seizure was applied, with the bank subsequently informing the State Tax Service of this action".

c) To amend Article 229(5)(d) to read as follows:

"Bank (branch) commissions, as well as those of the payment institution, the electronic money issuer, and/or the postal service provider, related to account servicing and the execution of account operations, including the execution of collection orders".

d) To supplement Article 229(8) with the phrase:

"as well as in the case of the deregistration of the taxpayer from the State Register of Legal Entities,"

and to add a new provision:

"Furthermore, the suspension provisions shall cease to apply in respect of any bank account whose balance has been zero for 24 consecutive months after the date of suspension, and the bank has decided to close that account, subsequently informing the State Tax Service of this action".

Harmonisation of the Legal Framework on the Definition of Affiliated Natural Persons

The current legal framework regulates the notion of affiliated natural persons inconsistently across different normative acts.

Article 203 of the Civil Code – Affiliated Persons provides that:

(1) For the purposes of this Code, the following are considered affiliated persons of a legal entity:

a) Members of the board, members of the executive body, members of the audit commission, persons with managerial responsibility within the managing organisation (trustee), the head of the auditor performing the functions of the audit commission, and other responsible persons, as applicable (branch managers, chief accountants, etc.);

b) The spouse, relatives, and in-laws up to and including the second degree of the natural persons specified in letter (a).

At the same time, **Law No. 1134/1997 on Joint-Stock Companies**, Article 10 – Affiliated Persons of the Company, stipulates that:

(1) The following are considered affiliated persons of the company:

a) Members of the board of directors, members of the executive body, members of the audit commission/audit committee, and other persons with managerial responsibility within the company, as defined by this law.

(2) The following are considered affiliated persons of a natural person:

a) The spouse, relatives, and in-laws of the first and second degree of the natural person, the spouses of such relatives and in-laws, as well as any other person who, together with the natural person, has a direct and joint interest in a shareholding;

b) A legal entity over which the natural person, as well as their affiliated persons, individually or jointly, exercise control or significant influence by virtue of holding capital in the amount specified in paragraph (1)(b) or by serving as a member of the management or supervisory body.

Additionally, **Law No. 171/2012 on the Capital Market** defines the following concept: Persons acting in concert – two or more persons connected by an explicit (verbal or written) or tacit agreement to pursue a common policy concerning an issuer. Unless proven otherwise, the following persons are presumed to act in concert:

1) Persons affiliated with a legal entity (issuer, offeror, or securities holder):

a) Members of the board of directors, members of the executive body, members of the audit commission, persons with managerial responsibility within the managing organisation (trustee), the head of the auditing entity performing the functions of the audit commission, and other responsible persons, as applicable (branch managers, chief accountants, etc.);

b) The spouse, relatives, and in-laws up to and including the second degree of the natural persons specified in letter (a).

It is recommended to revise the primary legal framework concerning natural persons affiliated with entities, and in particular, to review the provisions related to the relatives of affiliated natural persons.

It should be noted that the current primary legislation serves as the legal basis for secondary regulations governing the disclosure of personal data of affiliated natural persons — especially that of relatives and in-laws up to the second degree.

This approach contradicts the provisions of Regulation (EU) 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 – GDPR).

Moreover, it unjustifiably extends the obligation of entities to process the personal data of affiliated natural persons with whom they do not maintain any business relationship, thereby exceeding the limits established by the GDPR.

Point 82 and Annex No. 10 of Regulation No. 22/3 of 02.05.2023 approved by the National Commission for Financial Markets (NCFM) regarding qualified shareholdings in the share capital of insurance and reinsurance companies

Point 82 and Annex No. 10 of Regulation No. 22/3 of 02.05.2023, approved by the National Commission for Financial Markets, stipulate that:

"The status of direct and indirect holders of qualified shareholdings in the share capital of an insurance company must continuously comply with the criteria set out in Section 3, in order to ensure prudent and sound management of the insurance company and its compliance with legal provisions. For this purpose, direct and indirect holders, including their beneficial owners, shall submit annually to the supervisory authority, no later than 30 April of the year following the reporting year, the information specified in Annex No. 10."

Regulation No. 22/3 also applies to the affiliated persons of investors (shareholders), including foreign citizens who are protected under both national legislation and EU directives concerning the processing of personal data.

At the same time, foreign investors (shareholders) are required, under Annex No. 10, to submit to the supervisory authority a declaration on their own responsibility, under penalty of law, confirming that all personal data of affiliated natural persons (family members, relatives, and in-laws of the first and second degree of individuals holding management positions within the shareholders), with whom they have no contractual or business relationship and for whom there is no legal basis for disclosure, are complete and accurate.

These provisions contradict Regulation (EU) 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 – GDPR).

They unjustifiably and contrary to the Regulation extend the obligation of investors (shareholders) to process the personal data of affiliated natural persons who do not have any business relationship with the supervised company in the Republic of Moldova.

Article 61(4) of the Law on Joint-Stock Companies – Introduction of an Additional Method for Authenticating the Signature of the Shareholder or Their Legal Representative When Exercising Voting Rights by Correspondence

The introduction of this additional authentication mechanism aims to facilitate shareholder participation in general meetings conducted by correspondence by removing administrative and financial barriers, such as the cost of notarial services.

Based on current practice, particularly in the financial sector, it has been observed that a significant number of shareholders submit voting ballots signed in the presence of company employees, yet these cannot be considered valid since the signatures are not notarised in accordance with the current legal provisions.

By recognising authentication of signatures performed at the company's headquarters by designated personnel, a more accessible, secure, and efficient framework would be established, without compromising the validity or integrity of the voting process.

This adjustment is intended to encourage greater shareholder engagement in the company's decision-making processes.

It is recommended to supplement Article 61(4) of the Law on Joint-Stock Companies by introducing an additional method for authenticating the signature of the shareholder or their legal representative when exercising voting rights by correspondence.

Thus, in cases where the voting ballot is signed and submitted at the company's headquarters, the signature of the shareholder or their legal representative may be authenticated by the person authorised by the company, who is responsible for receiving voting ballots during general meetings conducted by correspondence.

Law No. 149/2012 on Insolvency

In practice, situations may arise where creditors, in order to make a correct and well-founded decision, need:

- The submission of additional information or documents;
- Verification of the accuracy of the materials presented;
- Additional internal consultations.

The absence of an explicit provision allowing for the adjournment or suspension of a creditors' meeting may result either in the adoption of incomplete or unfounded decisions, or in the need to convene a new meeting, requiring the repetition of all procedural formalities (such as convening notices, notifications, and other administrative steps)..

It is recommended to **supplement Article 56 of Law No. 149/2012 on Insolvency** with a new paragraph, as follows:

"(...) In cases where, during the creditors' meeting, it becomes necessary to obtain or review additional information in order to ensure an informed decision, the majority of creditors present may decide, with justification, to suspend the meeting for a specified period. The date and time of the resumption of the meeting shall be announced at the time of suspension and recorded in the minutes. The suspension does not affect the validity of prior procedures carried out during that meeting".

This amendment would allow the meeting to remain formally open without restarting all procedural steps, ensuring at the same time the principles of transparency, procedural efficiency, and protection of the interests of all creditors.

Regulation No. 101 of 19.05.2022 of the National Bank of Moldova (NBM) on Responsible Consumer Lending by Banks

At present, banks and non-bank lending organizations (NCOs) are subject to the same general obligations on responsible lending, as set out in Law No. 202/2013 on Consumer Credit Contracts. However, only NCOs benefit from a procedural exception under Point 36 of Regulation No. 20/5 of 20.05.2022 issued by the National Commission for Financial Markets (NCFM), which applies when the consumer cannot demonstrate confirmed income.

This exception allows NCOs to assess the consumer's creditworthiness either:

- Based on a percentage threshold applied to the minimum guaranteed salary in the real sector, or
- Through an analysis of actual credit servicing costs over the past few months, provided that the consumer has demonstrated a consistent payment history.

Identified problem:

Banks do not have an equivalent provision in the NBM Regulation on Responsible Consumer Lending by Banks. Therefore, in the absence of documented income, banks cannot apply equivalent alternative assessment methods, even though they possess more advanced risk evaluation tools (including access to the Credit History Bureau (BCIS) and clients' current account data), superior risk management capacity, and a stricter supervisory regime.

It is proposed to supplement Article 41 of NBM Regulation No. 101 of 19.05.2022 with a new paragraph, similar to the provision of Point 36 of NCFM Regulation No. 20/5 of 20.05.2022, with the following content:

"By way of derogation from the provisions of this Regulation, where it is impossible to demonstrate the consumer's confirmed income, the maximum cumulative amount of the consumer's monthly debt service shall not exceed:

1. *40% of the minimum guaranteed salary in the real sector, as established by the Government of the Republic of Moldova; or*
2. *40% of the average monthly value of credit servicing costs paid by the consumer for at least 3 months during the last 6 months prior to submitting the credit application. This provision shall not apply if, during the 12 months preceding the credit application, the consumer has recorded at least one overdue payment exceeding 30 days in the servicing of any credit".*

NBM Regulation No. 101 of 19.05.2022 on Responsible Consumer Lending by Banks

At present, the rules on responsible lending are applied differently to banking and non-banking financial institutions. According to the NBM Regulation on Responsible Lending Requirements, banks are required to apply the principles of responsible lending to all consumer credit contracts, except for the limited cases specified in point 9, subpoints 6), 7), 8) and in Sections 3–5 of Chapter 4.

In contrast, the NCFM Regulation on Responsible Lending Requirements provides for a much broader list of exceptions to the application of these principles, in line with Article 22(2) of Law No. 202/2013, including for:

- Interest-free loans,
- Loans with a maturity of up to three months, and
- Loans granted to employees, among others.

This situation creates unequal treatment between banks and non-bank lending organisations (NCOs), even though both types of institutions offer similar credit products to consumers.

It is recommended to **amend NBM Regulation No. 101 of 19.05.2022 on Responsible Consumer Lending by Banks in order to expand the list of exceptions applicable to banks,** by incorporating the provisions of **Article 22(2) of Law No. 202/2013**, as follows:

"The provisions regarding responsible lending requirements shall not apply to banks in the case of credit contracts falling within the categories exempted under Article 22(2) of Law No. 202/2013".

NOTE

ABOUT FIA

The Foreign Investors Association from the Republic of Moldova (FIA) is the first non-governmental and apolitical association of companies with foreign capital operating on the Moldovan market. The association brings together 24 of the largest enterprises with foreign direct investments from 14 countries (Austria, Azerbaijan, Bulgaria, China, Cyprus, France, Germany, Hungary, Ireland, Kazakhstan, Romania, Switzerland, Turkey, and the United Kingdom). These companies are among the most active investors, consistently contributing to the sustainable development of the Republic of Moldova and generating progress in most key sectors of the national economy: agriculture, winemaking, telecommunications and IT, the automotive industry, petroleum, manufacturing and retail, healthcare and pharmaceuticals, the banking and insurance sector, distribution, consultancy, audit, and others.

FIA in numbers and values:

- 24 member companies;
- Companies from 14 countries;
- Active in 15 economic sectors;
- Providing 20,000 jobs;
- Total investments of 2.6 billion euros;
- Contribution to the country's GDP of approximately 19%.

FIA's mission: Facilitating dialogue between decision-makers and foreign investors in order to develop a healthy and predictable investment environment.

FIA's objectives:

- Representing and promoting the views of its members, both to protect their common interests and to attract new investments.
- Cooperating with public authorities in the Republic of Moldova to overcome difficulties and obstacles in relations with foreign investors.
- Defending the interests of the international business community in the Republic of Moldova.
- Informing association members and the general public about the investment climate in the country.
- Informing potential investors about the experience and best practices of FIA members, etc.

FIA in action:

1. Exclusive community of leaders – companies with foreign direct investments, recognized for integrity, innovation, and leadership in key sectors of the Moldovan economy.

2. Direct dialogue with the Government – promoting reforms for a healthy investment environment, attracting foreign investments into the economy of the Republic of Moldova, and maintaining an open dialogue with public authorities.

3. Strategic partnership with the UN – FIA is the only business association in Moldova that has signed a Memorandum of Understanding with the UN Moldova, promoting the Sustainable Development Goals (SDGs).

4. Leadership in ESG and sustainability – FIA members are leaders in implementing ESG practices and non-financial reporting in accordance with European standards.

5. Influence on policies through collective expertise – drafting the White Book with policy proposals and sectoral documents developed together with member companies.

6. Active presence in national and international structures – FIA represents its members' interests in various structures *(European Economic and Social Committee (EESC); National Coordinating Committee of the GTFP II Project; Economic Council under the Prime Minister of the Republic of Moldova and its Working Groups; Advisory Council under the Ministry of Finance; Advisory Council of the State Tax Service; Advisory Committee under the Customs Service; National Confederation of Employers of the Republic of Moldova; Permanent Parliamentary Committees; Working Group of the State Commission for Regulating Entrepreneurial Activity ("Guillotine"); National Council for Dispute Resolution in the field of State Control, including sector-specific dispute resolution councils within control bodies; Permanent Consultative Platform within the Investment Agency, etc.)*.

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