

Notification

As a result of the proposed amendments to the Tax Code of the Republic of Moldova, starting with 2020, the electronic services delivered to individuals shall be subject to VAT according to the new regulations.

Particularly, the Tax Code of the Republic of Moldova shall provide the obligation for non-resident foreign companies that carry out entrepreneurial activity without having organizational and legal form in the Republic of Moldova to calculate and pay the VAT related to electronic services delivered to individuals from the Republic of Moldova through electronic interfaces (through Internet).

Registration of non-resident providers for VAT purposes

For the purpose of VAT taxation of services provided to individuals, the draft law provides for a special way of registering foreign companies with the State Tax Service through the electronic service “e-Commerce-VAT”, which will be available for access starting from 01.01.2020.

A new notion shall be introduced in the Tax Code concerning the registration of non-resident companies as VAT payers.

For registration it is required to submit the application, attaching the copy of the document from the non-resident’s country confirming its registration and legal status, by using the electronic service “e-Commerce-VAT” placed on the website of the State Tax Service of the Republic of Moldova.

After registration, the submission of information on VAT taxable amounts and tax due for payment to the budget of the Republic of Moldova, as well as the exchange of information between the tax authority and the taxpayer shall be carried out electronically through the electronic service “e-Commerce-VAT”.

Object of VAT taxation

Object of VAT taxation are the electronic services provided through electronic networks by non-residents that carry out entrepreneurial activity without having organizational and legal form in the Republic of Moldova to the resident individuals of the Republic of Moldova that do not carry out entrepreneurial activity.

The electronic services subject to VAT are considered the services provided automatically through the telecommunication information networks, including through the global web network “Internet”, with the use of information technologies. The law establishes the list of electronic services, which includes:

a) granting the right to use through Internet computer programs (including computer games), databases, including by granting remote access to them, as well as their up-grade and broadening functional possibilities;

b) providing advertising services on Internet, including with the use of computer programs and databases, which operate on Internet, as well as providing advertising areas (spaces) on Internet;

c) providing services for placing offers for purchase (sale) of goods (services, works), patrimonial rights on Internet;

d) providing services through Internet for granting technical, organizational, informational and other possibilities, carried out with the use of information technologies and systems, for establishing contacts and concluding transactions between sellers and buyers (including granting on-line trade spaces on Internet, where potential buyers offer their price through the automatic procedure and parties are notified about trading through an automatically generated sent message);

e) ensuring and/or supporting commercial or personal existence on Internet, supporting users' information resources (Internet sites and/or webpages), ensuring access to other network users, giving users the possibilities of their modification;

f) storing and processing information on condition that the person providing this information has access to it through Internet;

g) granting online computational power for placing information in information systems;

h) granting domains, providing hosting services;

i) providing services for information systems and sites administration on Internet;

j) providing automatic services through Internet upon entering data by the services' buyer, providing services for data searching, selecting and sorting on request, providing these data to the users through the information and telecommunications networks (especially, stock exchange reports in real time, automatic translation in real time);

k) granting through Internet the rights to use electronic books (editions) and other electronic publications, informational, educational materials, graphic presentations, musical works with or without text, audio-visual works, including by granting remote access to them for viewing or listening;

l) providing services for searching and/or providing to the beneficiary the information on potential buyers;

m) granting access to Internet search systems;

n) keeping statistics on Internet sites;

o) digital transmission of radio or TV programs;

p) granting access to audio-visual content.

Subjects of VAT taxation

According to the new regulations established by the Tax Code, as subjects of VAT taxation qualify:

- non-residents that carry out entrepreneurial activity without having organizational and legal form in the Republic of Moldova, that provide services through electronic networks and obtain income from the resident individuals of the Republic of Moldova that do not carry out entrepreneurial activity;
- non-residents that carry out entrepreneurial activity without having organizational and legal form in the Republic of Moldova, through which resident individuals of the Republic of Moldova that do not carry out entrepreneurial activity pay for the services received through electronic networks from other non-residents, whose place of delivery is considered the Republic of Moldova.

Place of services delivery

The place of delivery of services provided by non-residents that do not have any organizational and legal form in the Republic of Moldova to the resident individuals of the Republic of Moldova that do not carry out entrepreneurial activity is considered the Republic of Moldova, if at least one of the following conditions is fulfilled:

- a) the individual's residence is the Republic of Moldova;
- b) the seat of the financial institution, where the account is opened, used for services payment, or of the operator of electronic financial means, through which the payment is made, is the Republic of Moldova;
- c) the network address (IP) of the device used by the buyer for the services purchase is the Republic of Moldova;
- d) the country prefix of the telephone number used for the services purchase or payment is assigned to the Republic of Moldova.

VAT declaration and payment

The tax period related to VAT for non-resident taxable subjects is the calendar quarter.

Each non-resident taxable subject is required to submit VAT information for each tax period in which taxable transactions took place.

The information shall be drawn up according to the form approved by the State Tax Service and shall be compulsorily submitted by automatic electronic reporting methods through the taxpayer's electronic cabinet until the 25th day of the month following the end of the tax period.

The VAT payment by the non-resident shall be made in national currency or in one of the foreign currencies /EUR/USD/, according to the procedure regulated by the Ministry of Finance of the Republic of Moldova.