



GUIDE

on tax registration of diplomatic missions, technical or investment assistance projects, taxation of income received within them and connection to electronic tax services

(Unofficial translation)

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I. GENERAL PROVISIONS

This Guide sets out the procedure of tax registration and taxation of income of diplomatic missions, accredited consular offices, technical assistance or investment projects, and of individuals foreign citizens within them, as well as the procedure of connection to electronic tax services.

The State Tax Service keeps records of the taxpayers, assigning them Tax Identification Numbers (TIN) and updating the State Tax Register, which includes the TIN assigned according to the in force legislation.

The TIN of diplomatic missions, consular offices, technical assistance or investment projects, as well as of foreign citizens, within diplomatic missions and consular offices, are registered in the State Tax Register on the date of issuing to the taxpayer the Certificate of Tax Identification Number assignment.

The Article 5 point 6 of the Tax Code establishes the notion of a non-resident, who is considered to be any person with a diplomatic or consular status or a member of the family of such a person, any official of an international organization, established on the basis of the international treaty to which the Republic of Moldova is party, or a member of the family of such an official.

At the same time, according to article 187 of the Tax Code, the taxpayer is obliged to submit tax reports for each type of tax or due, within the established term, using the mandatory automatized methods of electronic reporting, in the form and manner set by the State Tax Service.

If an international treaty, that regulates taxation or includes norms that regulate taxation, to which the Republic of Moldova is party, stipulates other rules and provisions than those stated in the tax legislation, the rules and provisions of the international treaty shall be applied. The provisions of the international treaty shall not be applied in the case where the resident of the State, the international treaty was concluded with, is used for the purpose of gaining tax facilities by another non-resident person of the State, the international treaty was concluded with, and who has no right to tax facilities¹.

The tax regime of income received by diplomatic missions, consular offices, technical and investment assistance projects, as well as by the staff members of these missions is regulated by paragraph (1) of article 54 of the Tax Code.

It should be noted that under the Vienna Convention of April 18, 1961 on diplomatic relations, a diplomatic agent shall be exempt from all dues and taxes, personal or real, national, regional or communal, except:

- a)** indirect taxes of a kind which are normally incorporated in the price of goods or services;
- b)** dues and taxes on private immovable property situated on the territory of the receiving State, unless he holds it on behalf of the sending State for the purposes of the mission;
- c)** estate, succession or inheritance duties levied by the receiving State, subject to the provisions of paragraph 4 of article 39;
- d)** dues and taxes on private income having its source in the receiving State and capital taxes on investments made in commercial undertakings in the receiving State;
- e)** charges levied for specific services rendered;

¹ Paragraph (1) of article 4 of the Tax Code

- f)** registration, court or record fees, mortgage dues and stamp duty, with respect to immovable property, subject to the provisions of article 23.

In accordance with the international treaties on technical and investment assistance, to which the Republic of Moldova is party, the income of organizations of foreign states, of international organizations, as well as income received by foreign staff (consultants) operating under the mentioned international treaties, shall not be taxed. The income of resident employees and of resident economic agents operating under the aforementioned international treaties shall be taxed in a general manner, unless otherwise provided in the international treaty.

The list of international treaties on technical and investment assistance, to which the Republic of Moldova is party, and of the technical and investment assistance projects, is established by the Government Decision no. 246 dated April 8, 2010. The determination of tax liabilities related to income tax is stipulated by the Regulation on the attestation of income received by the resident natural and legal persons involved in the implementation of the technical assistance projects, annex no.4 to the mentioned Decision.

II. PROCEDURE OF TAX REGISTRATION

According to the *Instruction on taxpayers' records*², the tax registration of diplomatic missions, accredited consular offices, technical assistance or investment projects is accomplished as follows:

- The authorized person within the diplomatic mission, accredited consular offices, technical assistance or investment projects has to present himself/herself to the State Tax Service unit, in whose area of activity the headquarters is located, for submitting the *Application for the TIN assignment*³, to which shall be attached:
 - a)** the copy of the agreement or treaty, published in the special official edition of the Official Gazette of the Republic of Moldova;
 - b)** the headquarters confirmation certificate, issued by the Ministry of Foreign Affairs and European Integration to the representations (offices) or branches of the international institutions accredited by the respective authority;
 - c)** the headquarters confirmation certificate, issued by the Ministry of Economy to the representations of foreign companies implementing the technical assistance projects;
 - d)** the copy of the passport of the person with diplomatic status from the origin country;
 - e)** the copy of the identity document of the person authorized to submit the documents.
- The tax officer within the State Tax Service unit, within three working days from the application filing date, will issue a *Certificate of TIN assignment*⁴.

In case of data modification regarding the head of diplomatic missions, consular offices, as well as of technical and investment assistance projects, the authorized person within them shall present himself/herself to the State Tax Service unit, in whose area of activity the headquarters is located, to submit the *Application for the TIN assignment*⁵, where the "data modification" box will be checked, attaching the following documents:

² Approved by STS Order no.352 dated September 28, 2017

³ Annex no.2 of the Instruction on taxpayers' record, approved by the STS Order no. 352 dated September 28, 2017

⁴ Annex no.4 to the Instruction on taxpayers' records, approved by the STS Order no.352 dated September 28, 2017

⁵ Annex no. 2 to the Instruction on taxpayers' record, approved by the STS Order no.352 dated September 28, 2017

- a) the certificate confirming the appointment of a person, issued by the Ministry of Foreign Affairs and European Integration;
- b) a copy of the passport of the appointed person from the origin country;
- c) the copy of the identity document of the person authorized to submit the documents.

III. PROCEDURE OF CONNECTION TO ELECTRONIC TAX SERVICES

According to the *Instruction on procedure of using the electronic tax services*⁶, the access of diplomatic missions, accredited consular offices, technical assistance or investment projects to electronic tax services is provided to their responsible persons (head and chief accountant), corresponding to the information in the State Tax Service Information System, under the Agreement on connection to electronic tax services, concluded with the SE „Fiscservinform”.

Thus, in order to get access to the electronic tax services, it is necessary to perform the steps described on the portal www.servicii.fisc.md, accessing the following [link](#) (question no.6).

Attention!

In case of diplomatic missions, accredited consular offices, technical assistance or investment projects, a copy of the head's passport is attached, together with the Tax Identification Number assignment certificate issued by the State Tax Service unit, accompanied by the original.

Diplomatic missions, accredited consular offices, technical assistance or investment projects, whose data on registration/modification are missing in the State Tax Service Information System or, which require access for persons other than those registered in the system, additionally to the provided document will be presented the copy of their statute.

At the same time, diplomatic missions, accredited consular offices, technical assistance or investment projects will provide the Operator with their reliable identification data and of their users and, in the event of any changes of identification data, within three days of the occurrence of the event, will inform the SE „Fiscservinform” about this fact at the e-mail assistance@sfs.md.

The provisions of this paragraph imply the amendment of the Agreement on connection to electronic tax services, which is realized by concluding an additional agreement, signed by the head/person exercising the duties of the head of the diplomatic missions, accredited consular offices, technical assistance or investment projects.



Electronic signatures issued by accredited institutions will be applied for using electronic tax services and sending online reports to the tax authority. The list of licensed operators in the field of electronic signature issuance can be viewed on the www.sfs.md portal by accessing the following [link](#).

⁶ STS Order no. 232 dated July 27, 2017

IV. PROCEDURE OF INCOME TAXATION

4.1 Income received by diplomatic missions and technical and investment assistance projects

In accordance with the international treaties to which the Republic of Moldova is party, the income received by the diplomatic missions and consular offices accredited in the Republic of Moldova is exempted from taxes.

The income of diplomatic missions and other similar missions, organizations of foreign states, international organizations and their staff represents non-taxable source of income in accordance with article 20 (n) of the Tax Code.

With the reference to the income of foreign states organizations and international organizations, operating under international agreements to which the Republic of Moldova is party, article 54 paragraph (3) of the Tax Code and annex no. 4 to the Government Decision no.246 dated April 8, 2010 establish that they are also exempted from taxation.

4.2 Income of employees, individuals - foreign citizens, within diplomatic missions and technical and investment assistance projects

Staff members of diplomatic missions are exempted from taxes, if they are not citizens of the Republic of Moldova or if they do not have permanent residence in the Republic of Moldova. The income of the staff members of the diplomatic missions and consular offices, including administrative, technical and service personnel⁷ is also exempted from taxes.

Therefore, foreign citizens mentioned above have no obligation to declare and pay taxes on the received income in the budget.

It is noteworthy that, related to other income received by the employees of the diplomatic missions in the Republic of Moldova, that are foreign citizens, the tax liabilities related to income tax will be determined in the general manner established by the tax legislation.

Regarding the income of foreign staff (consultants) operating under international treaties, we note that it is not taxed, and, in this respect, the provisions of the framework agreement on cooperation and development between the Republic of Moldova and the foreign state, under which the project is being carried out, are applied.

4.3 Income of employees, individuals - citizens and residents of the Republic of Moldova, within diplomatic missions and technical and investment assistance projects

Taking into account that tax legislation establishes income tax exemption only for diplomatic missions' employees who are foreign citizens, for employees who are citizens of the Republic of Moldova or who have permanent residence in the Republic of Moldova it is applied the general regime established by the Tax Code.

⁷ Article 54 paragraph(1) of the Tax Code

For resident employees operating under the international treaties on technical and humanitarian assistance, to which the Republic of Moldova is party, their income is taxed in a general manner, unless the international treaty provides otherwise. As a basis for income tax exemptions applying to individuals operating in the framework of technical assistance projects, where the international treaty provides the income tax exemption, serves the list of ongoing projects set out in annex 1 of the Government Decision no. 246 dated April 8, 2010.

These provisions also apply to contracting and subcontracting works / services within technical assistance projects, if the international treaty provides the income tax exemption.

As a result of establishing that the income of citizens and residents of the Republic of Moldova, employed within diplomatic missions and/or technical and investment assistance projects, shall be determined in accordance with the general manner set out by the legislation, the income received by them shall be taxed according to the rates established by article 15 of the Tax Code.

In this respect, it is noteworthy that every employer who pays salary to the employee (including the bonuses and granted facilities) is required to calculate, given the exemptions claimed by the employee and the deductions, and to retain from these payments the income tax as provided by Government Decision no. 697 dated August 22, 2014, regarding the Regulation on the withholding of income tax on salary and other payments made by the employer in favor of the employee and the forms certifying the withholding of income tax on the source of payment ⁸.

The income tax rates for individuals are set for each reporting period (fiscal year) according to article 15 of Tax Code.

The income tax is determined by taking into account the exemptions and deductions system set out in articles 33-36 of the Tax Code.

4.4 Income of other persons interacting with diplomatic missions or members of diplomatic missions

Taking into account the fact that the diplomatic mission is the diplomatic representation of a state in another state, which is a permanent authority for foreign relations, it falls under the subjects stipulated in article 90 of the Tax Code and has the obligation to withhold income tax on the source of payment made in favor of individuals according to the regulations established by the Tax Code.

In this respect, the diplomatic missions withhold, in advance, as part of tax, an amount equal to 7% of the payments made in favor of the individual, on the income received by him/her according to the article 18 of the Tax Code⁹.

Organizations of foreign states, international organizations and their personnel, who are in possession and/or in use (rental, lease, usufruct) of real estate property on the basis of contracts concluded with individuals who do not carry out entrepreneurial activity, have no obligations to withhold the tax and to declare the income paid to the tax authority. In the given case, the individual lessor is obliged to pay individually a tax of 7% of the contract value on the received income¹⁰.

⁸ Article 88 paragraph (1) of the Tax Code

⁹ Article 90 of the Tax Code

¹⁰ Article 90¹ paragraph (3⁴) of the Tax Code

4.5 Reporting and payment of income received by employees of diplomatic missions and technical and investment assistance projects

The obligation to withhold income tax on the source of payment appears at the moment of income payment. The withheld tax shall be paid to the budget by the 25th day of the month following the month in which the payments were made.

Relating to the paid income, established as taxable, for which arises the obligation to withhold the income tax on the source of payment, the diplomatic mission and/or the technical or investment assistance project, as payer of income, has the obligation to present:

- a) **monthly**, until the 25th day of the month, following the month in which the payments were made, the Report on the amount of paid income and the income tax deducted from it (**Form IRV 14**);
- b) **annually**, until the 25th day of the month, following the end of the fiscal year, the Information note regarding the salary and other payments made by the employer for the benefit of the employees, as well as the payments paid to the residents from other sources of income than the salary and the income tax deducted from these payments (**Form IALS14**).

The way of completing these reports is set by the Regulation on the withholding of the income tax on salary and other payments made by the employer in favor of the employee and the forms certifying the withholding of the income tax on the source of payment¹¹.

As payers of income, for which the obligation to withhold income tax on the source of payment has arisen, the diplomatic missions and/or the technical or investment assistance project, until 1st of March of the fiscal year immediately following that in which the payments were made, have to submit to the beneficiary of these payments¹² the information regarding the type of paid income, its amount, the amount of the exemptions granted according to article 33-35, the amount of the deductions provided in article 36 paragraph (6) and (7), as well as the amount of withheld tax, in the event of withholding.

The information, that is to be issued to the employees, regarding the income calculated and paid in favor of the individual (legal entity) and the income tax deducted from this income, shall be completed according to the method established in annex no. 5 of the Regulation approved by the Government Decision no. 697 dated August 22, 2014.

V. VAT TAXATION REGIME

According to the provisions of article 104 (c) of the Tax Code, based on the principle of reciprocity, imports and/or deliveries on the territory of Republic of Moldova of goods, services, designated for the official use or personal consumption of diplomatic missions and consular offices accredited in the Republic of Moldova, of representations of international organizations accredited in the Republic of Moldova, of members of personnel of these diplomatic missions and consular offices, as well as of the members of their families living with them, except for the citizens of the Republic of

¹¹ Government Decision No.697 dated August 22, 2014.

¹² Except for those who received income according to article 90¹ of the Tax Code

Moldova, as well as foreign and stateless persons with permanent residence in the Republic Moldova, are taxed at zero VAT rate.

The application of the zero VAT rate, approved by Government Decision no.5432 dated July 8, 2014, provides the delivery of goods/services to the subjects referred to in article 104 (c) of the Tax Code, applying VAT on general principles, with monthly refund of paid VAT.

VAT refunds are made on the basis of the list drawn up and approved by the Ministry of Foreign Affairs and European Integration under the international treaties and the principle of reciprocity.

For technical and investment assistance projects, carried out on the territory of the Republic of Moldova by international organizations and donor countries within the limits of the treaties to which the Republic of Moldova is party, the delivery of the goods and services shall be made at the zero VAT¹³ rate.

The zero VAT rate applies to deliveries of goods/services designated for the projects, according to the list of international treaties and in the manner approved by the Government¹⁴.

As confirmation of local suppliers' deliveries at zero VAT rate serves the letter issued on official form by the donor, implementer or beneficiary, indicating the subject to which the delivery will be made and referring to the technical assistance or investment project, specified in the list of projects, approved by the Government, indicating the project for which delivery is made with the application of zero VAT rate.

¹³ Article 104 (c¹) of the Tax Code

¹⁴ Government Decision no. 246 of April 8, 2010

VI. USEFUL INFORMATION SOURCES:



Official page:
www.sfs.md



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Periodical publication Fiscal Monitor FISC.MD:
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