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Raportul auditorului independent

Conducerii Serviciului Fiscal de Stat din Moldova

Opinie

Am auditat Situațiile financiare ale proiectului de modernizare a administrației fiscale - finanțat de Asociația Internațională de Dezvoltare (AID) și Banca Internațională pentru Reconstrucție și Dezvoltare (BIRD) în conformitate cu Acordul 5829-MD și respectiv Acordul 8625-MD, (Proiectul), care cuprinde bilanțul la 31 decembrie 2021, Rezumatul surselor, utilizărilor fondurilor și extrasul de cont desemnat pentru perioada 01 ianuarie 2021 - 31 decembrie 2021 și note, cuprinzând politici contabile semnificative și alte informații explicative (denumite împreună „Situații Financiare ale Proiectului”).

În opinia noastră, situațiile financiare aferente proiectului sunt pregătite, sub toate aspectele materiale, în conformitate cu baza contabilă descrisă în Nota 2 la Situațiile Financiare ale Proiectului.

Baza opiniei

Auditul a fost efectuat în conformitate cu Standardele Internaționale de Audit (SIA). Responsabilitățile noastre, în conformitate cu aceste standarde, sunt descrise în continuare, în secțiunea Responsabilitățile auditorilor pentru auditul situațiilor financiare ale proiectului. Suntem independenți de proiect în conformitate cu Codul Etic al Profesioniștilor Contabili (inclusiv Standardele Internaționale privind Independența), elaborat de Consiliul pentru Standarde Internaționale de Etică pentru Contabili (IESBA), împreună cu cerințele etice care sunt relevante pentru auditul nostru aferent Situațiilor Financiare ale Proiectului în Republica Moldova și ne-am îndeplinit celelalte responsabilități etice în conformitate cu aceste cerințe și cu Codul IESBA. Credem că dovezile de audit pe care le-am obținut sunt suficiente și adecvate pentru a oferi o bază pentru opinia noastră.

Accentul materiei - Baza Contabilității și Restrictionarea Utilizării

Atragem atenția asupra Notei 2 la Situațiile Financiare ale Proiectului, care descrie baza contabilității. Situațiile financiare ale proiectului sunt întocmite exclusiv în scopul respectării condițiilor din acordurile de finanțare AID 5829-MD și BIRD 8625-MD

semnate între Guvernul Republicii Moldova și BIRD și AID la 28 iunie 2016. Ca urmare, Situațiile Financiare ale Proiectului ar putea să nu fie adecvate pentru un alt scop.

Raportul nostru este destinat exclusiv managementului Serviciului Fiscal de Stat din Republica Moldova. Raportul nostru nu ar trebui să fie folosit de alte părți, altele decât managementul Serviciului Fiscal de Stat din Republica Moldova. Alte părți care aleg să utilizeze sau să se bazeze pe acest raport, vor face acest lucru pe propria răspundere și discreție. Opinia noastră nu este modificată cu privire la acest capitol.

Responsabilitățile conducerii și ale celor însărcinați cu guvernanta pentru Situațiile Financiare ale Proiectului

Conducerea este responsabilă de pregătirea Situațiilor Financiare ale Proiectului în conformitate cu baza contabilă descrisă în Nota 2 la Situațiile financiare ale proiectului, de acceptabilitatea bazei contabilității și de controlul intern pe care conducerea le stabilește, ca fiind necesare pentru a permite pregătirea Situațiilor financiare ale proiectului și care nu conțin denaturări semnificative, fie din cauza fraudei, fie a erorii.

La pregătirea Situațiilor financiare ale proiectului, conducerea este responsabilă de evaluarea relevantă a principiului continuității activității prin prisma contabilității, dezvăluind, după caz, aspecte legate de continuarea activității și utilizarea principiului continuității contabilității, cu excepția cazului în care conducerea intenționează fie să lichideze proiectul, fie să înceteze operațiunile sau nu are altă alternativă realistă decât să realizeze aceste aspecte.

Cei însărcinați cu guvernanta sunt responsabili de supravegherea procesului de raportare financiară a proiectului.

Responsabilitățile auditorului pentru Situațiile financiare ale proiectului

Obiectivele noastre sunt de a obține o asigurare rezonabilă cu privire la faptul că Situațiile financiare ale proiectului în ansamblu sunt lipsite de denaturări semnificative, indiferent dacă sunt datorate fraudei sau erorilor și de a emite un raport al auditorilor care să includă opinia noastră. Asigurarea rezonabilă este un nivel ridicat de asigurare, dar nu este o garanție că un audit efectuat în conformitate cu SIA-urile va detecta întotdeauna o denaturare semnificativă atunci când aceasta există. Declarațiile greșite pot apărea din fraude sau erori și sunt considerate semnificative dacă, individual sau în ansamblu, s-ar putea aștepta în mod rezonabil să influențeze deciziile economice ale utilizatorilor luate pe baza prezentelor Situații financiare ale proiectului.

Ca parte a unui audit în conformitate cu SIA-urile, exercităm judecată profesională și menținem scepticism profesional pe tot parcursul auditului. De asemenea noi:

- Identificăm și evaluăm riscurile de denaturare semnificativă a Situațiilor financiare ale proiectului, indiferent dacă este vorba de fraudă sau eroare, concepem și efectuăm proceduri de audit care răspund acestor riscuri și obținem dovezi care sunt suficiente și adecvate pentru a oferi o bază pentru opinia noastră. Riscul de a nu detecta o denaturare semnificativă rezultată din fraude este mai mare decât pentru una rezultată din eroare, deoarece fraudă poate implica complicitate, fals, omisiuni intenționate, denaturări sau suprascrierea controlului intern.
- Obținem o înțelegere a controlului intern relevant pentru audit pentru a proiecta proceduri de audit care sunt adecvate în circumstanțe, dar nu în scopul exprimării unei opinii cu privire la eficacitatea controlului intern al proiectului.
- Evaluăm caracterul adecvat al politicilor contabile utilizate și caracterul rezonabil al

estimărilor contabile și al prezentărilor aferente făcute de conducere.

- Concluzionăm, după caz, cu privire la caracterul adecvat al utilizării de către management a principiului continuității activității pe baza probelor de audit obținute, dacă există o incertitudine semnificativă legată de evenimente sau condiții care ar putea pune dubii semnificative asupra acestui principiu. Dacă concluzionăm că există o incertitudine semnificativă, suntem obligați să atragem atenția în raportul auditorilor noștri cu privire la constatările aferente din situațiile financiare ale proiectului sau dacă aceste dezvăluiri sunt inadecvate pentru a ne modifica opinia. Concluziile noastre se bazează pe probele de audit obținute până la data raportului auditorilor noștri. Cu toate acestea, evenimentele sau condițiile viitoare pot face ca Proiectul să înceteze buna derulare.

Comunicăm cu cei responsabili de guvernanta în ceea ce privește, printre altele, domeniul de aplicare și calendarul planificat al auditului și constatările semnificative ale auditului, inclusiv orice deficiențe semnificative în controlul intern pe care le identificăm în timpul auditului nostru.

KPMG Moldova S.R.L. Republica
Moldova , Chișinău 21 iulie, 2022

TAX ADMINISTRATION MODERNIZATION PROJECT
IDA AGREEMENT 5829-MD / IBRD AGREEMENT 8625-MD
PROJECT FINANCIAL STATEMENTS
For the period from 01 January 2021 to 31 December 2021

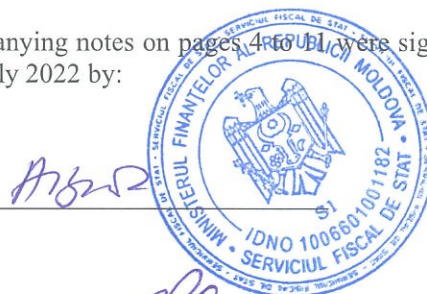
1 Balance Sheet

	Period ended 31 December 2021 USD
ASSETS	
Cash and cash equivalents	
Cash under IBRD 8625-MD	-
Cash under IDA 5829-MD	85
	85
Undisbursed funds	
IBRD 8625-MD Undisbursed balance	747,054
IDA 5829-MD Undisbursed balance	1,801,804
TOTAL UNDISBURSED FUNDS	2,548,858
TOTAL CASH AND CASH EQUIVALENTS	2,548,943
Cumulative project expenditures	
IBRD 8625-MD - Project Expenses	12,488,959
IDA 5829-MD - Project Expenses	5,646,439
TOTAL CUMULATIVE PROJECT EXPENSES for the period 25 Jan 2017 – 31 Dec 2021	18,135,398
TOTAL ASSETS	20,684,341
Source of funds (Funding)	
IBRD 8625-MD	12,580,000
IDA 5829-MD	7,420,000
Translation exchange difference EUR/USD (for IBRD 8625-MD)	656,013
Translation exchange difference XDR/USD (for IDA 5829-MD)	28,328
TOTAL FUNDING	20,684,341
TOTAL FUNDS AND LIABILITIES	20,684,341

The financial statements and accompanying notes on pages 4 to 11 were signed and approved on behalf of the Project's management on 21 July 2022 by:

Ms. Rozalina Albu
Director

Ms. Svetlana Rodideal
Interim Deputy Head of Economic and Finance Division



TAX ADMINISTRATION MODERNIZATION PROJECT
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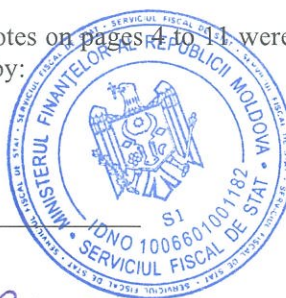
2 Summary of Sources and Uses of Funds

	Period ended 31 December 2021 USD
OPENING CASH BALANCES	
IDA 5829-MD Designated Account	2,791
IBRD 8625-MD Designated Account	-
Own funds	-
TOTAL OPENING CASH BALANCES	2,791
FINANCING	
IDA 5829-MD	
Designated account	125,500
Direct payments	-
Reimbursement against Disbursement Linked Indicators	3,586,521
IBRD 8625-MD	
Designated account	-
Direct payments	-
Reimbursement against Disbursement Linked Indicators	12,488,959
Total Financing	16,200,980
EXPENDITURES	
Goods, Non-consulting services, consulting services, training & incremental operating costs	128,206
Eligible expenditures under Disbursement Linked Indicators IDA 58290	3,586,521
Eligible expenditures under Disbursement Linked Indicators IBRD 86250	12,488,959
Total Expenditures	16,203,686
CLOSING CASH BALANCES	
IDA 5829-MD Designated Account	85
IBRD 8625-MD Designated Account	-
Own funds	-
TOTAL CLOSING CASH BALANCES	85

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Ms. Rozalina Albu
 Director

Albu



Ms. Svetlana Rodideal
 Interim Deputy Head of Economic and Finance Division

Rodideal

TAX ADMINISTRATION MODERNIZATION PROJECT
IDA AGREEMENT 5829-MD / IBRD AGREEMENT 8625-MD
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For the period from 01 January 2021 to 31 December 2021

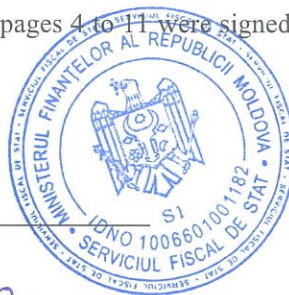
3 Designated Account Statement

	Period ended 31 December 2021
	USD
Opening balance, 01 January 2020	2,791
Add:	
Sources of funds – IDA 5829-MD	125,500
Sources of funds – IBRD 8625-MD	-
Less:	
Uses of funds	128,206
Exchange Rate Differences	-
Closing balance, 31 December 2020	85

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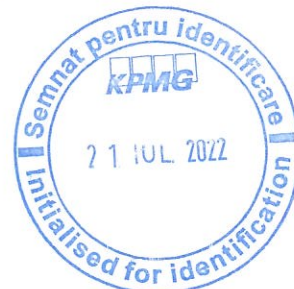
Ms. Rozalina Albu
 Director





Ms. Svetlana Rodideal
 Interim Deputy Head of Economic and Finance Division





Notes to the Project Financial statements

1. GENERAL INFORMATION

The objective of the Project was to improve revenue collection, tax compliance and taxpayer services in the Republic of Moldova. Since September 2020, the objective is to support business survival and sustain employment in the context of the COVID-19 pandemic, through temporary tax relief, and improve taxpayer services in the Republic of Moldova.

The Project consists of the following parts:

Part 1. Tax Policy, Tax Administration Reforms, and Operational Development

Provision of financing for Eligible Expenditure Program to support the Borrower in increasing efficiency of the tax policy and tax administration, including strengthening the operational capacity of the State Tax Service of Moldova through, inter alia,

- (a) increasing nominal value of the specific and minimal excise rates for all tobacco products under tariff position 240220 for the year 2021 by at least 15 percent compared to the Excise Rates from 2020;
- (b) ensuring that supplies of goods by insolvent subjects are taxed with VAT on the reverse charge principle;
- (c) improving the usability of the STS website, through the launching of a single STS website which would, inter alia, (i) support to requirements of people with special needs; (ii) allow taxpayers to submit income statements electronically through their personal account created on the site; (iii) be synchronized with the state web sites through the automated information exchange (open data); (iv) have a new searching system which will reflect the final version of the legal documents, specifying all amendments and additions; and (v) have a feedback mechanism through the online (chat) assistance service;
- (d) strengthening the capacity of STS staff to deliver taxpayer services by developing a Manual on taxpayer services and training the STS staff on its use; and
- (e) developing and carrying out of an electronic taxpayer survey tool.

Part 2. Institutional Development

Provision of support for strengthening STS performance and service delivery, including through inter alia: (a) the purchase and installation of technical hardware and software to support the functioning of the existing and future IT and communication systems, and training equipment; (b) the carrying out of training activities; and (c) the carrying out of regular taxpayer satisfaction surveys; and (d) the technical development and establishment of the new STS's website with improved usability and broadened functionality to replace the two existing web-sites.

Part 3. IT Infrastructure and System Modernization

Provision of support for the purchase and installation of tax administration modernization tools, including the provision of relevant hardware and software, and training regarding, inter alia, its functions, management reporting and document management tools.



Notes to the Project Financial statements (continued)

1. GENERAL INFORMATION (continued)

Part 4. Project Management and Change Management

- (a) Carrying out of capacity building activities supporting the Borrower's change management process to implement the activities referred to in Parts 1, 2, 3 and 5 above, including: (i) the carrying out of awareness campaigns and training activities on the implementation of said reforms; and (ii) the establishment of a private sector advisory panel for citizen engagement; and
- (b) Project implementation, monitoring and evaluation including through: (i) the carrying out of the Project audits; and (ii) the financing of Operating Costs.

Part 5. Maintaining employment and business survival in the context of COVID-19 pandemic

Provision of support for the implementation of Government programs on granting subsidies for salaries and VAT refund to mitigate the negative fiscal impact of the COVID-19 pandemic. This Component has two Performance Based Conditions:

- (a) support sustaining business operations and employments levels in the context of COVID-19;
- (b) support establishing the relevant legal frameworks to efficiently and effectively implement the tax relief programs, introducing a public awareness campaign to ensure adequate information dissemination as well as optimum access by eligible beneficiaries, operationalizing grievance mechanisms and ensuring transparent reporting on the implementation of the programs.

Pursuant to the amendments signed to the Financing Agreements in September 2020, the Project was restructured into 5 major parts, as a result of including Part 5. The new structure of the Project consists of the following parts.

- Part 1. Support Tax Policy, Tax Administration Reforms and Operational Development
- Part 2. Institutional Development
- Part 3. IT Infrastructure and System Modernization
- Part 4. Project Management and Change Management
- Part 5. Maintaining employment and business survival in the context of Covid-19 pandemic

PROJECT FUNDING

IDA 5829-MD and IBRD 8625-MD financing agreements

The IDA 5829-MD and IBRD 8625-MD were signed between the Republic of Moldova and International Development Association and the International Bank for Reconstruction and Development on June 28th 2016, in amount of SDR 5,300,000 (equivalent of USD 7,420,000 at the historical exchange rate of 1.4 SDR for 1 USD) and USD 12,580,000, respectively. The financing agreements were signed in order to achieve the objective of the Project: to strengthen State Tax Service capacity through increased efficiency and effectiveness.



Notes to the Project Financial statements (continued)

2. BASIS OF ACCOUNTING (continued)

(f) Sources of funds (Funding)

The sources of funds (funding) are the amounts committed by the International Development Association and International Bank for Reconstruction and Development according to the financing agreements.

(g) Project expenditure (Uses of funds)

The uses of funds are the amounts spent for covering eligible expenditures for the needs of the Project and funds disbursed transferred to the Ministry of Finance for the achievement of Disbursement Linked Indicators, as defined by the loan agreement.

These are recognized on a cash basis method.

(h) Undisbursed funds

Represents the balance of funds which are not yet drawn from the Sources of funds.

(i) Cash and cash equivalents

Total cash and cash equivalents comprises: cash and cash equivalents in banks drawn from the Sources of funds and which are not yet used for project expenditure.



TAX ADMINISTRATION MODERNIZATION PROJECT
IDA AGREEMENT 5829-MD / IBRD AGREEMENT 8625-MD
PROJECT FINANCIAL STATEMENTS
For the period from 01 January 2021 to 31 December 2021

Notes to the Project Financial statements (continued)

4. SUMMARY OF ELIGIBLE EXPENDITURES UNDER DLI

<i>World Bank Summary of eligible expenditures under Disbursement Linked indicators Ministry of Finance and State Tax Service</i>	Period January 01st 2021 - December 31st 2021
	USD
IDA 5829-MD	
Funds disbursed to Ministry of Finance (recurring costs of MF and STS)	3,586,521
IBRD 8625-MD	
Funds disbursed to Ministry of Finance (recurring costs of MF and STS)	12,488,959
Uses of funds during 2021 - Eligible expenditures under Disbursement Linked Indicators	16,075,480
Funds used in the prior periods - Eligible expenditures under Disbursement Linked Indicators	798,446
Cumulative uses of funds Eligible expenditures under Disbursement Linked Indicators as at December 31st 2021	16,873,926

5. EXPENDITURE DETAIL BY PROJECT ACTIVITY

	Period January 25th 2017 - December 31st 2020	Period January 01st 2021 - December 31st 2021	Cumulative as at December 31st 2021
	USD	USD	USD
Part 1: Tax Policy, Tax Administration Reforms and Operational Development	798,446	1,509,135	2,307,581
Part 2: Institutional development	464,949	58,254	523,203
Part 3: IT infrastructure and System Modernization	625,656	69,952	695,608
Part 4: Project Management and Change Management	42,661	-	42,661
Part 5: Maintaining employment and business survival in the context of COVID-19 pandemic	-	14,566,345	14,566,345
Total expenditures by project activity	1,931,712	16,203,686	18,135,398



TAX ADMINISTRATION MODERNIZATION PROJECT
IDA AGREEMENT 5829-MD / IBRD AGREEMENT 8625-MD
PROJECT FINANCIAL STATEMENTS
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Notes to the Project Financial statements (continued)

6. SUBSEQUENT EVENTS

During the period December 31st 2021 and until the date these Project Financial Statements have been authorised for issue, the following disbursements have been made:

		Application amount SDR	Amount disbursed USD	USD
IDA 5829-MD				
Application No. 35		440,000	615,639	
Application No. 36	Disbursement	27,453	38,500	
Application No. 38	Refund	(28,754)	(38,500)	
Total disbursed during January 01st 2022 – July 21st 2022 period				615,639

		Application amount EUR	Amount disbursed USD	USD
IBRD 8625-MD				
Application No. 003	Disbursement	35,100	38,505	
Total disbursed during January 01st 2022 – July 21st 2022 period				38,505

Some major disbursements were performed during the period December 31st 2021 and until the date these Project Financial Statements have been authorised for issue:

SUMMARY OF ELIGIBLE EXPENDITURES UNDER DLI

World Bank Summary of eligible expenditures under Disbursement Linked indicators Ministry of Finance and State Tax Service:		Period January 01st 2022 - 21st July 2022
		USD
IDA 5829-MD		
Funds disbursed to Ministry of Finance on 3 rd February 2022		615,639
Uses of funds during 2022 - Eligible expenditures under Disbursement Linked Indicators		615,639
Funds used in the prior periods - Eligible expenditures under Disbursement Linked Indicators		16,873,926
Cumulative uses of funds Eligible expenditures under Disbursement Linked Indicators as at Project Financial Statements Date		17,489,565



Notes to the Project Financial statements (continued)

6. SUBSEQUENT EVENTS (continued)

On December 23, 2021, TAMP reported and provided evidence of attainment of Performance-Based Conditions (PBC) 5.1, „*Pilot of the electronic taxpayer survey mechanism is completed and training courses for the designated staff to support the roll-out are conducted, and the roll-out is initiated*” in accordance with the provisions of the Section II. C to Schedule 2 of the Financing Agreement No.5829-MD, between the Republic of Moldova and the International Development Association. On January 21, 2022, TAMP received the approval that World Bank accepted the evidence furnished in fulfillment of the withdrawal conditions for PBC 5.1, and the corresponding amount of XDR 440,000 is available for withdrawal. The Credit amount of USD 615,639.20 for PBC 5.1 was disbursed on February 3, 2022.

Total audit and agreed upon procedures fees of equivalent of USD 39,500 will be paid subsequent to the approval of the Project Financial Statements and are not included in the above listed expenditures.

