



# Questionnaire

## Part II

**Information provided by the Government of the Republic of Moldova  
to the Questionnaire of the European Commission**

### **CHAPTER 33: FINANCIAL AND BUDGETARY PROVISIONS**

May 2022

This chapter covers the rules concerning the financial resources necessary for the funding of the EU budget (*'own resources'*). These resources are made up of the following: traditional own resources, especially customs duties, which are levied by the Member States on behalf of the EU; a resource based on value-added tax; a resource based on each Member State's gross national income and finally since - 1 January 2021 - a resource based on the weight of plastic packaging waste generated in each Member State. Member States must have appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources. The *acquis* in this area is directly binding and does not require transposition into national law.

## ***I. TRADITIONAL OWN RESOURCES***

**1. Which departments are responsible for levying import duties (customs duties and agricultural duties) and possible other charges levied on goods entering Moldova? For each relevant department, please give details of:**

**a) The general organization set-up (central departments and external services).**

The Customs Service, which is a public authority subordinated to the Ministry of Finance, is the only institution in the Republic of Moldova responsible for collecting import duties on goods entering the country. According to the Law 302/2017 on Customs Service<sup>1</sup>, its structure includes:

- **the central body,**
- **customs offices** – territorial units, subordinated to the central body and
- **customs posts** – territorial units, subordinated to customs offices.

In the central body, the Customs Revenues Directorate within the Customs Revenues and Control Department is responsible for the methodological coordination of the Customs Service units regarding calculation and collection of import duties, tariffs regulation, checking the correctness of customs declarations, modification and extinction of the customs obligations.

Customs offices ensure compliance with customs regulations in regions of the country.

Customs posts, which are border and internal posts, ensure the collection of import duties, application of procedures provided by the customs regulations, customs clearance and customs control.

**b) Collecting, accounting and control procedures.**

Record-keeping of customs obligations are ensured taking into account the following:

- (1) Customs bodies ensure administration and record-keeping of import and export duties, and of penalties and fines applied for the customs contraventions.
- (2) Record-keeping of customs obligation is ensured by entering data regarding its occurrence, modification and extinction in the personal record-sheet of the customs payer.
- (3) Amounts of customs obligations entered in the record-keeping system should be in the national currency.

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<sup>1</sup> Law No. 302/2017 on Customs Service, available in Romanian at: [https://www.legis.md/cautare/getResults?doc\\_id=128024&lang=ro#](https://www.legis.md/cautare/getResults?doc_id=128024&lang=ro#)

- (4) Record-keeping of customs obligations should be stored in the electronic format, ensuring automated processing of the information from the integrated customs information system.
- (5) Organization of customs obligations record-keeping is based on the following rules:
- opening of the personal record-sheet of the customs payer as a participant in the external economic activity corresponding to the fiscal code, upon registration, based on the set of founding documents;
  - reflection of the occurrence, modification and extinction of the customs obligations during the period of a fiscal year in the personal record-sheet of the customs payer;
  - operating on-line, in the information record-keeping system, entries regarding the occurrence, modification or extinction of the customs obligations, based on the supporting documents;
  - operating entries in the personal record-sheet of the customs payer in chronological order, according to the data for carrying out the operations regarding the occurrence, modification and extinction of the customs obligation;
  - daily registration and reflection in the personal record-sheet of the customs payer of the payment in advance, by transfer, of the import and export duties, made on the basis of the information received from the State Treasury;
  - online registration and reflection of cash payment of import and export duties in the personal record-sheet of the customs payer should be made by the customs officer responsible for completing the single customs administrative document, based on the cash collection order, in which the respective mention of the bank is applied;
  - daily and monthly checking of the collection of the import and export duties between the customs bodies and the Customs Service and, respectively, the Central Treasury, according to the situation from the first date of the month immediately following the reporting month;
  - ensuring the extinction of customs obligations by compensation, including the return of funds to the bank accounts of the customs payer;
  - preparation by the customs bodies and the Customs Service of the reports regarding the calculated and collected amounts of the import and export duties;
  - drawing up, at the request of the customs payer, the checking act on calculated and paid amounts of the import and export duties and the situation on budget disbursements;
  - issuance of certificates on absence or existence of debts to the state budget, customs payment compartment.

**2. Are there separate accounts to distinguish recovered debts and outstanding debts? What was the revenue from import duties for the latest available full-year final data? Please provide a breakdown of the total yield by Moldova's imports originating from the Union's Member States (EU-27) and the rest of the world.**

There are no separate accounts to distinguish recovered debts and outstanding debts.

In 2021, the revenue from import duties amounted 28 521 093 thousand MDL:

<b>No.</b>	<b>Type of revenue</b>	<b>Amount, thousand MDL</b>
1.	VAT	<i>19 614 568</i>
2.	Excise duties	<i>6 731 461</i>
3.	Customs duties	<i>1 539 139</i>
4.	Fee for customs clearance procedures	<i>635 925</i>
	<b><i>Total</i></b>	<b><i>28 521 093</i></b>

Total revenue from imports originating, 2021:

Goods imports from the EU	3.1 billion USD
Goods imports from other countries	4.0 billion USD
Total imports of goods	7.1 billion USD

## **II. VAT RESOURCE**

### **3. Is there a value-added tax system applicable in Moldova? If so, please provide a summarized description thereof<sup>2</sup>**

The information about VAT system applicable in Moldova is presented in Chapter 16 Taxation (B. Value Added Tax) of this questionnaire.

### **4. For the relevant departments (Ministry of Finance, tax administration, statistical office) please give details of:**

#### **a) The general organizational set-up:**

Tax and Customs Policy Directorate is the unit within the Ministry of Finance whose mission is to develop, promote, coordinate and monitor fiscal and customs reforms and policies at the national level. The Directorate includes 3 units:

- Indirect Taxes Unit;
- Direct Taxes Unit;
- Analytical Unit.

Tax administration is ensured by the State Tax Service, which is subordinated to the Ministry of Finance. General organizational set-up of the State Tax Service is presented in Chapter 16 Taxation (E. General Tax Administration, point 41).

#### **b) VAT collection, accounting, control procedures, and statistical infrastructure:**

<b>Total VAT (gross)</b>	<b>25 508.8 million MDL</b>
including:	
VAT on goods produced and services provided on the territory of the Republic of Moldova	8 918.4 million MDL
VAT on imported goods	19 614.6 million MDL
VAT refund	-3 024.2 million MDL

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<sup>2</sup> Reference to the response given under Chapter 16 (Taxation) may be done, if applicable.

**5. What were the gross receipts of VAT and VAT refunds for the year 2021? If possible, provide a breakdown of the total VAT receipts by VAT receipts levied on importation and VAT receipts levied within the country.**

Information on tax administration (VAT collection, accounting, control procedures and statistical infrastructure) is presented in the Chapter 16 Taxation.

### ***III. GNI RESOURCE***

**6. Are National Accounts and the compilation of GNI (Gross National Income) based on the definitions and accounting rules of the European System of National and Regional Accounts 2010 (ESA 2010)? If not, please give details of the system currently applied.**

National Accounts and the compilation of GNI are based on the definitions and accounting rules of the United Nations System of National Accounts 2008 (SNA 2008).

**7. Are National Accounts adjusted to cover the non-observed economy? What is the impact of these adjustments on the level of GNI? What methodology is used to account for the non-observed economy?**

National accounts are adjusted and include the estimated values of the production within the non-observed economy (NOE), which is calculated according to the OECD Handbook 'Measuring the Non-Observed Economy'. These include the results obtained in (without illegal economy):

- formal sector, estimated for:
  - tax fraud of legal entities and individuals;
  - use of 'undeclared' work of workers without employment contracts;
  - payment of salaries in 'envelope'.
- informal sector, estimated for:
  - self-employed workers;
  - family helpers;
  - unregistered employers who use paid work;
  - production of households and small farmers for sale (market).
- production in the household sector for own consumption (self-consumption).

Share of NOE in GNI in 2020 was about 26 %.



#### ***IV. NON-RECYCLED PLASTIC***

**8. Are data collected and published on the yearly amount of non-recycled plastic? If so by whom, e.g. Statistical office, Ministry of environment, others?**

For policy development purposes, there are some estimations on plastic waste generation (based on expert's judgments and per capita plastic waste generation rate estimated at 46 kg/capita in 2020) and the quantity of plastic waste recycled at the national level which is based on reports provided by authorized operators in waste management (the national recycling rate is rather modest at 1 % in 2014 to 4 % in 2020). Some plastic waste is exported for recycling to other countries.

Besides this, there are several initiatives to quantify plastic waste generation within several technical assistance projects. For instance, the country is now testing the Basel Convention Plastic Waste Inventory Toolkit aiming to estimate the amount of plastic waste and to identify the main sources of plastic waste, as well as to improve plastic waste data reporting. The calculation routines have been developed by United Nations Institute for Training and Research (UNITAR). The methodology to calculate the total quantity of plastic placed on the market and the plastic waste generation in the reported year per country is based on:

- the amount of imported plastic (using Harmonized System codes);
- the amount of exported plastic (using Harmonized System codes);
- the amount of domestically produced plastic (using Customs Procedures codes).

As a result of the project, the country will improve plastic waste data reporting. Starting 2023, the country will decide on the tool to be used for data collection and calculation of the non-recycling plastic.

## ***V. ADMINISTRATIVE INFRASTRUCTURE***

### **9. Which Ministry and departments will have overall responsibility for financial and budgetary issues in Moldova? Please explain its/their functioning.**

Competences and responsibilities in relation to public finances are established and described in the Chapter III of the Law no. 181/2014 on public finance and fiscal responsibility<sup>3</sup>.

The budget process in Moldova is distributed between the executive and legislative powers. The Executive prepares and executes the State Budget, State Social Insurance Budget and Compulsory Health Insurance Funds Budget, and the Legislative is responsible for budget adoption and its amendments, while control over execution is done by the Court of Accounts. The list of key budget process participants and their major functions are summarized in table below:

<b>Institutions</b>	<b>Main functions</b>
Ministry of Finance	Budget preparation, execution and reporting Debt management Tax and customs revenue policies Treasury Services for public administration authorities
Which includes subordinated institutions:	
<i>Financial Inspection</i>	<i>Government's financial control</i>
<i>State Tax Service</i>	<i>Collection of taxes</i>
<i>Customs Service</i>	<i>Collection of customs duties</i>
<i>Court of Accounts</i>	<i>External Public Audit in the public sector</i>

The Parliament, the Government, the Ministry of Finance, and the Court of Accounts exercise their respective functions at different stages of the budget process. The Ministry of Finance and the Government are implementing public finance management reforms which envisage strengthening the capacity of all budgetary and public institutions.

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<sup>3</sup> Law No. 181/2014 on public finances and fiscal responsibility, available in Romanian at: [https://www.legis.md/cautare/getResults?doc\\_id=126152&lang=ro](https://www.legis.md/cautare/getResults?doc_id=126152&lang=ro)

The main responsibilities of the key players in the area of public finances are described below.

### **The Parliament of the Republic of Moldova and its Standing Committees**

The Standing Committee for Economy, Budget, and Finance of the Parliament has the core responsibility for budgetary, tax and customs policies. It scrutinizes annual budget laws which are then debated and adopted in the Plenum of the Parliament. The Standing Committee for Control of Public Finance examines annual reports of the Government on the execution of the state budget, state social insurance budget and mandatory medical insurance funds budget. It also examines and conducts hearings of the audit reports developed by the Court of Accounts.

### **The Government of the Republic of Moldova**

In the area of public finances, the Government's basic competencies and responsibilities are:

- Ensuring the sustainability of the government program and other policy documents from a budgetary-fiscal point of view;
- Approving the medium-term budgetary framework;
- Approving and presenting to the Parliament the draft annual budget laws, as well as the draft laws on budget amendments;
- Presenting to the Parliament reports on the execution of the national public budget and its components.

### **The Ministry of Finance**

The Ministry of Finance is the central public authority in the field of public finance and has the following competencies and responsibilities:

- Establishing the intermediate activities of the budget calendar and monitors its implementation, as well as ensuring the general coordination of the budgetary process;
- Developing and ensuring the implementation of the budgetary-fiscal policy according to the established principles and budgetary-fiscal rules;
- Preparing and presenting the medium-term budgetary framework to the Government for approval;
- Analysing the budget proposals of the central public authorities, elaborating and presenting to the Government the draft annual law on the state budget and, if necessary, the draft laws on its amendments;

- Examining the drafts of the annual laws on the state social insurance budget, the compulsory health insurance funds and the consolidated summaries of the first and second level local budget drafts, as well as determines the inter-budgetary transfers in accordance with the legislation;
- Ensuring the management of the public resources of the NPB components through the Single Treasury Account and other accounts opened in the National Bank of Moldova and in the financial institutions, administering the state budget and monitoring the execution of the other component budgets of the national public budget;
- Managing the Treasury system;
- Participating in the Automated Interbank Payment System;
- Drawing up and publishing periodic and annual reports on the execution of the state budget, as well as on the execution of the national public budget;
- Managing state debt and state guarantees, as well as monitoring public sector debt;
- Performing financial monitoring of the public authorities for self-management, of the state enterprises and of the commercial companies with integral or majority state capital;
- Elaborating and approving the methodological framework necessary to implement legal acts in the field of public finances, as well as providing methodological assistance to the central and local public authorities in the budgetary process;
- Approving the drafts of normative acts with financial implications on the budgets, as well as the drafts of agreements, memoranda, protocols or other documents of financial character, concluded with other states or with international organizations.

**Central public authorities** (line ministries, governmental agencies and institutions subordinated to the Government or Parliament) have primary responsibilities for budget planning, execution, accounting and reporting, implementation of the sectoral expenditure strategies within MTBF; and formulating sectoral policy priorities.

**Budgetary authorities / institutions** have the following responsibilities:

- Developing budgets in accordance with their needs and approved rules;
- Executing budgets based on budget classification and within approved budget limits;
- Implementing and reporting on the program-based budgets;
- Ensuring the management of budget allocations and the administration of public patrimony, in accordance with the good governance principles;

- Publishing approved budgets and reports on their implementation, including program performance budgets.

**Local public authorities** have the following responsibilities:

- Preparing, approving and administering local budgets in compliance with the principles and rules established by the law and in accordance with the legislation on local public finances;
- Preparing and approving, within the limits of its competences, measures to increase the fiscal base and to ensure sustainability of the local budgets on medium and long term;
- Submitting, through the representative associations of the local public administration authorities, proposals in the process of drafting the budgetary-fiscal policy and sectorial policies, as well as participating in the consultations regarding the inter-budgetary relations;
- Cooperating with the central public authorities and implementing at local level the programs and policies included in the national strategic documents;
- Publishing local budgets and reports on their implementation, including performance of local programs;
- Ensuring the management of budgetary resources and the administration of the public patrimony, in accordance with the good governance principles.

**The Court of Accounts of the Republic of Moldova** is the Supreme Audit Institution of the state, which contributes to the good governance by carrying out independent, credible, transparent and high-quality audit missions. Art. 133 of the Constitution <sup>4</sup>, substantiates the Court of Accounts in its capacity as an audit institution with a sufficiently broad mandate, which exercises control over the formation, administration and use of public financial resources. It performs financial, performance and compliance audits. Its audit reports are scrutinized by and debated in the Parliamentary Standing Committee for Control of Public Finance. Its mandate, organizational setup, independence guarantees and activity are regulated by the law no 260/2017 <sup>5</sup>.

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<sup>4</sup> Constitution of the Republic of Moldova, available in Romanian at: [https://www.legis.md/cautare/getResults?doc\\_id=128016&lang=ro](https://www.legis.md/cautare/getResults?doc_id=128016&lang=ro)

<sup>5</sup> Law No. 260/2017 on organization and functioning of the Court of Accounts of the Republic of Moldova, available in Romanian at: [https://www.legis.md/cautare/getResults?doc\\_id=126160&lang=ro](https://www.legis.md/cautare/getResults?doc_id=126160&lang=ro)