

PUBLIC STATEMENT

FISCAL POLICY 2027: HOW MUCH WILL THESE CHANGES COST EACH FAMILY IN THE REPUBLIC OF MOLDOVA?

The “Building Trust” Civic Movement is following with concern the proposed changes to the 2027 tax policy and believes that citizens have the right to know not only the names of the proposed measures, but also the concrete impact they may have on their daily lives.

While the authorities speak of the need to consolidate budget revenues, people are justified in asking: **who will actually pay the cost of this reform?**

An analysis of the published proposals shows that a significant portion of the tax burden risks being shifted onto citizens, young families, farmers, and local businesses.

Electricity

Currently, electricity benefits from a preferential tax regime. A change with a direct impact on the population and the business environment involves eliminating the 0% VAT rate for electricity and taxing it at a 20% VAT rate. Unlike goods, which are shifting from an 8% to a 20% rate, the effect on electricity would be more pronounced, as the VAT would rise from zero to the standard rate. Thus, if the pre-VAT tariff remains unchanged, the final price paid by the consumer would increase by 20%.

Applying a 20% VAT rate could increase the bill for a household that consumes approximately 200 kWh per month by about **140 lei per month**, which amounts to over **1,700 lei annually**.

Natural Gas

The switch from an 8% VAT rate to a 20% VAT rate could increase the cost of each cubic meter of gas by approximately **1.6 lei**.

For a household that consumes 1,000 m³ of gas during a cold season, this could mean additional expenses of over **1,600 lei per year**.

Firewood

In the case of firewood, the impact would also be felt directly by households that heat their homes with stoves. If the VAT were to increase from 8% to 20%, and the price excluding VAT remained unchanged, a ster of firewood purchased today for 1,200 lei would cost approximately 1,333 lei, representing an increase of about 133 lei. At an average price of 1,300 lei per cubic meter, the increase would be approximately 144 lei, and at 1,400 lei per cubic meter, about 156 lei. **For a household purchasing 5 cubic meters for the cold season, the additional cost could range roughly between 650 and 780 lei, solely due to the change in the VAT rate.**

Products for Infants and Young Children

Among the changes that have received less attention but have a direct impact on young families is **the elimination of the VAT exemption for a range of products intended for children's nutrition.**

These include special infant formula, powdered milk formulas, food preparations for young children, canned meat for children, purees, fruit and vegetable preparations, as well as other products frequently used in children's diets during their early years.

At a time when the Republic of Moldova is facing rapid depopulation and a steadily declining birth rate, we believe that public policies should reduce—not increase—the costs associated with raising children.

Passenger Cars

Another proposed change concerns the tax regime applied to passenger cars imported into the Republic of Moldova. Under the new approach, passenger cars would be subject to VAT at the standard rate of 20%, while excise taxes would be retained but at adjusted rates.

The impact on consumers could be significant, as VAT would apply not only to the excise tax but also to the taxable value at import, which is based on the car's value and includes, where applicable, the excise tax and other import duties. Thus, even if the proposed excise tax is lower than under the traditional system, the introduction of a 20% VAT could considerably increase the final cost of the vehicle.

As an illustrative example, consider a passenger car with a 2,000 cm³ engine, a 5-year useful life, and a purchase price of 15,000–20,000 euros. Based on the proposed excise tax rate of 8.05 lei/cm³, the new excise tax would amount to approximately 800 euros.

For a car costing 15,000 euros, the calculation basis under the new system would be approximately 15,800 euros—that is, the car's value plus the proposed excise tax. Applying a 20% VAT would add another approximately 3,160 euros, bringing the total cost to about 18,960 euros.

By comparison, under the current system, for a 5-year-old gasoline-powered car with a 2,000 cm³ engine, the excise tax is approximately 1,950 euros, bringing the total cost to about 16,950 euros. **Therefore, under the new system, the same €15,000 car would cost approximately €2,010 more.**

Thus, **for a 2,000 cm³ car with a 5-year useful life and a value of 15,000–20,000 euros, the introduction of a 20% VAT rate, combined with the reduction in excise tax, could result in a net increase of approximately 2,000–3,000 euros for gasoline-powered cars and approximately 800–1,800 euros for diesel-powered cars.** The exact impact will depend on the customs value, engine type, age of the vehicle, exchange rate, and any other import-related costs.

For many families, a car is not a luxury but a necessity. In many rural and suburban areas, access to work, school, medical services, or public institutions

depends largely on personal transportation. Consequently, **this measure will affect not only the auto market but also citizens' access to mobility, particularly in rural communities.**

Fuel

The increase in the excise tax on diesel will result in an estimated price increase of approximately **1.15 lei per liter.**

For a driver who fills up 100 liters per month, this means **an additional 115 lei each month—or over 1,300 lei annually.**

However, the impact will not be limited to drivers. Diesel is used in agriculture, transportation, commerce, and logistics services, which means that the increased costs will gradually be passed on to the prices of goods and services.

Agriculture and Food Products

One of the most significant proposed changes is the increase in the VAT rate from 8% to 20% for several agricultural and agri-food products, including grains and oilseeds such as wheat, corn, barley, oats, sunflowers, rapeseed, soybeans, peas, beans, and other crops.

At first glance, this measure appears to target only agricultural producers. In reality, the effects will ripple through the entire economic chain, from farmer to consumer.

Farmers will be forced to bear additional costs related to VAT, higher excise taxes on diesel fuel, increased social security contributions, and rising prices for agricultural machinery and energy used in the production process.

Under these conditions, the cost of producing grains and other agricultural raw materials will rise. In turn, processors will purchase raw materials at higher prices and pass on a portion of these costs to the price of finished products.

In addition, the increase in the excise tax on diesel fuel will raise transportation costs for all these products, which will put additional pressure on retail prices.

Given that the Republic of Moldova is already facing a decline in the number of people employed in agriculture, the effects of drought, and financial difficulties in the agricultural sector, there is a risk that these measures will reduce investment in agriculture and affect the competitiveness of domestic producers.

For consumers, the end result could mean not only more expensive agricultural products, but also a general increase in the cost of daily food.

It is important to note in this context that recent media discussions regarding a possible increase in the VAT rate on agricultural production from 8% to 20% in the context of the new PCI agreement with the IMF should be viewed with caution.

According to the press release IMF dated 20 May 2026 <https://www.imf.org/en/news/articles/2026/05/20/pr26160-moldova-imf-staff-reaches-staff-level-agreement-with-moldova-on-a-new-36-month-pci?utm>, the new program aims to achieve fiscal consolidation by “broadening the VAT base,” simplifying income taxation, and improving revenue administration.

However, the press release does not explicitly state that the IMF required the application of the standard 20% rate to all agricultural production. Therefore, the link between the PCI agreement and the VAT increase in agriculture can only be considered a hypothesis.

Currently, according to the tax practices applicable in the Republic of Moldova, a reduced rate of 8% applies to certain categories of agricultural production in its natural state, including livestock production in its natural state, live weight, crop production, and horticulture in their natural state—whether produced, imported, and/or delivered within the territory of the Republic of Moldova—for the tariff headings specified in tax legislation.

Consequently, a potential increase from 8% to 20% would not constitute a minor technical adjustment, but rather a change in the tax regime for a significant portion of the agri-food chain.

Thus, any change in VAT rates for the agricultural sector must be compatible with the EU acquis (Directive 2006/112/EC) and distinguish between:

- 1) food products and agricultural raw materials intended for consumption, which may justify maintaining a reduced rate;
- 2) seeds, planting material, animal feed, or certain agricultural services, which may be eligible for a reduced rate;
- 3) capital goods or ancillary commercial services, such as tractors, combine harvesters, silos, agricultural buildings, transportation, brokerage, or trading, which should generally be subject to the standard rate.

In this regard, applying the standard 20% rate to all agricultural production would be a more stringent tax policy option than is strictly required by the VAT Directive.

Agricultural Equipment

The introduction of a 20% VAT rate on tractors and other agricultural machinery will make agricultural investments more expensive.

For a tractor valued at 50,000 euros, the additional cost generated by VAT could amount to approximately 10,000 euros.

For small and medium-sized farmers, this could mean postponing investments or even abandoning plans to modernize their farms.

The HORECA Sector

According to official documents published by the Ministry of Finance as part of the consultations on the 2027 Fiscal Policy, it is proposed to apply the standard VAT rate of 20% to the HoReCA sector. This measure will put pressure on restaurants, cafes, guesthouses, and

other businesses in the sector, which are already facing rising costs for energy, utilities, wages, and raw materials.

As a result, some of these costs will be passed on to consumers through higher prices, and some small businesses—particularly in rural areas and small towns—may be forced to cut back on investments or scale back their operations.

While the authorities speak of developing tourism and supporting local entrepreneurship, the 2027 Fiscal Policy risks making restaurants, cafes, and guesthouses—which create jobs and sustain economic life in many communities across the Republic of Moldova—more expensive.

Housing

One change with structural implications would involve eliminating the VAT exemption for housing and subjecting it to taxation at the standard rate of 20%.

Thus, in the case of housing, one of the most important nuances of the proposed change relates to how it will be reflected in market prices.

For example, if we take an indicative price of 2,000 euros/m² for an apartment and assume a 10% markup, then the markup would be approximately 200 euros/m². Applying a 20% VAT rate to this markup would result in an impact of about 40 euros/m².

In this technical scenario, a square meter that currently costs 2,000 euros could rise to approximately 2,040 euros per square meter. For a 70-square-meter apartment, the price would increase from about 140,000 euros to approximately 142,800 euros—an increase of 2,800 euros. In lei, at an indicative exchange rate of 20.09 lei per euro, the increase would be approximately 56,250 lei.

The major risk, however, lies elsewhere: that some developers might use the change in the VAT regime as a pretext to raise prices not only by the actual tax impact but by applying a 20% increase to the entire price of the home. In such a scenario, the impact on buyers would be incomparably greater. Thus, at the same price of 2,000 euros/m², a general 20% increase would raise the price to 2,400 euros/m². For a 70 m² apartment, the cost would rise from 140,000 euros to 168,000 euros—an increase of 28,000 euros.

Consequently, the issue is not merely the introduction of VAT itself, but how this change will be passed on to the market. If the impact is calculated correctly, taking into account the right to deduct, the price increase should be much less than 20%. However, if the change is used as a commercial pretext for across-the-board price adjustments, the pressure on buyers could become significant, especially in a real estate market already characterized by high prices. The elimination of tax breaks for certain categories of housing may lead to further price increases in the real estate market.

Taxation of Capital Gains: Risks to Tax Equity and Fairness

Another issue that requires much closer analysis is the proposed regime for taxing capital gains derived from the sale of real estate and other assets.

In principle, it is natural for income derived from an asset's appreciation to be subject to taxation. However, the way the mechanism is proposed raises several questions regarding tax fairness and equity.

First, it appears that the draft does not include a clear and functional mechanism for reporting and recognizing investments made in these properties over the years. In practice, many people have invested significant sums in renovating, modernizing, or expanding their homes and other properties. If these expenses cannot be taken into account when determining the actual capital gain, taxpayers risk being taxed not on the actual gain, but on an artificially inflated value.

For example, a family that purchased an apartment for 800,000 lei and subsequently invested 300,000–400,000 lei in major repairs, energy efficiency upgrades, expansions, or other improvements could be treated for tax purposes the same as an owner who made no such investments, even though their economic situations are fundamentally different.

Second, the draft appears to ignore the effect of inflation. In recent years, the Republic of Moldova has experienced periods of high inflation, which means that a significant portion of the increase in property value does not represent a real gain for the owner, but merely an adjustment of the asset's value to account for currency depreciation and general market trends.

In the absence of a mechanism to index values to the inflation rate, there is a risk that the state will tax not only the taxpayer's actual gain but also the nominal increase in the asset's value resulting from economic processes over which the owner has no control.

Furthermore, it remains unclear how taxpayers will be able to demonstrate the investments made over the years, particularly in the case of work carried out during periods when documenting expenses was not mandatory or was not widely practiced.

In addition, the bill limits the exemption for the primary residence to 1,000,000 lei and eliminates the current rule under which only 50% of the capital gain is taken into account. This may also affect families who are not speculating in real estate but are selling the home they have lived in to buy a larger one, to move, or to improve their living conditions.

Medications

The 2027 Fiscal Policy proposes raising the VAT rate from 8% to 20% for medicines as well. Although at first glance this may seem like a technical change, the impact will be felt directly by hundreds of thousands of citizens who depend on treatments and pharmaceutical products every day. The elderly, people with chronic illnesses, people with disabilities, and families who need ongoing treatment are the groups most at risk of increased expenses.

For many households, the cost of medications already accounts for a significant portion of their monthly budget. Any price increase will place additional strain on families already grappling with rising costs for energy, food, and services.

For many citizens, the cost of medications is already a significant burden. It is no secret that many people choose to purchase medications from Romania or other

because, in many cases, they are more affordable than on the Moldovan market. Under these circumstances, the VAT increase risks further exacerbating the problem of access to treatment.

We believe that in a country where access to healthcare and medications remains a challenge for many people, healthcare should not become an additional source of tax burden for citizens.

Soft Drinks

Another measure with a direct impact on consumers involves the introduction of an excise tax of 2.4 lei per liter on soft drinks such as Coca-Cola, Fanta, Sprite, and other similar products. Since the excise tax is generally included in the VAT calculation base, the final tax impact would not be just 2.4 lei per liter, but approximately 2.88 lei per liter, if 20% VAT is also applied to the excise tax.

Thus, for a 1-liter bottle, the price would increase by approximately 2.88 lei solely due to the excise tax and the related VAT. For a 1.5-liter bottle, the increase would be about 4.32 lei, and for a 2-liter bottle, approximately 5.76 lei.

Starting in 2027, a packaging deposit—estimated at 2 lei per container—will be added to this increase. This does not represent a permanent price increase, as the amount can be refunded upon return of the container, but it will raise the initial amount paid at the register.

Consequently, for a 1-liter bottle, the consumer could initially pay approximately 4.88 lei more: 2.88 lei in actual tax increases and 2 lei in returnable deposit. For a 1.5-liter bottle, the initial amount paid would increase by approximately 6.32 lei, and for a 2-liter bottle, by about 7.76 lei.

Online Shopping

Another significant change concerns packages ordered from international platforms such as Temu, AliExpress, Shein, Joom, and other similar online stores.

Currently, many low-value packages, especially those valued at up to 150 euros, are exempt from VAT. The 2027 Fiscal Policy proposes applying a 20% VAT rate to these purchases.

For consumers, the impact will be direct and easily noticeable: a 10-euro order could cost about 12 euros; a 50-euro order could reach 60 euros; a 100-euro order could cost about 120 euros; a 150-euro package could reach about 180 euros.

These costs do not include any processing fees, customs declaration fees, or other logistics expenses that may be incurred in addition.

For many families, especially young people, online platforms have become an affordable alternative for purchasing clothing, footwear, school supplies, children's items, and household goods at prices more favorable than those available on the local market.

Consequently, this measure will increase the cost of online shopping for tens of thousands of consumers and will particularly affect families trying to save money and manage their budgets as efficiently as possible.

A Cumulative Burden on Families

Electricity, natural gas, firewood, children's products, fuel, housing, and cars—online shopping is part of people's daily lives.

When analyzed separately, some price increases may seem manageable. However, when applied simultaneously, they risk causing a significant rise in the cost of living for hundreds of thousands of families in the Republic of Moldova.

In the absence of detailed impact analyses on the population and household budgets presented by the government, the "Building Trust" Civic Movement has conducted its own preliminary estimates regarding the possible effects of the fiscal measures proposed for 2027. These calculations were developed based on information published during the public consultations and aim to illustrate, in an accessible manner, how the proposed changes could affect the cost of living for an average family in the Republic of Moldova.

SUMMARY: How Much Could the 2027 Fiscal Policy Cost a Family?

If the current proposals are adopted as presented by the government, the impact on an average family could be significant.

For a family that:

- consumes approximately **200 kWh of electricity per month**;
- uses approximately **1,000 m³ of natural gas during the cold season**;
- purchases **5 cubic meters of firewood** for heating;
- consumes approximately **100 liters of fuel per month**;
- spends an average of **5,000 lei per month on groceries**; the

estimated additional costs could be as follows:

Category	Estimated Annual Additional Cost
Electricity	+1,700 lei
Natural gas	+1,600 lei
Firewood	+700 lei
Fuel	+1,380 lei
Food	+4,800 – 7,200 lei
TOTAL	10,180 – 12,580 lei/year

This means that a family could pay, on average, between:

850 and 1,050 lei extra each month just for basic expenses.

This calculation **does not include**:

- medications;
- products for infants and young children;
- HoReCa services;
- online purchases from Temu, AliExpress, Shein, and other platforms;
- the cost of purchasing a car;
- costs associated with purchasing a home;
- other services and products that will be indirectly affected by the increase in VAT and excise taxes.

Consequently, the actual impact on many families could easily exceed **15,000–20,000 lei annually**, depending on the number of children, health status, energy consumption, and lifestyle.

The question the government must answer: *If all these increases are necessary, why doesn't the government openly state how much it will cost each family in the Republic of Moldova?*

Citizens have the right to know not only how much additional revenue the state budget will collect, but also how much more they themselves will have to pay.

Before the 2027 Fiscal Policy is adopted, people deserve a clear, transparent, and easy-to-understand assessment of the impact on each family's budget.

Trust is built through transparency and honesty. And the citizens of the Republic of Moldova deserve to know the true cost of this reform before it is adopted.

Request from the "Building Trust" Civic Movement

We do not dispute the need for tax reforms, nor do we dispute the state's obligation to ensure sufficient resources to fund public services.

However, we believe that citizens have the right to transparency, genuine consultation, and a comprehensive assessment of the social and economic impact of these measures.

We call on the authorities to:

- to publish the official analysis of the impact on the population and the economy;
- to organize genuine public consultations with citizens, farmers, the business community, and civil society;
- to publish an analysis of the impact of raising the corporate income tax rate from 12% to 15% on the competitiveness of the national economy, investment, and the development of local businesses;
- examining the possibility of a phased introduction of the new corporate tax rate or the implementation of mechanisms to encourage the reinvestment of profits;

- identify gradual and balanced solutions for vulnerable sectors and social groups;
- developing clear transitional rules regarding the taxation of dividends on profits earned prior to the entry into force of the new tax rules, to avoid the retroactive or unpredictable application of the new rates;
- clarifying the VAT refund regime for balances accumulated through January 1, 2027, and establishing a predictable mechanism for their recovery;
- analyzing the feasibility of introducing a tax-exempt threshold for monetary donations between individuals, with the aim of encouraging acts of solidarity and supporting people in vulnerable situations;
- assessing the cumulative impact of all proposed changes on the cost of living.

A responsible tax reform must strengthen the state budget without weakening the real economy and without pushing even more citizens into financial hardship. Citizens have the right to know the truth—not only what additional revenue the state budget will generate, but also who will pay for it.

Today, there is talk of raising the VAT, excise taxes, and other taxes. There is talk of additional revenue for the budget. But there is too little talk about the bills that will arrive in people’s homes.

Electricity, natural gas, firewood, medicines, children’s products, fuel, HoReCa services, cars, online shopping, and a significant portion of food products are at risk of becoming more expensive.

If all these increases are necessary, why doesn’t the government openly state how much it will cost each family in the Republic of Moldova? Why isn’t a clear and easy-to-understand assessment presented to citizens? Why do people have to rely on independent calculations and estimates to find out what should be explained transparently by the authorities?

The “Building Trust” Civic Movement believes that responsible tax reform is not just about collecting more revenue for the budget. Responsible reform means transparency, consultation, and respect for citizens.

Before asking people to pay more, the state must have the courage to tell them honestly how much it will cost them. Because trust is built on truth, not on surprises hidden in bills, tax receipts, and higher prices on store shelves.

The citizens of the Republic of Moldova deserve answers. They deserve transparency. They deserve respect. And before the 2027 Fiscal Policy is adopted, they deserve to know how much this reform will actually cost them.

“Building Trust” Civic Movement

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