ANALYSIS OF EXCISE DUTY AMENDMENTS

Draft Fiscal Policy for 2027 – Fuels and Passenger Cars

1. Increase in Excise Duties on Petrol and Diesel

The draft Fiscal Policy for 2027 provides for a significant increase in excise duties on fuels. For petrol, the excise duty rate rises from MDL 9,456.12/tonne in 2026 to MDL 10,401.70/tonne in 2027, representing an increase of 10%. For diesel, the increase is more substantial: from MDL 3,978.95/tonne to MDL 4,774.70/tonne, i.e. by 20%.

In the case of diesel, the draft provides for further increases in the following years, up to MDL 5,729.70/tonne in 2028 and MDL 6,875.60/tonne in 2029, meaning that fiscal pressure will continue beyond 2027.

Fuel	Excise duty 2026	Excise duty 2027	Increase
Petrol	MDL 9,456.12/t	MDL 10,401.70/t	+10%
Diesel	MDL 3,978.95/t	MDL 4,774.70/t	+20%

Approximate impact per litre

In the current price structure, excise duty accounts for approximately MDL 7.17/litre for petrol and MDL 3.36/litre for diesel. The 2027 increase will add, from excise duty alone, approximately MDL 0.72/litre to petrol and MDL 0.67/litre to diesel. Since VAT is applied to the price including excise duty, the final impact on the pump price is higher.

Fuel	Excise duty increase/litre	Approximate impact including VAT
Petrol	+MDL 0.72/l	~+MDL 0.86/l
Diesel	+MDL 0.67/l	~+MDL 0.80/l

Therefore, even if international quotations, the exchange rate and commercial margins remained unchanged, the fiscal amendment alone could increase the pump price by approximately MDL 0.80/litre for diesel and MDL 0.86/litre for petrol.

2. The MDL 0.48/Litre Contribution for Emergency Stocks

The impact of excise duty should not be analysed in isolation. In addition to the increase planned for 2027, there is also the contribution for establishing and maintaining emergency stocks of petroleum products, set at MDL 0.48 for each litre of petrol and diesel. According to the underlying analysis, implementation of this contribution was postponed until September 2026.

The contribution is included in the specific commercial margin, thereby increasing the price component before VAT. Consequently, the final effect of the MDL 0.48/litre contribution may reach approximately MDL 0.58/litre after VAT is applied.

Thus, the economy will effectively enter 2027 with this additional component already incorporated into fuel costs, on top of which the higher excise duty will also apply.

3. Cumulative Effect on Fuel Prices

Fuel	Emergency-stock contribution	2027 excise duty increase	Cumulative impact before VAT	Approximate impact including VAT
Diesel	+MDL 0.48/l	+MDL 0.67/l	+MDL 1.15/l	~+MDL 1.38/l
Petrol	+MDL 0.48/l	+MDL 0.72/l	+MDL 1.20/l	~+MDL 1.43/l

It follows that the additional pressure on prices does not arise solely from excise duties. Consumers will successively feel the impact of the emergency-stock contribution and, from 2027, the higher excise duty. For diesel, the two measures may add approximately MDL 1.15/litre before VAT and around MDL 1.38/litre to the final price; for petrol, the cumulative effect is approximately MDL 1.20/litre before VAT and around MDL 1.43/litre including VAT.

4. The Increase Comes at a Time When Fuel Prices Are Already High

The timing of the measures is relevant. At the beginning of August 2026, the maximum prices analysed were around MDL 30.77/litre for RON 95 petrol and MDL 32.54/litre for diesel. The fiscal increase is therefore not being introduced during a period of cheap fuel, but in a context in which pump prices are already very high.

The Republic of Moldova depends on imports of petroleum products and remains exposed to fluctuations in international quotations and the exchange rate. In this context, an additional fiscal increase risks amplifying the effect of external factors on the final price.

5. Impact on Transport and Logistics

The 20% increase in diesel excise duty is particularly sensitive because diesel is the predominant fuel used in road freight transport. For transport operators, diesel represents one of the most important operating costs, while the excise duty and the emergency-stock contribution remain incorporated into the actual fuel cost.

Scenario	Excise duty increase only	Emergency-stock contribution	Cumulative impact before VAT
1 truck / 3,000 l per month	~MDL 2,010/month	~MDL 1,440/month	~MDL 3,450/month
1 truck / 12 months	~MDL 24,120/year	~MDL 17,280/year	~MDL 41,400/year
10 trucks / 12 months	~MDL 241,200/year	~MDL 172,800/year	~MDL 414,000/year

For transport operators, the choice is either to absorb the additional cost by reducing margins or to include it in the tariff charged to customers. In a sector characterised by high fuel consumption, at least part of the additional cost is likely to be passed on to users of transport services.

The effect does not stop at the transport company. Logistics costs are incorporated into the price of almost all goods: food products, construction materials, imported goods, medicines, industrial products and consumer goods. Higher diesel prices may therefore generate a chain inflationary effect, from the carrier to the distributor and ultimately to the consumer.

6. Farmers Are Partially Protected; Transport Operators Are Not

In agriculture, the draft expressly recognises the impact of the higher excise duty and provides for a refund mechanism for diesel used in agricultural and horticultural works. For 2027, reimbursement of a very substantial part of the excise duty, of up to 90%, is envisaged. In 2026, there is already a mechanism compensating 100% of the excise duty rate of MDL 3,978.95/tonne for diesel purchased during the spring agricultural campaign, within the limits of the approved programme.

This support is justified because the price of diesel directly affects agricultural production costs. However, an important difference in treatment arises in relation to transport and logistics. If the excise duty increase is recognised as a risk to the competitiveness of agriculture, the same economic logic is relevant to road freight transport, one of the largest consumers of diesel.

Even if the farmer is reimbursed the excise duty on diesel used in production, the product must subsequently be transported to warehouses, markets, processors or shops. If the carrier receives no compensation, part of the cost eliminated at the agricultural production stage may reappear later in the form of higher logistics costs.

7. International Trends During Periods of High Fuel Prices

International comparison shows a different approach during periods of energy-price shocks. According to the underlying analysis, reductions in fuel taxation have been widely used as a tool to mitigate prices. Examples mentioned include reductions in diesel excise duty in Latvia, temporary reductions in Ireland, and rates approaching the minimum levels permitted in Poland and Slovenia.

The analysis also refers to broader measures in other countries, such as temporary suspensions or reductions in fuel taxation and forms of targeted support for road transport and agriculture. By contrast, the Republic of Moldova proposes for 2027 a 10% increase in petrol excise duty and a 20% increase in diesel excise duty, on top of the additional contribution for emergency stocks.

8. Increase in Excise Duties on Passenger Cars

In addition to fuel excise duties, the draft also increases the excise duty rates applicable to passenger cars under tariff heading 8703. A comparison of the 2027 schedule with the rates applicable in 2026 shows an increase of approximately 10% in the rates expressed in MDL/cm³, irrespective of the main engine category. The actual amount of excise duty continues to depend on engine capacity and the vehicle’s period of use.

For passenger cars with a period of use of 0–2 years, the evolution of certain representative rates is as follows:

Type of passenger car (0–2 years)	2026 rate, MDL/cm³	2027 rate, MDL/cm³	Increase
Petrol – up to 1,000 cm³	9.56	10.52	~10%
Petrol – 1,000–1,500 cm³	12.23	13.45	~10%
Petrol – 1,500–2,000 cm³	18.90	20.79	10%
Petrol – 2,000–3,000 cm³	31.14	34.25	~10%

Petrol – over 3,000 cm³	55.60	61.16	10%
Diesel – up to 1,500 cm³	12.23	13.45	~10%
Diesel – 1,500–2,500 cm³	31.14	34.25	~10%
Diesel – over 2,500 cm³	55.60	61.16	10%

Although the percentage increase is relatively uniform, the effect in absolute terms is greater for engines with larger displacement because the excise duty is calculated by multiplying the MDL/cm³ rate by engine capacity. The examples below are indicative for passenger cars with a period of use of 0–2 years and reflect excise duty only.

Example	**Excise duty 2026**	**Excise duty 2027**	**Difference**
Petrol, 1,500 cm³	MDL 18,345	MDL 20,175	+MDL 1,830
Petrol, 2,000 cm³	MDL 37,800	MDL 41,580	+MDL 3,780
Diesel, 2,000 cm³	MDL 62,280	MDL 68,500	+MDL 6,220
Diesel, 2,500 cm³	MDL 77,850	MDL 85,625	+MDL 7,775

Regime Applicable to Hybrid Passenger Cars

A distinct effect arises in the case of hybrid vehicles. Under the current regime, non-plug-in hybrid passenger cars falling under tariff headings 870340 and 870350000 benefit from a 25% reduction in the excise duty rate, while plug-in hybrid vehicles under headings 870360 and 870370000 benefit from a 50% reduction. The draft proposes a single 25% reduction for all four tariff headings. Micro-hybrid and mild-hybrid vehicles remain excluded from the tax incentive.

Consequently, for conventional hybrids, the effective increase will mainly follow the approximately 10% increase in the basic rate. For plug-in hybrids, however, the effect is much more pronounced: in addition to the increase in the basic rate, the tax incentive is reduced from 50% to 25%. Mathematically, for the same engine capacity and age, the effective excise duty payable on a plug-in hybrid may increase by approximately 65% compared with 2026.

Example: plug-in hybrid, petrol, 2,000 cm³, 0–2 years	**2026**	**2027 draft**	**Difference**
Basic rate	MDL 18.90/cm³	MDL 20.79/cm³	+10%
Basic excise duty	MDL 37,800	MDL 41,580	+MDL 3,780
Applicable reduction	50%	25%	Reduced incentive
Effective excise duty	MDL 18,900	MDL 31,185	+MDL 12,285 (~65%)

Impact on the Automotive Market and Business Environment

For individuals importing passenger cars, the increase translates directly into higher customs-clearance costs. For importers and car dealers, higher excise duties increase the financing required at the import stage and are likely to be passed on, at least partially, to the sale price. The effect may be more visible in segments with larger engines and in older vehicles, where MDL/cm³ rates are already higher.

Over the longer term, higher import costs may slow the renewal of the vehicle fleet and may encourage some consumers to keep existing vehicles for longer or to switch to smaller-engine vehicles. From an environmental-policy perspective, reducing the incentive for plug-in hybrids is debatable: rather than maintaining a stronger tax incentive for transitional technologies that partially rely on electric propulsion, the draft brings their treatment closer to that of conventional hybrids.

Conclusion Regarding Passenger Cars

The approximately 10% increase in excise duty rates for passenger cars represents an additional rise in import costs, adding to other price pressures in the economy. Although the percentage appears moderate, the impact in MDL may amount to several thousand or even tens of thousands of lei for a single vehicle, depending on engine capacity and age.

The most sensitive element, however, is the reduction of the plug-in hybrid incentive from 50% to 25%, which, combined with the increase in the basic rate, may result in an effective excise duty increase of approximately 65%.

This amendment should be reassessed from the perspective of vehicle-fleet renewal objectives and the promotion of lower-emission vehicles. A more gradual approach, or temporary retention of the 50% incentive for plug-in hybrids, would reduce the risk of a sudden price increase and preserve an incentive for the transition towards more efficient technologies.

Conclusion

The increase in fuel excise duties may be justified by the gradual approximation to minimum excise-duty levels applied in the European Union, environmental objectives and the need for additional budget revenues. However, the pace and timing of implementation are open to question.

In particular, the 20% increase in diesel excise duty coincides with the MDL 0.48/litre contribution for emergency stocks and comes at a time when fuel prices are already very high. Taken together, the two measures could add approximately MDL 1.38/litre to the final price of diesel, even if all other components remained unchanged.

The principal risk is that fiscal policy may amplify a price shock that already originates externally. The effects will be felt particularly by transport and logistics operators and, through them, by the economy as a whole. The tax relief granted to farmers is justified, but the absence of a similar, at least partial, mechanism for road freight transport may cause part of the cost to reappear later in the prices of goods, including agricultural products.

A more prudent approach could involve phasing in the increase in diesel excise duty, linking it to the actual level of pump prices, and considering a mechanism for partial compensation or reimbursement for freight operators during periods of very high international fuel prices. This would make it possible to pursue the objective of fiscal harmonisation without imposing, within a short period, a disproportionate burden on transport, logistics and the final consumer.

Separately, the approximately 10% increase in excise duties on passenger cars will raise import costs and may be passed on to sale prices. For plug-in hybrids, reducing the tax incentive from 50% to 25% produces a far more severe effect than the simple indexation of rates and may reduce the attractiveness of a category of vehicles that could contribute to the transition towards a lower-emission vehicle fleet.