Construim înCREDere!

Income tax in the fiscal policy for 2027

DETAILED LEGAL ANALYSIS AND ASSESSMENT OF THE IMPACT ON SOCIETY

This analysis is based on:

1) the draft approved by the Government on 8 September 2026
2) The draft was adopted by Parliament on 22 October 2026

Personal exemptions and taxation of employment income

Legal nature and beneficiaries

Art. 33(1) raises the ordinary personal exemption from 29,700 to 40,020 lei per year.

The initial version raised the major personal exemption from 34,620 to 40,020 lei, but the text drafted after the parliamentary debates sets it at 46,680 lei.

Art. 35(1) raises the exemption for dependants from 9,900 to 11,040 lei.

The general 12% rate applicable to the taxable income of individuals remains unchanged.

From a legal standpoint, the exemption is a reduction of the tax base, not a budget transfer, nor an automatic increase in wages. Its concrete effect depends on the existence of sufficient taxable income, on the taxpayer's eligibility, on the legal combination of incentives and on whether the exemption is applied through withholding or through the tax return. A person with no taxable income does not receive 40,020 lei and does not benefit from the same nominal saving as an employee with sufficient income.

For an employee with annual taxable income before exemptions of 72,000 lei, the tax calculated in simplified form using only the personal exemption would fall from 5,076 lei [(72,000–29,700)×12%] to 3,837.60 lei [(72,000–40,020)×12%]. The difference is 1,238.40 lei per year. For a taxpayer with annual income of 25,000 lei who is entitled only to the personal exemption, the tax on this base may already be zero under both regimes: the increase in the nominal amount does not produce the full saving of 1,238.40 lei.

Social impact and fairness assessment

The measure supports the disposable income of people with taxable earnings from work. Its distributive effect, however, is limited by its nature as a deduction from the tax base: households with no declared income or with very low income benefit little or not at all. Families who meet the conditions for dependant exemptions receive an additional reduction; the absolute value of this reduction is nevertheless modest relative to household expenses.

According to the NBS, in 2025 the absolute poverty rate was 31.1% nationally and 40.0% in rural areas.

- **Deduction of medical, educational and sports expenses**

Art. 35²(3) removes the condition that medical services be purchased from a single provider, which makes it easier to use the deduction when the taxpayer receives medical services at several institutions. Art. 35²(6) includes services for practising sports in the mechanism for deducting education and training expenses, subject to the conditions and the cap applicable under that paragraph.

The potential impact is to encourage declared consumption of health and sports services and to reduce certain costs for families who can pay the expense upfront and hold supporting documents. However, taxpayers who have taxable income and spending capacity benefit more; the effect for vulnerable people remains conditional on their economic access to these services.

Investment income and capital gains

- **Elimination of the 50% treatment of net capital gains**

Art. 40(7) currently allows, for tax purposes, the inclusion of 50% of the recognised capital gain. The draft repeals this paragraph and supplements Art. 40(1) with a reference to the 12% rate under Art. 15(a). For a taxable net capital gain of 100,000 lei, the simplified effect is a shift from 6,000 lei to 12,000 lei. The amendment doubles the tax on the same positive net gain, not on the total value of the transaction.

- **Cost basis and proof of repairs**

Art. 42(4) introduces an increase of the asset's cost basis by repair expenses confirmed by a tax invoice and proof of payment. This mechanism may reduce the taxable capital gain, but only for eligible and documented expenses. For example, for an investment property bought for 600,000 lei, sold for 900,000 lei and with eligible repairs of 80,000 lei, the gain before other adjustments would be 220,000 lei, not 300,000 lei; the illustrative tax at 12% would be 26,400 lei, not 36,000 lei.

Legally, this solution increases the importance of documenting and classifying expenses. Disputes may arise over the nature of the repair, the existence of a tax invoice, the form of proof of payment, or the relationship between work actually carried out and a deductible expense. The social impact may differ between households that used informed contractors and people who can no longer obtain documents for work carried out in the past.

- **Effects on saving, mobility and the asset market**

The higher tax burden on net gains may reduce the after-tax return on investments in second homes, land, equity stakes or other assets subject to the capital regime. An incentive may arise to postpone the disposal of assets, to seek transactions with different tax treatment, or to plan the timing of realising the gain.

Peasant households and the rural economy

Art. 15(a) expressly includes peasant households among the taxpayers subject to the 12% rate, while letter (c), which provided for the 7% rate, is repealed.

For a taxable base of 100,000 lei, the liability rises from 7,000 to 12,000 lei.

The argument of aligning the rate with that of individual entrepreneurs is legally understandable. The fairness assessment, however, must distinguish the formal equality of the rate from the actual ability to pay. Agricultural production is seasonal and exposed to climate risks, price volatility, input costs and geographic concentration. The impact of the tax may be felt differently by a low-margin household and a high-margin one, even if the tax base is identical in nominal terms.

In rural areas, where the NBS estimated the absolute poverty rate at 40% in 2025, any tax change that reduces the disposable income of a household engaged in farming must be assessed in relation to investment capacity, family consumption and possible production losses.

Deferral of profit tax payment for 2027–2029

7.1. Conditions and scope

Art. 87(1²) introduces, for eligible enterprises, the option to defer payment of tax on taxable income relating to profits for the periods 2027–2029. The thresholds are at most 249 employees and annual turnover of up to 200 million lei OR total assets of up to 200 million lei, in the exact configuration provided for in the draft. Payment is tied to the distribution of dividends or to the use of profit to cover previous losses. The option is exercised through the tax return.

Certain categories are expressly excluded: individual enterprises and peasant households, residents of the free zones and of the free ports/airport mentioned, IT parks, the Chapter 7¹ regime, the financial/insurance sector according to Section L of CAEM Rev.2.1, as well as certain trading companies in Section G if they exceed the additional thresholds for employees, revenue or assets. The exclusion is verified against the legal text and the taxpayer's actual classification.

Financial and insurance sector: 18% in 2027 only

Art. IV of the draft law supplements Art. 24 of Law No. 1164/1997 with a derogation for the 2027 tax period: legal entities carrying out financial and insurance activities apply 18% to their taxable income.

Taxation of dividends – domestic and cross-border regime

Domestic dividends from profits generated from 2027

Art. 90¹(3¹) and Art. 91(1) keep, as a rule, 6% for dividends paid to resident individuals and to non-residents, respectively, from profits earned before 2027, but provide for 8% for dividends from profits generated from the 2027 tax period onward. The historical 15% regimes for undistributed profit from 2008–2011 and certain capital withdrawals relating to 2010–2011 are retained.

The applicable rate depends on the tax period in which the profit was generated, not solely on the year in which the dividend is received. Companies must be able to identify and document the historical profit being distributed. A company may distribute in 2028 both profit from 2026 (in principle 6%) and profit from 2027 (8%), observing the rules applicable to each component. Double taxation treaties may limit withholding on non-residents under the terms of those treaties.

- **Amendment introduced in Parliament: foreign dividends at 8%**

Unlike the Government's draft of 8 September, the final text introduces a new Art. 80(3): dividends received by "resident individuals and resident legal entities" from sources outside the Republic of Moldova are taxed at 8%. This element did not exist in the initial draft and is a substantive parliamentary amendment.

The rules on foreign dividends do not specify the year in which the foreign company's profit was generated, unlike the rules on domestic dividends.

Other provisions relevant to individuals and non-residents

- **Donations and inheritances received by non-residents**

Art. 71(1)(w) includes in taxable income property received by donation or inheritance by non-residents who do not hold citizenship of the Republic of Moldova, except for property received from relatives up to and including the second degree. The transitional provision limits its application to inheritances opened after entry into force.

- **Budget impact:**

The Ministry of Finance reported a direct positive impact of the entire fiscal and customs package of approximately 5.1 billion lei, including approximately 820 million lei from "income tax and the sin tax", 1.6 billion lei from VAT and 2.7 billion lei from excise duties. This forecast remains to be verified in the draft state budget for 2027.

Value added tax in the fiscal policy for 2027

Changes to reduced rates – legal analysis by product

- **HoReCa: catering and accommodation services**

Art. 96(2), point 1(a)–(b) places at 12% the catering and accommodation services included in Section I of CAEM. The rate in force in 2026 is 8%. The four-percentage-point increase means a 50% increase in the VAT rate, but NOT a 50% increase in the final price. At a constant net price of 100 lei, the final price goes from 108 to 112 lei, a difference of 3.70%. If the final price is kept at 108 lei, the operator bears a reduction in the net amount received.

Social impact: the increase may be passed on to the prices of meals outside the home and accommodation, or partly absorbed into margins. For small restaurants, competition and the share of staff costs influence the adjustment; for tourism, the change may affect the price of packages, without allowing a numerical forecast of demand.

Bread and bakery products: narrowing of the codes

In 2026, headings 190120000, 190540, 190590300, 190590700 and 190590800 are listed at 8%. In both the initial draft and the final text, only heading 190590300 is expressly retained. For the other codes, in the absence of any other legal basis, the 20% rate appears to apply. This is not only a rate increase for some products, but a substantial narrowing of the scope of the incentive.

CN code	Description and product examples	VAT 2026	Proposed VAT 2027
190120000	Mixes and doughs for the preparation of bakers' wares, pastry and biscuits. Examples: raw pizza dough, ready-to-bake doughs, pretzels frozen before preparation	8%	**20%**
190540	Rusks, toasted bread and similar toasted products. Examples: rusks, slices of bread dried by toasting, certain crunchy products made by toasting bread	8%	**20%**
190590300	Bread without added honey, eggs, cheese or fruit, containing no more than 5% sugars and no more than 5% fat, calculated on dry matter. Examples: ordinary white, wholemeal or rye bread, if it meets the composition requirements	8%	8%
190590700	Other bakers' wares and pastry containing at least 5% sucrose, invert sugar or isoglucose. May include certain cakes, sweet pastry and meringues, depending on the recipe and classification	8%	**20%**
190590800	Other bakers' wares and bread products not covered by the preceding subheadings. Pizza, prepared or semi-prepared, pies and pretzels frozen after preparation. Certain breads with additions that do not meet the conditions of code 190590300 may also fall here	8%	**20%**

Milk and dairy products: three tax treatments

CN code	Products included and examples	VAT 2026	Final text 2027
0401	Milk and cream, not concentrated, without added sugar or sweeteners. Examples: pasteurised milk, plain UHT milk, whole or skimmed milk, unfermented sweet cream	8%	8%
0402	Milk and cream, concentrated or with added sugar or sweeteners. Examples: powdered milk, condensed milk, evaporated milk, sweetened condensed milk	8%	**12%**
0403	Fermented or acidified dairy products. Examples: plain yoghurt, fruit yoghurt, kefir, buttermilk, sour milk, sour cream	8%	**12%**
0405	Butter and other fats derived from milk; dairy spreads. Examples: butter with 72.5% or 82.5% fat, clarified butter and certain spreadable dairy blends	8%	8%
040610300	Fresh mozzarella, whether or not in liquid, with a fat content not exceeding 40% by weight	8%	**20%**

CN code	Products included and examples	VAT 2026	Final text 2027
040610500	Other fresh, unripened cheeses, including whey cheese and curd, with no more than 40% fat, other than mozzarella. Examples: fresh cottage cheese, ricotta, certain types of whey cheese (urdă)	8%	8%

Agricultural products and staple foods – rates of 8%, 12%, possibly 20%

In 2026, an extensive list of agricultural and horticultural produce was at 8%. The final text divides products between the new intermediate 12% category (certain animals, vegetables, fruit, legumes, specific planting material and others) and a narrower list at 8%. Some codes previously at 8% no longer appear on either list; the likely effect is the standard rate, subject to actual classification and other exceptions.

Compared with 2026, beet sugar loses its express mention at 8% and is taxed at 20%.

Eggs and poultry meat: incentive proposed, then removed

The Government's draft of 08.09.2026 provided for eggs (CN 040721000) and poultry meat (CN 020711–020714) to be included at 8%. These categories do not appear in Art. 96 as set out in the final text voted by Parliament, which indicates that the rate will be 20%.

Agriculture 2027–2028: transitional rate and reverse charge

CN code	Product	2027	From 01.01.2028
1001	Wheat and meslin	8%	**12%**
1002	Rye	8%	**12%**
1003	Barley	8%	**12%**
1004	Oats	8%	**12%**
1005	Maize (corn)	8%	**12%**
1007	Sorghum	8%	**12%**
1201	Soybeans	8%	**12%**
1205	Rapeseed	8%	**12%**
120600	Sunflower seeds	8%	**12%**

Utilities: capping tax protection for households

Electricity – 150 kWh per consumption point

Residential electricity currently benefits from a VAT exemption with the right of deduction, without a cap. The Government had proposed a limit of 100 kWh per month, and the final version raises the threshold to 150 kWh from 01.04.2027. For consumption above the threshold, the standard rate of 20% applies.

- **Natural gas – 150 m³ per month**

From 01.04.2027, the new text of Art. 96(2), point 2(d) applies 8% VAT only to natural gas supplied to final consumers within the limit of 150 m³/month/residential consumption point. For the excess volume, in the absence of any other legal basis, 20% applies.