



New Transfer Pricing Legislation in the Republic of Moldova

KPMG in Moldova

—
2024



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Transfer Pricing legislation exists in most developed economies and it will be introduced in the Republic of Moldova too with effect from 1 January 2024.

Hence companies operating in Moldova need to be prepared for important new tax compliance requirements.

The new legislation follows transfer pricing concepts and rules applicable in the European Union, and forms part of Moldova's progress towards EU accession.

The Arm's Length Principle will apply, and the aim is to ensure fair competition on the local market as well as to monitor cross-border relations and transactions to comply with the market prices principle.



What are Transfer prices?

- Transfer prices are prices at which affiliated parties trade. These prices must comply with the market prices principle (i.e. the arm's length principle), or in other words, represent prices that would have been established between independent parties in similar or comparable circumstances. Transfer prices apply to almost all types of transactions between affiliated parties: sales and purchases of goods, supplies of services, intra-group financing, etc.



Who is covered by the legislation? What must they do?

- A taxpayer which, during a tax period, carries out transactions with affiliated parties with a total value equal to or greater than **MDL 20,000,000** (VAT excluded) is required to prepare and present **transfer pricing information**. A **transfer pricing file** needs to be prepared and presented by the entity if requested by the Tax Authorities.
- A taxpayer which, during a tax period, carries out transactions with affiliated parties with a total value equal to or greater than **MDL 50,000,000** (VAT excluded) is required to prepare and present transfer pricing **information and also a transfer pricing file** to the Tax Authorities.



Penalties

- **Transfer pricing adjustments** will be made by the Tax Authorities when the market prices principle is not respected. Such adjustments can lead either to a reduction of a tax loss originally declared, or to the assessment of additional taxable income and hence additional corporate income tax obligations, including late payment penalties, as appropriate.
- A series of fines can also be imposed:
 - MDL 30,000 to MDL 50,000 for late presentation of information and/or the transfer pricing file;
 - MDL 150,000 to MDL 200,000 for presentation of inaccurate information and/or an inaccurate transfer pricing file resulting in a reduction in, or avoidance of tax obligations;
 - MDL 300,000 to MDL 500,000 for failure to present the information and/or transfer pricing file.

Tax assistance services related to transfer pricing provided by KPMG in Moldova



Our objective is to provide you with our support related to compliance with the legislative documentation requirements and assistance in establishing pricing methodologies for intra-group transactions. We also aim to provide you with viable and balanced ideas from a practical perspective in the context of transfer pricing, to help you reduce the risk of potential disputes with the tax authorities or the assessment of additional tax obligations.

Our services include:

- Tax assistance services related to the preparation of transfer pricing information and the transfer pricing file;
- Tax advisory services involving a review of transfer pricing information and the transfer pricing file;
- Tax assistance services related to the methodology of establishing transfer prices;
- Tax assistance services during tax audits carried out by the tax authorities;
- Tax assistance services related to the application of the mutual agreement procedure.

As our services will be supplied in conjunction with the Transfer Pricing team from the Bucharest office, you will also benefit from the knowledge and experience of our colleagues from KPMG in Romania, accumulated over more than 15 years of activity in supporting clients with their transfer pricing needs in Romania, together with the resources of the KPMG network.

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