



## TAX EXEMPTION PROCEDURE

### **I. Tracking of Tax Exemption for COMPACT Funds based on the Government Decision no. 949 dated 12.10.2010**

#### **General Provisions**

The tax exemption mechanism is provided in the Decision No 949 of the Government of the Republic of Moldova from 12.10.2010 "On approval of the Regulation on the mechanism for application of fiscal and customs facilities provided for in the Compact Agreement, entered into force on 22.10.2010. All terms and definitions used in this Procedure are given in the Government Decision No 949 (Implementing Entity, Vendor, Construction Vendor, MCA Moldova, National, Beneficiary, Beneficiary of Exemption etc.)

Any activity, goods, services purchased or performed during Compact implementation, by any person or organization as set forth in and in accordance with Section 2.8 and Annex VI of the Compact, are exempted from any taxes imposed by the local legislation of the Republic of Moldova.

Tax exemption shall apply to:

- Accrued interest;
- Purchased goods (except for the petroleum products) and services delivered by the subjects of the taxation, and representing the result of their activities in the Republic of Moldova;
- Imported goods (except for the petroleum products);
- Income received from delivery of goods, works and services under the Compact Program.

Tax refund shall apply to:

- Vendors providing construction services to MCA Moldova or any other vendor making large-scale procurement of petroleum products (at least 1 metric ton per each procurement) for use in connection with such construction projects ("Construction Vendors") will pay the VAT and excise duties at the point of purchase and will request refund of these taxes. The decision on refund will be taken by the State Tax Service within 45 days in accordance with the **Schedule E** of the Compact, after receipt of the request;

Tax refund exception:

- MCA Moldova, Implementing Entities and Vendors, other than the Construction Vendors mentioned above, shall not be exempt from the VAT and excise for the petroleum products procured and shall not be refunded.

Subjects of the taxation:

National legal persons established in accordance with the legislation of the Republic of Moldova and the national natural persons involved in the Compact Program are not exempted from the income tax, social insurance contributions and medical assistance, mandatory insurance charges, and are subjects of the taxation in accordance with the Moldovan legislation in force.

The exemption will be based on an official Tax Exemption Letter (TEL) issued by MCA-Moldova. The form of TEL is provided in **Annex “A (1)”** herein.

The beneficiaries of the tax exemption shall submit the application letter only if and when the following two conditions are met: (1) expenses/purchases made are exclusively related to the purposes of the Compact Program, (2) such business expenses are ordinary and necessary as per MCC Cost Principals Guidance. For office supplies and other administrative purchases, the beneficiaries shall use the framework contracts with the suppliers and submit the application letters only for purchases not less than 1000 MDL.

This TEL will include the name of the beneficiary, the Project and the confirmation that the goods, works, or services are procured in furtherance of the Compact. In order to receive a TEL, Vendors shall submit to MCA Moldova an Application Letter for Tax Exemption (see **Annex B**).

Application letter shall be reviewed by MCA Moldova within seven (7) working days. This timing shall be taken into account by the beneficiaries of exemption when they plan to procure or import the goods, services or works.

This application letter shall contain the following information:

- Name, address and fiscal/identification code of the vendor;
- The contract number and date;
- The Project name;
- Other relevant information.

For procurements related to the Program Management, MCA Moldova should provide TEL for each vendor or customs office without any application letter on their part.

The Fiscal Agent will monitor the tax exemption mechanism. When the Fiscal Agent receives an invoice from the Vendor, the determination shall be made whether the particular purchase is in compliance with the contract provisions and is eligible for the tax exemption, before entering it into the system.

## **1. Exemption from Value Added Tax, Excise Duty, Customs Tax and Customs Procedure Tax for imported goods (except for the petroleum products)**

MCA Moldova, each Implementing Entity, and any vendor importing goods in furtherance of the Compact are exempt from VAT, customs duties, excise duties, customs procedure taxes, or any other taxes. In order to qualify for the exemption the following steps shall be made:

**1.1** Beneficiaries of exemption who import the goods in furtherance of the Compact Program shall request a TEL from MCA Moldova which will confirm that the goods are subject to exemption.

**1.2** In order to obtain this TEL, an Application Letter shall be submitted to the Project/Technical Director which shall be supported with two (2) copies of the following documents:

- a) The invoice for the imported goods.
- b) The copy of the purchase order or contract for that particular work or service.
- c) Transportation documents (CMR, TIR carnet, Airway bill, etc.)

- d) Certificates, authorizations, licenses, if required by Moldovan laws and regulations.
- e) In case of Works contracts, the Application Letter shall be supported by a letter duly certified by the construction supervision company that confirms the source and quantity of the goods to be imported.

**1.3** The Project/Technical Director shall verify the contents of all documents, check whether the goods apply to the project and the contract, certify the application letter and submit the package of documents to the MCA Moldova-Director of Administration and Finance (DAF). This activity shall be completed by the Project/Technical Director within three (3) working days.

**1.4** The DAF shall check all documents and submit the package to the Fiscal Agent. This activity shall be completed within one (1) working day.

**1.5** The Fiscal Agent (Senior Payments & Tax Specialist) shall check the documents, enter the information into the Automated Accounting System (AAS) module "Tax Exemption System" and draft three (3) copies of the Tax Exemption Letter (see **Annex A (2a)**).

**1.6** The draft of TEL with all supporting documents attached shall be lodged with the DAF. The Fiscal Agent shall complete this activity within one (1) working day.

**1.7** The DAF shall verify all documents and submit all copies of the same to the Executive Director (ED) for TEL signature. The DAF shall then retain one (1) copy of the TEL and return a copy of TEL and supporting documents to the Fiscal Agent and a copy of the same to the beneficiary. MCA Moldova shall complete this activity within one (1) working day.

**1.8** The Beneficiary of the exemption will file a request to the customs office supported by the TEL and other related documents as above.

## **2. Exemption from Value Added Tax for imported services**

The services provided by non-resident legal entities and residents of the Republic of Moldova to beneficiaries for Compact purposes are exempt from the VAT. In order to qualify for the exemption the following steps shall be taken:

**2.1** Beneficiaries of exemption who import services in furtherance of the Compact Program shall request a TEL from MCA Moldova which will confirm the exemption;

**2.2** Two copies of an application letter supported by the contract and invoice shall be presented to the Project /Technical Director in order to obtain TEL. In case of Works contracts the application letter should be accompanied by a letter from construction supervision company confirming the source and quantity of the goods to be imported;

**2.3** The Project/ Technical Director shall verify the contents of all documents, check that the services apply to the project and the contract, certify the application letter and submit the package of documents to the MCA Moldova-Director of Administration and Finance (DAF). This activity shall be completed by the Project/Technical Director within three (3) working days.

**2.4** DAF shall check all documents and submit the package to the Fiscal Agent. This activity shall be completed within one (1) working day

**2.5** The Fiscal Agent (Senior Payments & Tax Specialist) shall check the documents, enter the information into the AAS module "Tax Exemption System" and draft three (3) copies of the Tax Exemption Letter (see **Annex A (2a)**);

**2.6** The draft of TEL with all supporting documents attached shall be lodged with the MCA Moldova (DAF). The Fiscal Agent shall complete this activity within one (1) working day;

**2.7** MCA Moldova (DAF) shall verify all documents and submit all copies of the same to the Executive Director for TEL signature. DAF shall then retain one (1) copy of the TEL and

return a copy of TEL and supporting documents to the Fiscal Agent and a copy of the same to the beneficiary. MCA Moldova shall complete this activity within one (1) working day.

**2.8** TEL shall be kept by the beneficiary as a confirmation of exemption.

### **3. Exemption from Value Added Tax for goods delivered (except for the petroleum products), works and services performed by the subjects of taxation and representing the result of their entrepreneurial activity in the Republic of Moldova**

Vendors shall deliver all goods, works and services for MCA Moldova, or other beneficiary with exemption from Value Added Tax. In order to qualify for the exemption the following steps shall be taken:

**3.1** The vendor will issue a tax Pro-forma Invoice (“cont de plata”), or fiscal invoice indicating the value

of goods and/or services.

**3.2** Beneficiaries who purchase the goods/works/services in furtherance of the Compact Program shall request a TEL from MCA Moldova which will confirm that the goods are subject to exemption;

**3.3** Application letter and two (2) copies of invoice supported by the contract shall be presented by the beneficiary to the Project/Technical Director. In case of Works contracts the application letter should be accompanied by a letter from construction supervision company confirming the source and quantity of the goods to be purchased;

**3.4** Project/Technical Director shall check if the deliveries of goods, works and services are for the purposes of the “Compact” Program, certify or reject the application letter and submit the entire set of documents to the MCA Moldova-Director of Administration and Finance (DAF). This activity shall be completed by the Project/Technical Director within three (3) working days.

**3.5** DAF shall check all documents and submit the package to the Fiscal Agent. This activity shall be completed within one (1) working day

**3.6** The Fiscal Agent (Senior Payments & Tax Specialist) shall check the documents, enter the information into the AAS module “Tax Exemption System” and draft three (3) copies of the Tax Exemption Letter (**Annex A (2c)**);

**3.7** The draft of TEL with all supporting documents attached shall be lodged with the MCA Moldova (DAF). The Fiscal Agent shall complete this activity within one (1) working day;

**3.8** MCA Moldova (DAF) shall verify all documents and submit all copies of the same to the Executive Director for TEL signature. DAF shall then retain one (1) copy of the TEL and return a copy of TEL and supporting documents to the Fiscal Agent and a copy of the same to the beneficiary. MCA Moldova shall complete this activity within one (1) working day.

**3.9** The vendor shall issue a tax exempt invoice (“factura fiscală”) indicating the value of goods, work, services without the VAT. TEL shall be attached to the original invoice (*factura fiscală*) countersigned by an authorized representative of MCA-Moldova and kept as a confirmation for the tax exemption.

### **4. VAT and excise duty reimbursement mechanism for the import and/or deliveries of the petroleum products conducted on the territory of Moldova.**

Vendors providing construction services to MCA Moldova or any other Vendors making large-scale procurements of petroleum products (at least 1 metric ton per each procurement) for use in connection with such construction projects are entitled to request the refund of the VAT and excise paid at the moment of the procurement. In order to receive the refund the following steps shall be done:

- 4.1 The Construction Vendor will pay VAT and excise at the moment of procurement
- 4.2 After, the request for refund of VAT and excise duty of the purchased petroleum products shall be submitted to the State Tax Service at the end of next month for each separate calendar month after its end.
- 4.3 In order to qualify for the reimbursement, as stated above, the Construction Vendor shall submit to the Project/Technical Director an application letter supported by the contract, fiscal invoice for the procurement among the territory of Moldova or customs declaration while the petroleum products are imported and confirmation of VAT payment. In case of Works contracts the application letter should be accompanied by a letter from construction Supervision Company confirming the source and quantity of the goods to be procured and/or imported.
- 4.4 This application letter shall be submitted within ten (10) calendar days after the end of each month, stating and proving the entire quantity/volume of the petroleum products purchased and/or imported within this month.
- 4.5 The Project/Technical Director shall check if the quantity/volume of the petroleum products is in compliance with the contract, is eligible to the reimbursement and certify the application letter and submit the entire set of documents to the MCA Moldova-Director of Administration and Finance (DAF). This activity shall be completed by the Project/Technical Director within three (3) working days.
- 4.6 DAF shall check all documents and submit the package to the Fiscal Agent. This activity shall be completed within one (1) working day
- 4.7 The Fiscal Agent (Senior Payments & Tax Specialist) shall check the documents, enter the information into the AAS module "Tax Exemption System" and draft three (3) copies of the TEL (see **Annex A(3)**).
- 4.8 The draft of TEL with all supporting documents attached shall be lodged with the MCA Moldova (DAF). The Fiscal Agent shall complete this activity within one (1) working day.
- 4.9 MCA Moldova (DAF) shall verify all documents and submit all copies of the same to the Executive Director for TEL signature. DAF shall then retain one (1) copy of the TEL and return a copy of TEL and supporting documents to the Fiscal Agent and a copy of the same to the beneficiary. MCA Moldova shall complete this activity within one (1) working day.
- 4.10 This letter shall be submitted by beneficiaries to the State Tax Service for the refund of VAT and excise along with other requested documents.
- 4.11 Fiscal Agent will monitor whether the Construction Vendor has received a refund within 45 days (based on confirmation received from the vendor) and if not, will submit this information to the MCA Moldova.

## **5. Tax exemption for temporary admission of equipment, vehicles, and household goods**

The procedure for temporary admission with total exemption from import rights and other taxes is extended to MCA-Moldova and the Vendors importing goods in accordance with the temporary admission customs regime and to be used in furtherance of the "Compact" Program, as well as to exempt individuals importing equipment, vehicles, and household goods for personal use within the "Compact" Program.

In order to qualify for the exemption, Vendor or Exempt Individual shall request a TEL. In order to obtain the TEL the following steps shall be done:

- 5.1** An Application Letter shall be submitted to the Project/Technical Director indicating the reasons of the temporary admission. This application letter shall be supported by two (2) copies of:
- a) the invoice for the goods, if applicable;
  - b) the copy of the contract for the temporary admission of goods, if applicable;
  - c) transportation documents (CMR,TIR carnet, Airway bill, etc), if applicable;
  - d) certificates, authorizations, licenses, in the cases provided for by the law of the Republic of Moldova;
  - e) in case of Works contracts the application letter should be accompanied by a letter from construction supervision company confirming the source and quantity of the goods to be imported.
- 5.2** The Project/Technical Director shall check that the temporary imported goods are for the exclusive use of the “Compact” Program or for the personal use of the Exempt Individual, certify the Application Letter and forward the set of documents to the MCA Moldova-Director of Administration and Finance (DAF). This activity shall be completed by the Project/Technical Director within three (3) working days.
- 5.3** DAF shall check all documents and submit the package to the Fiscal Agent. This activity shall be completed within one (1) working day
- 5.4** The Fiscal Agent (Senior Payments & Tax Specialist) shall check the documents, enter the information into the AAS module “Tax Exemption System” and draft three (3) copies of the TEL (**Annex A (2a)** – for MCA Moldova or any other vendors importing goods to be used in furtherance of the Compact or **(2b)**-for any Exempt Individual importing equipment, vehicles, and household goods for personal use.
- 5.5** The draft of TEL with all supporting documents attached shall be lodged with the MCA Moldova (DAF). The Fiscal Agent shall complete this activity within one (1) working day.
- 5.6** MCA Moldova (DAF) shall verify all documents and submit all copies of the same to the ED for TEL signature. DAF shall then retain one (1) copy of the TEL and return a copy of TEL and supporting documents to the Fiscal Agent and a copy of the same to the beneficiary. MCA Moldova shall complete this activity within one (1) working day.
- 5.7** The letter and other relevant documents shall be submitted by the beneficiary to the customs office.

## **6. Tax exemption for the income received from the provision of goods, works and services, for social and medical insurance contributions, mandatory insurance charges and other duties and taxes**

MCA Moldova, Each Implementing Entity and any Vendor working in furtherance of the Compact, other than nationals of Moldova are exempt from Moldovan tax on income earned from supplying goods, works and services in furtherance with the Compact. All natural persons working in furtherance of the Compact other than nationals of Moldova are also exempt from any income, social security, medical insurance or other mandatory taxes and charges imposed by Moldovan laws. In order to qualify for the exemption the following steps shall be done:

- 6.1** Exempt beneficiaries who are acting in furtherance of the “Compact” Program shall request a TEL. For this purpose, they shall present to the Project/Technical Director an application letter supported by relevant documents.
- 6.2** The Project/Technical Director shall determine whether the beneficiaries’ work is in compliance with the contract within the scope of the Compact, countersign the application letter and forward it to the MCA Moldova-Director of Administration and Finance (DAF). This activity shall be completed by the Project/Technical Director within three (3) working days.

- 6.3** DAF shall check all documents and submit the package to the Fiscal Agent. This activity shall be completed within one (1) working day.
- 6.4** The Fiscal Agent (Senior Payments & Tax Specialist) shall check the documents, enter the information into the AAS module "Tax Exemption System" and draft three (3) copies of TEL (see **Annex A (1)**).
- 6.5** The draft Letter and all supporting documents shall be transmitted to MCA Moldova (DAF). The Fiscal Agent shall comply with this procedure within one (1) working day.
- 6.6** MCA Moldova (DAF) shall verify all documents and submit all copies of the same to the Executive Director for TEL signature. DAF shall then retain one (1) copy of the TEL and return a copy of TEL and supporting documents to the Fiscal Agent and a copy of the same to the beneficiary. MCA Moldova shall complete this activity within one (1) working day.
- 6.7** TEL shall be kept by the beneficiary as a confirmation for exemption.

The FA shall maintain a system to track all tax exemptions; taxes assessed and paid, and tax refunds by the Government (see **Annex "C"- Tax Exemption Tracking**).

If a tax has been levied and paid contrary to the requirements of Section 2.8 and Annex VI of the Compact the Fiscal Agent must notify MCA Moldova and MCC of any failure by the Government, to timely administer such tax exemptions or promptly reimburse such taxes. In such cases the beneficiary of exemption shall submit an Application Letter (see **Annex A (4)**) to the State Tax Service, Customs Office, National House for Social Insurance or National House for Medical Insurance, depending on who is the beneficiary of the receiving treasury accounts in order to reimburse the taxes, duties paid contrary to the provision of the Compact Agreement. A tax reimbursement shall be considered overdue unless it is reimbursed within thirty (30) calendar days from the day the request was submitted. This application letter should be submitted with the Tax Exemption Letter. In order to obtain the TEL shall be taken the described above steps.

The Procurement Agent is responsible for providing information to all vendors regarding tax exemptions using a notice on tax exemption (see **Annex D**) developed by the Fiscal Agent, which is applicable to all activities financed out of funds provided by MCC. This notice provides clear instructions on the way such tax exemptions shall be obtained. MCA Moldova and Procurement Agent shall include a description of the tax and customs system in the biddings documents and in the contracts.

## **II. Tracking of Tax Exemption for 609(g) Funds based on Government Decision no. 246 dated April 08, 2010**

In accordance with the Government Decision nr.246 dated 08.04.2010 "On the modality of applying the 'zero' rate VAT on supplies of goods, services conducted on the territory of country and the mechanism for application of the fiscal and customs facilities for the ongoing technical and investment projects assistance under international treaties to which Moldova is party" the Millennium Challenge Corporation was included in the list of such projects.

The subject of taxation shall deliver to all Contractors included in this Decision the goods and services at zero VAT rate. These Contractors and Beneficiaries are:

- MCA Moldova;
- Nathan Associates Inc.;
- URS;
- Universinij SRL;
- Louis Berger SAS;
- Booz Allen Hamilton Inc.

In order to qualify for the Tax exemption the nominated contractors and/or beneficiary should submit to vendors an official letter duly certified by MCA Moldova, which will make references to the name of contractors and the project, confirmation of the application of zero rate VAT (see **Annex E**).

The evidence of the issued letters should be kept by MCA Moldova and by contractors.



## ANNEX A (1)

[MCA Moldova Logo]

### TAX EXEMPTION LETTER

[Date]

Kind Attn.: **[Fiscal Agent]**

Reference: „ **confirmation of deliveries made under COMPACT**”

Herewith, the Millennium Challenge Account Moldova (MCA Moldova), created through the Government Decision no 161 from March 4, 2010, would like to inform you that on January 22, the Government of the United States of America, acting through the Millennium Challenge Corporation – governmental agency established by the United States of America (hereinafter – the *Corporation*) on one side, and the Government of Republic of Moldova on the other side, have signed the Millennium Challenge Compact Programme Agreement.

In accordance with the aforementioned Agreement and under the Regulation on the application of tax and customs facilities provided for in the Compact Agreement (Government Decision No. 949 from 12.10.2010), the procedure of exemption of import and customs duties, fees for equipment, vehicles and household goods for personal use of individuals or entities exempted under the “Compact” (section 24-28) has been put in place.

**“Vendor”** implementer of the **Program Management and Oversight Project**, which is an integral part of the Compact Program, financed through the United States Government agency *Millennium Challenge Corporation (MCC)*, is a beneficiary of tax exemption.

Therefore, MCA Moldova hereby certifies that tax exemptions provided for in the Decision of the Government of the Republic of Moldova no. 949 dated 12.10.2010 *on the approval of the Regulation on the mechanism for application of fiscal and customs facilities provided for in the Compact Agreement* enacted based on provisions of Section 2.8 (j) of the Compact, are applicable to **“Vendor”** in the furtherance of the Millennium Challenge Program. This Tax Exemption Letter shall cover:

- a) Value Added Tax (except petroleum products)
- b) Excise Duties (except petroleum products)
- c) Income Tax
- d) Customs Duties and Procedures
- e) Other Taxes

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Hereby we inform you that the aforementioned Government Decision is available on MCA Moldova website [www.mca.gov](http://www.mca.gov)

Executive Director

Valentina Badrajan

**ANNEX A 2(a)**

\_\_\_\_\_ **No.** \_\_\_\_\_

(Date)

\_\_\_\_\_  
(To Customs Service)

„To confirm deliveries made under Compact”

Herewith, the Public Institution Millennium Challenge Account Moldova (MCA Moldova), created through the Government Decision no.161 of March 4, 2010 to ensure implementation of the Compact Agreement signed between the Millennium Challenge Corporation (USA) and the Government of the Republic of Moldova, informs you that Louis Berger Company was contracted to provide Fiscal Agent services in furtherance of the Grant Agreement. To execute this contract Louis Berger imports goods \_\_\_\_\_ (name of goods) \_\_\_\_\_ to be used in furtherance of Compact.

In line with the Grant Agreement mentioned above, Section 2.8 and Annex VI, the parties have agreed that the imported goods shall be exempt from the value added tax, excise duty and customs duties. The tax exemption mechanism was approved through the Government Decision no.949 of October 12, 2010 on the approval of the Regulation on the application of tax and customs facilities provided for in the Compact Agreement, published in the Official Monitor dated October 22, 2010.

In this respect, in line with the provisions of the aforementioned Government Decision, this letter shall come as confirmation that the specified goods to be imported are to be used in furtherance of the contract signed with Louis Berger.

Respectfully yours,

**Executive Director**

**Valentina Badrajan**

**ANNEX A 2(b)**

Date: \_\_\_\_\_  
No. \_\_\_\_\_

Chisinau International Airport  
**Customs Post**

## **TAX EXEMPTION LETTER**

### ***„To confirm the deliveries made under COMPACT”***

Herewith, the Public Institution Millennium Challenge Account Moldova (MCA Moldova), created through the Government Decision no.161 of March 4, 2010, informs you that on January 22, 2010 the Millennium Challenge Corporation – a governmental agency created by the United States of America (hereinafter Corporation) and acting on behalf of the US Government - signed the Full Assistance Compact Agreement with the Government of the Republic of Moldova.

In line with this Agreement, and under the Regulation on the application of tax and customs facilities provided for in the Compact Agreement (Government Decision no.949 of October 12, 2010) the procedure of temporary admission and full exemption from import duties and other taxes and customs duties for equipment, vehicles and household goods to be used by exempt individuals in furtherance of the Compact (clause 24-28 of the Regulation) was put in place.

To implement the Compact Agreement dated January 22, 2010 MCA Moldova contracted the international consultancy company \_\_\_\_\_ The latter contracted Mr. \_\_\_\_\_ to the position of Project Manager, who will reside in the Republic of Moldova in the period of \_\_\_\_\_ and therefore will bring into the country a number of personal goods as specified in the import list for personal use, indicated in Annex no.1 to this letter, that will not be subject to sale and will be subject to the facilities provided for in the Regulation on the application of tax and customs facilities provided for in the Compact Agreement (GD no.949 of October 12, 2010).

In this sense, according to the provisions of the Full Assistance Compact Agreement and Government Decision of the Republic of Moldova no.949 of October 12, 2010, this letter serves as a basis for the temporary admission of equipment, vehicles and household goods to be used by Mr \_\_\_\_\_, Project Manager, \_\_\_\_\_ with full exemption from import duties and other customs taxes and duties.

Respectfully yours,

**Valentina BADRAJAN,**  
**Director Executive**

## Goods imported for personal use

No.	Description	Unit. mas.	Quantity	Unit price	Currency	Additional Information
1	VEHICLE Mercedes Benz, ML Class, Chassis no.: WZ01B2094832948 Engine no.: 21934954788 Registration no.: 04 NB 023237 Manufacture year: 2009 Engine Capacity: 3200 cm3 Condition: in use Color: metallic gray	units	1	36 000	Euro	Temporary Importing
2	COMPUTER Lenovo GRX 45000 Serial no.: LD0349586758945	units	1	2 500	USD	Temporary Importing
3	VIDEO CAMERA Sony SR 100E Serial no.: 1023848591	units	1	1 650	USD	Temporary Importing
...	...					

**Approved by:**

**Project Director**

\_\_\_\_\_

**ANNEX A 2(c)**

\_\_\_\_\_ **No.** \_\_\_\_\_

(Date)

\_\_\_\_\_  
(To supplier of goods, works, services)

„To confirm deliveries made under Compact”

Herewith, the Public Institution Millennium Challenge Account Moldova (MCA Moldova), created through the Government Decision no.161 of March 4, 2010 to ensure implementation of the Compact Agreement signed between the Millennium Challenge Corporation (USA) and the Government of the Republic of Moldova informs you that the International Company Ivory was contracted to provide construction services under Road Rehabilitation Project in furtherance of the Grant Agreement. To execute this contract the Ivory Company will procure goods (works, services) from \_\_\_\_\_, invoice series \_\_\_no.\_\_\_\_\_, dated\_\_\_\_\_, to be used in furtherance of Compact.

In line with this Grant Agreement, Section 2.8 and Annex VI the parties have agreed that the imported goods shall be exempt from the value added tax, excise duty and customs duty. The tax exemption mechanism was approved through the Government Decision no.949 of October 12, 2010 on the approval of the Regulation on the application of tax and customs facilities provided for in the Compact Agreement, published in the Official Monitor dated October 22, 2010.

In this respect, in line with the provisions of the aforementioned Government Decision, this letter shall come as confirmation that the specified goods to be procured are to be used in furtherance of the contract signed with Ivory International Company.

Respectfully yours,

**Executive Director**

**Valentina Badrajan**

**ANNEX A 3**

\_\_\_\_\_ no. \_\_\_\_\_

(Date)

\_\_\_\_\_  
(To the State Tax Service)

„To confirm deliveries made under Compact”

Herewith, the Public Institution Millennium Challenge Account Moldova (MCA Moldova), created through Government Decision no.161 of March 4, 2010 to ensure implementation of the Compact Agreement, signed between Millennium Challenge Corporation (USA) and the Government of the Republic of Moldova, informs you that the Construction Vendor „ X” was contracted to perform construction works for MCA Moldova, under Road Rehabilitation Project. To execute this contract, the Construction Vendor „X” in \_\_\_\_\_ (month) procured (imported) petroleum products in the amount of \_\_\_\_\_ invoice no. \_\_\_\_ dated \_\_\_\_\_.

In accordance with this Agreement, Section 2.8 and Annex VI the parties have agreed that the Construction Vendor will pay the value added tax and excise duty for the petroleum products procured, and then request the refund of the payments made. The tax exemption mechanism was approved through the Government Decision no.949 of October 12, 2010 on the approval of the Regulation on the application of tax and customs facilities provided for in the Compact Agreement.

In this respect, in accordance with the provisions of the aforementioned Government Decision, this letter comes to confirm that the specified petroleum products have been (will be) used for the construction works under the Road Rehabilitation Project.

Respectfully yours,

**Executive Director**

**Valentina Badrajan**

**ANNEX A 4**

\_\_\_\_\_ No. \_\_\_\_\_

(Date)

\_\_\_\_\_  
(To the State Tax Service; Customs Service; National  
House of Social Insurances;  
National Health Insurance Company)

„On reimbursement of taxes paid  
contrary to the terms of Compact Agreement”

Herewith, the Public Institution Millennium Challenge Account Moldova (MCA Moldova), created through the Government Decision no. 161 of March 4, 2010 to ensure implementation of Compact Agreement signed between the Millennium Challenge Corporation (USA) and the Government of the Republic of Moldova informs you that *the international company Ivory procured material goods amounting to 100000 lei from „Zeta” LLC. For the goods procured, Ivory Company paid the value added tax to the amount of 20000 lei.*

In line with the Compact Agreement, Section 2.8 and Annex VI, the parties have agreed that the goods, services delivered and works performed under Compact shall be exempt from taxes. The tax exemption mechanism was approved through the Government Decision no.949 of October 12, 2010 on the approval of the Regulation on the application of tax and customs facilities provided for in Compact Agreement, published in the Official Monitor dated October 22, 2010.

In this respect, according to the provisions of the aforementioned Government Decision, we kindly ask you to refund the amount of 20000 lei paid contrary to the provisions of Compact Agreement within 30 days from submission of the request.

Respectfully yours,

**Executive Director**

**Valentina Badrajan**

**ANNEX B**

**Application letter for tax exemption**

[On the letterhead of the applicant]

No. \_\_\_\_\_

\_\_\_\_\_  
[Date]

To: Mrs. Valentina Badrajan  
Executive Director, Millennium Challenge Account Moldova

Ref. Application letter for tax exemption

***Dear Mrs. Badrajan,***

Company \_\_\_\_\_ has a contract with the MCA Moldova and provides consultancy services for the Transition to High Value Agriculture (THVA) Project. For this purpose \_\_\_\_\_ contracted \_\_\_\_\_, who executes the \_\_\_\_\_.

With references to the Compact Agreement and the Decision of the Government of the Republic of Moldova no.949 dated 12.10.2010 on the approval of the Regulation on the mechanism for application of the fiscal and customs facilities provided for in the Compact Agreement \_\_\_\_\_ and its Subcontractors are exempted from any taxes imposed by the local legislation of the Republic of Moldova.

Herewith we submit the:

- List of the equipment
- Copy of the contract
- Other documents (must be nominated)

The specified materials and equipment are expected to be used for the purposes of the THVA Project; therefore we kindly ask you to issue us a Tax Exemption Letter.

Sincerely,

\_\_\_\_\_

Certified by Projecr/Technical Director  
(Signature) (Date)



**ANNEX C**

**TAX EXEMPTION TRACKING**

**Summary Statement**

Beginning Date:  
Ending Date:  
Currency  
US\$

Description	No. of Exempt Invoices	No. of Exempt Vendors	TAXES PAID, USD			TAXES REFUNDED, USD				
			TOTAL	MCA MOLDOVA	Major Works Contractors	Chain Contractors	TOTAL	MCA MOLDOVA	Major Works Contractors	Chain Contractors
1	2	3	4	5	6	7	8	9	10	11
VAT										
Excise Duties										
Other Taxes:										
- Individual Income Tax										
- Social Insurance Contributions										
- Medical Assistance Insurance										
- Other Taxes										
<b>GRAND TOTAL</b>										

**Detailed Statement**

Vendor	Contract #	Contract Date	Invoice #	Invoice Date	Project	Budget Code	Net Invoice Amount, USD	Tax Exemption Amount, USD	Type of Tax	...
1	2	3	4	5	6	7	8	9	10	

...	Date of MCA Approval	Tax Refund					Notes
		Amount Paid	Date Paid	Amount Refund	Date Refund	Days Elapsed	
11	12	13	14	15	16	17	

**ANNEX D**

**Tax Notice**

General information	<p>This notice is intended to provide information about the provision of tax exemption.</p> <p>In accordance with Section 2.8 “Taxes” of the Compact acting through the Millennium Challenge Corporation, a United States government, Corporation ( “MCC”) and the Republic of Moldova (Moldova) all goods, services, or works acquired , used or performed at any level or stage under or in connection with the Program “Compact” are exempt from any obligation imposed by the laws of Moldova</p>
Legislation	<p>Millennium Challenge Compact, Section 2.8 Decision of the Government of the Moldova, Decision of the Government of the Republic of Moldova No.949 from 12.10.2010 and Tax Exemption Procedure.</p>
Who Is Eligible for The tax exemption	<p>MCA-Moldova          Each Implementing Entity          Vendors of goods, services and works          All natural persons , other than nationals of Moldova          Vendors providing construction services to MCA-Moldova, or another vendor making procurement of petroleum products, not less than 1(one) ton for every purchase for use in connection with construction</p>
Taxes	<p>Value Added Tax          Customs Duties          Corporate Income Tax          Individual income tax          Value Added Tax and Excise duties for the petroleum products          Excise Duty          Customs procedure Tax          Other Taxes</p>
Qualification for exemption	<p>Goods, services or works must be provided for the purposes of the Compact          Income must be earned from works and services performed in furtherance of the Compact</p>
Procedure	<p>In order to obtain tax exemption MCA Moldova provide to the beneficiary of the exemption an official letter, which will confirm that such goods, services or works are exempted from taxes. This letter is issued by MCA Moldova within seven (7) working days that shall be taken into account by the beneficiaries of exemption.</p>
More Information or Questions	<p>If you have any questions please call: Louis Berger, MCA-Moldova Fiscal Agent tel. +373 22 84 42 30/31          or send an e-mail at: <a href="mailto:info.fiscal-agent.moldova@lbsas.com">info.fiscal-agent.moldova@lbsas.com</a>          For more information, please visit: <a href="http://www.mca.gov.md">www.mca.gov.md</a>  <a href="http://mca.gov.md/md/mcadocoficial/">http://mca.gov.md/md/mcadocoficial/</a>.</p>

## ANNEX E

Date            no. \_\_\_\_\_

Company\_\_\_\_\_.

**Dear Sirs,**

Herewith, the Public Institution Millennium Challenge Account Moldova (MCA Moldova), created through the Government Decision no. 161 of March 4, 2010, informs you that on October 7, 2009 the Government of the Republic of Moldova, the US Embassy to the Republic of Moldova and the Millennium Challenge Corporation – governmental agency created by the United States of America (hereinafter *Corporation*) - signed a grant agreement to facilitate development of the Compact Program in the Republic of Moldova.

In accordance with this Agreement, the parties have agreed that the taxes, customs duties and other contributions prescribed by Moldovan legislation shall apply according to the Agreement between the US Government and the Government of the Republic of Moldova on cooperation to facilitate the provision of assistance (signed on March 21, 1994). According to the provisions of article I (A) of the aforementioned Agreement, the goods, deliveries or other properties, including services, delivered or used in relation to the US assistance programs may be imported in, exported from or used in Moldova exempted from any tariffs, taxes, customs taxes, import duties and other taxes and similar contributions, including the value added tax, prescribed by Moldovan legislation.

To implement the Grant Agreement dated October 7, 2009, MCA Moldova contracted the international company \_\_\_\_\_ **Inc** to provide Procurement Agent services.

We also want to inform you that Millennium Challenge Account Moldova is in the List of ongoing technical assistance projects, that fall under the international treaties providing for exemption from income tax, excise and customs duties, as well as application of zero-rated VAT for goods and services to be used under such projects, approved through the Government Decision of the Republic of Moldova no.246 of April 8, 2010 as amended.

In this respect, in accordance with the provisions of the aforementioned Government Decision, this letter shall serve as a basis for the delivery of goods and services by suppliers to \_\_\_\_\_ **Inc** with zero-rated VAT.

Respectfully yours,

**Executive Director**

**Valentina Badrajan**