

Incentives Granted to Banks and Microfinance Organizations for Granting of Loans

50% discount on the payment of the income tax applicable to income obtained from credits and loans with maturities 2 to 3 years

100% exemption on the payment of the income tax applicable to income obtained from credits and loans with maturities over 3 years

Eligibility

Commercial banks and Micro Finance Institutions

Legal ground

[Law on enforcement of Titles I and II of the Fiscal Code No. 1164-XIII of 24 April 1997 \(Article 24, para. \(14\)\)](#)

[GoM Decree on approving the Regulation on the manner and conditions for exemption from the payment of the tax on the income obtained by commercial banks for loans granted for a period of 2 to 3 years and for loans for periods of over 3 years No. 1390 of 24 November 2003](#)

Details

The mentioned incentive applies to incomes related to the financing of investments intended for the purchase of fixed assets for the purpose of using them in the economic activity of the enterprise, contracting works and engineering services, purchase and processing of agricultural products, development, appropriation and implementation of new techniques and technologies, as well as redesign and reengineering of the production process, planting and renewal of perennial plantations, purchase and ageing of raw material and alcohol for wines and brandies (cognacs).

To benefit of the incentives related to the payment of the income tax, provided in Art. 24 para (14) of the Law, lenders should exercise the control over the purposeful use loans granted for maturities of 2 to 3 years and of credits for maturities over 3 years, by requiring economic agent to present documents confirming the fact of made investments for the purposes set in the initially presented documents, until the redemption by the economic agent of all duties related to the concerned credit to the bank. If the borrower that obtained a loan with 2 to 3 or over 3year maturity reimburses in whole or in part the contracted credit, the mentioned incentive will apply only to the income made from the remaining credit amount and which will be reimbursed at the due date set in loan contract. The financial institutions may benefit of incentives at the payment of income tax only when the income is directly

obtained from the grant of credits for a period of 2 to 3 years and credits for a period of over 3 years in accordance with Art. 24 para. (14) of the Law.

The income obtained from loans extended for 2 to 3 years and loans with maturities over 3 years is not subject to the incentive, excepting when the extension was granted following a Government or Parliament decision, accompanied by the respective guarantees. The commercial bank is obliged to keep record by fiscal years, for each granted credit, in a registry that will include the following information:

- Name of the economic agent – beneficiary of the credit, fiscal code, address;
- Destination of the credit according to point 2 of this Regulation;
- Credit sources – own sources of the commercial bank, credit with special destination from the sources of the National Bank of Moldova;
- Interest rate, in %;
- Date when the credit was granted;
- Credit reimbursement date;
- Credit period;
- Amount of the contracted credit, in MDL;
- Income from the granted credit, in MDL;
- Expenses related to the granted credit, in MDL;
- Taxable income in the reporting year from the moment when the credit was granted, which is subject to exemption, in MDL;
- Total calculated income tax, including on the part subject to the incentive, in MDL.

At the end of the transaction period (calendar year), the commercial bank should reflect in the mentioned registry the total amount of the taxable income in the reporting year, gained from the grant of credits subject to exemption depending on the types of credit periods:

- from 2 to 3 years;
- over 3 years.

The mentioned registry is compiled manually, bound, signed by the bank manager and stamped, according to the established general manner, at the end of the reporting year.

The income subject to taxation (according to Art. 24 para. (14) of the Law) is determined as a difference between the income obtained from granted credits for a period of 2 to 3 years and credits for a period of over 3 years and the expenses related to them. The expenses related to credits for a period of 2 to 3 years and for a period of over 3 years are determined proportionally to the share of income following their grant in the total income of the bank

