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Introduction

The Moldovan Government has presented a range of different measures to limit the spread of the COVID-19 virus and to alleviate the impact of the virus outbreak on jobs and the economy of the Republic of Moldova.

ACI Partners brings to you this Government Response to COVID-19 Guide. The Guide focuses on financial support measures, business protection measures, employment support, financial services and insurance, insolvency laws, corporate laws, business operations restrictions, and access to justice.

Please note that due to the dynamic nature of the COVID-19 crisis and its effect on the business environment in Moldova, the government’s responses and measures that are being introduced are subject to change and constant ongoing assessment. This document may not be viewed as a legal advice or exhaustive analysis of the current situation. The information in the Guide has been prepared as of 6 April 2020 and some parts thereof may become outdated after this date.
Financial Support

What form of direct liquidity support has the government made available?

The Government has approved subsidies to companies and non-commercial organisations that entered the "technical unemployment" or "cessation" regime. These subsidies are to be paid based on the calculated and effectively paid income taxes on salaries, as well as compulsory social and health insurance contributions.

The amounts of subsidies are as follows:

- 100% of the amount paid – for companies and non-commercial organisations that have partially or totally ceased their activity due to decisions issued by public authorities;
- 60% of the amount paid – for other companies and non-commercial organisations that have partially or totally ceased their activity.

What national and local tax reliefs and/or payment holidays have been introduced?

The following tax relief measures have been approved:

- VAT for the HoReCa sector will be reduced from 20% to 15%;
- Compulsory social insurance contributions for the period of inactivity imposed by authorities will be reimbursed to individual entrepreneurs, self-employed professionals and patent holders.

The following postponements of tax returns and payment holidays have been introduced:

- Returns and payments related to income tax, property tax, land tax and local taxes for 2019 are postponed until 25 April 2020, for individual entrepreneurs and farmers who are not subjects to VAT and did not employ more than 3 persons;
- Returns related to the operational income tax for 2019 are postponed until 25 April 2020, for SMEs;
- Corporate income tax instalments for the first quarter of 2020 are postponed until 25 June 2020;
- Returns and payments related to local taxes for the first quarter of 2020 are postponed until 25 July 2020, for companies that have partially or totally ceased their activity due to decisions issued by public authorities.

Deadline for the submission of individual financial statements for 2019 was moved to 29 May 2020.

Business-related Measures

What other business protection measures have been introduced by government authorities?

The following business-related measures have been introduced by the authorities:

- Establishing a moratorium on state inspections until the end of the state of emergency;
- Full deductibility of donations directed to the bank accounts of the Ministry of Finance or medical-sanitary institutions in relation to the epidemiological situation.

What changes to the rights of property owners have been introduced?

No changes to the rights of property owners have been introduced.

What changes to the rights of utility companies have been introduced?

Utility companies cannot suspend, interrupt or reduce utility services for non-paying domestic customers and must accept the postponement of payment with no penalties until the end of the state of emergency.

Has the government given guidance or introduced laws to treat COVID-19 as a force majeure event?

No. However, Art. 904 of the Civil Code exempts from liability the contracting party, which demonstrates, by any convincing evidence, the occurrence of an event that:

- Is unforeseeable;
- Is beyond the control of the affected party;
- Prevents the party from performing the contract;
- Cannot be reasonably overcome.
**Financial Services & Insurance**

**Have there been any changes introduced to financial market regulations?**

No bans or other restrictive orders on the financial market have been imposed.

The Moldovan Stock Exchange did not take any direct measures. However, it will continue to supervise the evolution of the pandemic and will impose, by case, additional measures.

The National Commission of Financial Market has supported businesses and decided on extension of the period for disclosure of information by the issuers of securities, until 29 May 2020.

**What requirements have been placed on financial institutions?**

No mandatory requirements have been established for financial institutions. Strong recommendations for near-term payment obligations of individuals and businesses facing financial difficulties have been suggested. Please refer to the below sections.

As a special measure the National Bank of Moldova (NBM) has relaxed the approach to bank’s capital buffers. It has allowed the temporary use of the capital conservation buffer (up to a date that will be further communicated by the NBM), as previously maintained, to absorb the anticipated effects of the worsening of the loan portfolio quality and for the support of the business and population financing.

The NBM has also adjusted the level of the interest rates and required ratio of bank’s reserves in Moldovan Lei and non-convertible currency at the level of 34.0 percent of the calculation base. This measure is applicable for the period of 16 April – 15 May 2020 and will allow the increase of bank’s available liquidity, preventing the liquidity risk and consolidation of the Moldovan banking sector. It is expected that in the result of applied measure the liquidity available in the banking sector will increase with about MDL 3 billion.

The NBM has also issued a general recommendation to the licensed banks to refrain from the distribution of dividends and other forms of capital distribution at least until 30 September 2020.

Also, the NBM has adjusted the monetary policy instruments, taking the following measures:

- Decreasing the base rate applied to short-term monetary policy operations by 1.25 percentage points, up to 3.25 percent annually. At the same time, the interest rates on overnight loans and deposits decreased to 6.25 percent and respectively, to 0.25 percent annually;
- Decreasing the required reserve ratio in MDL and non-convertible currencies by 2.5 percentage points, while the required reserves ratio in freely convertible currencies increased by 1.0 percentage points.

**Financial Services & Insurance**

**What mortgage and consumer credit changes and protections have been introduced by banks?**

The NBM has recommended certain stabilization measures aiming at mitigating the impact of the coronavirus on businesses and consumers, namely on 17 and 28 of March, when the NBM has issued a financial sector policy providing commercial banks with the flexibility to manage near-term payment obligations of individuals facing financial difficulties without recourse to adjustment of prudential provisions, including in cases of loan rescheduling.

Banks have reacted and announced favourable conditions for consumers and businesses engaged in consumer, mortgage, overdraft, and investment credits, in the form of:

- Deferment of credit rates and interest payment;
- Amendment to repayment charts at no commission, without receiving interest or other penalties;
- Reduction of the interest rate valid until 31 December 2020.

In this regard, the NBM relaxed related capitalization requirements.

The regulatory authority has strongly advised non-bank credit institutions to establish certain favourable conditions for consumers, namely:

- Prolongation/amendment of credit/leasing agreements;
- Annulment of penalties and special interests;
- Reduction of the annual effective interest for the period from 17 March 2020 until 30 June 2020;
- Amendment of the loan maturity term and expediting implementation of Decision No 13/5 dated 24 February 2020.

At the same time, non-bank credit institutions have been allowed to maintain the provisions for losses on the respective assets, corresponding to the classification dated 17 March until 30 June 2020.

The regulatory authority has recommended that insurance agencies temporarily adjust their internal regulations and implement the digital instrumentation of files for damages emerging from road accidents, with sending files through courier or postal services, applying electronic payment systems, switching to a Call Centre instead of live meetings and facilitating remote working of all parties.

Also, the technical basis for the calculation of the premium of mandatory insurance for car accident liability has been modified.

In addition, for the period of the state of emergency, the terms granted for the mandatory sale of the acquired shares with violation of the rules regarding the qualified participations provided by Article 29 para (6¹ - 66 of the Law 406/2006 have been suspended.
Business Operations

What restrictions were imposed on business operations?

The state of emergency allows Moldovan authorities to impose additional border controls, limit movement, prohibit large gatherings, and coordinate media messaging about the pandemic.

Business activities restricted during the state of emergency are:

- Retail trade of goods (except for e-commerce, grocery stores, pharmacies, gas stations, agricultural specialized stores, retail with sanitary-hygienic products through specialized stores retail with products related to funeral services through specialized stores);
- Bazaars;
- Rehabilitation centres;
- Restaurants, cafes, coffee shops, bars (except catering services);
- International railway and regulated air transport of passengers;
- Theatres, cinemas, other creation and art activities; libraries, museums, zoo, botanical gardens and natural reservations;
- Fitness centres, sport clubs and entertainment parks.

Businesses violating the above restrictions may be fined with an administrative fine of up to MDL 75,000 (about EUR 3,800); or with a criminal fine of up to MDL 150,000 (about EUR 75,000).

Restrictive measures will last until 15 May 2020 and this term may be extended.

Moldovan wholesalers and manufactures are also affected, even though their activities are not restricted by the exceptional measures. The social and economic impact of COVID-19 at national and global level forced most Moldovan operating companies to amend, suspend, or terminate their commercial contracts with their local and foreign partners.

At the same time, the Government encourages businesses and consumers to use e-commerce opportunities that will stimulate online transactions. It is worth mentioning that e-commerce was rarely used by local suppliers within the country due to low demand from local consumers who were mostly oriented to services provided by foreign electronic marketplaces.

Employment

What changes to employment legislation have been introduced?

Moldovan authorities have instituted a set of measures intended to adapt the existing labour schemes to the current situation created by COVID-19, such as:

- Public institutions/authorities are to establish a “work from home” regime for employees who can work from home;
- Public institutions/authorities are to declare the “cessation” regime for employees who cannot work from home or are not on leave;
- All employees of public institutions/authorities (with a few exceptions) are to benefit from paid leave for the period 30 March 2020 – 3 April 2020 and 07 April 2020 – 17 April 2020;
- Heads of public institutions/authorities are entitled to unilaterally establish the duration of leave granted to employees and to recall employees from leave, for the state of emergency period;
- Employees of public authorities/institutions can be involved in COVID-19 prevention and response measures, although such actions may not be related to their work duties;
- Heads of public institutions can be dismissed solely based on the corresponding decision issued by the Commission for Exceptional Situations;
- Certain measures intended to protect employees against unfair dismissals have been suspended for the state of emergency period. This measure concerns solely the dismissal of heads of public institutions;
- A single indemnity in the amount of MDL 16 000 (about EUR 799) will be granted to employees of public institutions/authorities and employees of public medical institutions, that have been infected with the COVID-19 virus while performing their job duties.

The Ministry of Health, Labour and Social Security has recently proposed to complete the Labour Code with the concept of “telework”, which is not yet regulated by Moldovan law. Such a concept could also be applicable to the current situation caused by COVID-19. The bill of law is now subject to public consultations.

Apart from financial support and the above-referred measures, the following additional measures have been ordered by the Government:

- The unemployment benefit has been increased for the state of emergency period. The new benefit amounts to MDL 2775 (about EUR 138);
- The minimum monthly income has been increased for the state of emergency period. The new minimum income amounts to MDL 1300 (about EUR 65).
**Corporate**

Have changes been made to annual reports filing formats and deadlines?

Yes, the deadline for annual report submission for 2019 has been extended to 29 May 2020.

Have there been changes to laws and regulations about GMS or board meetings?

On 2 April 2020, the Law on Joint Stock Companies was amended, providing for the possibility to hold the general meetings of shareholders (GMS) by electronic means. However, this rule will enter into force starting 1 January 2021.

Capital market participants are to organize the disclosure of information by publishing and submitting the annual report for 2019 by 29 May 2020.

The annual general meeting of the shareholders in 2020 shall be held no later than 29 June 2020.

There have been no other changes made in respect of GMS or Board Meetings.

**Insolvency Law**

Have insolvency procedures been postponed in court?

Following the implementation of measures to delay the spread of COVID-19, court hearings in the insolvency procedure are suspended during the state of emergency (from 17 March to 15 May 2020). Only actions requiring an examination by the judge, without the parties’ mandatory presence, will continue.

Have the time limits set for creditors’ claims been suspended?

The terms for filing of validation and contestation requests for claims in the creditors’ final claims table have been suspended and will start again from 15 May 2020.

The terms for filing of contestations against court decisions relating to creditors’ claims have been stopped. Procedural time limits begin to run anew for the same period from 15 May 2020.

**Access to Justice**

Almost all court proceedings are adjourned by effect of law until the state of emergency is lifted (15 May 2020), except for urgent or specific cases.

In the proceedings that are not adjourned, if possible, courts will dispose all necessary measures for organizing court hearings by videoconference, and the procedural documents shall be sent by fax, e-mail or any other methods.

For proceedings that are not suspended, the courts, with consideration for the circumstances, can set short deadlines, including from one day to another, or even the same day. The postponement of proceedings can be ordered upon request if the interested party is isolated at home, quarantined or hospitalized in the context of the COVID-19 pandemic.

Have litigation procedures been adjourned/postponed nationwide?

**Civil proceedings that are not adjourned:**
- Cases examined without the parties’ presence;
- Cases postponed pending the announcement of court decision;
- Cases regarding protection orders;
- Claims concerning unjustified assets;
- Cases regarding compulsory treatments.

**Criminal proceedings that are not adjourned:**
- Cases at the criminal investigation stage:
  - a) Cases where preventive measures or protection measures for victims or witnesses were ordered or proposed;
  - b) Cases concerning temporary application of compulsory medical treatments;
  - c) Cases concerning juvenile injured parties;
  - d) Criminal investigative actions, the postponement of which may compromise obtaining evidence or the capture of the suspect or accused, as well as those related to the preliminary hearing;
  - e) Cases, the urgency of which is justified by the purpose of the introduction of the state of emergency;
  - f) Other cases considered urgent by the prosecutor investigating or supervising the criminal investigation.

What exceptions to adjournment/postponement exist?

- Cases at the criminal investigation stage:
  - a) Cases where judges consider that the urgency is justified by the purpose of the introduction of the state of emergency or other cases considered urgent by judges;
  - b) Case regarding flagrant crimes;
  - c) Cases where preventive measures were ordered;
  - d) Cases concerning temporary application of compulsory medical treatments;
  - e) Cases concerning juvenile injured parties;
  - f) Criminal investigative actions, the postponement of which may compromise obtaining evidence or the capture of the suspect or accused, as well as those related to the preliminary hearing;
  - g) Cases, the urgency of which is justified by the purpose of the introduction of the state of emergency;
d) Cases where protection measures for victims or witnesses were ordered;
e) Cases regarding contestations of security measures;
f) Cases concerning temporary application of compulsory medical treatments;
g) Cases regarding international legal assistance in criminal matters;
h) Cases against national security, regarding terrorist acts or money laundering.

Proceedings in contravention cases that are not adjourned:

Contravention cases where the urgency is justified by the purpose
of establishing the state of emergency and that relate to the infringement
of resolutions of the Commission for Exceptional Situations.

The following specific terms for examination and contestation have been set for
these cases:

- The term for contestation of decisions of the official examiner is 48 hours
  from the date of its issue, or, for parties that were absent from the examination
  hearing of contravention case, from the date that the issued decision was
  handed. The term of contestation of the decisions issued under the personal
  ascertainment of the official examiner is 24 hours from the date of application
  of the contravention sanction;
- The term for examination of contravention case by the court is 48 hours
  from the date of its entry in court and may be extended by 24 hours;
- The term for submission of recourse to the court decision is 24 hours from
  the date of issue of the decision or, for parties that were absent from the court
  hearing, from the date of communication of the decision, but not more than
  48 hours from the date of issue of the court decision.

During the period of the state of emergency, the limitation and preclusive terms
do not start to run or are adjourned for the period of the state of emergency.

All time limits for appeal or recourse in the adjourned proceedings are interrupted.
The new time limits with the same duration will then restart from the date of lifting
of the state of emergency.

Within 10 days from the lifting of the state of emergency, the suspended
proceedings start ex officio and the court will set new terms and summon
the parties.

The term of examination of tax or customs infringements, or the examination
of tax or customs contestations occurred during the period of the state
of emergency, as well as the term of submission of the disagreement to the tax
audit act issued during this period will be extended until 29 May 2020. The term
of contestation of the decision of the State Tax Service issued during the period
of the state of emergency will be extended until 15 June 2020.

The general term for completion of an administrative procedure initiated before
or during the period of the state of emergency is extended by 60 days.