

LCRM – Legal Resources Centre from Moldova

Inițiativa legislativă privind amnistia fiscală și de capital comportă mari riscuri de creștere a corupției, spălării banilor și evaziunii fiscale

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The Independent Analytical Center “Expert-Grup” and the Legal Resources Centre from Moldova launch today, 19 December 2016, a Position Note on the legislative initiative related to tax and capital amnesty. This note is being supported by a group of non-commercial organizations and unaffiliated experts. It comes as a reaction to the approval in the first reading of the draft law on the liberalisation of capital and fiscal incentive (draft law no. 452) and the draft law on amendment of certain legislative acts (draft law no. 451) – both approved in unprecedented haste and with violation of legal norms related to transparency in decision-making and drafting of legislative acts.

According to experts, the proposed capital amnesty could lead to legalisation of previously committed acts of corruption and perpetuation of corrupt state servants, which is at odds with the objectives set forth for fighting corruption (especially grand corruption), as the relevant state institutions will not be able to verify the origin of the declared assets. This compromises the entire reform of the system of verification and ensuring integrity in the public sector.

The main risks of these draft laws approval encounter: **a higher risk of tax evasion** by increasing tax evasion benefits, lowering costs and probability of detection as the beneficiaries of capital amnesty will not be investigated. **The risk of increasing corruption and money laundering** by prohibiting verification of the origin of the declared assets, **the reputation risk of the banking sector**, already tainted following the bank frauds and high scale and internationally resonant money laundering cases, as well as the **risk of worsening relations with development partners**, by undermining the rule of law, the efforts to ensure integrity in the public sector and the banking system reform – all key prerequisites for the budget support from the main development partners.

In this context, the experts propose withdrawal of draft laws no. 451 and no. 452 and launching of a comprehensive reform to diminish the informal economy. According to experts, it should aim to be much more fundamental and efficient than the proposed amnesty, including:

- Development of electronic payments and discouraging of cash use;
- Improving tax administration and further development of a new Tax Code in line with international best practices;
- Increase fines, along with state authorities' ability to detect tax evasion cases, informal employment or remuneration; eventually expanding penalties for informal employment and

employees;

- Revision of tax rates for possible adjustments to boost tax compliance benefits and minimize tax evasion;
- Increase the level of information and awareness of the risks of tax evasion and informal employment;
- Enhancing efficiency, transparency and sustainability of the pension system;
- Increase transparency related to the issuance of permissive documents for companies and minimizing the public officials' discretion to this end;
- Reforming the mechanisms for exercising state control by reducing their number, along with improving their efficiency and targeting;
- Other relevant actions in line with international best practices in this area.

Position Note is available [here in Romanian](#).

Position Note is available [here in English](#).

Position Note is available [here in Russian](#).

Signatories (the list is open):

1. Independent Think Tank Expert-Grup;
2. Legal Resources Centre from Moldova (LCRM);
3. Centrul de Analiză și Prevenire a Corupției;
4. Association for Efficient and Responsible Governance;
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16. Alexandru FALA;
17. Dumitru ALAIBA;
18. Anticorruption Alliance.

***In the same time several NGOs from Romania launch a petition where they demand that the international partners of the country consider firm measures, including **stopping the budgetary support and all other forms of financial assistance to Moldova**, if the Parliament in Chisinau adopts the so-called law for “capital liberalization and fiscal stimulation”.

Petition of Romanian NGOs is available [here](#).

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