

**Moldova IT Park – an
innovative approach to
IT sector development**

INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR

Third sector of the national economy with a fastest growth rate: **+40-50%** third year in a row, **~7%** of GDP (incl. 3% for IT)

Dedicated policies applied
(**Strategic framework, Law on IT Parks and on IT Visa**)

Highly qualified & multilingual human resource
(over **30k** employed ICT professionals)

Global top 5 by the accessibility of Gigabit Internet
(after Singapore, South Korea, Malta and Monaco)

98%

- points of presence of fiber optic backbone network (PoP)

98%

- coverage of mobile communications networks (4G)

IT Services and products – one of the main chapters of exports

(surpassed wine exports second year in a row)

IT in Moldova

The fastest growing industry:

- **2016 -1.5% in GDP**
- **2020 – 3.6% in GDP**

Government top priority

We needed a solution to:



Boost regional competitiveness



Attract new investments



Create new good paid jobs



Brain drain & business relocation



Support IT entrepreneurship & digital innovation



Generate high value products & services

Innovation!

~~Not imitation~~

This is **our country's approach** on **public policies** meant to boost **IT sector development**.



Game changing public policies Boosting ICT sector development



Replicating a good practice @regional level

Moldova introduced in 2006 a set of tax incentives for IT companies, based on the Romanian model.



Becoming a best practice @global level

In 2019, Moldova IT Park was recognized by the ITU as one of the best global practices in promotion and development of the IT ecosystem.

Moldova IT Park – unique at global scale

Competitive tax burden at regional level – the 7% single tax replaces all direct taxes due by the Company and its employees

Simplified tax compliance

Predictability provided by the **state guarantee** (valid until 1 Jan 2026)

7% single tax on sales



Virtual

Resident companies may carry out their activity anywhere in Moldova. No physical presence required in the IT Park.

IT Visa

Get easily a work permit for :

- ✓ 2 years (IT specialists)
- ✓ 4 years (IT managers)

Benefits for the employees

**Competitive salary
(gross = net)**

**Full state health
insurance and
limited social
security benefits**

**No additional taxes on
employment income
obtained within the IT Park**

SIMPLIFIED TAX COMPLIANCE



**Unique tax
payment**



**Simplified tax
reporting**



**Reduced tax
compliance costs
and interaction with
state authorities**

Moldova IT Park - our journey



01/01 2018

Starting Point

The Government approves the creation of Moldova IT Park for a 10 years period upon the request of 15 private IT companies

31/12 2018

1st year results

338 residents
1.9 billion MDL in sales
6,744 employees (88% IT)
27,900 MDL average salary
30.5 mln MDL investments

Moldova IT Park - our journey

31/12 2019

2nd year results

525 residents

3.65 billion MDL in sales

9,706 employees (87% IT)

30,200 MDL average salary

92 mln MDL investments

International recognition

**One of the best global practices
in promotion and development
of the IT ecosystem**

(ITU Telecom World 2019,
Budapest)

Moldova IT Park - our journey

31/12 2020

3rd year results

658 residents

5 billion MDL in sales

12,029 employees (89% IT)

28,010 MDL average salary

117 mln MDL investments

Regional recognition

Emerging city of the year in SEE (IT development)

CEE Business Services Summit
and Awards 2020

MOLDOVA IT PARK – WHERE ARE WE TODAY?



850+
residents



160+ companies
with foreign
capital



35
countries



250 mEUR
forecasted
sales for 2021



13,000+
employees

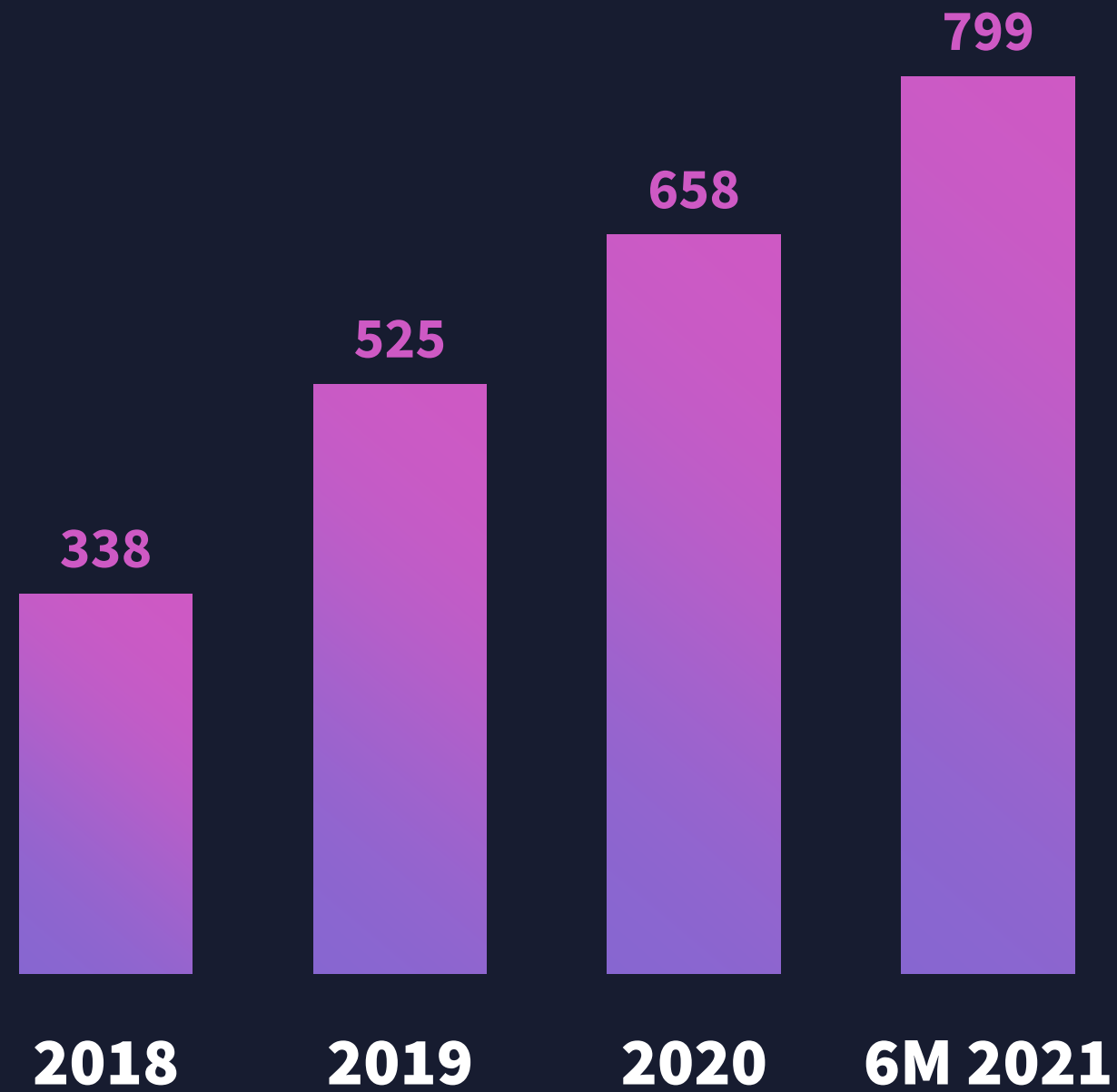


350+ newly
created
companies

IT sector development – resident companies

Potential to reach
1,000 companies
by the end of 2021

430+
newly-created companies
after the Park's launch
(generated 4,000 jobs)



20%
Companies with foreign
capital from 35 countries

80%
Local companies

Top investing countries

27

USA

23

Romania

15

Italy

13

Germany

12

UK

9

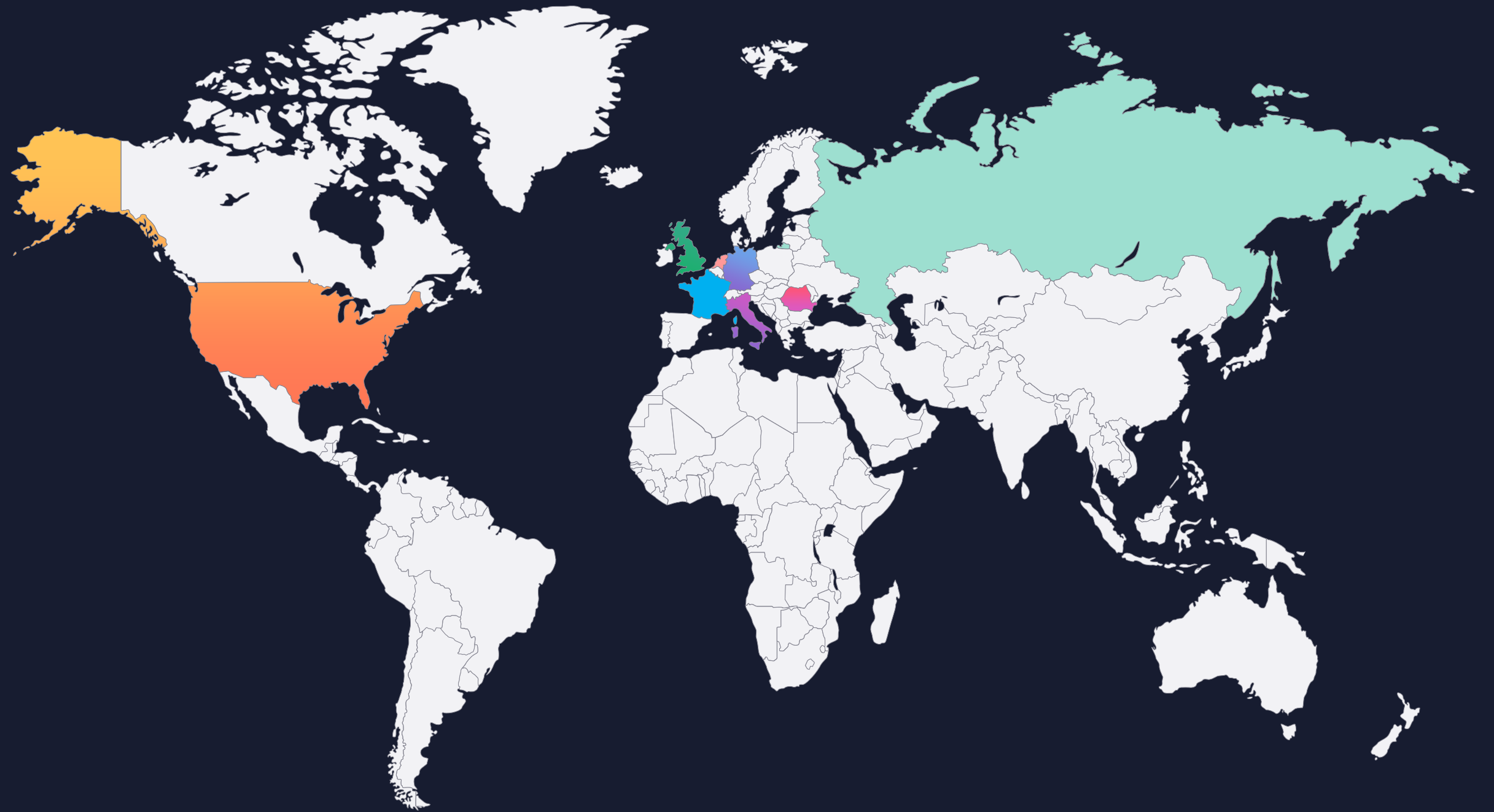
France

8

The Netherlands

7

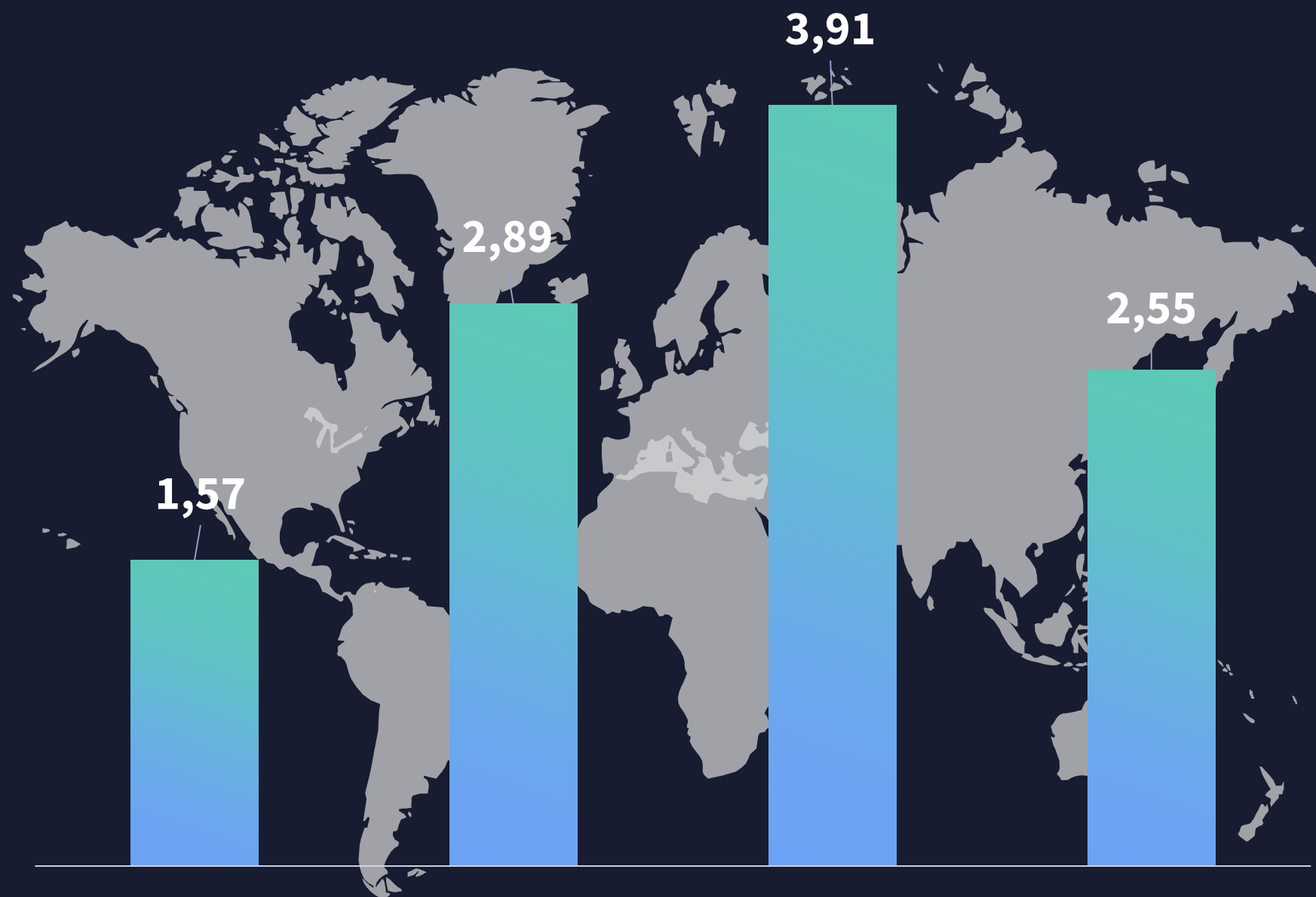
Russia



IT sector development – sales volume, billion MDL



IT sector development – export of services, billion MDL



80% of supplies reach international markets

+1 billion MDL

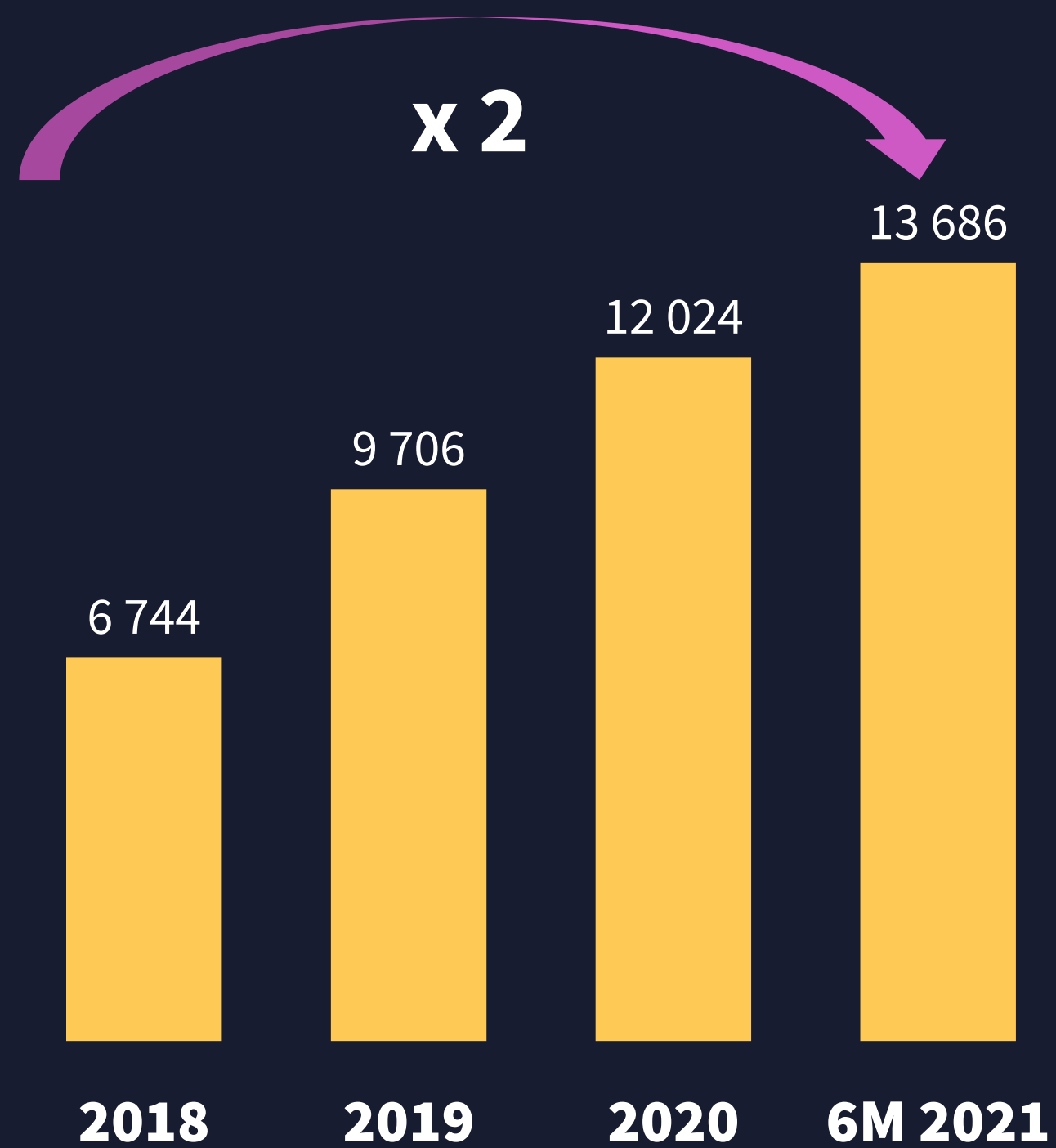
Exports growth in 2020 vs. 2019

>85%

of countries exports of IT services are realised by Moldova IT Park residents



IT sector development – talents



+1 662 jobs just in 6M 2021



50% - 50%: jobs generation by new 2021 residents and prior existing residents



88% IT staff – **69%** man vs **31%** women



1.6% of total employees generate **2.4% of GDP**

Who can become residents?

Any legal entity or individual, meeting the following conditions:



is registered in Moldova to carry out business activity on its territory

and



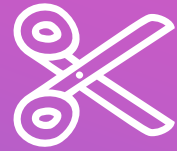
derives more than 70% of sales revenue from eligible activities listed in the Law 77/2016 on IT parks

Eligible activities (>70% revenue)

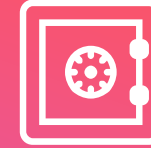
**annual audit procedures for validating the criteria*



**Software and
games
development**



**IT consulting
and other
services**



**Manufacturing of
microprocessors
and integrated
circuits**



**Hardware
management**



**Data processing
and web
management**



**R&D
(based on high
technologies)**



**Animation and
special effects**



Digital design

Application process



Simple



Timeless



Transparent



Regulated

Application process



1. Submit the application

- ✓ 2 pages simple application form
- ✓ Incorporation documents attached
- ✓ No business plans or feasibility studies required
- ✓ No application fee



2. Receive the confirmation for becoming a resident (within 7 business days)

- ✓ Official confirmation letter
- ✓ Draft contract to be signed with the Administration of Moldova IT Park (template approved by the Government)



3. Become a resident of Moldova IT Park

- ✓ Sign the contract with the Administration of Moldova IT Park within 30 days from receiving the official confirmation
- ✓ We issue a certificate of residency
- ✓ Apply the single tax regime starting the next month

Application process



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Contractual liabilities

Residency fee

For 2021 stands at 130 EUR per month for a company having an annual turnover of 1 000 000 EUR

Quarterly reports

By 25th Apr/Jul/Oct/Jan

Annual audit procedures

- *Meant to validate the compliance with the conditions set by law*
 - *By 30th April of the next year*
 - *Audit company selected by the resident*

In other words, Moldova IT Park is today...



The biggest IT community at national and regional level



A unique and innovative model to support the IT business development



A good example of genuine public-private partnership



A successful country project meant to increase the competitiveness of Moldovan IT industry in the region and support its sustainable development

www.moldovaitpark.md