

Foreign Investment Guide

Company Registration & Licensing

A foreign investor can establish a business in Moldova by collaborating with a Moldovan firm or individual or by acting alone. The business can be either newly-registered or be an existing enterprise acquired with cash or by purchase of shares, stocks and/or other securities. As long as the business proposed does not damage the environment or the health of the population, disturb public order, offend public morality as expressed in regulations and laws, violate the interests of state security or be in breach of anti-monopoly legislation, a foreign investor may establish any business in Moldova. Certain types of activity require a license from an authorised government body prior to commencing such activities.

The Law on Entrepreneurship and Enterprises, and the Law on Investment in Entrepreneurial Activity indicate that enterprises with foreign investment may be founded in any business form. This includes limited liability companies, joint stock companies, joint ventures and representational offices.

Limited Liability Companies

The Law on Limited Liability Companies of the Republic of Moldova governs the establishment of limited liability companies. A limited liability company can be established by a founder or founders who are either individuals or legal entities, but it may not have more than 50 associates. The ownership contribution of each founder must be specified in the company's Articles of Association. The minimum capital requirement for a limited liability company is MDL 5,400 (€336). Where the limited liability company is set up by one person only, 100% of the share capital must be paid prior to registration. At the end of the year, following the Annual General Meeting of the company, profits may be distributed among the founders depending on their contribution to the share capital. The founders of the company have a pre-emptive right to purchase other member's shares in the company before they are offered for sale to a third party.

Joint Stock Companies

Joint stock companies are also regulated by the Law on Joint Stock Companies. A joint stock company may be founded by one or more individuals or legal entities that combine their properties for further joint entrepreneurial activity under one firm on the basis of the Articles of Association. Capital in the joint stock company is divided into shares among shareholders in accordance with their contributions. Joint-stock companies have to be registered by the state and their shares have to be registered at the National Securities Commission. The minimum ownership capital required for the incorporation of a joint stock company is MDL 20,000 (€1,246). Types of contributions to the ownership capital is determined by the Articles of Association and may be cash; fully paid-in securities; or other assets, includ-

- Legislation allows the establishment of a wide range of business entities, including wholly foreign owned companies and branches
- The most common type of company is the Limited Liability Company followed by the Joint Stock Company
- Non-resident companies are entitled to establish branches and representational offices in the Republic of Moldova

The legal framework within which a business, including a foreign business, may be established is contained in the following:

- The Civil Code;
- The Law on Limited Liability Companies;
- The Law on Joint Stock Companies;
- The Law on Investments in Entrepreneurial Activity;
- The Law on Entrepreneurship and Enterprises;
- The Law on State Regulation of Foreign Trade;
- Regulations of Economic Societies;
- The Law on Insolvency;
- The Law on Administration and Deetatisation of Public Property.

Foreign Investment Guide

Company Registration & Licensing

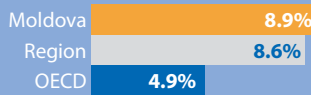
Starting a Business (2009)

The challenges of launching a business are shown below. Included are: the number of steps entrepreneurs can expect to go through to launch, and the cost and minimum capital required as a percentage of gross national income (GNI) per capita.

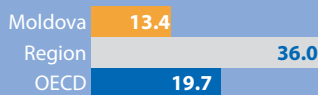
Procedures (number)



Cost (% of income per capita)



Min. capital (% of income per capita)



Source: The World Bank Group, "Doing Business in 2009"

ing ownership rights or other rights that have monetary value. The statutory capital of a joint stock company must be formed before registration, except for non-monetary contributions, which must be transferred to the company within one month of registration. The supreme administrative body of a joint stock company is the General Shareholders Meeting, which must be held no less than once a year. Its decisions are mandatory for the company and its shareholders. Between General Shareholders Meetings the Board of Directors and/or its Chairman shall represent shareholders' interests. A joint stock company is a legal entity and is responsible for its liabilities. The shareholders of a joint stock company are liable only to the amount of the value of their shares.

Joint Ventures

In Moldova, enterprises with foreign participation may be created in the form of joint ventures which may take the form of a limited liability company or a joint stock company. Joint ventures are thus enterprises complying with Moldovan legislation where the statutory capital is partially formed from foreign investments. Resident enterprises with foreign investment participation (joint ventures) may establish branch offices in Moldova, but these may not be separate legal entities.

Representational offices

Non-resident foreign enterprises (foreign companies) may establish representational offices in Moldova as legal entities, which are wholly-owned by the foreign enterprise from the date of registration.

Registering a Company

The Law on Enterprises and Entrepreneurship, the Law on Limited Liability Companies and the Law on Joint Stock Companies set out the conditions for registering an enterprise in Moldova. The Chamber of Registration of the Republic of Moldova at 73, Stefan cel Mare Street, Chisinau is responsible for company registration (telephone: + 373 22 277311). The registration procedure is the same for a foreign company or for a domestic company, although some registration forms apply only to foreign companies with representation in Moldova.

Documents Required for Registration

- A copy of the parent company's registration certificate authenticated by a notary;
- An excerpt (extract) from the national commercial register of the investor's (foreign company's) country authenticated by a notary;
- Copies of the Certificate of Incorporation of the foreign company (the company's statute and constitutional agreement) authenticated by a notary;
- Certification of the foreign company's solvency, issued by the company's bank;
- Decision of the foreign company to establish a company with foreign investment in Moldova (this may be the report of the stockholders meeting, decision of the Board of Directors, etc.);



Foreign Investment Guide

Company Registration & Licensing

- Where an attorney is retained to oversee the registration procedure, a letter of authorisation for such as being the person authorised to establish a new company in Moldova;
- A legal address which may be the home address of one of the founders (in the case where one of the founders is a Moldovan resident or citizen); or the home address or office address of a resident (non-citizen), in the case where the resident has bought real estate in Moldova; or the address of the office, where the company will rent premises. In this case the landlord must provide a letter granting the company renting the premises with authorisation to register.

Registration Procedure

The procedure to be followed in the case of a Limited Liability Company, the most widely employed business structure, is as follows.

The founder or founders initially must:

- File all the required documents with the Chamber of Registration, and obtain an identification number;
- Open a temporary bank account and deposit at least 40% of the registered capital of the company; and pay the registration fee;
- Obtain the Registration Certificate and Constitutive Act;
- Obtain an official stamp from the Ministry of Information Development.

When these steps are completed, the Chamber of Registration will electronically:

- Register the company for VAT with the local Fiscal Inspectorate of the Ministry of Finance;
- Register the company with the National Bureau of Statistics of the Republic of Moldova;
- Convert the company's temporary bank account to a permanent account;

The total time required for this process is one day at a minimum, but may take up to 14 days.

Activities Subject to Licensing

The Law on Enterprises and Entrepreneurship states that an enterprise may engage in any type of non-prohibited activity. The Law on Licensing Certain Types of Activities lists the activities requiring licenses. Certain activities may require a license to be issued by the Chamber of Licensing, certain Ministries, or other public administration authorities. Licenses are required to be issued in no more than 15 days following submission of the license application.

Dealing with Licenses (2009)

Shown below are the procedures, time, and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

Procedures (number)

Moldova	30
Region	23.6
OECD	15.4

Time (days)

Moldova	292
Region	257.2
OECD	161.5

Cost (% of income per capita)

Moldova	142.2
Region	680.4
OECD	56.7

Source: The World Bank Group, "Doing Business in 2009"



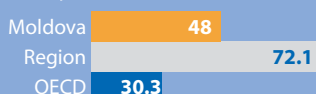
Registering Property (2009)

The ease with which businesses can secure rights to property is shown below. Included are the number of steps, time, and cost involved in registering property.

Procedures (number)



Time (days)



Cost (% of property value)



Source: The World Bank Group, "Doing Business in 2009"

The Licensing Procedure

In order to obtain a license, an enterprise manager or his/her authorized person or the physical person is required to file with the licensing authority an application in the established form specifying the following:

1. The enterprise's name, legal organisational form, legal address, premises, fiscal code of the organisation or the first name, surname, address and fiscal code of the physical person;
2. The type of activity, full or partial, for which the license applicant intends to obtain a license;
3. The location of branches and other stand-alone divisions of the enterprise which will carry out the activity under license;
4. The license applicant's confirmation of his/her ability to engage, on his/her responsibility, in a certain type of activity and authenticity of filed documents;
5. A copy of the enterprise's certificate of state registration or copy of identification card, if a physical person.

The document is to be filed in the original or in copies with the originals presented for verification. Electronic copies may also be used to support the documents. The license application and documents are checked and a signed certification of their receipt is provided to the license applicant. The license application is considered invalid when:

- the application is filed by a person without appropriate authorization, or
- the documents provided do not fulfill the requirements.

The license applicant will receive a written notice if the application for a license is rejected. This will specify the reasons for refusal and will be forwarded within the timeframe authorised for issue of the license. When the applicant has eliminated the reasons for such refusal, a new license application may be submitted, which will then be reconsidered.

