

## 2022 Roadmap on reducing the regulatory burden for Small and Medium-sized Enterprises (SMEs)

Version: 28.04.2022

This roadmap is an operational document comprising a set of priority measures covering a short period of time (up to one year). These priority measures are accepted by the members of the SMEs Consultative Council, the Minister of Economy (being the Consultative Council's Chairperson) and the Director of the SMEs Alliance from Moldova (as the Consultative Council's Deputy-chairperson).

The aim of the document is to ensure a greater participation and accountability of authorities and other stakeholders in identifying and promoting immediate and short-term solutions related to the reduction of regulatory burden for SMEs.

The document is subject to continuous monitoring by all members of the SMEs Consultative Council. Apart of that, it will be updated according to the necessities, the results of the measures' implementation/promotion and the emergence of new needs. Prior to the document's set deadlines, the members of the Consultative Council will assess the impact of the implemented measures and decide on the appropriateness of drawing up a similar document for the following year.

The actions will be carried out with the participation of all competent authorities and other stakeholders. The assistance of the development partners for the roadmap measures' implementation will also be requested.

Actions	Comments
<b>1. <u>Improving the regulatory framework on the state control over entrepreneurial activity</u></b>	Law no. 131/2012, Code of Administrative Offences, Tax Code, Customs Code, other normative acts. Several necessary potential regulatory changes have been identified. Some of them are straightforward and agreed by stakeholders, the others are to be developed over a longer period of time. Therefore, it is proposed to promote phased changes throughout the year, in the process of consultations with public authorities and the business community.
<b>2. <u>Review of the sanctioning system in business</u></b>	In particular, amendments to the Code of Administrative Offences, Criminal Code, Code of Criminal Procedure, special laws providing for separate sanctions (Tax Code, Customs, etc.) will be taken into account in order to ensure the enforcement of the following principles: - sanctions shall be related to clear and reasoned infringements; - sanctions shall be proportionate to the infringements and the potential impact on businesses (ex.: preserving businesses and jobs); - clear and proportionate procedural provisions; - avoidance of the duplication of duties of sanctioning state bodies; - establishing performance indicators for state institutions, in terms of impact on businesses, with their permanent monitoring and proposing improvements for the sanctioning system in order to reduce the negative impact; - exclusion of personal liability for economic infringements, where it would be sufficient and judicious to keep liable only the legal entity, on whose behalf the natural person acts.
<b>3. <u>Develop a highly simplified tax regime for micro-enterprises and</u></b>	The action is about developing of an extremely simple tax regime for micro-enterprises and simple businesses, through which tax payments are unified and automatically applied (as for example, automatically transferred by the bank from the

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<b><u>simple businesses. Simplification of other tax requirements</u></b>	account dedicated to business activity), eliminating the administrative requirements (reports, accounting records, etc.), that can be generated automatically based on the bank's data. Additionally, other simplifications related to tax aspects should be implemented, such as the recognition of the tax receipt as a confirmatory document, the simplification of the VAT refund procedure, etc.
<b><u>4. Elaboration of micro-enterprises test methodology (SMEs Test), including the normative amendments necessary for its implementation. Initiating the process of reviewing the existing regulatory framework according to the micro-enterprises test</u></b>	The test can be used for both: at the stage of promotion of draft normative deeds, as well as for the evaluation of current normative acts. The test allows the identification of the impact on micro-enterprises, its disproportionality by comparing the impact on large enterprises. The test also provides for a number of measures to be taken into account aimed at reducing the impact. Subsequently, via the SMEs Consultative Council's coordination, there will be collected proposals on normative deeds that shall be reviewed / evaluated in accordance with the micro-enterprise test. The list of deeds will be drawn up taking into account their priority. The evaluation will be coordinated with the ministries responsible for the respective deeds. Based on the results of the evaluation, normative changes will be developed and promoted.
<b><u>5. Revision of labor legislation with a view to simplifying requirements for micro-enterprises</u></b>	Labour legislation provides for multiple requirements and some conditions that are difficult to meet for micro-enterprises or that impose a disproportionate burden on them compared to large enterprises. The requirements that are the main burden will be identified and the appropriateness of their review for micro-enterprises will be examined. The opportunity of developing a section dedicated to the regulation of labor relations for micro-enterprises within the Labor Code will also be examined.
<b><u>6. Extension of the scope of the legislation on non-skilled occasional work carried out by day laborers</u></b>	Businesses need to carry out occasional, short-term work, and the legislation of day laborers applies only in the field of agriculture. For example, in Romania, occasional activities can be performed in the following areas: a) agriculture; b) hunting and fishing; (c) forestry, excluding logging; d) fish farming and aquaculture; (e) fruit growing and viticulture; (f) beekeeping; (g) animal husbandry; h) performances, film and audiovisual productions, advertising, cultural activities; (i) cargo handling; j) maintenance and cleaning activities. There will be examined the opportunities and the impact of expanding the list of areas for which the day laborers' law could be applied.
<b><u>7. Developed methodology on establishing the non-competitive character of the market and identification of interventions aimed at stimulating the competition</u></b>	The methodology will be developed on the basis of international good practices in this field. The market elements that characterise the level of competition, such as the diversity, prices and quality of products and services, could be examined compared to the situation in other countries and hypothetical simulations. For example, increased prices compared to other countries would indicate the existence of competition problems. An alternative way to identify problems would be to simulate the value chain to determine a reasonable hypothetical price characteristic of a competitive environment. The major difference between the hypothetical and the existing price would indicate the existence of problems. Subsequently, within the SMEs Consultative Council, proposals on priority sectors will be collected and evaluated with the application of the developed mechanism. The evaluation will be coordinated with the ministries responsible for the

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	respective areas. Based on the results of the evaluation, draft normative amendments will be developed and promoted in order to reduce the impediments to the competition and to stimulate the competition.