



ICT Industry – Driving the economy

ATIC 2021



**MOLDOVAN ASSOCIATION
OF ICT COMPANIES**

ICT Industry

- The volume of exports of ICT products and services exceeded in 2019 the figure of 5 billion MDL.
- IT exports increased 3 times - from 1.1 billion lei in 2015, to 3.5 billion lei in 2019, considerably exceeding traditionally exported products, such as wines (by over 400 million lei).
- During 2015-2019, the IT industry recorded an increase of more than 3 times the annual sales revenue - from 2.1 billion lei to 6.6 billion lei, reaching a share of 3.1% of GDP and an increase of over 1.32 billion lei, only in 2019.
- In the reference year, together with the sales volume in the electronic communications industry - of 6.8 billion lei, the ICT sector accounted for 7.1% of national GDP.



IT sector

- By 2020 Moldova succeeded to attract and develop the IT sector more than ever.
- The development of the sector doubled in the last years
- 1600+ IT entities in Moldova
- 15522 employees in IT
- 29 600 persons (telecom sector included)
- 750+ IT students per year



IT POLICIES AND LEGISLATION

IT industry is in the top Government priorities: it is the fastest growing industry, offers highest wages, employs youth and creative people, digitally transforms entire society

Digitization Roadmap– 2020»

National Strategy «Digital Moldova – 2020»

IT industry & digital innovation development Strategy (2019-2023)

Tax incentives for employees of IT companies

Law on IT parks (Law no 77 of 21.04.2016)

Law on IT Visa (Law no 121 of 23.07.2017)

IT educational programs. IT university
curriculum adjusted



Moldova positioning to deliver "High Value" IT Services is compelling

Proximity, Culture & Human Capital



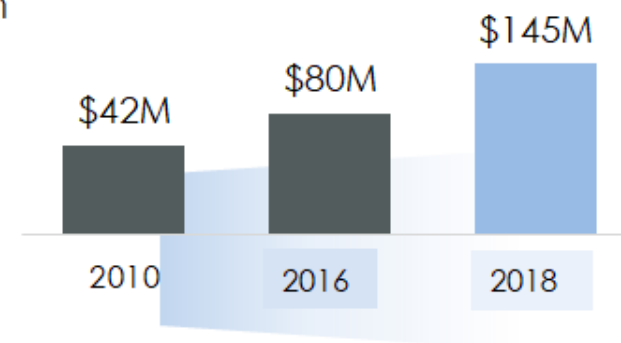
(UTC+2)- Time Compatible
with both East & West
Europe

Multilingual population



Consistent Growth

Export Growth



Source: USAID, Avasant Research

Favorable Business Environment



Beneficial
Business Costs



E-Government
Excellence



Law on IT Parks-
Virtual IT Park



European
Neighborhood
Policy



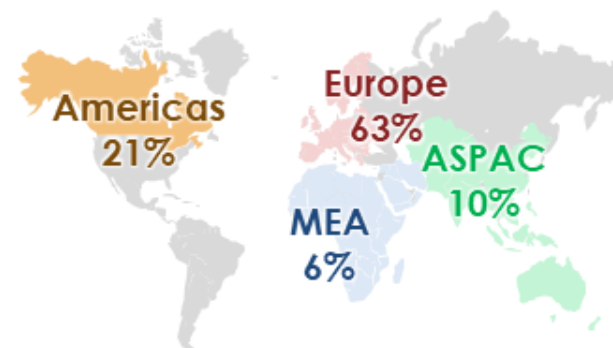
FTAs- Duty Free
Access to 880
Million
Customers



Multiple Tax
Incentives

Diversified Industry Footprint

Global Export Spread



Approx. **12,500**
IT & software
professionals

Cross Industry Expertise



Airlines



Government



Healthcare



Banking



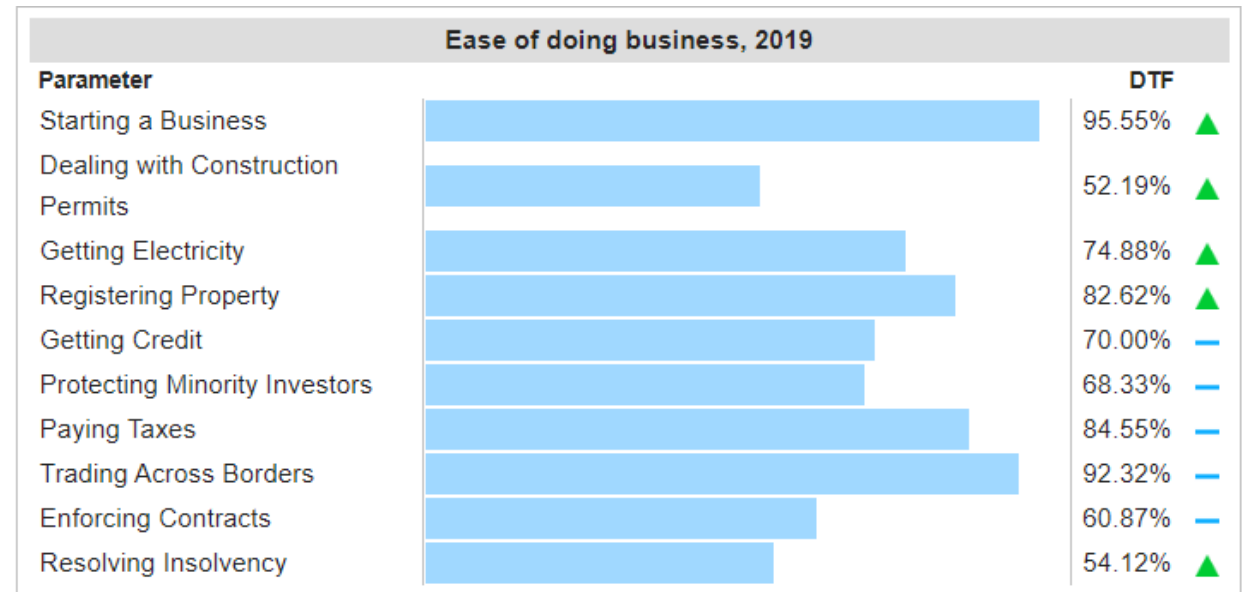
Manufacturing



Telecom

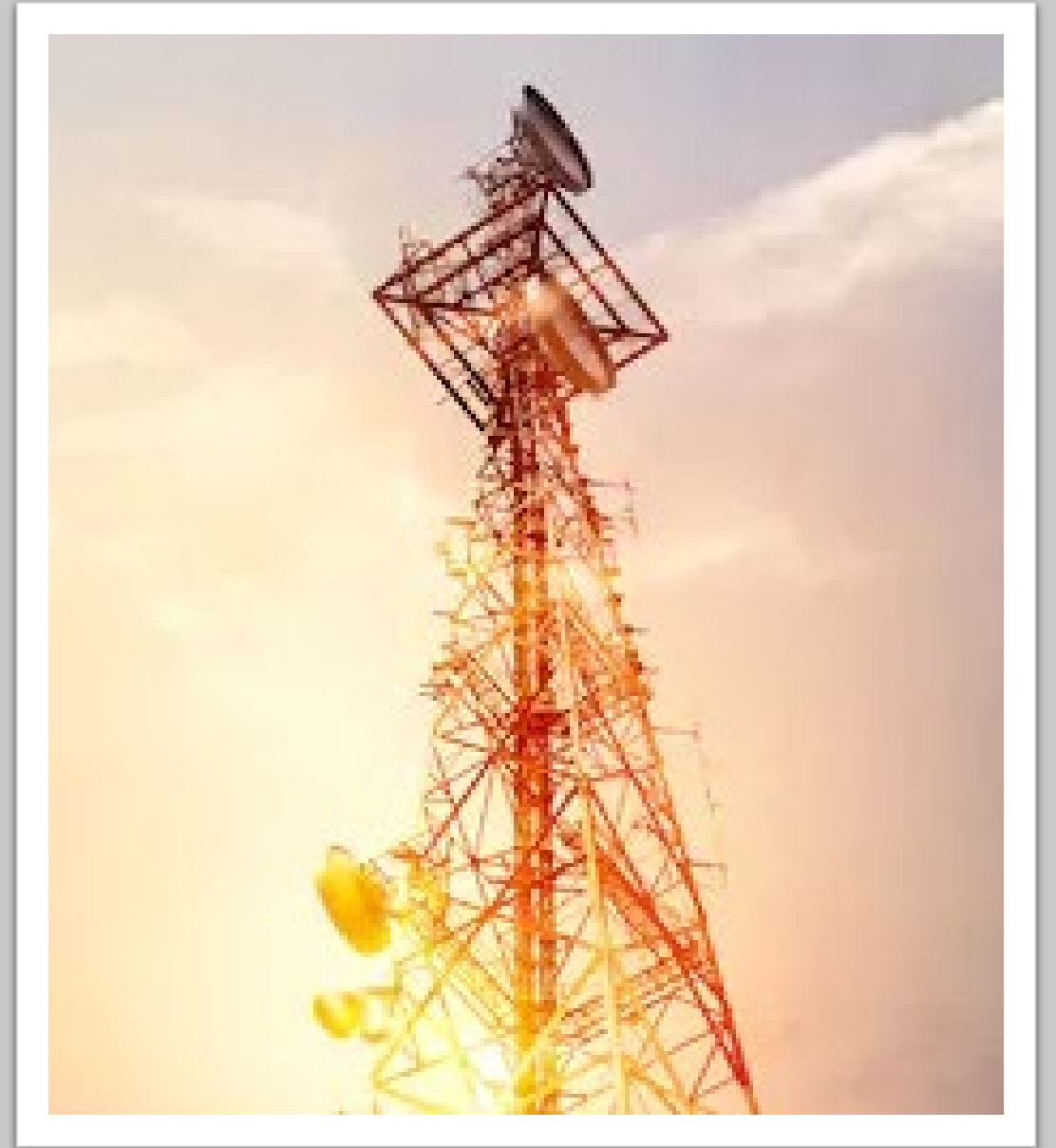
Business and economic environment

- According to the 2019 Ease of Doing Business Index, Moldova's Distance to Frontier is 73.54/100 (47th globally), an increase of 0.38 relative to 2018.
- In 2020 Moldova is ranked 48th globally.



Technologically connected

- Fiber coverage – 90%,
- 4G coverage – 98%,
- one of the highest Internet average speed – 43, 52 Mbps/2017;
- and for Digital literacy and access to networks: Internet penetration – 76%,
- 5th place in the world for broadband affordability.



Moldovan IT Market verticals

IT companies in Moldova are handling projects with values ranging from 20 000 \$ to \$3million, with lifecycles spanning one month to five years. Some major verticals are:

- Application development, testing, and customization
- Finance
- Telecom
- Automotive
- Retail
- Government Prowess
- BPO
- R&D/engineering and alternative services ...



IT Moldovan Talent

- Moldova is on par with other Central and Eastern European countries in terms of the generation of technical talent.
- There are ca. 2,000 graduates yearly with graduate and undergraduate degrees in IT, Engineering and Mathematics.
- Currently there are ca. 3,500 students enrolled in IT programs, and ca. 5,000 in engineering programs. Computer Science students account for 6% of the total number of graduates.



Moldova technology availability, IDC, 2019



RETHINKING TECHNOLOGY CLUSTERS

Moldova IT Park:

- 660 residents of Moldova IT Park
- 11 400+ employees Moldova IT Park
- 29 000 MDL average salary
- 329 newly created entities since Moldova IT Park launch
- 145 foreign capital entities
- 34 countries
- 4.09 mlrd MDL forecasted income for 2020 (2.2 mlrd MDL realized already in 2020)

Single Tax


The single tax rate is 7% of the sales revenue

Minimum tax:

Minimum amount established monthly for each employee (ie, 30% of the average monthly salary in the economy, projected for the year to which the tax period applies)



Single Tax Composition

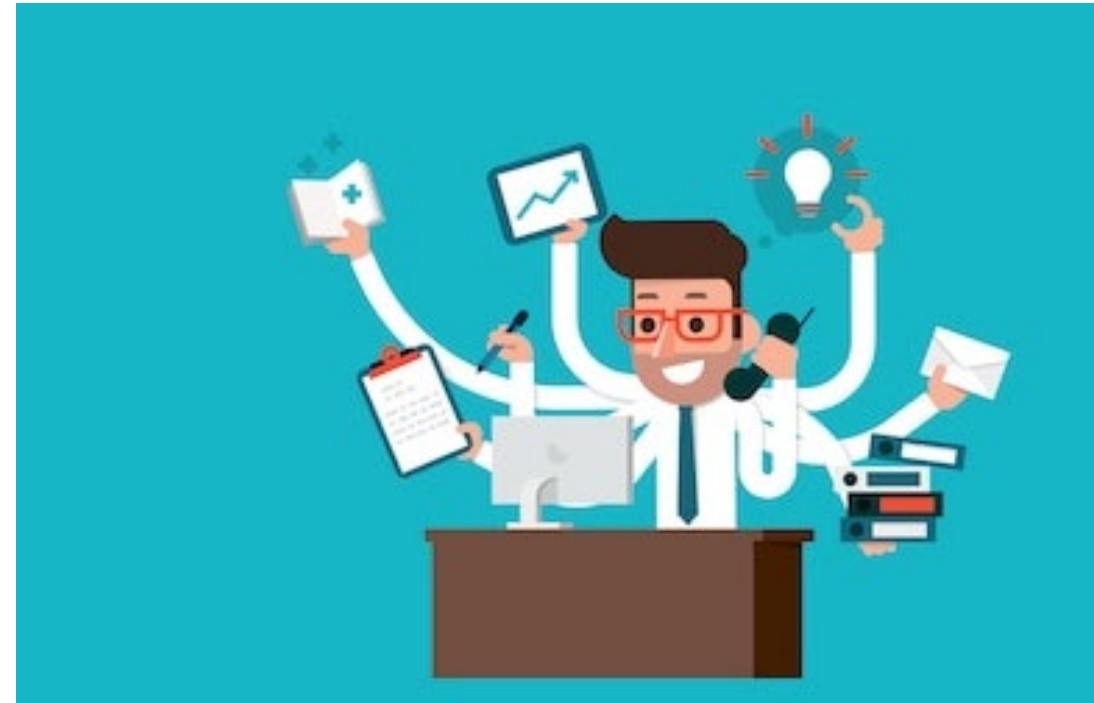
- Income tax on entrepreneurial activity;
 - Income tax on salary;
 - State social insurance mandatory contributions from the employees and employers;
 - Compulsory health insurance premiums from the employees and employers;
 - Local taxes;
 - Real estate tax;
 - Road tolls for the use of motor vehicles registered in the Republic of Moldova.
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IT Visa

- Term
 - IT managers: 4 + 4 years
 - IT personnel: 2 years + extension
 - Decision to grant permit: 15 days
- A non-resident IT professional can work in Moldova for up to 90 days during every 6 months.



Tax incentives for employees of IT companies

- Employees of IT companies may benefit from personal income tax (PIT) incentives for employment salaries earned from such companies - standard taxation being limited to certain monthly amounts (i.e. two national average forecasted salaries).
- Employees positions should be registered by: analyst, developer, design of systems, engineer, database administrator, network administrator, software engineer, information project manager.





Making IT Happen | MOLDOVAN ASSOCIATION OF ICT COMPANIES



ATIC in some numbers



- 60+ members
- 14 years of activities
- 15+ significant lobby and advocacy initiatives
- 4 Committees
- 10 years + of ICT Career Orientation More than 300 000 students informed
- Successful implementor of projects with thousands of beneficiaries