

AUTONOMOUS TERRITORIAL UNIT OF
GAGAUZIA (GAGAUZ ERI)

Regulation

**ON SUBSIDIZING
THE CREATION OF
NEW JOBS IN
INDUSTRIAL
PRODUCTION**

Regulation on subsidizing the creation of new jobs in ATU Gagauzia

I. GENERAL PROVISIONS

1. The Regulations on subsidizing the creation of new jobs in the ATU Gagauzia (hereinafter referred to as the Regulations) determine the conditions and procedure for providing subsidies from the Gagauzia Entrepreneurship Support Fund to small and medium-sized enterprises (SMEs) located on the territory of the autonomy.

This financing is aimed at supporting and developing SMEs in order to create new jobs.

2. Basic concepts used in the Regulations:

small business– an enterprise with no more than 49 employees, an annual sales income of no more than 8 million lei, or a total volume of assets owned by it no more than 8 million lei;

medium enterprise– an enterprise with a number of employees from 50 to 249 people, an annual amount of income from sales of no more than 15 million lei or a total volume of assets owned by it no more than 15 million lei;

applicant– an enterprise, a small and medium-sized enterprise, with the exception of enterprises with a full or partial share of state capital, applying for a subsidy;

subject of subsidies– any individual, citizen of the Republic of Moldova;

subsidy –funds from the Gagauz Entrepreneurship Support Fund, provided to small and medium-sized businesses in order to create new jobs;

number of employees –the average number of people working on the basis of an individual employment contract for a definite or indefinite period (with the exception of employees whose individual employment contracts were suspended), calculated during the year;

recipient- an enterprise registered and operating in the territory of ATU Gagauzia;

industrial production- this is an activity related to the production of products, which includes all stages of the technological process, as well as the sale of products of its own production;

competent authority- the body responsible for providing subsidies for job creation represented by the General Directorate of Economic Development (GUED); **Supervisory**

Board - is a collegial body created by The Executive Committee of Gagauzia, which exercises general management of formation and management of the Gagauz Entrepreneurship Support Fund.

3. Subsidies are provided to economic agents engaged in industrial production.

4. Subsidies are not provided to economic agents engaged in the following industries: agriculture, forestry and fisheries, mining, tobacco production, production and provision of electricity and heat, gas and hot water; air conditioning, construction, wholesale and retail trade; maintenance and repair of motor vehicles and motorcycles, transport and storage, information services and communications, financial and insurance activities, real estate transactions, art, entertainment and recreation, provision of other types of services,

activities of households that employ domestic workers and produce goods and services for their own consumption.

5. In the case where the applicant simultaneously carries out several types of activities, including those provided for in paragraph 4 of these Regulations, the types of activities from paragraph 4 are not taken into account when determining the eligibility of the applicant.

6. The growth in the number of employees is calculated as the difference between the number of employees at the end of the reporting year (December 31) and the number of employees at the end of the previous year (December 31). For applicants working for the first year, the increase in the number of employees is considered to be the number of employees at the end of the reporting year.

7. The amount of subsidies is 20,000 (twenty thousand) lei for each created job. The size of the subsidy can be indexed and approved by the Resolution of the Executive Committee of Gagauzia, depending on the increase in average wages in the economy.

8. The body authorized to form and manage the Entrepreneurship Support Fund (hereinafter referred to as the Fund), from which subsidies are provided, is the General Directorate of Economic Development of Gagauzia. Decisions on the allocation of subsidies to applicants are made by the Supervisory Board for the distribution of funds of the Fund and approved by a resolution of the Executive Committee of Gagauzia.

II. CONDITIONS FOR PROVIDING SUBSIDIES AND REQUIREMENTS FOR APPLICANTS

9. Registration in the prescribed manner on the territory of the autonomy;

10. Carrying out production activities on the territory of Gagauzia;

11. The applicant is an enterprise that has 100% private capital of any organizational and legal form of ownership;

12. The applicant has no overdue wages for employees as of the date of filing the application for participation in the competition;

13. As of the date of filing the application, the applicant does not have an unfulfilled obligation to pay taxes, fees, insurance premiums, penalties, tax sanctions, the deadline for which has come in accordance with the legislation of the Republic of Moldova;

14. The applicant is not in the stage of reorganization, liquidation or insolvency (bankruptcy) and has no restrictions on carrying out business activities;

15. The applicant may be a foreign legal entity, as well as a person with a foreign share of capital;

16. The applicant must ensure that the level of average monthly wages at the enterprise for employees subject to the subsidy is not lower than 50% of the average monthly wage in the economy forecast for the reporting year, approved by the Government of the Republic of Moldova;

17. The applicant undertakes to maintain the number of employees, including persons covered by subsidies, at a level not less than specified in the subsidy agreement for two years after receiving the first tranche of subsidies.

18. When determining the annual increase in the number of employees, the following are not taken into account:

1) migration of employees between related enterprises;

- 2) re-employment of employees registered in the previous year;
- 3) absence from work for an aggregate period of 6 months or more during the year.

19. The creation of new jobs is accompanied by an increase in the number of workers directly involved in production, as well as the number of workers serving production.

20. Jobs created during the reporting period are subject to subsidies in the range of at least 5 jobs and no more than 20 jobs per applicant.

III. SUBMITTING AND CONSIDERING APPLICATIONS FOR RESERVATION OF SUBSIDIS

21. To receive subsidies for the next budget year, the head of the enterprise must submit an application for reservation of subsidies to the General Directorate of Economic Development of Gagauzia by May 31 of the current year;

22. An application for reserving subsidies is submitted in the form according to Appendix No. 1 to these Regulations;

23. The application for reservation of a subsidy is registered in the Register of Subsidies for Job Creation, which is maintained by the GDED;

24. Acceptance of an application for booking a subsidy is confirmed within 2 working days by GDED by sending a message to the applicant's email address, which indicates the number and date of registration of the application in the Register of Subsidies for Job Creation;

25. Applications for reservation of subsidies submitted after the deadline will not be considered;

26. An applicant who has applied for reservation of subsidies and has not fulfilled the conditions in accordance with paragraphs 9-20 of these regulations will not be considered for the next 2 years;

27. The Main Department of Economic Development, within 5 working days, reviews the package of documents provided by the applicant regarding the reservation of subsidies and submits it to the Supervisory Board;

28. The Supervisory Board reviews the submitted packages of documents on the reservation of subsidies and, by June 30 of the current year, makes a decision on the reservation or rejects the application for the reservation of subsidies. The decisions made by the Supervisory Board are documented in the minutes of the meeting of the Supervisory Board;

29. GDED, based on the protocol of the meeting of the Supervisory Board, formulates proposals for the next year's budget, intended to pay subsidies for jobs created in the reporting year, as well as a forecast of revenues to the state social insurance budget and income tax withheld from wages.

30. Based on the protocol of the meeting of the Supervisory Board, the Executive Committee of Gagauzia, within a calendar month (from July 1, but no later than July 30 of the current year), adopts a Resolution on the reservation of subsidies, reflecting each recipient and the allocated amounts of subsidies for each applicant.

31. After approval of the budget for the payment of subsidies, GDED publishes on the web pages: www.gagauzia.md, www.investgagauzia.md

- 1) a list of eligible subsidy applicants;

- 2) the total number of jobs that will be created in the reporting year, including the number of attracted subsidies;

3) the size of the budget intended to pay subsidies for job creation.

IV. PAYMENT OF SUBSIDIES

32. The subsidy payment process is initiated on the basis of an application for subsidy payment in accordance with Appendix No. 1 and a report in accordance with Appendix No. 3, submitted to the GED in writing, starting from June 1, but no later than June 30 of the year following the reporting year.

33. Applications for subsidy payments are submitted in writing and are recorded in the Payment Register maintained by GDED. Subsidy applications submitted after the deadline will not be accepted.

34. After receiving an application for subsidy payment, the Supervisory Board, based on the GDED report, within 30 working days checks:

- 1) compliance of the information contained in the application for booking a subsidy with the information from the application for payment of a subsidy;
- 2) the accuracy of the information specified in the application for subsidies;
- 3) fulfillment of the conditions of clauses 9-20.

35. At a meeting of the Supervisory Board, applications for subsidies are considered and a Protocol is drawn up in which:

- 1) applications for subsidies are approved;
- 2) Applications for subsidies are rejected if the applicant has not complied with the conditions of clauses 9-20 or has provided false information.

The GDED notifies the applicant in writing and by email of the decision made by the Supervisory Board about the possibility of signing a subsidy agreement (Appendix No. 2) or refusal to pay subsidies.

36. The amount of the subsidy requested in the application for the payment of a subsidy cannot exceed the amount of the subsidy specified in the application for booking a subsidy. Amounts reserved and approved for the current year cannot be paid in the following year.

37. If the applicant has created more jobs, including for persons subject to subsidies, than those indicated in the application for booking a subsidy, subsidies are paid only for the reserved jobs. For over-created jobs specified in the initial reservation application, the applicant may submit an additional application for reservation of subsidies for over-created places.

38. If the applicant has not achieved an increase in the number of employees, including subsidy subjects, specified in the reservation application, but meets the eligibility criteria, the amount of the subsidy is proportionally reduced as the ratio between the number of jobs created for subsidy subjects and the number specified in the reservation request

39. Until August 30 of this year, the Executive Committee of Gagauzia, on the basis of the Minutes of the meeting of the Supervisory Council, by its Resolution, makes a decision on the payment of subsidies, reflecting each recipient and the allocated amounts of subsidies for each applicant.

40. To receive a subsidy, GDED enters into a subsidy agreement with the applicant within 10 days, in accordance with Appendix No. 2 from the date of adoption of the Resolution by the Executive Committee of Gagauzia for the payment of the subsidy.

41. The allocation of the subsidy is carried out after signing the Subsidy Agreement to the recipient's current account, in two tranches, in equal shares, one per year, for two years.

42. The allocated subsidy is used by the recipient only to finance the activities of the enterprise and cannot be used to pay dividends or provide loans.

V. CHANGE, TERMINATION OF THE SUBSIDIATION AGREEMENT AND RETURN OF THE SUBSIDIATION

43. The State Tax Service, at the request of GDED, annually before May 31 during the term of the subsidy agreement, provides information on the fulfillment of obligations to the consolidated budget for the payment of income tax on wages, contributions to compulsory health insurance and social insurance contributions provided for in the agreement.

44. During the period of validity of the Subsidy Agreement, the recipient may submit a reasoned application to reduce the number of employees, including persons subject to the subsidy, compared to the number provided for in the subsidy agreement, but the number of employees must not be lower than the number acceptable on the date of filing the application for reservation. In this case:

1) the amount of the subsidy is calculated based on the amount provided for in paragraph 38, and the difference between the initial subsidy and the recalculated subsidy is reimbursed before signing the additional agreement;

2) the recipient will not have the right to apply to reserve a subsidy for 2 years from the date of signing the additional agreement.

45. GDED, based on the results of an audit conducted by the State Tax Service, takes measures to terminate the subsidy agreement concluded with the recipient if:

1) the recipient does not retain the actual number of employees, including persons subject to subsidies, greater than or equal to the number provided for in the agreement;

2) the average monthly salary at the enterprise for employed persons - subjects of the subsidy is less than 50% of the average monthly salary in the economy forecast for the reporting year, approved by the Government of the Republic of Moldova;

3) the recipient becomes insolvent or initiates merger, division or liquidation proceedings;

4) the recipient no longer meets the original conditions for the provision of subsidies under Section II of these Regulations.

46. If one of the situations provided for in paragraph 45 exists, the GDED informs the recipient in writing about the identified violations, the initiation of termination of the subsidy agreement and the reimbursement of the subsidy.

47. When reimbursing the subsidy, the recipient is obliged to pay interest and penalties in the amount provided for in the Model Subsidy Agreement between GDED and the recipient, in accordance with Appendix No. 2.

48. Reimbursement of the subsidy, payment of interest and penalties are made by the recipient within 20 days from the date of termination of the subsidy agreement.

VI. FINAL PROVISIONS

49. In case of unresolved disputes arising amicably, they are resolved within the competent courts.

50. It is prohibited to use the amounts of subsidies provided on the basis of these Regulations for purposes other than those specified in paragraph 42.

51. GDED ensures the storage of documents and primary information relating to subsidies provided to all recipients in accordance with the conditions established by current legislation.

Appendix No. 1

**Application for reservation/receipt of subsidies
to create new jobs**

- 1. Name of the enterprise _____
- 2. Fiscal code _____
- 3. Legal address _____
- 4. Production location _____
- 5. Main activity _____
- 6. Bank details _____
- 7. Supervisor _____
- 8. Contact phone, e-mail _____
- 9. Increase in the number of jobs _ that are directly involved in production.

I declare on my own responsibility that as of the date of filing the application, the company has no debts on taxes and fees to the National Public Budget.

I declare on my own responsibility that the average number of employees at the end of the year was ___ people, including _____ people workers. The actual/planned number of employees at the end of the year ____ made up/will make _____ including __ workers. The average monthly salary of workers is ___ lei, there is no arrears in the payment of wages to employees of the enterprise, as of the date of filing the application.

I have read the terms of the Regulations on subsidizing job creation and confirm the accuracy of the information provided.

In addition, I inform you that I am not in the stage of reorganization, liquidation or bankruptcy and have no restrictions on carrying out economic activities.

MP

Head Signature

Date

**AGREEMENT
ABOUT SUBSIDIZING NEW JOBS**

mun. Comrat

" _ " _____ 20 __.

General Directorate of Economic Development of ATU Gagauzia, represented by the head of the Main Directorate of Economic Development of Gagauzia n, acting on the basis _____

_____ hereinafter referred to as the "Right holder" on the one hand, and _____, in the face of _____, acting on the basis _____, hereinafter referred to as the "**Recipient**", on the other hand, entered into this agreement for the provision of subsidies on the basis of an application for subsidies No. __ under the following conditions:

I. SUBJECT OF THE AGREEMENT

1.1. The subject of this agreement is the provision by the Copyright Holder of subsidies for job creation in a situation where the Recipient accepts subsidies and undertakes to maintain the actual number of employees, including persons subject to subsidies, in accordance with the provisions of the agreement, as well as maintain the average monthly salary established in accordance with the regulations of the Executive Committee of Gagauzia "On approval of the Regulations on subsidizing job creation", within two years after receiving the first tranche of subsidies.

1.2. The Recipient will be provided with the requested subsidy within the terms and conditions established by this agreement and the provisions of the Resolution of the Executive Committee of Gagauzia "On the approval of the Regulations on subsidizing job creation", to which the Recipient declares that he knows and supports them.

II. RIGHTS AND OBLIGATIONS OF THE PARTIES

2.1. The recipient undertakes to:

2.1.1. Ensure that there is an increase in the number of employees in the range of no less than 5 jobs and no more than 20 jobs per applicant that are classified as subsidy subjects.

2.1.2. Ensure the payment of the average monthly salary at the enterprise for employees who are subject to subsidies, no less than 50% of the average monthly salary for the economy forecast for the reporting year, approved by the Government of the Republic of Moldova.

2.1.3. Guarantee, under the sanction of invalidity, the absence of arrears in the payment of taxes and fees to the national public budget, with the exception of cases of restructuring of arrears declared (in accordance with agreements concluded in the prescribed manner) as of the last day of the month of the financial year for which the subsidy is requested.

2.1.4. Maintain the actual number of employees, including persons subject to subsidies, for 2 years from the date of receipt of the first tranche of subsidies.

2.1.5. Guarantee the payment of wages at the enterprise for employees who are subject to subsidies, not lower than 50% of the average monthly salary for the economy, projected for each year separately, approved by the Government of the Republic of Moldova, for at least 2 years from the date of receipt of the first tranche of subsidies.

2.1.6. Guarantee under its own responsibility, under the sanction of invalidity, that it is not subject to insolvency, merger, split-up or liquidation proceedings.

2.1.7. Guarantee on your own responsibility, under the sanction of invalidity, that you did not have any assistance from the state while in the process of restoration.

2.1.8. To provide subsidies, comply with the conditions of Section II of the Regulations on subsidizing job creation in ATU Gagauzia.

2.1.9. Do not allow the use of subsidies for purposes other than those provided for in the Regulations on Subsidizing Job Creation.

2.1.10. Provide all conditions for the proper conduct of inspection actions after payment by authorized representatives of the Copyright Holder, including access to the places and premises where the subsidized object is being invested, legal, financial, technical documents that served as the basis for the conduct and development of this investment, etc.

2.1.11. Provide, within no more than 5 days, information and documents requested during inspections/verifications carried out by authorized representatives of the Copyright Holder relating to the investment object for which the subsidy was provided.

2.1.12. Comply throughout the entire term of the contract with the selection conditions and evaluation criteria that served as the basis for authorizing the application for financial support.

2.1.13. Promptly inform the Copyright Holder, no more than 10 days, about any circumstances that may impede the proper execution of the contract.

2.1.14. Notify the Copyright Holder if any unexpected changes occur if the subsidy conditions are adequately fulfilled.

2.1.15. In case of violation of the conditions under which the subsidy agreement was concluded, return the provided subsidies and pay interest and corresponding penalties on it within 20 calendar days from the date of termination of this agreement.

2.2. The recipient has the right:

2.2.1. Receive the requested subsidy in accordance with the period established by law, provided for by the Regulations on subsidizing job creation, for the entire period of validity of this agreement.

2.2.2. Be present during inspections after payment, as well as be informed of the results carried out by authorized representatives of the Copyright Holder within the limits and in accordance with the requirements of the Regulations on subsidizing job creation.

2.2.3. Provide explanations based on the results of inspections carried out in accordance with clauses 2.1.10 and 2.1.11.

2.3. The rights holder undertakes:

2.3.1. Pay the Recipient a subsidy calculated in accordance with

Resolution of the Executive Committee of Gagauzia on the payment of subsidies.

2.3.2. Submit payment orders for payment within 5 days from the date of signing this agreement for transfer of calculated subsidies to the Recipient.

2.3.3. Check the Recipient's compliance with the selection criteria throughout the entire term of the contract;

2.3.4. Announce in advance, at least a day in advance, the intention to conduct inspections/checks and ensure that the results are communicated to the Recipient within 20 days from the date of completion.

2.4. The rights holder has the right:

2.4.1. Carry out physical and administrative control of documents confirming the provision of a subsidy.

2.4.2. Request from the Recipient any information regarding the subsidy paid.

2.4.3. Suspend the transfer of funds to pay the subsidy to the Recipient if it is determined that the selection conditions do not comply, the submission of false documents, etc., committed by the Recipient.

2.4.4. Include the Recipient on the list of prohibited persons who are eligible to receive the subsidy in accordance with the conditions and procedures established by the Job Creation Subsidy Regulations.

2.4.5. In case of non-fulfillment or improper fulfillment of obligations, demand a full return of subsidies, along with interest, late fees, as well as the application of other sanctions provided for in this agreement and other applicable regulations.

III. PRICE AND PAYMENT PROCEDURE FOR THE AGREEMENT

3.1. The amount of subsidies allowed for payment in accordance with the Resolution of the Executive Committee of Gagauzia No. dated _____ is _____ (amount in numbers/words) lei. The subsidy is paid in two tranches, in equal shares, one per year, for two years.

3.2. The Copyright Holder undertakes to provide subsidies in accordance with the requirements of the Regulations on Subsidizing Job Creation and this Agreement. In case of amendments and additions to the Regulations on subsidizing job creation, the provisions of this agreement change, by right, in accordance with its requirements, without the need to sign additional agreements to the agreement.

3.3. Payment of subsidies will be carried out on the basis of the Resolution of the Executive Committee of Gagauzia, an application for payment of subsidies with the necessary supporting documents attached. The payment decision is made after checking the supporting documents submitted by the Recipient in accordance with the requirements of the Regulations on Subsidizing Job Creation.

IV. RESPONSIBILITY OF THE PARTIES

4.1. The Copyright Holder and the Recipient undertake not to disclose to third parties data relating to this agreement only to the extent that this data does not constitute a commercial or state secret protected in accordance with current legislation.

4.2. The Copyright Holder and Recipient undertake to maintain confidentiality

reports and any document, information or other material that becomes known to him in the performance of this agreement, with the exception of information of public interest, which is provided in any circumstances upon request. Information will be distributed only to competent authorities.

4.3. For failure to fulfill the obligations stipulated by this agreement, the Copyright Holder and the Recipient are liable in accordance with current legislation.

4.4. In the event that during the validity period of this agreement it is established that the Recipient has not fulfilled the selection conditions, according to the conclusions made during inspections/checks, or if it is determined that the Recipient has submitted false/falsified documents to access the subsidy, as well as in the event, if the Recipient is declared incapacitated or an insolvency procedure has been initiated, the cost of financial assistance will be restored in full to the Rights Holder at the expense of the Recipient, voluntarily or involuntarily, in the manner prescribed by current legislation.

4.5. The recipient is charged interest for the delay, in accordance with the provisions of articles 585 and 619 of the Civil Code of the Republic of Moldova, as well as a penalty in the amount of 0.01% of the amount of the subsidy provided, for each day, calculated from the date of provision of the subsidy until its return.

V. CHANGE AND TERMINATION OF THE AGREEMENT

5.1. All annexes, agreements on amendments and additions to this agreement are drawn up in writing and signed by authorized representatives of the parties, being an integral part of this agreement.

5.2. Only those changes that are made by mutual agreement will be binding.

5.3. In case of non-fulfillment or improper fulfillment of obligations by one of the parties, the opposite party has the right to terminate the fulfillment of obligations or demand termination of the contract, in both cases it is necessary to notify the other party in writing.

5.4. The parties may decide by agreement to terminate the contract, as a result of a written application from the Recipient, approved by the Rights Holder, while the Recipient will reimburse in full the amounts received as a subsidy before the date of termination of the contract, if necessary, including interest and penalties on the base rate of the National Bank of Moldova.

VI. SETTLEMENT OF DISPUTES

6.1. If disputes arise between the contracting parties regarding the interpretation or execution of this agreement, they shall be resolved peacefully.

6.2. In cases where the parties cannot reach a compromise, the dispute will be referred to the competent court.

6.3. Relations between the parties under this agreement are governed by the current legislation of the Republic of Moldova.

VII. FORCE MAJEURE CIRCUMSTANCES

7.1. In the event of circumstances that make it impossible to fulfill the obligations provided for in this agreement, such as fire, flood, natural disasters, wars, blockades, embargoes, confirmed in the prescribed manner, the parties are released from any liability and fulfillment of any obligations provided for in this agreement.

7.2. A party for which it becomes impossible to fulfill the obligations of this agreement undertakes to notify the opposite party in writing within 10 days of the occurrence of circumstances that impede the fulfillment of obligations, as well as of their termination.

7.3. Relevant evidence of the existence of these circumstances and their duration must be confirmed by documents issued by the competent authorities.

VIII. FINAL PROVISIONS

8.1. This agreement represents the will of the parties regarding the provisions of the agreement and supersedes any other oral or written agreements prior to the conclusion of this agreement.

8.2. This agreement obliges the parties to comply exactly and in good faith with each of its provisions in accordance with the principle of binding agreement.

8.3. This agreement comes into force on the date of its signing by the parties and is valid until all contractual obligations are fulfilled by both parties.

8.4. Changes, additions, appendices, acts and refusals are considered valid only if the parties comply with a written form containing the date, signature and seal of the parties.

8.5. The parties are obliged to inform each other about changes in legal address, telephone numbers, and fax numbers within 2 days from the date of change.

8.6. This agreement is drawn up in two copies, having equal legal force for each of the parties.

IX. ADDRESSES AND DETAILS OF THE PARTIES

" Rights Holder ":

"Recipient"

*General Directorate of Economic
Development of ATU Gagauzia*

MF TT Comrat

Contul de plati -226609

Codul fiscal - 1007601000311

Codul

Iban:MD62TRPDAG222990B14500AB

TREZMD2X

3805 mun. Comrat st. Lenina, 196

0-298-2-23-97

E-mail: economica.ato@mail.ru

Report
On subsidizing job creation in _____

(date of)

Recipient's name: _____

Fiscal code of the enterprise _____

Head of the enterprise _____

Contact phone no. _____

No	Indicators	Unit change	Previous year of receiving subsidies	reporting year	Growth in quantitative terms
1	Total jobs, including: created jobs that are subject to subsidies	Unit			
2	Average monthly salary of one employee subject to subsidies	lei			

Note:

- Attached to the report are certified copies of documents confirming the creation of jobs (copies of employment contracts and orders for hiring new jobs).
- the head of the enterprise is responsible for the accuracy of the information provided.

MP**Signature of the head of the enterprise****Date**