

**Secretary General of the Council of Europe**  
**Ms. Marija Pejčinović Burić,**  
**President of Congress of Local and Regional Authorities of the Council of Europe, Mr.**  
**Marc Cools**  
**Chair of Monitoring committee of CLRACE,**  
**Mr. Thibaut GUIGNARD, France (L, EPP/CCE) as Chair of the Monitoring Committee.**

Your Excellency!

On behalf of the People's Assembly of Gagauzia, as representative and authoritative body of the Gagauz autonomy, in the context of respecting the rights of national minorities, allow me to address you with a request:

In October 2023, the Parliament of the Republic of Moldova adopted the Law on amending Article 6 of the Tax Code of the Republic of Moldova No. 1163/1997.

This normative act changes the mechanism of reimbursement or refund of state taxes (except for personal income tax). If previously such taxes were reimbursed to taxpayers from the state budget of the Republic of Moldova, now the reimbursement will be made from local budgets.

The validity of this Law will be related only to ATU Gagauzia, whose local budget exclusively receives state taxes and, accordingly, their return for the economic agents of Gagauzia will be made from the budget of Gagauzia.

ATU Gagauzia is a territorial ethnic autonomy within the unitary state of the Republic of Moldova, mainly inhabited by the Gagauz (more than 80% of the population of the autonomy), which is a national minority in our country.

Unfortunately, the change in the regime of reimbursement of state taxes will lead to an inevitable reduction of the local (or central) budget of Gagauzia in terms of own revenues and expenditures, which means that budget allocations of social and economic nature will be reduced. Assistance programs for children, young families, elderly people, young entrepreneurs and local budgets of the 1st level will be reduced.

Taking into account the vague wording of the adopted Law, it is difficult to say what amount of own revenues the central budget of Gagauzia will lose, nevertheless, it can be stated that the central budget of Gagauzia will lose at least 100 million Moldovan lei (about 5 million Euros) per year, or at least 30% of the amount of own revenues.

The representatives of Gagauzia asked their Moldovan colleagues from the Parliament of the Republic of Moldova at numerous meetings to take into account the risks of such a decision aimed at budgetary restrictions for Gagauzia. It was argued that the legislative initiative undermines one of the key principles of local public finances – due to the sharp reduction of budget revenues, the sustainability of the central budget of Gagauzia will be affected, and the enactment of the draft law in the period of the

2023 budget execution (starting from November 1) will lead to the necessity of urgent sequestration or reduction of the central budget of Gagauzia.

However, the deputies of the Parliament of the Republic of Moldova did not listen to our arguments and approved the Law on Amendments to Article 6 of the Tax Code of the Republic of Moldova No. 1163/1997 in final reading.

We also note that despite the enormous efforts of external partners and friends, the openness and involvement of authoritative international organizations - the Office of the OSCE High Commissioner on National Minorities and the Martti Ahtisaari Peace Foundation (CMI project), the official Chisinau did not accept the request of Gagauzia for a detailed financial examination of the legislative initiative by national and international experts.

Unfortunately, we note that the procedure of adoption of this draft law by the Parliament took place without sufficient compliance with a number of key provisions of international and national legislation in the field of public finance.

Thus, without fully taking into account the provisions of Article 4, paragraph (6) and Article 9, paragraph (6) of the European Charter of Local Self-Government, when initiating this legislative initiative, the members of the Parliament did not consult and coordinate with the special public administration authorities of Gagauzia.

The provisions of Article 6, paragraph (4) of the Law on Administrative Decentralization were not taken into account, which stipulate that the delegation of powers to reimburse state taxes to Gagauzia is admissible, if there is a mechanism for full compensation of lost revenues.

In this context, we ask you:

**- consider the possibility within monitoring activities of the CoE and CLRACE, to include this topic in agenda of all relevant institutions of CoE and conduct a study on the compliance by the Republic of Moldova with the Charter of Local Self-Government and other relevant CoE/CLRACE referring to the rights of national minorities, in the context of the entry into force of the Law amending Article 6 of the Tax Code No. 1163/1997.**

**Deputy Chairman  
of the People's Assembly of Gagauzia**

**Member of the Delegation of the Republic of Moldova  
to the Congress of Local and Regional Authorities  
of the Council of Europe.**

**26.10.2023**

**Alexandr TARNAVSKI**

