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Moldova: taxation as a tool in reintegrating Transnistria

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On 1 September, for the first time, Chişinău mandated businesses operating in separatist Transnistria to pay VAT and excise duties into the Moldovan budget on certain goods they import. The new regulations apply, among other things, to alcohol, tobacco products, certain vehicles, computers and mobile phones as well as luxury items such as caviar, perfumes, furs, and jewellery. From 2027, further categories of products will be included, with the objective of ensuring that by 2030 all goods entering the left bank of the Dniester are subject to the same taxation as those imported by businesses on the right bank (so-called Moldova proper). The government frames these measures as a step towards the region's economic integration with the rest of the country and as a strategy to address the long-standing issue of unfair competition from businesses in the separatist region.

Chişinău's measures represent a further stage in the gradual incorporation of Transnistria into Moldova's legal and economic framework, a process ongoing de facto for the past two years. Moldovan authorities are leveraging the separatist region's vulnerability as it remains mired in its deepest economic crisis since the 1992 war. To prevent economic collapse in Transnistria, the implementation of reforms has been phased over several years.

Commentary

- **The imposition of VAT and excise duties on certain imports into Transnistria forms part of the ongoing process of the region's economic reintegration with the rest of the country.** In January 2024, businesses in Transnistria were, for the first time, required to pay customs duties on imported goods. Concurrently, Moldova revoked their exemptions from pollution charges and required them to obtain environmental permits, with non-compliance potentially resulting in the loss of the right to import components and export finished products. From 1 January 2027, the nationwide tax regime will expand to include products such as sweetened beverages, metals, and petroleum products, followed by gas and electricity from 1 April 2027. Chişinău projects that once tax harmonisation is completed by 2030, the Moldovan budget will receive around €164 million annually (approximately 8.6% of total VAT and excise duty revenues from imported goods). The newly established Convergence Fund will allocate these resources to infrastructure projects designed to reduce development disparities between the two banks (see '*Moldova: a convergence fund instead of a reintegration plan*').

- **Chişinău's measures are expected to intensify the most severe economic and financial crisis in the parastate's history.** The objective, however, is not to induce total collapse, which could trigger a humanitarian crisis and thus pose significant challenges for right-bank Moldova, but to leverage the region's difficult situation to increase control over it. Since 2025, Transnistria, whose economic model had for decades relied on free Russian gas supplied via Ukraine, has received only approximately 30–60% of its previous supply of this essential fuel, with occasional interruptions lasting several days (see '*Transnistrian gas crisis as Moscow's political tool*'). Major exporters, whose competitiveness had already been undermined by the introduction of customs duties on imported fuels and intermediate goods in early 2024, have reduced production, leading to a significant decline in budget revenues (the planned budget deficit amounted to approximately 45% of expenditure in 2025 and about 40% in 2026). Further financial strain resulted from Chişinău's decision, effective from 1 January 2025, to cease purchasing electricity from the Moldavskaya GRES power plant on the left bank. The plant had previously supplied up to 80% of the electricity consumed on the right bank, with revenues from these sales supporting the region's budget. Consequently, Transnistria's cumulative GDP decline in 2023–2025 reached approximately 25%.

- **The rapidly deteriorating economic and social conditions are also facilitating bottom-up integration processes.** The average gross salary in right-bank Moldova currently stands at nearly 16,900 lei (approximately €840), compared to about 7,000 lei (approximately €350) in Transnistria in 2025. This is causing a growing number of left-bank residents to seek legal employment on the other side of the Dniester: their number rose from just under 14,000 in 2025 to more than 23,000 in the first half of 2026. At the same time, interest in Moldova's public healthcare system has grown. The number of residents from Transnistria registered in the system has more than tripled over the past year and now exceeds 82,000. Moldova's pension system has also become significantly more attractive. In 2024, the average monthly pension in right-bank Moldova stood at 3,800 lei (approximately €189), twice the level in the separatist region (approximately €93). Consequently, the disparity in living standards between the two banks is being reversed, increasing Chişinău's appeal and carrying significant symbolic importance. For years, living conditions in Transnistria were comparable to, or even better than, those on the right bank, providing Moscow with an argument for maintaining the region's close ties with Russia.