

General aspects regarding the use of business cards

accounting of business card transactions

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General aspects regarding the use of business cards

A *business card* is defined as a payment card linked to an account opened in the name of a legal entity, an individual entrepreneur, or a person engaged in another type of business activity.

What are the purposes for which a business card can be used, and what can be paid with it?

In practice, business cards are used for the following purposes:

- ✓ purchasing goods and services necessary for economic and business activities (e.g., construction materials, equipment, rent, courier, marketing services or office supplies);
- ✓ travel expenses (e.g., transportation, accommodation, per diem);
- ✓ payments to public authorities (e.g., taxes, duties, contributions);
- ✓ cash withdrawals;
- ✓ depositing cash into the entity's account via maib ATMs and CDMs.

The use of a business card is prohibited for:

- personal expenses;
- transactions that violate national or international legislation;
- cash withdrawals without justification;
- transferring the card to or allowing its use by unauthorized persons;
- purchasing prohibited goods or services (including in the jurisdiction where the transaction takes place).

Issuance of a business card: required documents and conditions

A business card is issued in the name of a legal entity or an individual entrepreneur and is linked to a payment account opened under the entity's name.

Also, the card displays the first and last names of the authorized persons (employees, administrators) who are allowed to carry out transactions on behalf of the company, or the vehicle number to which the card is linked (for transportation companies).

Documents required for issuing a business card:

- **Card issuance application** – the bank's form, signed by the entity's legal representative, including the cardholder's identification details;
- **Corporate documents** – certificate of registration, decision appointing the administrator, company charter (if requested), and tax identification number (IDNO);
- **Cardholder identification documents** – copy of ID card or passport, as well as a power of attorney or another document confirming the right to use the card;
- **Documents on compliance with additional procedures and checks requirements** – declarations regarding the ultimate beneficial owner, information for Know Your Client (KYC) purposes, and for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) compliance;
- **Additional documents (for ordering a credit card)** – financial statements, business plans, commercial contracts.

Costs associated with business cards

The expenses related to the issuance and use of business cards depend on the type of card, the currency of the account, and whether additional operations or optional banking services are performed. The following types of fees may apply:

- business card issuance fee;
- card maintenance/service fee;
- cash withdrawal fee
- fee for issuing additional statements, etc.

Company expenses related to banking services for the issuance and use of business cards may be recognized as deductible for corporate income tax purposes if they are related to business activities.

In accounting, these fees are recorded with the following journal entries:

Debit Account 713 "Administrative Expenses", sub-account 7135 "Expenses for Administrative Services" or Account 712 "Distribution Expenses", sub-account 7129 "Other Distribution Expenses" (for trading organizations)

Credit Account 244 "Other Bank Accounts", sub-account 2442 "Bank Cards"

Funds in the accounts to which business cards have been issued

According to the General Chart of Accounts, account 244 "Other Bank Accounts", sub-account 2442 "Bank Cards" is intended to consolidate information regarding the existence and movement of funds on bank cards.

Account 244 "Other Bank Accounts", sub-account 2442 "Bank Cards", is an asset account. Debits to this sub-account record cash inflows, while credits record cash usage. The balance of sub-account 2442 "Bank Cards" is debit and represents the amount of cash available on the business card, determined in accordance with accounting standards.

In the accounting records, operations on the business card account are recorded using Account 244 "Other Bank Accounts," Subaccount 2442 "Bank Cards." Analytical records under Subaccount 2442 "Bank Cards" can be maintained for each individual business card. If multiple business cards are issued for a single account, records can be maintained separately for each cardholder.

The following accounting entries are used to reflect receipts in Moldovan Lei on a business card:

- Transfer of funds from the current account to the business card account:

Debit Account 244 "Other Bank Accounts," Subaccount 2442 "Bank Cards"

Credit Account 242 "Current Accounts in National Currency"

- Accrued interest for maintaining funds in the account:

Debit Account 244 "Other Bank Accounts," Subaccount 2442 "Bank Cards"

Credit Account 622 "Financial Income," Subaccount 6222 "Interest Income"

- Receipt of unused funds from an advance by the cardholder:

Debit Account 244 "Other Bank Accounts," Subaccount 2442 "Bank Cards"

Credit Account 226 "Receivables from Personnel," Subaccount 2261 "Receivables from Advance Holders"

For operational and administrative expenses, cash advances are issued according to the deadlines set by the entity's management, which shall not exceed 30 days, except for expenses related to travel outside the Republic of Moldova.

Any unused cash must be returned to the company's cash desk within **5 working days** after the expiration of the period for which it was issued.

The accounting entries for payments made from the corporate card are based on the bank statement. Payments in Moldovan Lei are recorded as follows:

- Payment for goods, works, or services to suppliers:

Debit Account 521 "Current Trade Payables"

Credit Account 244 "Other Bank Accounts," Subaccount 2442 "Bank Cards"

The funds spent must be justified through an advance settlement, to which the corresponding supporting documents are attached.

The deposit of unused funds back into the account by the advance holder is recorded as follows:

Debit Account 244 "Other Bank Accounts," sub-account 2442 "Bank Cards"

Credit Account 226 "Receivables from Staff," sub-account 2261 "Advances to Cardholders"

Recording Foreign Currency Receipts on a Business Card Issued in Foreign Currency

Business cards can also be issued for accounts held in foreign currency. In the accounting records, the funds associated with these cards are recorded in account 244 "Other Bank Accounts," sub-account 2442 "Bank Cards." If the company opens multiple current accounts for which business cards will be issued, it is recommended to maintain analytical records for each account separately. In cases where multiple business cards are issued for a single account, it is advisable to organize analytical records for each cardholder individually.

The business card can be funded in foreign currency using the following methods:

- **From the funds of the main foreign currency current account.**

In accounting records, this operation is recorded as follows:

Debit Account 244 "Other Bank Accounts," Sub-account 2442 "Bank Cards"

Credit Account 243 "Current Accounts in Foreign Currency"

The bank statement serves as the supporting document for recording both the funding and debiting operations of the funds associated with the business card.

Purchase of Foreign Currency

- In accounting, the transfer of funds in Moldovan lei for the purchase of foreign currency is recorded as follows:

Debit Account 245 "Cash Transfers in Transit"

Credit Account 242 "Current Accounts in National Currency"

- The purchased foreign currency is recorded in the company's foreign currency account associated with the business card, as follows:

Debit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"

Credit Account 245 "Cash Transfers in Transit"

- The record of the purchased foreign currency is maintained at the official exchange rate set by the National Bank of Moldova. Accordingly, differences between the commercial rate used to acquire the currency and the official rate set by the National Bank of Moldova are reflected in the accounting records as follows:
 - Recording favorable exchange rate differences on currency purchases:

Debit Account 245 „Cash Transfers in Transit”

Credit Account 612 „Other Operating Income”, subaccount 6127 „Income from favorable differences between the NBM official rate and the purchase/sale rate of foreign currency”

- Recording unfavorable exchange rate differences on currency purchases:

Debit Account 714 „Other Operating Expenses”, subaccount 7147 „Expenses from unfavorable differences between the NBM official rate and the purchase/sale rate of foreign currency”

Credit Account 245 „Cash Transfers in Transit”

Revaluation of foreign currency funds on a business card

Foreign currency held in the account associated with a business card is considered a monetary item in foreign currency, which must be revalued using the official Moldovan leu exchange rate as of the reporting date. The company may revalue these foreign currency monetary items either at the reporting date or according to another periodicity established in its accounting policies (monthly, quarterly, etc.).

Favorable and unfavorable exchange rate differences arising as a result of recalculation at the reporting date of monetary items are recognized as current income and expenses and accounted for as follows:

- **Favorable** foreign exchange differences (in the case of an increase in the exchange rate) are recorded as a simultaneous increase in monetary assets and current income as follows:

Debit Account 244 "Other bank accounts", subaccount 2442 "Bank cards"

Credit Account 622 "Financial income", subaccount 6226 "Income from foreign exchange differences"

- **Unfavorable** foreign exchange differences (in the case of a decrease in the exchange rate) are recorded as an increase in current expenses and a decrease in monetary assets as follows:

Debit Account 722 "Financial expenses", subaccount 7224 "Expenses from foreign exchange differences"

Credit Account 244 "Other bank accounts", subaccount 2442 "Bank cards"

When a business card is used in foreign currency, a receivable is recorded in Account 226 "Employee receivables," subaccount 2261 "Advances to employees" for the amount owed by the employee. This receivable is recorded in Moldovan lei (MDL) at the official exchange rate on the date the amount is debited according to the bank statement. Subsequently, the receivable is not revalued at the reporting date and is recorded in the financial statements at the official Moldovan leu (MDL) exchange rate on the date of its initial recognition. The settlement of this receivable occurs upon the submission of the advance settlement report by the employee.

When calculating the company's corporate income tax, foreign exchange differences are included in the taxable income according to the general principles.

Accounting treatment of payments made with a business card in foreign currency

A business card issued in foreign currency can be used by the cardholder, i.e., the company employee, for the following purposes:

- cash withdrawals;
- non-cash payments within the territory of the Republic of Moldova;
- non-cash payments outside the territory of the Republic of Moldova, for the purposes for which the card was issued.

Based on the bank statement, the accounting records reflect the debit of funds from the current account associated with the business card, as follows:

Debit Account 226 "Employee Receivables", subaccount 2261 "Receivables from Advance Holders"

Credit Account 244 "Other Bank Accounts", subaccount 2442 "Bank Cards"

In the employee's advance report, the amounts are recorded with the date indicated in the bank statement, and once the respective receivable represents an advance for the employee, it is not revalued. In the company's accounting records, amounts debited from account 244 "Other Bank Accounts" are recorded in Moldovan lei at the official exchange rate of the National Bank of Moldova on the date of the economic transaction, as indicated in the bank statement.

Documentation, accounting, and taxation of interest income accrued on the balances existing on business cards, as well as of funds received in the form of bonuses or moneyback (cashback)

For conducting transactions, the bank may provide sums of money in the form of bonuses, cashback, or moneyback. The legislation does not contain definitions for the terms "cashback" or "moneyback." The essence of the operation consists of the bank returning to the organization's account a portion of the amount spent on purchases paid with the business card.

The legislation does not establish a specific accounting procedure to be applied to the receipt of the aforementioned bonuses, cashback, or moneyback. Therefore, the company has the right to develop its own accounting mechanism, using professional judgment and ensuring its inclusion in the accounting policy.

In this regard, the following approach can be considered:

- The company could treat the amounts received as bonuses, cashback (moneyback) as prizes granted by the provider, i.e., the issuing bank of the business card. Under this approach, these amounts are recognized in the accounting records as income from current operational activity, through the following accounting entry:

Debit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"

Credit Account 612 "Other Income from Operational Activity", Subaccount 6128 "Other Operational Income"

- The company may also consider these amounts as financial rewards. In this case, depending on the nature of the activity carried out, the funds received can be recorded in the accounting records as financial income, through the following accounting entry:

Debit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"

Credit Account 622 "Financial Income", Subaccount 6228 "Other Financial Income"

Accounting for customs payments made with a business card

When an employee uses a business card to make customs payments, this transaction is treated as the issuance of an advance (receivable) to the employee. In accounting, the transaction is recorded as follows:

Debit Account 226 "Employee receivables," sub-account 2261 "Advances to employees"

Credit Account 244 "Other bank accounts," sub-account 2442 "Bank cards"

The receivable is recognized at the amount of funds debited from the bank account linked to the business card, based on the bank statement.

The employee must submit an advance report for the amounts spent within the deadline set by the company's management, but no later than 30 days from the date of purchasing the goods/works/services. The advance report serves as the basis for recording the employee's settlements in the company's accounting records. The form of the advance report is developed internally by the company, taking into account the requirements of the accounting legislation. The report on the amounts spent must be accompanied by the payment receipt confirming the customs payments made with the business card, as well as the bank statement for the account linked to that card.

It is recommended that the records for the calculation and payment of customs duties be recorded in account 534 "Liabilities to the budget". The settlement of customs payments made through the advance holder should be reflected in the accounting records as follows:

Debit Account 534 "Liabilities to the budget"

Credit Account 226 "Employee receivables", sub-account 2261 "Receivables from advance holders"

In accounting records, the expenses incurred for customs duties and import procedures related to inventories or fixed assets are considered directly attributable costs that must be capitalized in the acquisition cost of the respective assets. The VAT amount related to the import of inventories or fixed assets may either be included in the value of the acquired assets or deducted for tax purposes, depending on the intended use of the assets and the taxpayer's status (VAT payer or non-payer).

Limitations on the use of cash withdrawn from a business card

Cash withdrawn from a business card is subject to the same general limits applicable to cash settlements, namely:

- ✓ payments in cash to other legal entities or individuals conducting entrepreneurial and/or professional activities in the justice or healthcare sectors must not exceed a cumulative total of MDL 100,000 per month. This limit does not apply to deposits made into accounts opened with payment service providers;
- ✓ payments in cash to individuals not conducting entrepreneurial activity must not exceed a cumulative total of MDL 100,000 per month, with exceptions specified in the following points;
- ✓ cash payments to an individual not engaged in entrepreneurial activity, up to a cumulative total of MDL 100,000 per year, related to the delivery of ferrous and non-ferrous metal waste and residues, or industrial residues containing metals or their alloys;

- ✓ cash payments to an individual not engaged in entrepreneurial activity, up to a cumulative total of MDL 100,000 per year, related to the delivery of returnable packaging, paper, cardboard, rubber, plastic, or glass waste (glass shards), as well as used batteries;
- ✓ cash payments to an individual not engaged in entrepreneurial activity, up to a cumulative total of MDL 200,000 per year for the sale of crop and horticultural products in their natural form, and up to MDL 300,000 per year for livestock products in natural, live, or slaughtered form;
- ✓ cash payments to an individual engaged in the purchase of crop and/or horticultural products, and/or plant kingdom items, and/or livestock products, up to a cumulative total of MDL 600,000 per year;
- ✓ execution of cash payments in the form of dividends, in accordance with tax legislation, up to a cumulative total of MDL 100,000 per year per associate/shareholder;
- ✓ execution of cash payments under loan agreements, up to a cumulative total of MDL 100,000 per year.

Is a resident of the Republic of Moldova allowed to make payments with a business card to foreign counterparties?

Making payments to foreign counterparties using a business card is permitted.

Residents of the Republic of Moldova can use business cards for payments to foreign counterparties, provided they comply with foreign exchange regulations and AML requirements.

For transactions in a currency other than the account currency, the conversion is made at the bank's commercial exchange rate.

The cardholder is required to keep receipts and transaction confirmations for 13 months to verify transactions.

Documents required from the perspective of foreign exchange legislation:

For occasional transactions (e.g., online purchases from foreign merchants), prior submission of supporting documents is not mandatory. However, the bank may request documents upon demand, especially if:

- the transaction amount is significant;
- the transactions are recurring or unusual;
- there are suspicions regarding the purpose of the transaction or the identity of the merchant.

Documents that may be requested include:

- invoice or order confirmation (electronic format);
- contract or terms and conditions of the online platform (for services);
- proof of delivery (AWB, tracking number, confirmation email);
- proof of economic necessity (e.g., justification of the connection to the company's business activities).

For commercial import transactions, including advance payments, the following may be required:

- signed commercial contract with the non-resident;
- customs declarations (for physical goods);
- foreign exchange authorizations in specifically regulated cases (rare, e.g., strategic goods).

Accounting entries for cash withdrawals from a business card

The withdrawal of cash from a business card is recorded in the accounting system as follows:

Debit Account 226 "Employee Receivables", Subaccount 2261 "Advances to Employees"
Credit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"

Subsequently, spent funds must be documented by preparing an advance settlement report, attaching all supporting documents. The return of unused funds by the advance holder to the account is recorded as:

Debit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"
Credit Account 226 "Employee Receivables", Subaccount 2261 "Advances to Employees"

Accounting for amounts received on a business card from third parties (including erroneous transfers or personal top-ups)

Funds received erroneously should be recorded in the company's accounting as follows:

Debit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"
Credit Account 544 "Other Current Liabilities"

It is recommended to open a separate subaccount within Account 544 to track these operations, e.g., Subaccount 5444 "Liabilities for Erroneously Received Amounts".

Subsequently, when the funds are returned to the sender, the reverse accounting entry should be made.

Additionally, it is advisable to document the erroneous nature of the transfer and its subsequent return (for example: a request or letter from the sender, signing a verification act of settlements or other supporting documents).

If the sender cannot be identified and the funds cannot be returned, after the statutory limitation period, the amount may be recognized as company revenue.

This transaction should be recorded in the accounting system as follows:

Debit Account 544 "Other Current Liabilities"
Credit Account 612 "Other Operating Income", Subaccount 6125 "Income from Settlement of Liabilities after Statutory Limitation Period"

If the business card is funded with personal funds by the cardholder, the accounting entries depend on the nature of the received amount. If the funding was done by mistake by the cardholder, the following accounting entry shall be made:

Debit Account 244 "Other Bank Accounts", Subaccount 2442 "Bank Cards"
Credit Account 532 "Liabilities to Staff Regarding Other Operations", Subaccount 5322 "Liabilities to Staff Regarding Other Operations"

Upon returning funds that were erroneously received, a reversing accounting entry should be recorded.

Additionally, if funds from the business cardholder are received as a reimbursement of an unconfirmed advance, the accounting entry should be recorded as follows:

Debit Account 244 “Other Bank Accounts”, Subaccount 2442 “Bank Cards”

Credit Account 532 “Liabilities to Staff Regarding Other Operations”, Subaccount 5321 “Liabilities to Advance Holders”

Is an employee required to justify expenses made with a business card?

According to the provisions of the Labor Code, an employee must comply with the company’s internal regulations and the duties outlined in their job description, and failure to fulfill these obligations may result in disciplinary liability. For an employee to be held accountable for improper use of the business card, the obligation to report and justify expenses must be explicitly stipulated in:

- the company’s internal regulations; and/or
- the individual employment contract.

If the company establishes in the internal regulations or in the individual employment contract the obligation to report expenses made with the business card, the employee is required to comply with this requirement.

In accordance with current tax legislation, an expense is deductible only if it is ordinary and necessary, incurred exclusively for business purposes, and properly justified with primary documents, such as invoices, receipts, vouchers, or other relevant documentation.

Supporting documents and the deadline for submitting the advance report for payments made with the business card

Deadline for submitting the advance report

When an employee uses funds from the business card, they are required to submit to the accounting department an **advance report** detailing the amounts spent, within the period established by the company’s management, which **cannot exceed 30 days**.

For business trips, the advance report must be submitted within 5 working days from the date of returning to the workplace.

Within the same period, any unused advance balance must also be returned.

If the amounts issued for the business trip are not returned within the established deadline, they shall be deducted from the employee’s salary, in accordance with the applicable legislation.

The advance report is prepared by the delegated employee in the same currency in which the advance was issued. Additionally, the advance report must include travel expenses supported by relevant documents, with amounts recalculated, if necessary, into the currency in which the advance was granted. The recalculation is carried out:

- according to the exchange rate stated in the documents issued by the entities that performed the currency exchange (receipt, account statement, voucher, etc.); or
- in the absence of such documents, at the official exchange rate of the Moldovan leu applicable on the date the advance was issued.

The delegated employee bears full responsibility for the accuracy of the information presented in the supporting documents. Any unsubstantiated advance balance must be reimbursed by the delegated employee in the same currency in which the advance was issued, or, by mutual agreement between the head of the entity sending the employee on a business trip and the delegated employee, in Moldovan lei, at the official exchange rate applicable on the date of the advance reimbursement.

The advance report serves as the basis for recording settlements with the employee in the accounting records. The form and content of the advance report are developed and approved by the company, taking into account all mandatory elements established for primary documents by the Law on Accounting and Financial Reporting.

The following original supporting documents must be attached to the advance report:

- a) For purchases made through cash registers:
 - the fiscal receipt issued by cash register equipment connected to the Automated Information System "Electronic Monitoring of Sales" (SIA MEV);
 - the receipts must confirm the payment for the goods, works, or services purchased.

From the perspective of corporate income tax, purchases made using the business card that are ordinary, necessary, and incurred in the course of business activities may be deducted based on the corresponding fiscal receipt. From the VAT perspective, the company (if registered as a VAT payer) is entitled to deduct the VAT amount related to goods and services purchased and paid for using the business card, provided it holds fiscal receipts issued by cash registers connected to the Automated Information System "Electronic Monitoring of Sales" (SIA MEV). This applies to purchases for which the value on each receipt does not exceed MDL 2,000, including VAT, but no more than MDL 10,000 in total per tax period.

If the above-mentioned limits are exceeded, or if the fiscal receipts were not issued by cash registers connected to the Automated Information System "Electronic Monitoring of Sales" (SIA MEV), in order to deduct the VAT related to purchases made with the business card, the issuance of a fiscal invoice must be requested.

- b) For non-cash payments (made through software or online platforms such as payment terminals, ATMs, internet/mobile banking, etc.):
 - the payment order, account statement, or another document confirming the payment;
 - the document must include all mandatory elements required by the Law on Accounting and Financial Reporting.
- c) For business trips:
 - travel tickets (airplane, train, bus, etc.);
 - hotel invoices;
 - contracts or purchase documents for accommodation or transport;
 - travel insurance policies or contracts;
 - other relevant documents confirming the nature and purpose of the trip.

The form and content of the advance report are developed and approved by the company, taking into account the mandatory elements established by the Law on Accounting and Financial Reporting. The advance report serves as the primary document for recording settlements with the employee in the company's accounting records.

VAT

When purchasing goods or services from an online store in Moldova **using a business card**, the company may deduct the related VAT if it holds:

- a tax invoice for the goods or services purchased, for which VAT has been paid or is payable;
- fiscal receipts issued by cash registers connected to the Automated Information System “Electronic Monitoring of Sales” (SIA MEV), for purchases where the value on each receipt does not exceed MDL 2,000 (including VAT), and the total amount of such receipts does not exceed MDL 10,000 per month.

In the absence of the above-mentioned documents, the company will not be able to deduct (credit) the related VAT. Therefore, this amount will be recorded in accounting as a current expense.

When purchasing goods from foreign online stores, the company must complete all import formalities for bringing the goods into the country, including the payment of applicable import duties and VAT to the customs authorities. In this case, the company may deduct the related VAT if it holds a document issued by the customs authority confirming the payment of VAT on the imported goods.

Additionally, when purchasing services from a foreign online store using a business card—where the transaction qualifies as an import of services (i.e., the place of supply under the Fiscal Code rules is the Republic of Moldova)—the company may deduct the related VAT if it holds a document confirming the import or payment of the services, including advance payments, depending on which occurred first.

Income Tax

According to local tax legislation, companies are allowed to deduct ordinary and necessary expenses incurred during the fiscal period, even if not documented, for purchases made using a business card. However, in the case of purchases of goods, it is recommended that companies request a tax invoice/invoice for the transaction in order to substantiate that the purchase was made within the scope of business activity, and ensure the accurate accounting treatment of the acquired asset.

Preparation of supporting documents for reimbursements made with a business card by companies registered as subjects of the tax regime applicable to economic agents in the small and medium-sized enterprise sector

For companies registered as subjects of the tax regime applicable to economic agents in the small and medium-sized enterprise sector, there are no exceptions regarding the preparation of supporting documents (advance reports) related to reimbursements made via a business card. In general, for operational and administrative expenses, companies issue cash advances within the deadlines set by their management, which must not exceed 30 days, except for expenses related to business trips abroad. Subsequently, any cash advanced and not used must be returned to the company’s cashier within 5 working days after the expiry of the period for which it was issued.

If the funds were provided for the purpose of a business trip by the employee, the advance report detailing the amounts spent must be submitted to the company’s accounting department no later than 5 working days after returning to the workplace.

Supporting documents must be attached to the advance report, such as tax invoices, invoices, fiscal receipts, service agreements, receipts issued by POS terminals, travel tickets, and similar documentation.

Fiscal Treatment

Bonuses, cashback, or moneyback granted by the issuing bank of the business card are recognized as income in the company's accounting and must also be included in the company's taxable income for corporate income tax purposes.

From our perspective, interest, bonuses, cashback, or moneyback mentioned above are classified as financial services, which are exempt from VAT without the right of deduction.

Accordingly, VAT should not be calculated for these types of income, nor should a fiscal invoice be issued.

Payment with a business card for online promotion of company products/services, including linking the business card to advertising accounts and payment for organizing promotional contests (hereinafter “advertising services”)

Holders of business cards in Moldovan lei or in foreign currency may use these cards, in particular, for making cashless payments within the territory of the Republic of Moldova, as well as for cross-border payment services (e.g., when the service provider, supplier, client, or purchaser is registered in different countries).

When making payments, legal restrictions must also be considered. For example, foreign exchange legislation generally prohibits, with certain exceptions, making payments in foreign currency between residents. At the same time, relevant legislation and banking practices do not prohibit linking a business card to advertising accounts (e.g., Google Ads, Meta Ads) for making payments for advertising campaigns.

If the payment recipients are located outside the Republic of Moldova (e.g., Google Ireland, Meta Ireland), the payments are considered foreign currency transactions. If the business card is issued in MDL, the conversion to foreign currency is automatic, and the bank may request supporting documents (e.g., invoices, contracts).

In general, the provision of advertising services should be carried out based on a corresponding contract concluded between the advertising service beneficiary and the provider. In practice, this contract may either be a negotiated contract, where the terms are discussed and agreed upon by both parties, or a standard contract, where the beneficiary fully accepts the terms proposed by the provider for the delivery of the advertising services.

The cost of advertising services is recorded in the accounting records based on a primary document. Such primary documents may include: a fiscal invoice, an invoice, a service delivery report (proces-verbal de prestate a serviciilor), or other documents that contain all mandatory elements required for primary accounting documents.

According to the Law on Accounting and Financial Reporting, primary documents must include the following mandatory elements:

- name and number of the document;
- date of preparation of the document;
- name, address, and tax identification number (IDNO) of the entity on whose behalf the document is issued;
- name, address, and tax identification number (IDNO) of the recipient of the document, and for individuals – personal identification number (IDNP);
- description of the economic transactions;
- quantitative and monetary units in which the economic transactions are expressed;
- roles, names, surnames, and signatures of the persons responsible for carrying out (producing) the economic transactions.

When carrying out advertising events, it is advisable to issue an order or instruction from the company's management specifying the purpose of the advertising, the type of event, and any other

relevant information. Additionally, it is recommended to prepare a schedule, budget estimate, and report on the activities performed, which should also be approved by the company's management to properly document that the expenses were incurred for business purposes.

Payments made by an employee using a business card are equivalent to receiving funds for settlement. The funds are considered received at the moment they are debited from the account associated with the business card, in the amount debited. Employees are authorized to use these funds exclusively for the purposes established by the company.

The employee must submit an advance settlement report for the amounts spent within the period established by the company's management, but no later than 30 days from the date of purchase of the goods, works, or services.

Accounting records and tax treatment of company expenses for marketing, Internet, and social media advertising services paid with a business card

When paying for marketing and advertising services, the document that confirms the debit of funds from the bank account via the business card is the bank statement. Based on this statement, the amounts paid are recorded either as an advance for settlement to the employee – the cardholder (account 226 "Employee Receivables") or in the accounts for settlement with the service provider – the contractual partner (account 224 "Current Advances Granted"). The choice of accounting treatment depends on the internal procedure established in the company's accounting policy. It should be noted that the employee – the business card holder – must submit an advance settlement to accounting for the amounts spent with the business card and attach the corresponding supporting documents.

Advertising expenses should be recorded in the accounting books as a debit to account 712 "Distribution Expenses," subaccount 7125 "Advertising and Marketing Expenses."

From a tax perspective, the following aspects should be taken into account, as described below.

Corporate Income Tax

The following types of advertising expenses incurred in the course of entrepreneurial activity can be deducted for corporate income tax purposes:

- through mass media (e.g., advertising in newspapers, magazines, television, radio, online publications, etc.);
- printed on paper materials (e.g., advertising leaflets, brochures, flyers, etc.);
- through telecommunications networks and the Internet (e.g., website advertising, social media campaigns, messaging apps, SMS advertising campaigns, etc.);
- through outdoor advertising media (e.g., billboards, digital signage ads);
- by organizing exhibitions and fairs (e.g., participation fees, rental of exhibition spaces, booths, etc.);
- advertising expenses not supported by documentation but incurred during the fiscal period in the course of entrepreneurial activity and paid via the business card are allowed as deductible for corporate income tax purposes.

Income tax withheld at the source of payment

When paying for advertising services purchased from a non-resident that were provided on the territory of the Republic of Moldova, there is an obligation to withhold income tax at the source. The withholding tax rate is 12% of the gross income payable to the non-resident. The withheld tax must be declared to the State Tax Service and paid to the budget by the person who made the withholding by the 25th day of the month following the month in which the payments were made. Additionally, the income paid to non-residents and the corresponding withholding tax during the year must be reported

to the State Tax Service by submitting an annual declaration by the 25th day of the month following the end of the fiscal year.

The Double Taxation Avoidance Agreements concluded by the Republic of Moldova with certain countries may provide more favorable tax conditions (for example, reduced tax rates or even full exemption from tax) for income earned by residents of those countries.

In general, according to these Agreements, if a non-resident provides services to an entity in Moldova that fall under the category of "Business Profits" as defined by the Agreement, such services should not be subject to income tax withholding at source in the Republic of Moldova.

However, in order to apply the provisions of a Double Taxation Agreement, the non-resident (income beneficiary) must provide the Moldovan payer with a document certifying their tax residency.

If, for any reason, the Moldovan entity is unable to withhold the income tax at source when making payments to the non-resident, it is permitted to calculate and remit the tax to the budget from its own funds. In such a case, the income tax amounts paid by the Moldovan company on behalf of the non-resident are considered non-deductible for corporate income tax purposes.

If the advertising services are actually provided by the non-resident from abroad (for example, online or remotely), they should not be subject to income tax withholding at source, provided that the services are not physically performed on the territory of the Republic of Moldova.

What is important to know about business cards for individual entrepreneurs?

Possibility of using a business card by an individual entrepreneur.

According to the regulations applicable in the Republic of Moldova, individual entrepreneurs (natural persons engaged in business activity) may request and use business-type cards under conditions similar to those applicable to legal entities.

Does an individual entrepreneur include income in the form of interest, cashback, and bonuses earned on a business card for tax purposes?

For an individual entrepreneur, cashback income must be included in the taxable base of the income tax as other taxable income. If the bonuses related to the business card are expressed as points that can be used as discounts for future purchases, the value of these discount points would not be included in the taxable income of the individual entrepreneur.

If the cashback or bonus is granted as a prize from promotional campaigns, then the individual entrepreneur is required to pay a 12% withholding tax at the source (as a final tax), provided that the value of each prize exceeds the personal exemption amount, which for the year 2025 is MDL 29,700.

Particularities of accounting for the use of a revolving credit line through a business credit card. Accounting and tax treatment of the related interest

The funds borrowed from the bank are to be considered a short-term or long-term bank loan. To reflect short-term/long-term bank loans in the accounts, use account 511 "Short-term bank loans" or 411 "Long-term bank loans," and, depending on the currency in which it was granted, sub-account 5111 "Bank loans in national currency" or sub-account 5112 "Bank loans in foreign currency" in correspondence with account 244 "Other bank accounts", sub-account 2442 "Bank cards".

Subsequently, upon repayment of the loan, the reverse entries will be reflected in the accounts:

➤ in national currency

Debit Account 511 "Short-term bank loans," sub-account 5111 "Bank loans in national currency"
account 411 "Long-term bank loans," sub-account 4111 "Bank loans in national currency"

Credit Account 244 "Other bank accounts," sub-account 2442 "Bank cards"

When recording in accounting the interest expenses related to the use of borrowed funds, the accounts used depend on the purpose for which the borrowed funds were utilized:

- For the acquisition of tangible and/or intangible fixed assets intended for use in entrepreneurial activity, until they are put into operation, the following accounts are used:

Account 111 "Intangible assets in progress";

Account 121 "Tangible assets in progress".

Fiscal treatment of interest expenses on the credit line

In general, interest expenses on loans are deductible if they are related to the company's entrepreneurial activity.

If the credit line is not used for business purposes, the corresponding interest expenses cannot be considered deductible for corporate income tax purposes.

Late payment interest and other penalties calculated for failure to repay the credit line are recorded in account 714 "Other operating expenses," sub-account 7142 "Expenses related to penalties" or directly in account 722 "Financial expenses", sub-account 7221 "Interest expenses".

From the point of view of the company's income tax, expenses related to penalties incurred under the contract between the parties will be deductible if they are related to the business activity.

If, according to accounting rules, interest on loans (borrowings) is to be included in the entry value of the assets to which they relate (for example: interest calculated until the transfer to operation of fixed assets or intangible assets), then this interest will be deducted for the purposes of the company's income tax only through the depreciation of the respective assets.