

HOW TO DO BUSINESS IN MACEDONIA



**DAUTI &
SIMJANOSKI
LAW FIRM**

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Dear All,

On the behalf of Dauti & Simjanoski Law Firm, I, Aleksandar Simjanoski, a founder and managing partner of the law firm, would like to say that it took us some time to prepare this brochure. But now when mission is accomplished we are proud of the product of our work. It was challenging but it worthwhile.

The idea for preparing such a brochure came from the representatives of the Praelegal Global Network in order to provide basic information on how to do business in all of 130 countries from around the world in which there is partner law firm of Praelegal. Lead by that idea, the brochure should provide users with general and very basic information about Macedonia, its business climate, the possible ways of setting up business, its taxes, labor law, investments, incentives etc.

The brochure should not be considered as a given legal opinion, or legal advice and Dauti & Simjanoski Law Firm is not to be held responsible, liable or in any way accountable if any damage occurs as a result of personal decisions based on the information here contained. Decisions should be made not relying on this brochure but on the legal opinion and advice provided by professional licensed attorneys of law. Simply contact us. You can find correspondence information in the brochure.

Our young, dynamic and highly committed team will be ready to serve you in the most suitable way for you. We will respond to all your needs, help you resolve all your legal issues and answer all your questions.

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Sincerely,
Dauti & Simjanoski Law Firm
Attorney at Law
Aleksandar Simjanoski



ABOUT US

Attorney at law Dauti Merxhan and Attorney at law Simjanoski Aleksandar are cofounders of Dauti & Simjanoski Law Firm. This Law Firm was established by merging of two separate Law Offices, one that was conducted by Attorney at law Dauti Merxhan in 2010 year and the other office conducted by Attorney at law Simjanoski Aleksandar in 2007 year.

Dauti & Simjanoski Law Firm, is the first law firm that was established in the North-West Macedonia. It is also the biggest law firm in this part of the country. Dauti & Simjanoski Law Firm is a full service law firm, that covers Criminal, Civil Law, Commercial law, Family law, labour disputes, Administrative law and Real estates law. Attorneys are specialized in litigation, arbitration and dispute resolution. All the variety of issues that can arise during our work are also covered by the outsourcing experts in the field.

Committed to our mission to become one of the biggest law firms in Macedonia, we dedicate all of our knowledge and time to our clients' best interest.

Dauti & Simjanoski Law Firm has been a member of Prae Legal Global Network since 2013 and through the network can provide legal service to the clients in more than 130 countries across the World.

SERVICES

Dauti & Simjanoski Law Firm provides the following services:

- Preparation of all sorts of legal filings and motions, regular and extraordinary remedies in civil procedure, penal proceedings and administrative procedures.
- Negotiations within procedures of contracting and preparation of all varieties of written contracts
- All instance tribunal client representations within the Republic of Macedonia, as well as with further authorities, organizations and further establishments of the system
- Legal advisory services, consulting within all legal domains
- Further services within legal and business conducting domains, wherefore our clients express corresponding requirements
- IP (Intellectual Property)



MR. MERXHAN DAUTI

Mr. Merxhan Dauti successfully completed the Law studies at Faculty of Law at the State University in Tetovo in year 2005.

From 01.03.2005 to 01.01.2008 he worked as part of the administration of Property and Legal Affairs Office, a body within the Ministry of Finance of R. Macedonia, in preparation and proposal of legal regulations and bylaws about expropriation, privatization of construction land, restitution.

From 17.08.2008 to 10.12.2009 year Mr. Merxhan worked as Chief of Cabinet of the Minister of Environment and physical planning.

In 2010 he continued with postgraduate education at South East European University, and passed the required exams of the postgraduate studies, then defend the master thesis entitled "Harmonization of internal and international Law Standards in the Field of Environment Protection" and thereby acquired the qualification of MASTER OF DIPLOMACY.

Together with Mr. Aleksandar Simjanoski Attorney at Law from Tetovo, they have established Dauti & Simjanoski Law Firm.



MR. ALEKSANDAR SIMJANOSKI

It was back in 2004 when Mr. Aleksandar successfully finished Law studies at University of Ss.Ciril and Metodius in Skopje.

From 2005 till 2007 he worked as Coordinator at USAID-DPK-Consulting Court Modernization Project and gain project management experience.

From 2007 he started its own Law Office as one of the youngest attorneys and has successfully managed it until the idea came to join with another young and perspective Lawyer, Mr. Merxhan Dauti. Together they have founded Dauti & Simjanoski Law Firm.

Mr. Aleksandar covers variety range, scope of law. Criminal law, Commercial litigations, Divorce, Inheritance and Property disputes, Labor law disputes and Debt Collecting.

His specialty is litigation, arbitration and dispute resolution. He was involved in few of the biggest criminal cases in last 4 years.

He performed with success for several debt collecting firms, insurance companies and Banks, especially in debt collecting and damage resolving cases.

Focus of interest on his Business Law postgraduate studies at Faculty of Law, at University of Ss.Ciril and Metodius in Skopje: Intellectual property, Trade Marks, Copyrights, Trade Secret and Unfair Competition, Merge and Acquisition, Insolvency, Bankruptcy and Restructuring, Foreign investments, Corporate Governance.

He communicates and can corresponded on English, Serbian, Croatian and Albanian.

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View from Karab Peak photo by Petar Gerasimov

OVERVIEW

I. Overview

Macedonia – the term Macedonia used in this brochure does not refer to the geographic region Macedonia but to the Republic of Macedonia as a sovereign, independent country.

Republic of Macedonia is a country located in the central Balkan Peninsula in Southeast Europe. Macedonia is a successor state of the former Yugoslavia, and it declared independence on 8th September 1991. It became a member of the United Nations in 1993, but as a result of its name contestation by the Republic of Greece, it was admitted in the UN under the provisional reference, the Former Yugoslav Republic of Macedonia. Macedonia is also member of the Council of Europe. Since December 2005, it is a candidate for the accession to the European Union and NATO. However, the success of this process has seriously been undermined by the Greece veto raised as a result of the unresolved name dispute.

Skopje is the capital and the largest city, and also the administrative, political, economic, cultural, educational, and science center.

The period after the dissolution of Yugoslavia and the declaration of independence was a period of a transformation of the Macedonian society from socialist, plan-oriented economy, to modern market oriented democracy.

I.1 Geography and climate

Macedonia is a landlocked country, bordered by Kosovo to the northwest, Serbia to the north, Bulgaria to the east, Greece to the south, and Albania to the west. The territory of the R. Macedonia, also known as Vardar Macedonia is only a third of a larger geographical region named Macedonia, spreading over the neighboring parts of northern Greece, also broken down into three smaller regions of East, Central and West Macedonia, and over the Blagoevgrad province in southwestern Bulgaria.

Macedonia has a total area of 25.713 km² (9,928 sq.mi). It represents a cross road of two major pan-European transportation corridors (corridor VIII and corridor X) which makes Macedonia the cross road of the Balkan Peninsula.

Macedonia has a unique climate due to

its location and topography. The climate in the northern and western parts of the country are relatively close to continental climate and the climate in the southern and the eastern parts of the country are closer to a mediterranean climate.

Macedonia has four weather seasons, but the lengths of the seasons varies depending on the geography. The spring is often very short. Summers are subtropical so temperatures of above 40 °C (104 °F) are not uncommon during this season, especially in the plains along the valley of the river Vardar. Winters, although moderate, sometimes can be quite cold (up to -20°C). Snowfalls during winter are common and sometimes heavy.

I.2 Population and language

According to the last census held in 2002 Macedonia has a population of 2.022.547. Skopje, the capital of the country has 506.926 inhabitants. Other bigger cities are Bitola, Kumanovo, Prilep, Tetovo, Ohrid, Veles, Štip, Kočani, Gostivar, Kavadarci and Strumica. The population of Macedonia consists of:

1. Macedonians - 64.18 %,
2. Albanians - 25.17 %,
3. Turks - 3.85%,
4. Rome - 2.66% ,
5. Serbs - 1.78% ,
6. Bosnians - 0.84%,
7. other - 1.04% .

The official and the most widely spoken language is Macedonian, which belongs to the Eastern branch of the South Slavic language family. According to the Constitution, any language of an ethnic minority which constitutes more than 20% of the population of a particular municipality is also considered co-official language in that particular municipality. This provision especially refers to the Albanian language use as it is spoken by the as biggest ethnic minority in Macedonia. Thus, Albanian language is considered as co-official language in a great number of municipalities in the west and north-west parts of the country where the majority of Albanian population lives. In addition, there are few municipalities where Serb and Turkish language are co-official and also

only one municipality where Roma language is co-official language.

1.3 Religion

Macedonian constitution guarantees freedom of religious confession. Macedonia is a multi confessional country, with the majority of the population being Orthodox Christians belonging to Macedonian Orthodox Church. Macedonian Orthodox Church as well as the other religious institutions are both separate from the state and equal before the law.

According to the 2002 national census, Orthodox Christians constitute upto 64.7% of the population. The vast majority of Orthodox Christians belongs to the Macedonian Orthodox Church. Muslims comprise 33.3% of the population, a figure according to which Macedonia has the fifth-highest Muslim population in Europe. The majority of the Muslim population consists of Albanians, Turks, or Roma, and only a smaller part of it is of Macedonian ethnicity. Various other Christian denominations account for 0.37% of the population and the remaining 1.63% of the population has declared to be religiously "unspecified".

Alltogether, there were 1,842 churches and 580 mosques in the country by the end of 2011. Skopje as a capital city of Macedonia is the city where Orthodox and Islamic religious communities have secondary religious schools. In this respect, it is interesting to note that the city of Ohrid is recognized as Orthodox Jerusalem.

1.4 Political system

The political system of the Republic of Macedonia consists of three branches: legislative, executive and judicial. The Constitution is the highest law in the country.

The Assembly of the Republic of Macedonia is a representative body of its citizens with the legislative power of the Republic vested in it. The Assembly has 123 representatives elected by secret ballot on direct and general elections. Three of the representatives are elected from Macedonian diaspora. All representatives have a four years mandate.

Executive power is vested in the Government of the Republic of Macedonia. The Govern-

ment consist of the Prime Minister as the head of the Government, and fifteen ministers. The Government is elected by the National Assembly.

The President of the Republic Macedonia represents the Republic. The president of the Republic is also the Commander-in-Chief of the Armed Forces of Macedonia. He is also elected by a secret ballot at direct and general elections. He serves a five years mandate.

Judiciary power is exercised by courts. Judges are elected by the Judiciary Council of the Republic of Macedonia, and they are without restriction of their term of office.

1.5 Currency

Macedonian currency is the denar. The name denar comes from the name of the ancient Roman monetary unit, the denarius. The currency symbol is „den.“, abbreviation from the first three letters of its name. The denar was introduced in May 1993. Exchange rate is freely determined by the market. The strategy of the National Bank is a stable exchange rate pegging denar to euro, in order to maintain low inflation. That is why there have been no bigger changes in the exchange rate in the last years. The exchange rate on 23.03.2015 was, as follows:

1	EUR - 61,6903 denars
1	USD - 57,2479 denars
1	GBP - 85,0314 denars
1	CHF - 58,4631 denars

The exchange rate with these foreign currencies is updated on daily bases, and can be found on the official web site of the Macedonian National Bank. <http://www.nbrm.mk/> .





Krivoshiski water fall photo by Petar Gerasimov

LEGAL SYSTEM

II. Legal system

Macedonia is a state that adopted European continental law system.

States that have constituted the Social Federative Republic of Yugoslavia, one of which being Macedonia, have a very similar legislative due to the mutual legal system that was framed for a long period of time before the disolution. That is why Macedonian legal system is very similar to the one in Slovenia, Croatia, Serbia, Montenegro and Bosnia.

Being an EU country candidate, Macedonia continuously gives efforts to harmonize its legislation with that of EU. The results of which efforts is Macedonian legislation being very similar to those of the most European countries. Many of the laws are fully harmonized, and many of the other due to the specifics of Macedonian society display certain differences, but also similarities to the laws in the European countries.

The highest act according to state hierarchy is the Constitution, and all laws and legal acts should be in accordance with the Constitution. Macedonian Constitution was adopted on 17.11.1991 and since then it has undergone 32 amendment changes. Mostly after 2001 and the ethnic war crisis, amendments were adopted in order to provide more rights for the minorities, and to yield courts more independence.

The Assembly of the Republic of Macedonia is the main legislative body that executed the laws. State authorities exercising power and authorization pass various acts in different situations and in different forms like orders, decisions, applications, etc. Nonetheless, all legal acts executed by any state body must be based on the constitution and law.

Ratified international agreements are part of Macedonian legal system. Courts pass verdicts on the basis of the Constitution, laws and international agreements ratified in accordance with the Constitution.

II.1 Courts

Court system in R. Macedonia consists of three levels of courts. Basic courts, Appeal Courts and Supreme Court of R. Macedonia.

There are twentyseven Basic courts, 4 Appeal courts: Court of appeal Skopje, Court of appeal Gostivar, Court of appeal Bitola and Court of appeal Shtip (which are the highest courts in each region) and Supreme Court of R. Macedonia. The verdict of the court of the second instance is usually final. Only in rare cases where revision is allowed by the laws (the value of the subject of the dispute of the overruled party in the verdict exceeds 1.000.000,00 denars or approximately 15.000 euro) parties may declare a revision before Supreme Court against the second instance verdict that has become final.

<http://www.asskopje.mk/default.aspx>;
<http://www.asgostivar.mk/default.aspx>;
<http://www.asbitola.mk/default.aspx>;
<http://asstip.mk/Odluki.aspx>;
<http://www.vsrn.mk/default.aspx>.

There are no specialized commercial courts in the country, so basic courts are dealing with commercial cases through separate departments in the courts. As well as there are separate departments dealing with commercial cases in Appeal Courts and Supreme Court.

There are also Administrative Court and Constitutional Court.

Administrative Court of R. Macedonia protects the rights and legal interests of the citizens and provides legality in administrative disputes.

<http://www.uskopje.mk/default.aspx>

Constitutional Court of the Republic of Macedonia protects the constitutional rights of every citizen and ensures that every law is in accordance with the Constitution of R. of Macedonia. www.ustavensud.mk

II.2 Arbitration

Macedonian legal system supports alternative dispute resolution. In this respect, mediation and arbitration are recognized as two main alternative dispute resolution practices.

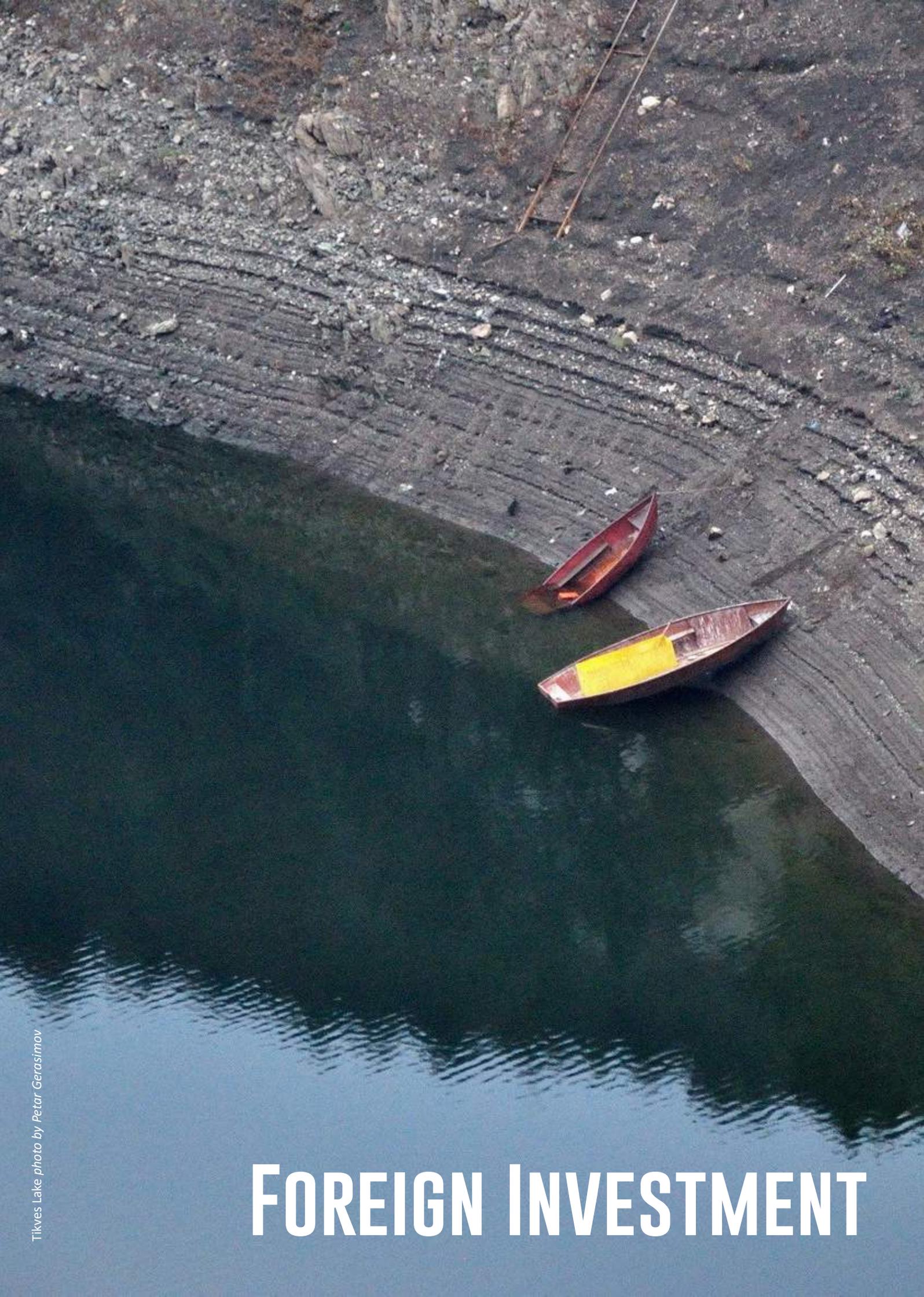
Permanent Court of Arbitration operates within the Economic Chamber of Macedonia. It has functioned since 1993 and it has a jurisdiction over dissolution of business relations disputes

with or without international elements. In order to provide dissolution of disputes in front of the Court of Arbitration parties should have agreed to do so by a written contract that they have mutually constructed.

The decisions of the Arbitration are adopted in a faster procedure than possible in a procedure in front of the regular courts. They are final and binding, and immediately carried out. Parties are obligated to execute the decision without delay, and in case they don't, the decision could be immediately executed by an Enforcement Agent.

Macedonia is signer of the New York Convention on the recognition and enforcement of foreign arbitral awards. It is also signer of the bilateral mutual Agreements for co-operations with Arbitration Courts from Slovenia, Croatia, Ukraine, Russian Federation, Serbia and Montenegro and Kosovo.





Tikves Lake photo by Petar Gerasimov

FOREIGN INVESTMENT

III. Foreign investment

Macedonia is a small open economy. Freedom of the market is guaranteed by the constitution.

Macedonia is an EU and NATO candidate country. Macedonia has a monetary and a macroeconomic political stability. Duty free access to 650 million customers market, as a result of multi-lateral FTAs (Free Trade Agreements) signed with EU, EFTA and CEFTA countries, and two bilateral FTAs signed with Turkey and Ukraine.

Two main Pan-European corridors are crossing in Macedonia. East- west Corridor 8 and North-South Corridor 10. Road network is up to 9.205 km. Railway network is up to 900 km. The two main airports are situated in Skopje (newly renovated as foreign investment made by Turkish TAV) and Ohrid. As a landlocked country, Macedonia is connected to sea through international ports Thessalonica, Greece (250 km from Skopje, Macedonian capital) and Durres, Albania (350 km from Skopje, Macedonian capital).

Macedonian government and institutions are doing much in order to attract foreign investments. What follows are some of the Macedonian rankings:

Best for starting business in the Region - World Banks doing business report, 2015

1-st in total tax rate in the world – PwC (Price Waterhouse Coopers) and World Bank, group study, 2014

1-st in total tax rate in the world – PwC (Price Waterhouse Coopers) and World Bank, group study, 2015

3-rd Best reformer in the world – World Banks doing business report, 2012

3-rd Best in starting a business in the world - World Banks doing business report, 2015

2-nd Best in starting business in Europe and Central Asia - World Banks doing business report, 2014

7-th In overall paying taxes in The World - PwC and World Bank, group study, 2014

25-th Ease of Doing Business - World Rankings, 2014

36-the Best countries for business – Forbs magazine global ranking, 2013

43-th Index of Economic freedom – World Rankings, 2014

Information's about rankings are taken over from Government official web site:

www.investinmacedonia.com .

III.1 The Foreign business act

There is now single law that regulates foreign investments, and the rights of foreign investors are regulated by the Constitution, various laws and other regulations.

Constitution guarantees the right of foreign investors to free transfer of invested capital and profits. All investors rights obtained on the basis of the capital invested may not be reduced by law or other regulations. Foreigners may acquire the right of ownership of property under conditions determined by law.

Law on ownership and other property rights make foreigners from OECD and EU countries equal with domestic natural and legal entities due to the gaining of ownership rights on movable and immovable property (construction land, agricultural land, buildings, residential apartments, office space etc.). Conditions for gaining ownership rights for those foreigners coming from OECD and EU countries are same as for residents. All the other foreigners coming from the other countries from the world could gain ownership rights on basis of reciprocity.

Company Law equalizes foreigners with residents because of the foreigners' right to acquire shares or stocks. There is no limitation for foreigners and their acquisition is regulated under same conditions as the residents'. This law also prohibits any reduction of the rights acquired on the bases of contributions of foreign persons in a trade company. Profit belonging to the foreigners can be freely remitted abroad in the same currency of the contribution, without any approval. In case of bankruptcy or liquidation of a trade company, upon the completion of the bankruptcy, liquidation procedure, the foreign person shall be entitled to a return of the made non-monetary contribution under the conditions determined by law. The laws allow 100 % foreign ownership of the companies.





Peak Plat Starva Mountain photo by Petar Gerasimov

INVESTMENT INCENTIVES

IV. Investment incentives

All issues pertaining to foreign investments are handled through the Government and Government officials. Two state agencies are in charge of the coordination of the activities connected to the foreign investments, the Agency for foreign investments and the Export promotion of The Republic of Macedonia – INVEST MACEDONIA, as well as the Directorate for Technological Industrial Development Zones – DTIDZ.

www.investinmacedonia.com
www.fez.gov.mk

Macedonia has the lowest tax rates in Europe. Changes made in the tax rates in last few years made Macedonia tax heaven of Europe. The flat tax rate of 10 % for personal and corporate income tax, and all the other taxes are one of the lowest in Europe:

1. Personal income tax 10 % (lowest in Europe)
2. Corporate income tax .. 10 % (lowest in Europe)
3. VAT 18 % (lowest in Europe)
4. Social contributions27 % (lowest in Europe)
5. Tax on retained earnings..0 %

Many other incentives assigned for foreigners are mostly related to investment in Macedonian TIDZ (Technological Industrial Development Zones).

IV.1 TIDZ (Technological industrial development zones)

Technological Industrial Development Zone is a part of the territory of the Republic of Macedonia separated from the remaining part of the customs area, which represents a functional entity in which activities are performed under terms and conditions prescribed by this Law on TIDZ and other laws and in which the customs and tax incentives determined by this Law on TIDZ and other laws apply. The technological industrial development zone shall be a free zone from the aspects of the customs and tax laws.

There are four developed TIDZ: TIDZ Skopje 1, TIDZ Skopje 2, TIDZ Stip and TIDZ Tetovo. The Government plans to develop eleven more

zones, near the cities of: Prilep, Gevgelija, Kicevo, Strumica, Struga, Radovis, Rankovce, Delcevo, Berovo and Vinica.

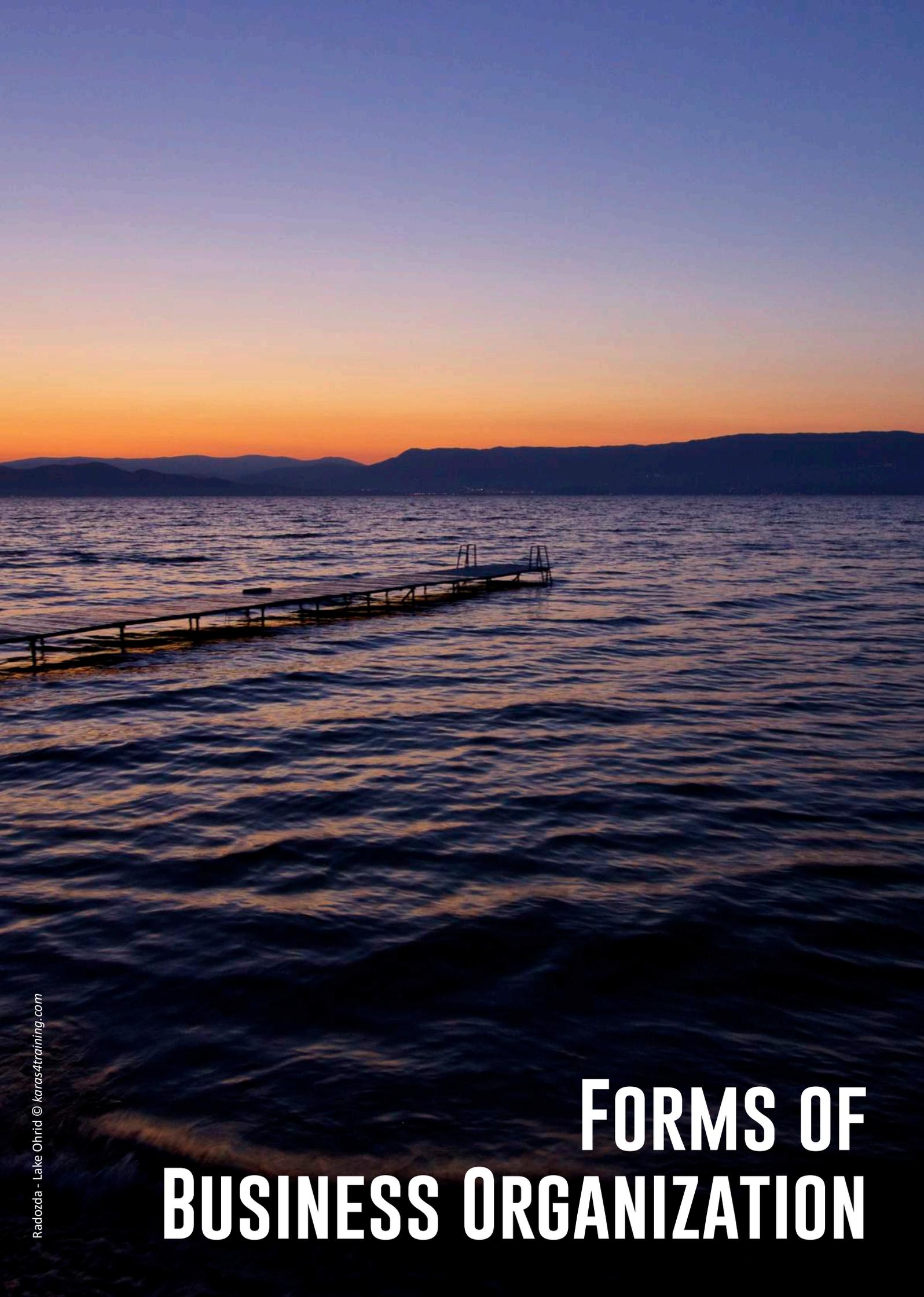
The following incentives are provided for the investors likely to make an investment in one of TIDZ:

- 10 years profit (corporate income) tax exemption;
- 10 years personal income tax exemption on wages paid to the employees;
- Exemption of VAT for import of goods that are not placed in free circulation, that are not intended for end use;
- VAT exemption on trade of goods and services in the zones, except the trade for end use;
- Exemption on paying custom duties for goods, raw materials, equipment and machines;
- Green Custom Chanel for Goods;
- Free connection to infrastructure, natural gas, water, and sewage network;
- Long term lease available for the land in TIDZ, up to 99 years;
- No utilities taxes to the local municipalities and fees for land building permits;
- The Government of the Republic of Macedonian may participate in the expenditures for construction of facilities by the user of the Zone up to the amount of EUR 500,000 in MKD counter value, value of the participation varies on the invested amount of the money made by the investor or on the number of new employees;
- Government partly covers costs for education (special or general improvement of workers) by granting aid for training.

Incentives in the zones are provided for the following activities:

- Production activities
- IT and R&D activities
- Services related to the import of goods





FORMS OF BUSINESS ORGANIZATION

V. Forms of business organization

Mainly all issues related to companies and their organization of business are regulated by one law, Company Law also known as Law on Trade Companies. The law nowadays in use, was adopted in 2005, and was subject to few changes mainly related to the implementation of one-stop-shop system, E-registration system, and to Centralen Register of the Republic of Macedonia.

The Central register of the Republic of Macedonia was formed as a central data base for legal entities, as for any other relevant information that need to be entered in the base, the entering of which is prescribed by the law on central register or any other law. Central Register is a legal entity. The trade register is kept by the Central register of the Republic of Macedonia. The trade register as a public book contains data and attachments (documents and proofs) for entities subject to registration, as prescribed by the law.

The following entities are registered in the trade register (subjects of entry):

- 1) Sole proprietor;
- 2) General partnership;
- 3) Limited partnership;
- 4) Limited liability company;
- 5) Joint stock company;
- 6) Limited partnership with stocks;
- 7) Economic interest group;
- 8) Branch office of a foreign trade company (hereafter: foreign company), that is a Branch office of a foreign sole proprietor.

The trade company is defined as a legal entity wherein one or more persons have invested cash, things or rights in assets used for joint operation and who jointly share the profit or loss arising from the operation. The trade company independently and permanently performs an activity in order to gain profit.

A trade company can be incorporated only in a form and manner determined by Company Law. And the Law recognizes the following forms: General partnership; limited partnership; Limited liability company; Joint stock company; and limited partnership with stocks.

Business activities can also be undertaken by an individual person who had registered as a sole proprietor in the Central Register, or through a Branch office of a foreign trade company.

V.1 Limited liability companies

Definition

Limited liability company is a trade company in which one or more natural persons or legal entities participate with one contribution each in the company's pre-determined basic capital. The contributions of the members can be of different amounts. The members shall not be liable for the company's liabilities. A limited liability company can be incorporated by one or more natural persons or legal entities. The maximum number of members is limited by the law to 50 members.

If the company is incorporated by one person then it is Limited liability company established by one person, transcript or in Macedonian language called (Друштво со Ограничена Одговорност Едно лице – ДООЕЛ). When the company is incorporated by more than one person it is call Limited liability company, transcript or in Macedonian language (Друштво со Ограничена Одговорност – ДОО).

The limited liability company, shall be incorporated by the company's agreement concluded by all founders in written or electronic form. If the company is incorporated by a single person, the company's agreement shall be replaced by a founders act.

This is the most common way of organizing business in Macedonia.

The minimum value of the basic capital is not be less than 5.000 Euros in denar counter value according to the average exchange rate for that currency as published by the National bank of the Republic of Macedonia on the day of the payment, unless the founders agreed for it to be calculated on the day of signing the company's agreement, the act of incorporation of the company. The contribution of the member can be monetary or non-monetary. Making contributions in the form of labor and services, including the labor and services already performed it is not allowed.

Companies management

Highest decision making organ in the Company is meeting of the members. All the members of the company are included in the members meeting.

The company is managed by an administrator or administrators. When there are three or more administrators in the company, they can jointly manage the company, as a managing body in a manner determined by the company's agreement. The composition, organization, operation and the competencies of the managing body of the company shall be determined in the company's agreement.

Members decide upon appointment of the administrator. If a member is appointed as an administrator, appointment duration is of equal duration as his membership status. Any other appointed person shall be appointed for period of 4 years, but the members can agree in the company's agreement, on a different period of duration of the appointment. Entering an administrator with no delay as well as his/her authorization to represent the company, and all amendments, in the trade register is an obligation prescribed by the law.

The administrator is the representative of the company in the relations with any third party. The authorizations of the administrator are usually determined by the company's agreement. If the authorizations of the administrator are not determined by the company's agreement, he/she can undertake all legal actions and activities which are in the company's interest and which are in line with the usual management of the activities in the company.

The administrator shall be obliged to respect the limitations on authorization for representation, determined by the company's agreement, the decision of the members meeting or the decisions adopted by way of correspondence. If more administrators are appointed, all administrators of the company shall have equal authorities and rights regarding the management of the company, unless otherwise determined with the company's agreement.

V.2 General partnerships

Definition

The Macedonian subscription of the term General partnership is "Јавно Трговско Друштво – ЈТД".

General partnership represents trade company wherein two or more natural persons and legal entities join together, and who along with their entire assets are liable to the creditors regarding the company's obligations. In order to incorporate general partnership, founders should conclude company's agreement between them. The founders in the General partnership can contribute with cash, but also contributions may be made in kind, rights, labor or services.

This is the second most popular form of organizing business activities in Macedonia, and usually it is selected for the organization of the business which is in its very begging. This is due to it being one of the cheapest ways to register business without the requirement of any basic capital.

Companies management

Each partner of the partnership is authorized to manage the general partnership. Partners could agree to entrust the management of the general partnership to one or more partners, in which case the other partners shall be excluded from the general partnership management. It is also possible to transfer the authorization regarding the management of the general partnership to a third party, in a manner determined by the company's agreement and with the permit of the other partners.

Regardless of there being an appointment manager or the company is managed by the partners, they are still liable to the creditors regarding the company's obligations unlimitedly and jointly with their entire asset.

V.3 Branch offices

Companies have the right to established branch offices. Foreign companies have the right to establish branch office under the same condi-

tions as domestic companies, and with the same or similar form and scope of activities. Branch office may be established by a decision of the foreign company in writing, and it may be established only when foreign company has entered in the register of the country where it has its office registered. A foreign company is entitled to undertake all the business activities through its branch offices.

In the legal transactions, the branch office acts in the name and on behalf of the foreign company, or on the behalf of the foreign sole proprietor. The foreign company is responsible with its entire property for the liabilities incurred during the operation of the branch office.

V.4 Representative offices

Foreign companies entitled to carry out commercial activities pursuant to their national legislation may establish a commercial representative office in the Republic of Macedonia. Those kind of offices aren't legal entity and shall not carry out commercial activities.

V.5 Joint ventures

Definition

The joint-stock company is a trade company in which the stockholders participate with contributions in the basic capital that is divided in stocks. The stockholders shall not be liable for the obligations of the joint-stock company. Joint stock company can have one or more stockholders. Joint stock company or in Macedonian language Акционерско Друштво – is marked with abbreviation, „АД“.

Joint stock company could be incorporated in two different manners, simultaneously or successively. In the former manner, no public notice is necessary for the subscription of stocks, and a minimal basic capital of at least Euro 25,000 in denar counter value is requirement. The successive manner of incorporation predicates a public notice for subscription of stocks, whereas the basic capital must be at least Euro 50,000 in denar counter value. In respect to the basic capital few other laws are prescribing bigger value amount of basic capital.

Ex.No.1 A bank law determines that the basic capital for the incorporation of a bank is min. 310.000.000,00 denars or approximately 5.000.000 Euro.

Ex.No.2 The Law for Investment Funds, determines that Investment Fund can be incorporated with min. 125.000 Euro.

Ex.No.3 According to the Law for Supervision of Insurance, an Insurance company could be incorporated with a min. 2.000.000 Euro.

Companies management

Macedonian company law allows free choice of the way the company shall be managed, so the management in the company can be organized either as one-tier system (board of directors) or two-tier system (management board or administrator and supervisory board), and it depends on the choice that has been made. It is also possible to replace the chosen model by amending the statute and the one-tier management system can be replaced with a two-tier management system and vice versa.

One-tier system

The board of directors consists of minimum three, and maximum 15 members. The assembly is electing the members of the board of directors, and while electing the members of the board of directors, it will be specified which of the chosen members are elected as independent members from/by the board of directors.

The independent members of the board of directors are elected from the non-executive members of the board of directors. The board of directors will appoint one or more executive members of the board of directors. A member of the board of directors elected as an independent member of the board of directors cannot be elected as an executive member of the board of directors. The number of executive members is to be less than the number of the non-executive members of the board of directors. If the board of directors has up to four non-executive members, at least one of the non-executive members of the board of directors must be an independent member. If the board of directors has more than four non-executive members, at least one quarter

of them must be independent members of the board of directors.

Two-tier system

The management board has a minimum of three, and maximum 11 members. Exception are companies having basic capital less than 150.000 EURO, where an administrator can be elected instead of a management board, having all the rights and obligations of the management board. The members of the management board, or the administrator will be elected by the decision of supervisory board. With that very same decision one of the members of the management board will be elected as a president of the management board. The supervisory board can at any time dismiss the president of the management board and elect a new one. No person is allowed to be a member of the management board, or an administrator and a member of the supervisory board at the same time

The supervisory board has minimum three and maximum 11 members. An assembly elects the members of the supervisory board. During the election of the members of the supervisory board, it must be specified which members are elected as independent members of the supervisory board.

If the supervisory board has up to 4 members, at least one of the members should be an independent member. If the board of directors has more than four members, at least one quarter of its members should be independent members of the supervisory board.

The president of the supervisory board is elected from one of the members of the board, by gaining the majority votes from the total number of members of the supervisory board.

V.6 Distributorships

There is no special article in Macedonian Law on obligations for distributorship agreement, but the general articles of this law shall apply to this agreement. Restrictions and exemptions due to the distributorship are prescribed in the Law on protection of competition and The Decree on block exemption of certain categories of vertical agreements adopted by the Govern-

ment of Macedonia in 2012. Provisions of which, mostly relate to the protection of competition. Law on protection of competition defines forbidden agreements (for details see chapter IX.1 of this brochure). The Decree contains provisions in terms of market shares, conditions for exemptions, restrictions and obligations that certain categories of vertical agreements for exclusive right of distribution, exclusive purchasing, franchising, and other vertical agreements shall not contain any detailed conditions for the withdrawal of the block exemption.

The distributorship organizes its business according to Macedonian Company law.

The most important distributorship agreement is franchising agreement. The franchising is a special agreement for distribution. By law, the franchising is an unnamed agreement, which means that there is no special articles in Macedonian Contract law for this agreement. The general articles and principles of the Contract law shall apply in this agreement. The franchising agreement is a sui generis agreement that include elements of others named and/or not named agreements of the Contract and the Commercial law (for example the licensee agreement, agreement for commercial advocacy, the licensee agreement, supplying agreement and etc.).

V.7 Licensees

The license agreement in Macedonia is regulated by two separate laws. Law on Obligations and Law on Industrial Property. Law on Obligation contains general provisions on the license agreement, and the provisions on the compulsory license agreement are provided in the Law on Industrial Property.

License agreement is an agreement with which Licensor accepts an obligation to completely or partially grant Licensee with the right to use the patent, trade mark, know-how, stamp, model or sample, and by which the Licensee commits to pay certain fee for the granted right. The license agreement must be conducted in written form. All the rights and obligations of licensor and the licensee should be regulated with license agreement, if something is not regulated with agreement, articles of the law shall apply.

If the agreement does not emphasize what

kind of license is granted, it is presumed that non-exclusive license is granted. The licensee that has gained exclusive license is eligible to grant sub-licenses to others. But this could not be possible unless the agreement prescribes that licensee is eligible to do that.

The agreement terminates when the following has happened:

- termination of the period of time for which it was concluded;
- denouncement of one of the contracting parties if the agreement is signed for undetermined period of time;
- bankruptcy or liquidation of the licensee

In case of death of one of the parties an agreement will be continued with their heir if they decide to proceed with the work.

Apart from defining patent, trade mark, industrial design, the Law on industrial property additionally regulates the procedure for the registering of such rights. More about the issue can be found in chapter VIII of this brochure.

The applicants for the industrial property right and the holders of such rights may assign a third person with the right of use of their industrial property right with an license agreement. Upon the request of one of the parties this agreement will be registered in the register kept in The State Office of Industrial Property. If an agreement is not registered in the office, it does not provide effect against third parties.

Compulsory license – the right to use the invention with obligation to pay fee could be assigned to other, if the patent holder does not use the invention protected by a patent or uses it in a scope which is insufficient to the needs of the national market, and rejects to enter into a license agreement or sets unmarketable conditions for entering into such contract. Compulsory license also be issued if the use of the invention protected by a patent is necessary due to emergency situations in the country, such as protection of public interest in the area of health, food, protection and promotion of the environment or if the invention is of particular interest to a certain industrial field or necessary for implementing the judicial and administrative procedure related to protection of competition.

The procedure for issuing compulsory license starts with the initiation of a lawsuit against the right holder, in front of the first instance court competent for resolving disputes arisen from industrial property rights.





TAXATION

VI. Taxation

Accepting one of the lowest tax rates in Europe, in order to attract foreign investments, Macedonia can be recognized as tax haven of Europe. Macedonian tax system includes three types of taxes: income taxes (profit tax and personal income tax), consumption taxes (value added tax, excises and customs) and property taxes.

VI.1 Profit Tax

A New Profit tax law was passed on 25.07.2014, and it will be enforced as of 01.01.2015, all information in this brochure are according to the new law.

Taxpayer of the Profit tax (Corporate income tax) is any legal person (entity) - resident of the Republic of Macedonia making a profit from an activity in the country and abroad. Resident companies are subject to tax on their global income. Additionally subject to this tax is any non-resident legal entity nonresident that is making profit through an activity carried out on the territory of the Republic of Macedonia.

The basis for computation of the profit tax is the profit determined in the tax balance sheet. Profit represents the difference between the total incomes and expenditures of the taxpayer, in amounts determined by accounting regulations and accounting standards, excluding the incomes and expenditures that are differently determined by the Law. Certain costs not recognized for tax purpose are also subject to taxation.

The profit tax rate equals 10%.

Tax period covers period of one calendar year.

The amount of profit that is reinvested is exempted from the profit tax base, when calculating and paying profit tax.

Domestic and foreign legal entities registered by Macedonian company law, operating in Macedonia, are obliged to withhold tax at the rate of 10 %. They are obliged to paid this tax to Macedonian authorities when paying certain types of income to foreign legal entities. Following incomes paid abroad are subject to withholding:

1) Dividends;

2) Interest;

3) Royalties;

4) Income from entertainment or sporting activities in Macedonia;

5) Income from management, consulting, financial services, services related to research and development;

6) Income from insurance or reinsurance premiums;

7) Income from telecommunication services between Macedonia and a foreign country;

8) Income from lease of immovable property in Macedonia.

When the foreigners are residents of a country with which Macedonia has concluded and ratified an agreement on avoiding double taxation, than the release of the withheld tax or the lower tax rate will be implemented.

The taxpayer, a resident of the Republic of Macedonia, who has paid tax in a foreign country on the profit earned through work abroad, is entitled to credit up to the amount of the profit tax paid abroad, not exceeding the tax that should be paid by implementation of 10 % tax rate.

There is a simplified tax regime for companies that belong in the group of small and medium sized companies. Companies offering banking, financial and insurance services, as well as games of chance and entertainment games, are except from this regime.

Under this regime, companies that in the last three years have not exceeded the amount of 3.000.000,00 denars, or approximately 50.000,00 euro revenue on annual basis are released from of paying tax. Also Companies with annual revenue between 3.000.000,00 denars and 6.000.000,00 approximately 50.000,00 – 100.000,00 euro, are eligible to choose the model of calculation and paying profit tax in the amount of 1 % of their total earned revenues on all bases in the previous calendar year.

VI.2 Personal income tax

Resident individuals are subject to tax on their global income, whereas nonresident taxpayers are subject to taxation only on the income gained in Macedonia

The following types of revenues made in

the country and abroad are included in the income subject to taxation:

- wages and salaries;
- income from agriculture;
- income from independent activity;
- income from property and property rights;
- income from copyrights and rights to industrial property;
- capital revenues;
- capital gains;
- gains from games of chance and other premium games; and other revenues.

The personal income tax rate equals 10%.

The tax year is the calendar year.

In order to avoid double taxation the payer will have a reduction in the calculated income tax in the amount of the already paid income tax in another country, up to the amount that could be achieved with application of 10 % tax rate.

VI.3 Treaties for the avoidance of double taxation

Macedonia signed the Avoidance of double taxation treaties (DTT) with 44 countries worldwide. But only forty of them have been ratified and enforced. The following list provides information about the countries with which Macedonia signed DTT, and information on the date of enforcement.

<u>STATE</u>	<u>SINCE</u>
1. Kingdom of Belgium ¹	Not yet enforced
2. United Kingdom of Great Britain and Northern Ireland	01.01.2008
3. Republic of China	01.01.2000
4. Bosnia and Herzegovina	Not yet enforced
5. Republic of Latvia	01.01.2008
6. Republic of Azerbaijan	01.01.2014
7. Republic of Slovenia	01.01.2000
8. Republic of Romania	01.01.2003
9. Kingdom of Sweden	01.01.1999
10. Republic of Albania	01.01.1999
10. Republic of Bulgaria	01.01.2000
11. Republic of Egypt	Not yet enforced
12. Republic of Belarus	01.01.2007
13. Republic of Austria	01.01.2008
15. Republic of Italy	01.01.2001

16. State of Qatar	01.01.2009
17. Republic of Lithuania	01.01.2009
18. Republic of Moldova	01.01.2007
19. Republic of China	01.01.1998
20. Republic of Poland	01.01.2000
21. Republic of Germany	01.01.2011
22. Republic of Ukraine	01.01.1999
23. Republic of Croatia	01.01.1997
24. Kingdom of Denmark	01.01.2001
25. Social Federal Republic Of Yugoslavia (Republic of Serbia and Republic of Montenegro)	01.01.1998
26. Republic Turkey	01.01.1997
27. Republic of Finland	01.01.2003
28. Republic of France	01.01.2005
29. Kingdom of Spain	01.01.2006
30. Grand Duchy of Luxembourg	01.01.2014
31. State of Kuwait	Not yet in implementation
32. Kingdom of Morocco	01.01.2013
33. Kingdom of Norway	01.01.2012
34. Republic of Estonia	01.01.2010
35. Irish Republic	01.01.2010
36. Republic of Kosovo	01.01.2013
37. Republic of Slovakia	01.01.2011
38. Republic of Kazakhstan	Not yet in implementation
39. Islamic Republic of Iran	01.01.2015
40. Kingdom of the Netherlands	01.01.2000
41. Republic of Hungary	01.01.2003
42. Czech Republic	01.01.2003
43. Russia Federation	01.01.2001
44. Swiss Confederation	01.01.2001
45. Kingdom of Belgium with SFRY	

VI.4 Value Added Tax

Supply of goods and provision of services in Macedonia and import of goods are subject to VAT. Value added tax shall be calculated by applying proportional tax rates on the taxable supply of goods and services and imports, such as:

1. According to the general tax rate of 18%; and
2. According to preferential tax rate of 5%.

Until 01.01.2015 only companies that exceed 2.000.000,00 denars of income, approximately 35.000 Euro were subject to VAT. There are changes of the law that are implemented as of

01.01.2015, according to those changes companies the income of which exceeds 1.000.000,00 denars, approximately 15.000 Euro, will be subject to VAT.

Tax base for sale within Macedonia includes:

- Taxes (except VAT), excise taxes, fees, contributions and other charges;
- Related costs for packing, loading, unloading, transporting and insurance, as well as commissions and other expenses payable by the receiver of the goods or user of the services; and
- Subsidies directly related to the price of supply of such goods or services.

Tax base for import of goods consists of the value of the imported goods as determined under the customs regulations increased by the amount of:

- Customs duties, taxes (except VAT), excise duties, fees and other import duties; and
- Related expenses, including commissions, packaging expenses, transport and insurance expenses up to the first delivery destination of the goods in the country.

The tax base does not include:

- Price deduction as discount for payment made prior to the supply.
- Price discount, rebate and other types of deductions approved by the buyer of such goods or by the recipient of such services at the time of delivery, provided that they are separately stated in the invoice and entered in the accountancy books; and
- Amount received by the taxpayer from the buyer of such goods or the recipient of such services as payment for costs incurred on their behalf and for their account, provided that such amount is stated in the accountancy books.

VI.5 Property and land taxes

Law on property taxes regulates three different property taxes: property tax, Transfer Tax (Tax on sales of real Estate) and Inheritance and Gift Tax.

Property tax is payable on the ownership of the property, real estate, land and buildings, or

any immovable property.

Owners (legal person and natural person, individuals) of the property in Macedonia are liable to property tax. If the owner cannot be reached or he is not known then the user of the property is liable for tax paying. When there are several owners of the property then each one of them is liable for tax paying proportionally to the part of the property they own.

Tax rate varies between 0,10 % and 0,20 % of the market value of the property. Tax rate is determined by Municipalities where property is situated.

Transfer Tax (Tax on sales of real Estate) is paid upon a transfer of a property with compensation due to selling, or upon an exchange of one property with another, and upon any other way of gaining property between legal or natural persons.

The tax rate varies from 2-4 % of market value of the property. The seller is liable for tax paying unless otherwise agreed with the agreement between the parties. Municipalities determine the amount of the tax that should be paid in respect to the transfer of ownership right on immovable property on their territory.

Inheritance and Gift Tax is paid for an immovable property, entitlement to usage of real estate, cash, money claims, securities and any other movable property which is gained by way of inheritance, donation, and gift.

Tax rate varies from 3-5 % of the market value of the property. Tax rate depends on the relationship between the beneficiary (the one that inherits or accepts the gift) and the donor, testator (the one that gives or leaves the property). Following tax rates are applied:

- 0 % - First order of succession (spouse and children), or immediate family member,
- 3 % - Second order of succession (brothers and sister, and their children),
- 5 % - Third order of succession, non-related persons

The heir and the recipient of the gift are liable to paying the tax. Tax rate is determined by the municipalities where property is situated.

VI.6 Excise tax

There is an excise tax on the following goods:

- Alcohol and alcoholic beverages,
- Tobacco goods,
- Mineral oils,
- Motor vehicles.

Taxable are either goods that are imported to Macedonia, or goods that are produced in Macedonia.

Liable for paying this tax is an individual, natural person or legal person that holds excise license. There are two different types of calculating the excise tax. Proportional excise – calculated in percentage rate or Specific excise – calculated in absolute amount per measurement units (kilogram, liter, and piece).

An exemption from excise tax is applied to all goods that are used for the following purposes:

- Diplomatic and consular missions
- International organizations
- Military forces of contractual parties - members of NATO
- Used as samples for analysis of the necessary production tests or scientific and research purposes
- Destroyed under customs supervision
- Non-commercial personal baggage carried from abroad
- Mineral oils and gas kept in reservoirs of motor vehicles or airplanes coming from abroad, not intended for further sale.





Lesnica-Shara Mountain photo by Petar Gerasimov

SECURITIES LAW AND REGULATIONS

VII. Securities Law and Regulations

Law on securities covers all issues related to securities like issuing, trading, registering of securities, clearance and settlement of purchase and sale transactions, execution of non-trade transfer, restriction of rights, manner and condition for functioning of the capital market, disclosure obligations of joint stock companies with special notification obligations for members of managing bodies, directors and certain shareholders; prohibited conduct with respect to operations with Securities; the status and authorities of the Securities and Exchange Commission of the Republic of Macedonia; manner and conditions for managing the bankruptcy and liquidation of licensed market intermediaries; and other issues with regard to securities.

The Law on securities now in use was enforced in 2005. Few changes were made during the period of implementation, the first one dating back in 2007, and the consecutive ones in 2008 2010, 2011, two in 2013, one in 2014 and the last one in 2015. Consolidated text of the law has not yet been provided by officials. An unofficial consolidated text of the law can be found on the web page of the Macedonian stock exchange www.mse.mk/en, but this text only includes the changes made until 2010.

Securities may be issued, offered and sold by public offering and by private offering. A permission from the Securities and exchange commission of the Republic of Macedonia (here and after Commission) must be obtained prior to issuing securities in any of the two alternative ways.

Securities are registered in the Depository as electronic records. The depository functions as a self-regulatory body. In order to function as Depository, a legal entity should obtain a license from the Commission. Depositories can be established by the brokerage houses, banks, insurance companies or fund management companies. Minimum basic capital to conduct a Depository is 500.000,00 Euro, in denar counter value according to the average exchange rate of the National bank of R.Macedonia. The depository is also in charge of the settlement of trade transactions, done by delivery versus payment principle; execution of non-trade transaction and for registering owners of the securities.

VII.1 Regulatory bodies

Securities and exchange commission of the Republic of Macedonia is an independent regulatory body with public authorization, which regulates and supervises the operation of the securities market on the territory of the Republic of Macedonia. This Commission also provides the legal and the efficient functioning of the securities market, as well as protection of the investors' rights.

The Commission has the status of a legal entity with a head office in Skopje.

The Commission consists of five Commissioners. Two of them are professionals that are professionally engaged on a full-time basis as commissioners, and other three are external commissioners who are not job commissioners on full time basis, but are only engaged to act in accordance to the activities ascribed by scope of the Commission for compensation. The mandate of the commissioners is five years, with a possibility for a re-election. They are elected by the National assembly of R.Macedonia. The National assembly is also making the choice of the president of the Commission from the chosen commissioners.

The Commission fulfills obligations within the scope of its operations either by inspection or by surveillance. It can also take necessary measures and administer misdemeanor procedures, within which it can issue a misdemeanor sanctions.

VII.2 Securities offerings

There are two ways of securities offering that are regulated within the law. Public offering and private offering.

Public offering is carried out upon permission granted from the Commission. The first public offering is called initial public offering. In order to obtain a permission to partake in the public offering the issuer should submit a request for approval from Commission. The content of the request is determined by the Commission.

The commission has the obligation to grant decision upon request of the issuer in no more than 60 days. After receiving the permission from the Commission, the issuer should start with the procedure in no more than 30 days. The

issuer is obliged to publish the invitation for the subscription and the payment of the securities in Macedonian language and by their use of Cyrillic letters in one of the daily newspapers. The deadline for finalizing the offer is 12 months. The public offer is considered a successful one, if in period of 12 months more than 60 % of the publicly offered securities are paid and subscribed. It can be prescribed in the prospect that the percentage for a successful accomplishment of the offer could be higher than 60 %, and the prescribed percentage will be taken as a benchmark for the success of the offer.

Private offering is offering for subscription and payment of securities:

- which is addressed to no more than 20 persons that are designated by their name and surname in the prospectus for the issuance of stocks, and which are not stockholders in a joint stock company, and which are not connected, related with any stockholders in a joint stock company, except when something else is prescribed with some other law, or in case when there is an obligation for the stockholder to increase his contribution in the charter capital due to base on law demand of the organ or institution for control and supervision of the work of joint stock companies;
- which is addressed to institutional investors;
- which is addressed to increase of the charter capital with resources of the company;
- which is addressed to conditional increase of the charter capital;
- which is addressed to loan that is transformed into a contribution in the company in the procedure of raising charter capital of the company when the loan is given from the single member of the joint stock company;

VII.3 Takeover regulations

Takeover regulations are regulated with the Law of Takeover of Joint Stock Companies. Previous such law was passed back in 2002 and the new law that is now in use was passed in 2013. A consolidated text in English of the old law is accessible on the web site of the Macedonian stock exchange.

There is a mandatory public bid for takeover and a voluntary bid for takeover.

Mandatory public bid for a takeover,

must be done when a person or an entity alone, or together with others that acts jointly with gains property of more than 25 % of shares with voting right.

Obligation to make a mandatory public bid for a takeover ceases when the bidder with a successful takeover gains the right of property on more than 75 % of the shares with voting right.

Gaining property over 25 % of the shares with voting right it is considered as Control threshold of takeover.

Gaining property over 75 % of the shares with voting right it is considered as Ultimate takeover threshold.

No obligation for mandatory bid, to the one that reached control takeover threshold on some of the following ways:

- The person or the entity has acquired the securities by virtue of merger or partition of the joint stock company in exchange for the securities of the legal entity that has dissolved due to such merger or partition;

- The person or the entity has acquired the securities of the joint stock company during bankruptcy procedure, and in the case when the company has a status of a bankruptcy debtor;

- Securities have been acquired by virtue of change of the legal status of the trade company;

- The person or the entity has acquired the securities in a merger procedure of trade companies, provided that one of the companies which has participated in the merger procedure possesses shares in the joint stock company, in which case it meet the condition for making a public takeover bid under the Law of takeover;

- The person or entity has acquired the securities by virtue of increasing the share capital, by issuing securities for a known buyer, once the shareholders' assembly has given an approval that the person or entity concerned can acquire securities in the amount surpassing the amount stipulated in the Law for issuing a takeover bid;

- Securities have been acquired by virtue of inheritance or division of the property acquired during marriage,

- Securities have been acquired on base of court decision;

- Securities have been acquired in exchange for paying dividend, etc.

Voluntary public bid for takeover can be done by a person or an entity alone, or together when they haven't gained property over on more than 25 % of shares with voting right, but they want to make takeover.

VII.4 The stock exchange

Macedonian stock exchange was established in September 1995, but the first trading day was 28.03.1996, which is considered to be the birthday of the Stock Exchange. Established as Joint Stock Company, consisting of 19 banks, insurance companies, and savings banks with charter capital of 1.000.000,00 DM (German Marks). In those days only banks and other financial institutions were able to establish a stock exchange. Macedonian stock exchange reached the peak of its success and trading few years ago. 2007 was the most successful year in the history of the Macedonian stock exchange, when trading with securities was very popular between ordinary people, and when the first few institutional portfolio investors started working in Macedonia. From that time on, trading with securities is getting lower.

A Stock Exchange may be founded as a joint stock company with its headquarters in Macedonia by legal entities and natural persons, both domestic and foreign, with at least 500.000,00 EUR basic capital, in counter value of Macedonian denars calculated by the average exchange rate of the NBRM, beginning with the date of obtaining a license to establish and operate a stock exchange. The Commission approves the application for licences to establish a stock Exchange. The Commission should reach the decision within ninety (90) calendar days from the date of submission of the application to the Commission. The Commission also conducts a supervision over the work of the stock exchange and its members, and has the power to conduct supervision over issuers listed on the stock exchange, regarding the issuance, offer, sale, listing and trading of securities.

Trading is fully automatized and it is done through electronic system. All the brokers are electronically connected to the system to the central server of the Exchange situated at its

headquarters.

Macedonian stock exchange has full membership status in the Federation of Euro-Asian Stock Exchanges (FEAS) and status as correspondent, affiliated member of the Federation of European Stock Exchanges (FESE).

Macedonian Stock Exchange has memorandums for cooperation with:

- Ljubljana, Slovenia Stock Exchange,
- Athena, Greece Stock Exchange,
- Belgrade, Serbia Stock Exchange,
- Zagreb, Croatia Stock Exchange
- Bulgarian Stock Exchange,
- Vienna, Austria Stock Exchange
- Istanbul, Turkey Stock Exchange,

Memorandum for partnership with Belgrade, Zagreb, Ljubljana, Sarajevo, Banja Luka and Montenegro Stock Exchanges.

Any additional information could be found on the web site of the Macedonian Stock Exchange www.mse.mk.





Shara Mountain photo by Petar Gerasimov

INTELLECTUAL PROPERTY

VIII. Intellectual property

Intellectual Property is covered mainly by two different laws. Law on Industrial Property and Copy right and related rights law. Then Law on protection of topographies of integral circuits, Law on culture, Law on disloyal competition, Law on the state market inspectorate, Law on custom measures for the protection of Intellectual property rights etc.

Macedonia has signed and ratified the Paris Convention for the Protection of Industrial Property (1884) and Berne Convention for the Protection of Literary and Artistic Work (1886), Madrid Agreement Concerning the International Registration of Marks and Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, TRIPS (Trade Related Rights of Intellectual Property Rights) Agreement, Patent Cooperation Treaty (PCT), Hague Agreement Concerning International Registration of Industrial Designs etc. Almost every significant international agreement in the sphere of intellectual property is signed and implemented in the national legislation. Since 1993, Macedonia is a member of WIPO (World Intellectual Property Organization). Than there is an Stabilization and Association Agreement between the Republic Macedonia and the European Communities and their Member States which envisages approximation of Macedonian national legislation to one of the EU, especially in the issues of intellectual property.

Industrial property (patent, trademarks, industrial design, appellation of origin and geographical indications) is subject to registration in State Office of Industrial Property (in addition Office) www.ippo.gov.mk. Representation of the parties in the protection of the industrial property right procedure may be made only by natural and legal persons registered in the Register maintained by the office.

Copy right and related rights are not subject to any registration. It is considered that they are protected as soon as they have been created.

VIII.1 Trademarks

Trademark shall protect a sign, capable for distinguishing goods and services produced

or provided by a business entity from those from other business entities. Eligible for protection are signs that can be graphically represented, such as words, letters, numerals, pictures, drawings, combination of colors, three dimensional forms, including shapes of goods or their packaging, as well as combinations of all of the above mentioned.

Initiation of procedure for registering trademark rights starts with filling and submitting of the trademark application to State Office of Industrial Property. Trademark rights can also be granted by initiation of procedure by filling application according to Madrid agreement and Madrid protocol.

If the application fulfills the requirements for a duly patent application, the applicant's right to priority will be recognized counting from the date the application was filed. The Union priority right and Exhibition priority right are also recognized, and will be taken into consideration during the procedure of acceptance of the application.

If all the conditions are full filed and there is no any barrier for granting of the trademark right, the applicant will be notified by the Office that the condition for granting the right are met and that he needs to pay fees and expenses for notification and certification. After what written decision shall be issued and trademark shall be registered in to trademark register.

The Office in no later than six months from the date of publication of the trademark in the Official Gazette shall issue the owner a trademark certificate.

Once the right is registered and the certificate is issued the right shall be valid for 10 years, and it could be renewed for an indefinite number of times in repetitive periods of ten years.

VIII.2 Patents

Patent protects inventions in all fields of technology. In order to be protected, an invention should be new, should contain inventive step and should be susceptible to an industrial application.

Patent granting procedure may be initiated by filling and submitting an application to the Office, or by filling and submitting an application by one of the procedures regulated with PCT (Patent Cooperation Treaty), The Extension Treaty and

EPC (European Patent Convention).

After submission of the application, a confirmation of the date of application is issued in order to honour the right of priority. Union priority right and Exhibition priority right are also recognized.

Invention is new if it isn't covered with the state of art. State of art includes applications filled to the Office, or applications filled according to EPC for the territory of Macedonia, or international applications filled in accordance with the PCT, submitted to the Office as elected institution.

Patent application is subject to examination in a procedure undertaken by the office or in a procedure of substantive examination. Substantive examination shall be conducted by selected institutions (national or international offices) which on the basis of PCT have a status of authorized institutions for international search or some of the institutions with which a special agreement is signed for the purpose of searching and substantive examination.

After examination, and all the terms required are met and all the fees and costs are paid, the Office reaches a decision to grant the patent. The decision enters the patent register on the date of its passing and is published in the official newsletter of the Office within 90 days from the date of making the decision.

The Office shall issue to the holder of a patent right a certificate in no later than six months from the date of making the decision.

Once the right is registered and the certificate is issued the right shall be valid for 20 years, counting from the date of the submission of the application.

VIII.3 Industrial design

Industrial design protects the design, outer appearance, and the aesthetic aspect of the product, in particular the lines, contours, shape, texture and the materials which the product is made of or ornamented with, and/or also its decorations. Subject to protection is the design which is new and has an individual character.

The procedure for grant of the right commences with the filling of an application to the Office. It is also possible to submit an international application for an international registration, according to the Hague Agreement, which

is done directly to the International Bureau of the WIPO (World Intellectual Property Organization).

If the application fulfills requirements of duly industrial design application, Office will approve date of application as starting day regard to the right of priority. Union priority right and Exhibition priority right are also recognized, and will be taken into consideration during the procedure of acceptance of the application.

There is a formal examination of the application and then examination of the subscribed condition for the recognition of the right, after which the application is published in the official gazette of the Office. Objections to the published application can be submitted within a period of 90 days.

If the 90 days period expires and no objection was submitted, or if it was refused then the decision for a grant of the right is issued. Prior to the issuance of the decision, the applicant should pay all fees and costs.

The office shall issue a certificate to the holder of the industrial design within six months from the date of the adoption of the decision of grant of the right.

Industrial design right shall be valid for a period of five years, starting from the date of filing of the application. The validity of the industrial design may be extended several times for a period of five years, but not more than 25 years.

VIII.4 Geographical name

The geographical name shall be protected with the Geographical Indication and Indication of origin. Geographical name indicates to the products produced in certain geographical area.

Appellation of origin is the geographical name of the country, region or the place indicating that the product originates from that area and has the quality and particular characteristics exclusively or generally conditioned by the geographical environment, including the natural and human factors and the production, processing and preparation which are entirely carried out in the certain limited region of origin.

Geographical indication is the geographical name of the country, region, or place which indicates that the product has that the aving quality, reputation or other characteristics that may be

essentially attributed to the geographical origin. The Procedure for geographical name protection or right for use of protected geographical name is initiated by submission of an application. Geographical name could be also protected abroad on a basis of a bilateral agreement or multilateral agreement ratified by Macedonia.

The procedure for the protection of a geographical name continuous with preparation of a study from the institution that fulfils the requirements adopted by the director of the Office. After the preparation of the study, the same institution should found Commission for controlling the quality and the special characteristics of the product.

The procedure for the right of use of the protected geographical name will proceed with examination of the application.

Acquisition of both rights, protection of geographical name and the right to use a protected geographical name shall be made by caring out decision and by registering in the applicable register.

The validity of the protection of the geographical name is unlimited. And the right of using the protected geographical name is valid for five years term from the date when decision was made, with the right of renewal for unlimited times.

The office issues certificate to the authorized user of protected geographical name within six months from the date of the making of the decision.

VIII.5 Topographies of integrated circuits

The protection of topographies of integrated circuits is regulated with the autonomous law that covers the protection of this right.

The protection is granted upon an application filled to the Office. The Office passes a decision, by which it grants the right. The right becomes effective once it enters in the Registry.

A topography shall be protected if it is original. A topography is considered to be an original if it is the result of its creator's own intellectual effort and was not a common place in the semiconductor industry when it was created.

The termination of validation of the exclusive right is 10 years from the end of the first year

when the right for the first time was exploited throughout the world, or 10 years from the end of the year in which the application for protection was filled.

When the right was not commercially exploited, the length of its validity period is 15 years from its fixation or encoding.

VIII.6 Copyrights

Macedonian copy right and related rights law grant protection to the following rights: rights of the author over his work (copyright), rights of the performers, phonogram producers, film producers and stage producers, broadcasting organizations and publishers, database makers and other entities, as determined by the law (related rights).

A copyright is an individual and intellectual creation in the field of literature, science, arts and other domains of creation, regardless of the type, manner and form of expression. A copyright includethe following work:

- a written work such as a literary work, article, essay, manual, brochure, scientific study, treatise and the like,
- a computer program,
- a spoken work, such as an address, sermon, lecture and alike,
- a musical work with or without words,
- a drama, musical work and a work of puppetry,
- a choreographic work and a work of pantomime, fixed on a material medium,
- a photographic work and a work created in a manner similar to the one of photography,
- a cinematographic and other audiovisual work,
- a work of fine art, such as a painting, graphics, sculpture and alike,
- work of architecture,
- a work of applied art and design and
- a cartographic work, plan, sketch, technical drawing, project, table, plastic work and other work of identical or similar character in the domains of geography, topography, architecture or other scientific, educational, technical or artistic nature.

The scope of protection of the Copyright comprises of three sets of rights: exclusive ecom-

conomic, property material rights, exclusive personal-moral rights and other rights.

Moral rights:

1. The right to be recognized as author of the work;
2. The right of first publishing of the work;
3. The right to protect the integrity of the work
4. The right of withdraw.

Material rights:

1. The right of reproduction;
2. The right to distribute the work;
3. The right of communication with the public;
4. The right of adaptation.

Other rights:

1. Right to access;
2. Resale right;
3. Rental right;
4. Right to an equitable remuneration of reproduction carried out for a private use
5. Right to remuneration for use.

Material rights last throughout the author's life, including a period of 70 years after his death. The copyrights of anonymous or pseudonym signed works last for 70 years from the date of their publication. Works never published, have a 70 years copyright validity term counted from the date when they were created.

Every single term is calculated from 1 January of the year that follows the year of the event.

Moral right of withdraw ends with the dead of the author. All other moral rights last even after the termination of the prescribed period for the material rights.





Middle Rock Shara Mountain photo by Petar Gerasimov

TRADE COMPETITION LAW

IX. Trade competition law

The very basic imperatives of the Competition Law, are set with Article 55 of the Constitution of R. Macedonia. This article stipulates that the freedom of the market and entrepreneurship is guaranteed, and that the state will ensure an equal legal position to all parties in the market and will take measures against monopolistic positions and monopolistic conduct on the market. The only situation in which the freedom of the market and entrepreneurship can be restricted by law is for the reasons of defence of the Republic, protection of the natural and living environment or public health.

The whole system of the Competition Law is based on the following laws considered as legal source of Competition law: Law on Protection of Competition, Law on Control of State Aid, and Law on Unfair Competition. The system of Competition Law has been complemented with by-laws adopted by the Government. Many of them concern the Law on protection of Competition and the Law on Control of State Aid.

It may be said that this segment of Macedonian legal system is completely harmonized with EU legislation.

Information could be obtained from the official web site of The Commission for Protection of Competition www.kzk.gov.mk.

IX.1 The trade competition act

The Law on the Protection of Competition accepts three main principles of the Competition law, also prescribed as principles by Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU).

- Agreement, decision or concerted practice – Forbidden agreements, decisions and concerted practices are those which have as their object or effect the distortion of competition, especially those which:

- 1) directly or indirectly fix purchase or selling prices or any other trading conditions;
- 2) limit or control production, markets, technical development or investments;
- 3) share markets or sources of supply;

4) apply dissimilar conditions to equivalent or similar transactions with other trading parties, thereby placing them at a competitive disadvantage;

5) Make the procedural order of agreements subject to acceptance by other parties of supplementary obligations, which, by their nature or according to commercial usage, have no connection with the subject of such agreements.

Exception is made for agreements, decisions and concerted practices that are promoting technical or economic development and that provide the consumers with a proportionate share of the resulting benefit. In the cases where they do not impose restrictions on the undertakers concerned, which are not indispensable to the attainment of these objectives, and do not afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products or services in question.

An exception is made for minor agreements. As minor are considered agreements where the joint market share of the parties and the undertakings under their control on the market does not exceed the threshold of 10% for horizontal or the threshold of 15% for vertical agreements.

There is also a block exemption which upon the suggestion of the Commission is prescribed by the Government.

- Dominant position - is considered as a position of the undertaker present on the relevant market, who as a potential seller or purchaser of certain type of goods and/or services has no competitors on the relevant market, or compared to its competitors, has a leading position on the relevant market, especially in relation to the market share and position, financial power, access to sources of supply connection with other undertakings, legal or factual barriers to entry for other undertakings on the market, capability to dictate the market conditions, taking into consideration its supply or demand, capability to exclude other competitors from the market by turning towards other undertakings.

There will be presumption of dominant position if the share of the undertaker on the relevant market amounts to more than 40%, unless

the undertaking proves otherwise. Abuse of the dominant position on the market is considered as unlawful, and hence it is prohibited.

- **Control of concentration** - Concentration means every change of control on lasting basis that results from merger of two or more previously independent undertakings or parts of undertakings, or acquisition of direct or indirect control of the whole or parts of one or more other undertakings by one or more persons already controlling at least one undertaking or more than one undertaking, which is done by purchase of securities or assets, by means of an agreement or any other way postulated by the law. Joint venture is also considered as concentration if the creation of joint venture in the long term functions as an autonomous economic entity.

There is an obligation for the participants in concentration to inform the Commission for Protection of Competition. The notification is determined by the aggregate turnover of all undertaking participants, or by market share of one or all the undertaking participants. Notification is finalized when:

- The aggregate turnover of all undertakers from the sale worldwide is at least 10 million euro, and at least one of the participants should be registered in Macedonia
- The aggregate turnover of all undertakers from the sale on Macedonian market is at least 2,5 million euro.
- The market share of one of the participants is over 40 %, or the aggregate market share of all participants is more than 60 %.

The Commission for Protection of Competition will make appraisal and will bring decision whether or not the concentration is compliant with the Law. There is special procedure led by the provisions of the administrative procedure, in which appraisal and decision making process is bind with time frame measured in days from the day of Notification.

The Commission for protection of competition

Law- established, the Commission as independent state body with status of legal entity

with seat in Skopje. The Commission consists of a president and four members, appointed by the Assembly of the Republic of Macedonia, responsible for their work in front of the Assembly. The budget necessary for the work of the Commission is provided from the State Budget.

Main competencies of the Commission are control of application of the provisions of the Law on the Protection of Competition, the Law on State Aid and the by-laws adopted based on these Laws. Furthermore, the Commission monitors and analyzes the conditions on the market to the extent necessary for the development of free and efficient competition, it preform administrative procedure and adopts decisions in administrative procedures in accordance with the provisions of this Law and the Law on State Aid.

Commission is in charge over cases of misdemeanour as determined with the provisions of the laws under Commissions competence.

IX.2 Law on state aid

Similar to what was written about previous three principles of the Competition law, the Macedonian Law on State Aid accepts the state Aid principles as written in Article 107 of TFEU.

Application of this law is also under the competence of the Commission.

This law applies to State Aid in any form granted by the state to the providers which may affect the trade in Macedonia, trade between Macedonia and the European Union, or between Macedonia and other countries with which Macedonia has ratified an international agreement.

State aid is defined as any form of aid of potential or effectuated expenditures, or all potentially or actually reduced revenues of the state granted by the state aid providers that distort or could distort the competition by providing economic advantage to an undertaking that would not be possible without the granted state aid, or by favouring the production of certain goods or the provision of certain services.

There are two types of circumstances determining the exceptions of the general ban on granting State Aid. Circumstances under which granting state aid is always compatible and circumstances under which state aid may be considered as compatible.

Granting state aid is always compatible if:

- the aid is of social nature that it is granted to individual consumers, if no discrimination is made related to the origin of the goods and/or services;
- the aid that compensates the damage incurred by natural disasters.

Granting state aid may be considered as compatible to the market in cases when:

- the regional aid for the promotion of economic development of some areas in the Republic of Macedonia where the standard of living is extremely low or where there is a high rate of unemployment;
- the aid aimed at eliminating the difficulties in the national economy or at promoting the implementation of projects which are of significant economic interest for the Republic of Macedonia;
- it is an aid for rescue and restructuring of undertakings in difficulty;
- it is an aid aimed at promoting the culture and protecting the cultural heritage, when that does not have significant impact on the trading conditions and the competition on the market;
- it is a horizontal aid.

Every state aid provider has an obligation to notify the Commission for Protection of Competition for their plan to grant new or to alter the existing state aid. No state aid will be granted prior to the decision of approval granted by the Commission or prior to the expiration of the deadline in which Commission should make decision for assessing the aid. The procedure is led by the provisions of the Administrative Procedure.





CONSUMER PROTECTION

X. Consumer protection

Consumer protection in Macedonian legal system is mainly regulated by the Law on Consumer Protection, issues not covered by this special law, are covered both with the Law on Obligations, and with direct implementation of the International Agreements and Conventions concerning Consumer Protection that were signed and ratified by the state. Many of the terms provided in the Law on Consumer Protection are harmonized with EU Directives adopted in the different areas of protection on consumer rights.

The protection of the consumers is secured on few levels.

Government:

Government of the Republic of Macedonia on suggestion of the Ministry of Economy every 2 year passes Program for Customer Protection. The program should secure consumers rights, it conducts measures for the education and protection of consumers, then it drafts the policies for protection and measures for implementation of those policies.

The Ministry of economy is the main governmental body that monitors the execution of the program. Proper functioning implies implementation of the program and taking all necessary actions for the implementation of the program.

The Government also establish Council for Consumers Protection, consisting of twelve members, with representatives from the relevant state bodies covering consumer protection area, representatives from the Economic Chambers and Representatives from the Consumer Protection Organizations.

Local Self Government:

On local Government level, every municipality has the obligation to organize Council for consumers protection that covers territory of the municipality, and works as permanent body under authorization of the Municipality Council.

Inspection:

Inspection in the field of consumer protection is provided by the following Inspectorates: State Market Inspectorate, State Environmental Inspectorate, State Sanitary and Health Inspectorate, Direction for food and Bureau for veterinary.

Established with Law on State Market Inspectorate, State Market Inspectorate is main state body, that covers supervision of the implementation of the law on consumer protection and that covers various issues related to the protection of the costumers.

Consumers protection organizations:

Consumers in order to protect and improve their rights could organized them self in Consumer Protection Organizations.

The biggest Consumer Protection Organization, ОПМ – Организација за заштита на потрошувачи (written in Macedonian with Cyrillic letters) consists of six NGO Organizations, with offices in Tetovo, Skopje, Bitola, Ohrid, Kocani and Stip. This Organization is a member of World Consumer Organization – Consumer International and member of European Consumer Organization BUEC. <http://www.opm.org.mk/>.

X.1 Consumer Protection

According to the law, Consumer Protection is provided in the following areas:

Consumer right to be informed about the condition under which selling of goods and services is provided.

The seller has the obligation to give his costumers in an honest way, proper and true information about the characteristics of the goods and services, their quality, condition under which goods and services are sold and any other information written in the declaration. It is also seller's obligation to inform his customers for any influence that goods and services may have on both the environment and the human health, as well as about the protective measures against any negative influence.

If the seller does not fulfill the above mentioned obligations he will be taken as liable for the damage.

The conditions under which goods and services are sold, together with the price should be placed on an easily noticeable spot.

Draft selling products should be measured in front of the customer.

Products on sale should be marked and separated from other products. The percentage of the discount, previous price and the newly formed price should appear on the product that is on sale.

Packaging of the product should be appropriate for that kind of products and they should not be harmful for people's health.

Declaration is obligatory document for any product, and **Warranty list** is obligatory only for the products for which this kind of document is prescribed as mandatory by the technical provisions.

Advertising

Advertising is considered any kind of presentation which is related to the trade, the commercial activities, profession or the handicraft in order to promote selling of goods and services.

Advertising that brings or could bring customers to delusion and which probably has an influence on their purchasing decision is forbidden. Comparative advertising is allowed but only: if it does not create delusions on the market; it does not have negative influence on trademarks, publicity and names of other competitors on the market; and if it does not advertise products that are imitation or duplicate of other products.

Unfair commercial practices

Unfair commercial practices are forbidden. Unfair commercial practices are considered:

- Practices that are contrary to the requirements of professional diligence, and
- practices which materially distort or is likely to materially distort the economic behavior with regard to the product of the average consumer whom it reaches or to whom it is addressed, or of the average member of the group when a com-

mercial practice is directed to a particular group of consumers.

Two major commercial practices that are considered as unfair are: those that are misleading and those that are aggressive.

Collective redress

Any qualified entity recognized as such in the act, list passed by the Government upon a proposal by Ministry of Economy can take action against trade companies or group of trade companies that breach consumer rights.

The act passed by Macedonian Government should be delivered to European Commission in order for the qualified entities which have been recognized as ones, to be add into European Commission list of qualified entities.

Qualified entities for protection of consumer rights established in European Union member states which are on the list of European Commission can also take action on territory of Macedonia. They can take action in case of the infringements considered rights of consumers from the countries were they are registered.

General product safety and liability

Traders have an obligation to distribute products that are in compliance with applicable safety requirements regarding that kind of products and also that are in a compliance with requirements for safety of environment and health of people.

Traders have an obligation to provide information regarding risk inherent in the products throughout their normal or reasonably foreseeable period of use, where such risks are not obvious. They also need to take precaution measures for prevention of the risks abovementioned. If traders and producers find that some of their products are not in compliance with all the above mentioned, they also have an obligation to inform competent authorities for taking measures due to protection of consumer's rights.

Producers are liable for the damage caused by deficiency of their products. Importers that imported products are also liable for the damage caused by deficiency of the products they im-

ported. If the producer is unknown or cannot be confirmed who the producer is, than every trader or distributor is considered as producer and is liable for the damage caused by the products.

Traders are liable to the consumers if products are not in accordance with their order. Due to that consumers have the following rights:

- Free of charge elimination of the deficiency of the product or compensation of the expenses spend for the elimination of deficiency
- Discount on the price
- Replacement of the product
- Replacement of the product with proportional discount or rise of the price
- Breach of the agreement, return of the paid money for the product, compensation of damage

Business to consumer contracts

Unfair term – An unfair term is considered to be the contractual term which has not been individually negotiated, or it is contrary to the principles of good faith and fair dealing, and out of which derives a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer.

Particular contract terms shall be considered as not to be individually negotiated if they have been drafted by a trader and a consumer and which did not have any influence on their content, especially if it is a case of terms that are formulated in advance in a standard contract of the trader.

The burden of proof whether contractual term was or was not individually negotiated is placed upon the trader.

Law on Consumer Protection provides a list of 26 cases which are considered as Unfair, many of them corresponding with the list provided by the European Council Directive 9/13/EEC on unfair terms in consumer contracts.

Unfair term of the contract are considered null and void.

Where there is doubt about the meaning of a term, the interpretation most favorable to the consumer shall prevail.

Distance contract is any contract concerning goods or services concluded between a supplier and a consumer under an organized distance sales or service-provision scheme run by the supplier, who, for the purpose of the contract, makes exclusive use of one or more means of distance communication up to and including the moment at which the contract is concluded. Terms covering distance contracts are not applicable to the following contracts:

- Relating financial services for example: Investment services, bank services and securities trading, insurance and reinsurance,
- Contracts concluded through automatic vending machines or automated commercial premises,
- Contracts concluded through telecommunication operators using public payphones
- Contracts concluded for construction and sale of immovable property or relating to other immovable property rights, except for rental,
- Contracts concluded in Public Procurement Procedure

Distance contracts are forbidden for selling and buying drugs, medicines, veterinary supplements, explosives and fireworks.

Contracts which have been negotiated away from business premises - are contracts concluded:

- In the consumer's home, other consumers' home, or work place of the consumer, in cases in which the consumer did not specifically sent an invitation to the trader;
- During excursion organized by trader or by someone else but in the name of the trader;
- Sales salon, fairs and exhibition, unless the total price of the goods and services is paid on spot or the price does not exceed 2500 euro in denar contra value.

The contract must be concluded in written form, and there is obligation for the trader to legitimate himself with legitimation card. Renounce of signed contract can be made from the consumer with written statement sent from the consumer to the trader within a period no lesser

than 7 working days, from the day when the contract was signed.

Terms of law will not apply to the following contracts:

- Sales made after consumers visit of trader's premises or after he was invited to visit trader's premises;
- contracts for the supply of food articles or beverages or other goods intended for current consumption in the household and supplied by trader through regular rounds men;
- contract is concluded on the basis of trader's catalogue which the consumer has a proper opportunity of reading in the absence of the trader's representative, and which specifically emphasizes that the consumer has right to renounce the contract in a period of 7 days;
- insurance contracts;
- contracts concerning sales of securities;
- contracts for the construction, sale and rental of immovable property, contracts for repairing immovable property;
- contracts concerning other rights relating to immovable property;
- Sales resulting from prior presentation of products under conditions prescribed by the laws, but which do not have commercial character, neither are sales for humanitarian purposes, and if the price does not exceed 500 euro in denar counter value.

Time sharing contract– with this contract, the trader is obliged within a period of no less than three years to provide the consumer the right of using one or more specifically defined real estates, or use of part or several specifically defined parts of a single real estate, within set and agreed upon time periods within an year or during the whole period covered by the contract, and that in a manner as prescribed by the contract, for which the consumer/beneficiary is obliged to pay fee for this use.

It is strictly prescribed that the contract shall be concluded in written form, one of the signed copies should be send to the consumer. The contract shall be in the official language of the state of the residence of the consumer, or by choice made by the consumer in the language of consumer citizenship, or in the official language

of the state where the real estate is located.

Public utilities

Public utilities, according to the law on Consumer protection: selling of electricity through distributive network, district heating, public telecommunication services, postal services, services for transportation of passengers in city public transportation network, drinkable water supply, discharge of waste water, discharge of waste, public hygiene, as al other services determined by law.

Prices for the usage of utilities should be formed on basis of volume consumed according to the tariffs. If they are not calculated in such manner, the consumer is entitled to a written complaint. The provider of utilities should inform the consumer on the conditions of usage of provided services. Provider must maintain standards and quality of the provided services according to the provisions for standards and quality maintenance as prescribed by the laws and other regulations.





Sar Planina view from Peak Ljuboten photo by Petar Gerasimov

LABOUR LAWS

XI. Labour laws

Constitution, Labor Relation Law, Law on Contribution to Mandatory Social Insurance, Law on Mandatory Health Insurance, Law on Pension and Insurance in case of invalidity, and The Collective Agreements regulate workers rights' and form the legal frame of the Labor Law.

Constitutionally guaranteed are the right to work, free choice of employment, protection at work and material assistance during temporary unemployment, the right to a paid daily, weekly and annual leave, the right to social security and social insurance, the right to health care, and the right to strike. The particular manners of exercise of those rights are regulated in various specific laws and collective agreements.

XI.1 General

Eligible to employment are persons old 15 years and above. The employment commences with the making and signing of the written agreement between employer and employee. The agreement should be kept at employer premises.

The employment agreement can be contracted for an undefined period of time or for a defined period of time. The contract to a defined period of time should not be more then five years, and if the employment continues after the expiration of the 5 years, the contract can be transformed in to an undefined period of time employment contract. The employment contract to a undefined period of time is considered a long term commitment and hence less risky. This mode of employment regulation is considered to be much more preferable.

An employment agreement should specifically cover the following issues:

- 1) Information about employer and employee
- 2) Date of commencement
- 3) Job position
- 4) Place of work
- 5) Duration period of the agreement if the agreement is concluded for a defined period of time.
- 6) Working hours, work time
- 7) Compensation of salary and other benefits
- 8) Vacation and other leaves

9) General act list that determine the working conditions.

An employment agreement can be concluded for a part time job, and season work. Specific kind of employment agreements are: employment agreement for employing house-keeping workers, employment agreement for employing workers that are going to work from their own home, employment agreement for employing managers, employment agreement with probation period, employment agreement for trainees and etc.

An agreement can be terminated in one of the following ways: by written agreement between employee and employer, by written notice either from the employee or the employer, by court decision, death of the employee, or employer when employer is an individual, bankruptcy or liquidation of employer, expiration of the term when agreement is concluded for defined period of time. When termination is made by resigned notice, the resignation period should be no less than 30 days.

XI.2 Salaries and social security

A worker that has completed one month of work is eligible for a monthly salary, which must be paid in cash/money, no other means are allowed. Salaries are calculated and paid at least once a month. Salaries for the current month are monetized and paid no later than the 15th day of the following month.

The average monthly gross wage paid per employee in March 2015 was 31.445,00 denars – approximately 500 euro, or neto wage of 21.402,00 denars – approximately 350 euro.

Minimum monthly net wage is 9.590 denars approximately 150 euro, or gross wage 14.150 denars, approximately 250 euro.

Social security

Paying social contributions is regulated with Law on Contribution for Mandatory Social Insurance. They are calculated on monthly gross salary. The employer is required to make social security contributions on the behalf of its employees, at a rate of:

- 7,3 % for health insurance,
- 0.5 % for additional health insurance contributions,
- 18 % for the pension and disability fund,
- 1.2 % for the unemployment.

XI.3 Leave and holidays

Working week is 40 hours, five to six working days, with a minimum one day (24 h) as a resting day in the week. Typically, the resting day is Sunday, but it could be any other of the days of the week. Usually, the working day is 8 hours with minimum half an hour brake during the working hours. The night shift is from 10 p.m. till 06 a.m.

The maximum over time is limited to 190 hours per year, 8 hours per week, except for the specific kind of work where the working process could not be interrupted or could not be organized in shifts.

Paid leave is minimum 20 maximum 26 working days annual. Up to three months of unpaid leave per year are allowed. The paid leave is limited up to 7 working days per year, for various different reasons such as marriage, death of a close family member, professional or other kinds of examinations for the requirements of the employer.

There are approximately 18 non-working days (holidays) in the year, which are divided in two groups: national holidays (celebrated by everyone in the state no matter the religion or ethnicity) and ethnic or religious holidays (celebrated only by members of the respective religion or ethnicity). The national holidays are as follows:

- January 1, New Year's Day
- January 7, Orthodox Christmas
- Orthodox Easter (2 days), variable date
- May 1, Labour Day
- May 24, St.Cyril and Methodius Day
- August 2, Ilinden Uprising Day
- September 8, Independence Day
- October 11, Uprising Day
- October 23, Revolution Day
- December 8, St.Clement Ohridski Day
- Eid Al-Fitr-Ramadan Bajram, variable date

Following are some religious or ethnics holidays:

- January 8, Orthodox Christmas
- First Day of Eid Al-Adha, for Muslims
- April 8, National Day of Roma Ethnicity

XI.4 Severance pay

In case employment agreement is resigned due to economic reasons, the employer is obliged to pay the employee severance pay as follows:

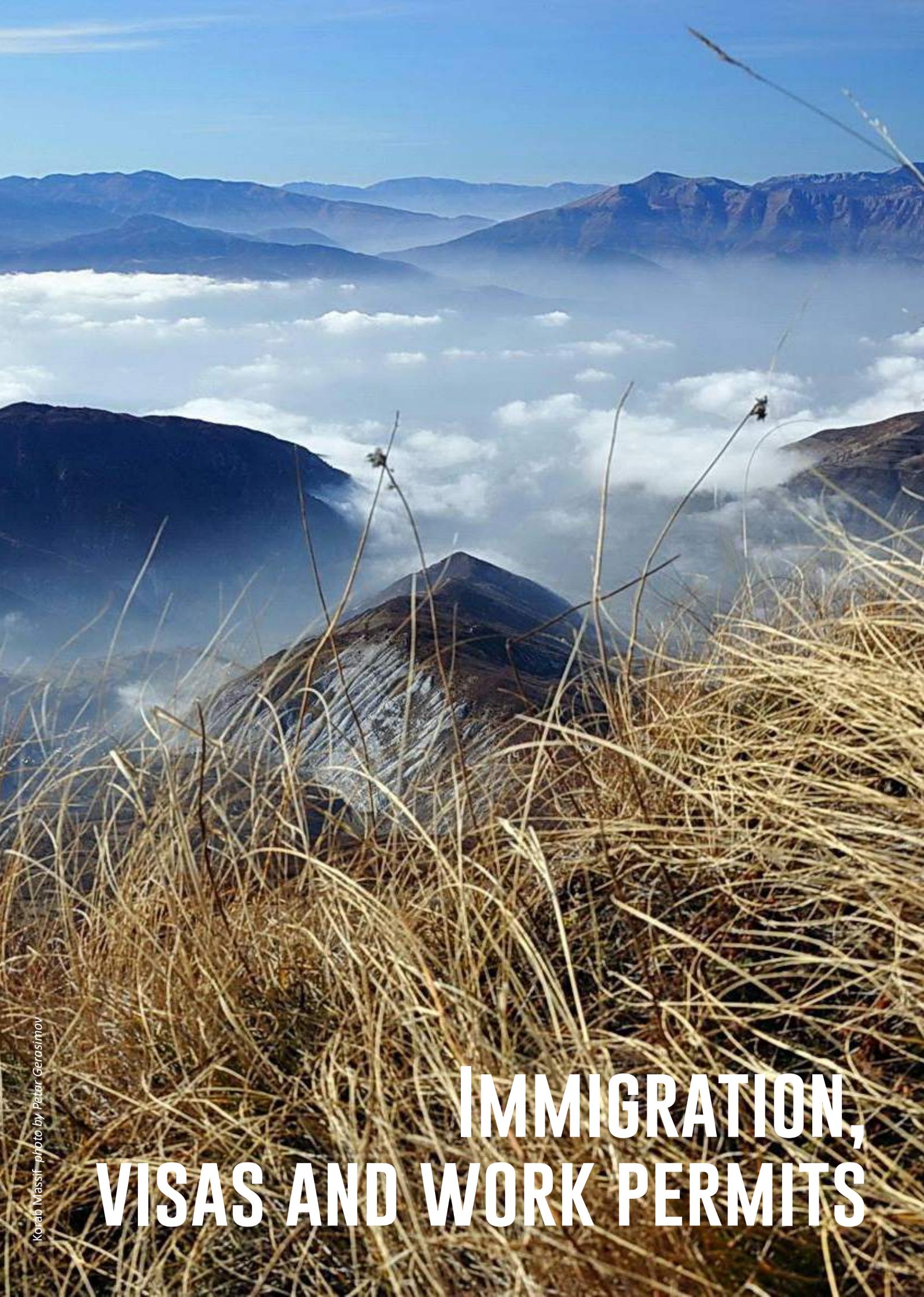
1. Up to five years length of service – one neto wage;
2. From five to ten years length of service – two neto wages;
3. Ten to fifteen years length of services – three neto wages;
4. Fifteen to twenty years length of services – four neto wages;
5. Twenty to twenty five years length of services – five neto wages; and
6. Over twenty five years length of services – six neto wages.

The base for the calculation of severance pay is the neto wage pay to the employee in the last six months before the resignation, but this base should not be lower than 50 % of the average neto wage pay to employees on state level. Severance pay should be payed on the day of the resignation.

Golden handshake

The employee has the right to “golden handshake” in case of his retirement. The amount of the golden handshake varies from branch to branch and it's determined by laws and collective agreements that regulate labor relations in specific branches.





Korab Massif - photo by Petar Gerasimov

IMMIGRATION, VISAS AND WORK PERMITS

XII. Immigration, visas and work permits

Two laws generally regulate immigration, visas and work permits issues. These are Law on foreigners and Law on employment and work of foreigners.

XII.1 Entry regulations

In order to enter in Macedonia, a foreigner should fulfill the following general requirements:

- possess a valid and recognized travel document,
- possess a valid visa, if required,
- possess means for subsistence for the period of stay, his/her return to the country from which s/he arrives or his/her journey to a third country in which his/her admission shall be assured or s/he is able to obtain such means in a legal way,
 - present, if necessary, documents justifying the purpose and circumstances of his/her intended stay in the Republic of Macedonia as well as travel insurance documents,
 - is not expelled from the Republic of Macedonia and there is no entry ban in effect, and
 - does not present a threat to the public order, national security, public health or international relations of the Republic of Macedonia.

Foreigners may also enter Macedonia without visa if following conditions are fulfilled:

- the foreigner is a citizen of a country with which the Republic of Macedonia has concluded an agreement for visa abolishment or is a citizen of a country for which visa requirement for entry and passage through the territory of the Republic of Macedonia has been abolished by a decision of the Government of the Republic of Macedonia;
 - possesses the citizenship of the Republic of Macedonia and is a holder of a foreign travel document, and
 - stays legally in a country with which the Republic of Macedonia has established a visa-free policy, or is a pupil participating in a school excursion accompanied by a teacher who has a list of pupils prepared by the relevant school with particulars of each of them as well as the details of the purpose and circumstances of the intended stay in the Republic of Macedonia.

XII.2 Stay permits

There are three different modules of stay in Macedonia, and thus there three different stay permits:

- Up to three months
- Temporary residence
- Permanent residence

Up to three months

Residence up to three months is considered any stay on the territory of Macedonia with or without visa for no longer than three months, unless other conditions are prescribed by the law or ratified by international agreements. Foreigners from countries with which Macedonia has established a free visa policy, may enter and stay in Macedonia up to three months in any period of six months as from the date of the first entry.

Temporary residence

Temporary residence stay is required for any foreigner planning to stay in Macedonia more than 3 months. Following reasons and purposes are eligible for the issuance of a temporary residence permit:

- Employment, work or self-employment;
- Attending school or studies;
- Participation in international student/pupil exchange programs;
- Specialization, vocational education or practical training;
- Scientific researches;
- Medical treatment;
- Family reunion; or
- Humanitarian grounds.
- Ownership on immovable property by a Foreigner, resident in member country of EU or member country of OECD, such as partment, house, building) the value of which exceeds 40.000,00 Euro.

Temporary residence could also be issued to:

- Foreigners who are a close family member of a citizen of the Republic of Macedonia;

- Foreigner who is from the Republic of Macedonia by origin, or
- Foreigner's child born in the Republic of Macedonia.

Application for temporary residence should be submitted to diplomatic or consular mission of the Republic of Macedonia abroad. In exceptional cases based on humanitarian grounds as well as in other cases as stipulated by the law on foreigners, temporary residence application may also be submitted to the Ministry of Internal Affairs. Ministry of Internal Affairs has the competence over the decision making upon temporarily residence.

Permanent residence

Permanent residence permit shall be issued to a foreigner who, prior to application, has stayed in Macedonia for an uninterrupted period of minimum 5 (five) years on the basis of a temporary residence permit. The period of five years will be considered as interrupted if the foreigner in the period of those 5 years has stayed out of Macedonia more than six subsequent months or has stayed out of Macedonia more than 10 months in total in a period of 5 years.

Permanent residence permit shall not be issued to a foreigner who has stayed in the Republic of Macedonia on the following basis:

- Temporary residence permit for purposes of attending school or studies;
- Temporary residence permit for purposes of participation in international student/pupils exchange program;
- Temporary residence permit for purposes of specialization, vocational education or practical training;
- Temporary residence permit for purposes of scientific research;
- Temporary residence permit for purposes of medical treatment;
- Residence permit on humanitarian grounds;
- Temporary protection;
- Recognized refugee or an asylum-applicant without final decision in a procedure; and
- Legal status as regulated by the 1961 Vienna

Convention on Diplomatic Relations, 1963 Vienna Convention on Consular Relations or Vienna Convention on Representations of States in Their Relations with International Organisations of Universal Nature.

Permanent residence status will be issued to foreigner who:

- has stayed legally in the Republic of Macedonia for an uninterrupted period of 5 (five) years on the basis of the permit for temporary residence;
- Has stable and regular subsistence means;
- Has accommodation or means for accommodation ensured;
- Has a health insurance;
- During his/her stay in the Republic of Macedonia within the period of 5 (five) years s/he has not committed a crime which is punishable by minimum 1 (one) year of imprisonment; and
- It isn't a threat to the public order, national security or international relations of the Republic of Macedonia.

The Ministry for Internal Affairs has the competence over issuing permanent residence

XII.3 Visa

Visa is not required for EU member countries and signatories of the Schengen Agreement. Citizens of those countries have the right to enter the Republic of Macedonia with a valid ID card.

Visa is not required for citizens of third countries with permanent stay in an EU member country or signatory country of the Schengen Agreement. They may stay in Macedonia for up to 15 (fifteen) days upon every entry to the territory, and the total amount of the subsequent stays in Macedonia must not be longer than 3 (three) months within a six-month period, starting from the date of the first entry.

Visa is not required for third country citizens with multiple entry short stay Schengen visa type C valid at least 5 (five) days beyond the intended stay in the Republic of Macedonia. They may stay in the Republic of Macedonia for up to 15 (fifteen) days upon every entry to the territory, and the total amount of the subsequent stays in Macedonia must not exceed 3 (three) months

within a six-month period, starting from the date of the first entry.

Four types of visa could be issued

- Airport transit visa (visa A)
- Transit visa (visa B)
- Short-stay visa (C), and
- Long-stay visa (D)

The transit visa (visa B) and the short-stay visa (visa C) may be issued as a group visa and may also be issued at border crossing points.

Airport transit visa (visa A)

A foreigner who does not leave the airport's international transit area or is on board during his stay at an airport in the Republic of Macedonia, shall not be subject to a visa requirement. In exceptional cases the Government of the Republic of Macedonia may decide on the necessity of meeting airport transit visa requirements for nationals of certain countries or travellers coming from certain travel routes, if the national interests of defence, security or international relations of the Republic of Macedonia require so.

Transit visa (visa B)

Transit visa shall be issued to a foreigner coming from a certain foreign country and going to other foreign country through the territory of Macedonia. Foreigner may stay maximum 5 (five) days in Macedonia during each individual transit. Visa covers single or double and, in exceptional cases, multiple transits through the territory. The period of validity of transit visa may not exceed one year.

Short-stay visa (C)

Short-stay visa shall be issued to a foreigner for a single or multiple entry where a single continuous stay as well as the total duration of subsequent stays in Macedonia does not exceed a period of 3 (three) months in any half-year period as from the date of first entry. Short-stay visa shall be issued for a period of validity of up to one year. This visa shall be issued for touristic, business, personal and other purposes. The purpose

of the visa shall be clearly indicated in the visa itself.

Long-stay visa (D)

Long-stay visa may be issued to a foreigner who intends to stay in the Republic of Macedonia and who fulfills the conditions for granting temporary residence permit. Visa duration is minimum 30 days and maximum 6 (six) months, the visa shall be issued for a single entry into the country. The visa shall be issued when the foreigner concerned will prove fulfillment of the condition with submission of a decision for temporary residence.

XII.4 Work permits

Foreigner may be issued only one work permit valid for the same period. Authorized for issuing work permit is the Employment Agency, whereas the application for a work permit should be submitted to diplomatic-consular mission of the Republic of Macedonia abroad.

There are three kinds of work permits that can be issued:

- Personal work permit,
- Employment permit,
- Work permit.

Personal work permit

Personal work permit is a renewable or permanent form of work permit, which in the course of its duration shall facilitate the foreigner's free access to the labour market

The personal work permit is issued for a fixed-time period of 1 or of 3 years or for non-fixed time period. Personal work permit shall be issued to:

- Close family member of a Macedonian citizen who possesses valid temporary residence permit;
- Close family member of a foreigner who possesses personal work permit for non-fixed time period;
- Foreigner having origins in the Republic of Mace-

donia or his/her successor to third generation who is does not have Macedonian citizenship;

- Foreigner who resides in the Republic of Macedonia on the basis of temporary residence permit concerning family reunion;
- Foreigner, an asylum seeker whose request for asylum recognition has not been resolved within a period of 1 year, following the expiry of the period of 1 year (the work permit shall be issued for a valid period of three months with possible extension);
- Foreigner with recognized refugee status;
- Foreigner under humanitarian protection;
- Foreigner under temporary protection.

The personal work permit shall be discontinued:

- Upon the expiry date of the validity of the personal work permit;
- Upon the expiry of the validity of the residence permit;
- If the foreigner abandons is/her personal work permit;
- If the foreigner is granted Macedonian citizenship;
- In case of death of the foreigner.

Employment permit

Employment permit is a form of work permit related to the need for permanent employment on the basis of organization of job positions. A foreigner who has regulated his residence status in the Republic of Macedonia and possesses such permit may only be employed by an employer who has applied for a work permit. The employment permit in general is issued for a period for up to one year, unless otherwise specified by the Law.

Work permit

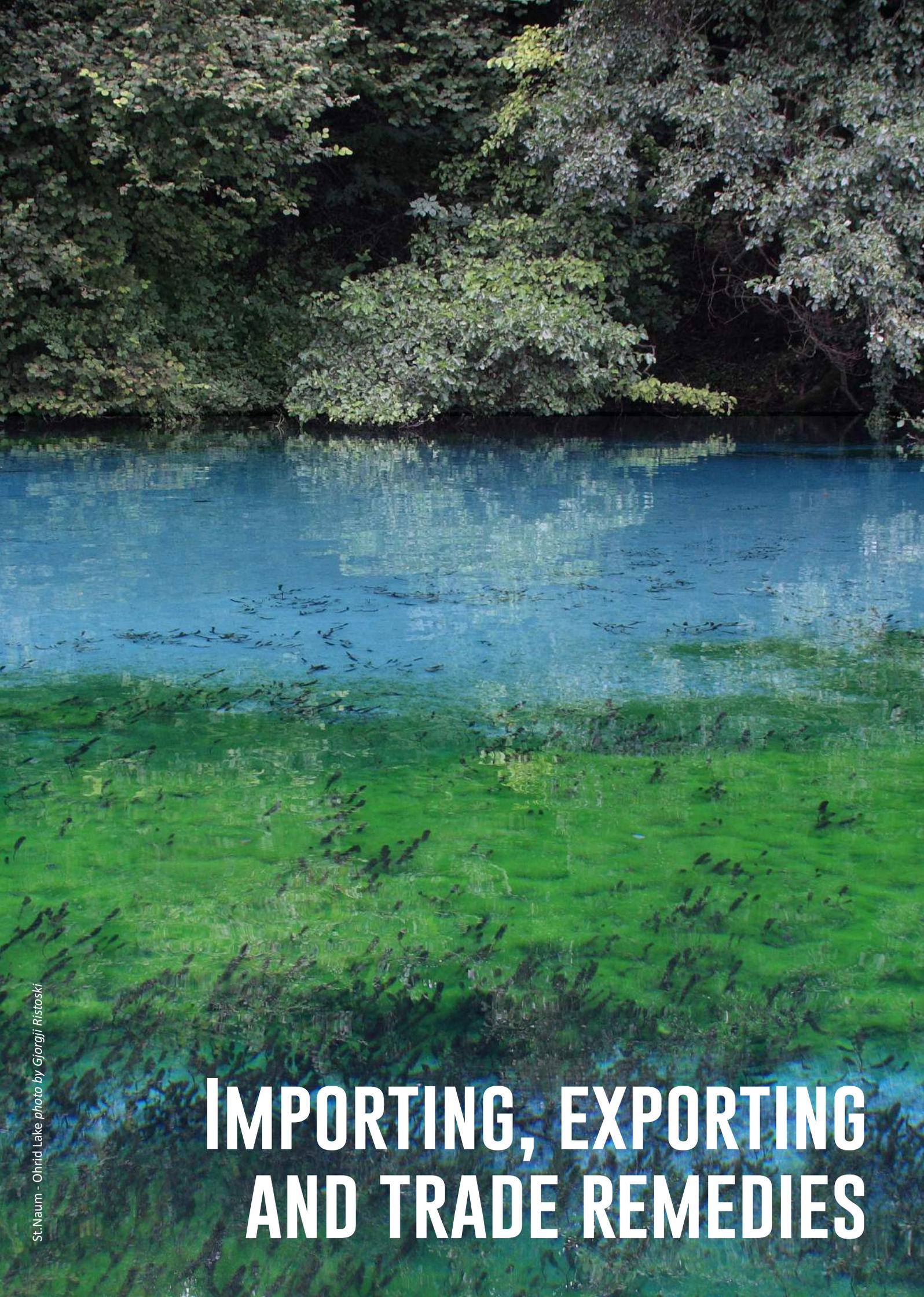
Work permit is a type of permit with previously determined time limit on which basis the foreigner may temporary work within the territory of Macedonia in line with the purpose the permit has been issued for. According to the purpose, the work permit is related to:

- Work performed by relocated foreign workers;

- Training and advancement of foreigners;
- Seasonal work of foreigners;
- Work performed by foreign representatives;
- Individual services by foreigners.

The work permit is issued under various time limits depending on the purpose it is issued for.





IMPORTING, EXPORTING AND TRADE REMEDIES

XIII. Importing, exporting and trade remedies

In 2013 Macedonian import value was 6.619.586.000 US dollars, Macedonian export value was 4.298.772.000 US dollars. Import coverage with export was 64,9 %. Trade exchange was mainly made with EU-28 countries which are covering 72,6 % of the export and 62,7 % of the import. Western Balkan countries also play significant role in Macedonian export covering 17,6 % of the export. The most important trade partners of Macedonia are Germany, Greece, Great Britain, Serbia and Italy. These five countries are covering around 50 % of Macedonian international commodity trade.

Any company registered by the law in the Central register gains the right to foreign trade at the moment of the registration. The trade is free, companies can trade with any commodities they like, except with the ones that are forbidden for trade. In order to make adjustments in trade of commodities with some countries and regions the trade of some of the goods or services could be bound with issuance of special approval.

XIII.1 Import and Export protection measures

The Government is entitled to take protection measures in order to remove damage or misbalance cause by import, if in very short period of time the import of some goods raises that much so it seriously harms or it already causes damage to the production of similar or same products in Macedonia. Before taking the protection measures, a procedure in front of the Ministry of economy will take place. During the procedure importers, exporters and all the parties that have interest can discuss, bring evidence and express their opinion on the situation. If, as result of this procedure, it was proven that there is a damage or there could be a serious damage for Macedonian production, only then protection measures will be take place. Ministry will send to the public a report providing information about results, conclusions and findings from the procedure.

Protection measures could be ordered for a limited period of time, until there is the necessity for the removal of the damage or the misbalance, but a period not longer than four years. This period could be extended, but the extension and

the previous determinate period should not out-run 8 years.

When the import could harm balance of payment in the state, the Government could take protection measures such as quantity or value restrictions.

There is also a possibility for trade compensation to an exporter country, called upon the demand of the exporter country, if this country suffers damages from the protection measures taken by Macedonian Government.

XIII.2 Anti-dumping and anti subsidies import measures

Government will apply anti-dumping fee for the import of goods imported in Macedonia with price less than the nominal price (dumping). Prior to applying such measure, in an investigation procedure undertaken by the Ministry of Economy in which it should be confirmed that the export of such goods causes or could cause damage to domestic production, or could slow down growth of domestic production of such goods. It will be considered that the price is less than nominal (dumping), if the price of the good imported is lower than the usual price of the same good being commercially sold in the country exporter of the good.

The procedure starts with a formal written request that should be submitted to the Ministry of Economy. This request should also contains proof of the existence of dumping prices, of the damage that dumping causes to domestic production according to the agreement for implementation of article VI of GATT, and proof of a causal relation between the dumping import and damage it causes to the domestic production.

This procedure could also be conducted without written request, if there is enough evidence and obvious proof of the dumping import, of the damage caused to domestic production, and the relation between dumping import and the damage.

Anti-dumping measures will remain in force until damage to domestic production is not eliminated.

Compensatory fee could be prescribed by the Government for the goods for which export is supported with subsidies in the country of origin

or in the country of export. In order for such measures to be prescribed, the import of those goods should cause damage or could cause damage to domestic production, or could slow down economic growth of the country. These measures cannot be imposed on the subsidies which according to international agreements are forbidden to be subject of such measures.

Procedure starts with a formal written request that should be submitted to the Ministry of Economy. This request should also contain proof of existence of subsidies import, of the damage that such import causes to domestic production according to agreement for implementation of article VI of GATT, and proof of the conditional relation between import and damage of the domestic production.

This procedure could also be conducted without a written request, if there is enough evidences and obvious proof of the for subsidies import, of the damage caused to domestic production, and of the relation between dumping import and that damage.

Anti-subsidies import measures will remain in force until damage to domestic production is not eliminated.

XIII.3 Customs duty

Custom procedure is regulated with Customs code. Organization of the custom is regulated with law on customs administration, and custom tariffs are regulated with Law on custom tariffs. All the three above mentioned laws are creating the most of the structure concerning Custom.

The custom administration is a state administrative body within the scope of the Ministry of Finance, with status of a legal entity. The head office of the Customs administration is in Skopje. Customs administration has competences throughout the whole territory of the state. It performs its activities through the regional custom houses and the Central administration that manages and coordinates all the activities within the territory of the state.

Custom administration is managed by a director. The director has a deputy. Both the director and the deputy are appointed by the Government, which also has the authority to dismiss

them. Some of the custom administration competences are as follows:

- To conduct customs supervision;
- To conduct customs control;
- Customs clearance of goods;
- To conduct customs control, investigation and intelligence measures for the purpose of prevention, detection and investigation of customs offences and crimes;
- To proceed misdemeanor procedure for custom misdemeanors;
- to calculate, collect or repay the import and export duties, taxes and other public levies on importation, exportation or transit of goods, as well as to conduct forcible collection of the above in accordance with law;
- To conduct customs-administrative procedure of first degree;
- To conduct control of the entering and exiting of cash in domestic and foreign currencies, cheques and monetary gold;
- To conduct control of the importation, exportation and transit of goods for which special measures are prescribed in the interest of security and public morality, protection of people's health and lives, animals and plants, protection of the living environment, protection of items of temporary protection or cultural heritage or natural rarities, protection of copyright and other related rights and industrial property rights, as well as other measures of commercial policy prescribed by law;
- To organize the customs information system and provide data on imports and exports for statistical purposes;
- To organize and conduct control of the professional liability of the employees;
- To organize and carry out training, testing of the knowledge and professional skills of customs officers, as well as human resource management;
- To give expert assistance for the application of the customs regulations for the purpose of which it organizes seminars and public platforms with the right for compensation;
- To conduct storage and safe-keeping of goods, as well as procedure of sale of confiscated, abandoned or discovered goods;
- To carry out monitoring of customs goods with compensation of costs;
- To conduct chemical-technological examination

- of goods with compensation of costs;
- To cooperate with other state authorities;
 - To cooperate with foreign customs administrations and international organizations;
 - To issue excise license and excise approvals, follows production, trade and use of excise products;
 - To receive the excise application, calculation, and collection of the excise,
 - To implement, organize, use and develop the excise information system;
 - To exercise other powers prescribed by law, and etc.

As previously mentioned, tariffs are prescribed by special law on custom tariffs. Tariffs from the law are implemented to goods coming from the member states of WTO. For the goods coming from countries with which Macedonia have bilateral or multilateral agreements in which preferential tariffs are agreed, the agreed preferential tariffs are implemented.

More information can be found on the official web-site of customs. www.customs.gov.mk





Karanikolichko Lake - Shar Mountain photo by Bojana Borančeva

ELECTRONIC COMMUNICATIONS, IT AND E-COMMERCE REGULATIONS

XIV. Electronic communications, IT and E-commerce regulations

Due to the fast developing information and communication technologies and their impact on economic development of societies and their impact on improving citizens live, the Government of R.Macedonia has setup the development of E-Macedonia (Information Society) as one of their strategic priorities. In respect to that, in order to achieve realization of strategic priorities, the Ministry of Information Society and National Council for Development of Information Society were established.

Ministry of Information Society is central body for building and developing the information society. The Ministry is responsible for the promotion and wide usage of information and communication technology (ICT) to the end of faster economic growth of the state by drawing them closer to the citizens, state administration bodies and the business community.

www.mio.gov.mk

National Council for Development of Information Society is a body for coordination and provision of participation of all contributors to the information society development. It is professional and advisory body responsible for both providing support to the operations of the Government of the Republic of Macedonia in the development of the information society and realizing coordination and cooperation with the state institutions during the implementation of development projects and usage of ICT in the state administration. This body is responsible for the implementation of measures and activities planned as National Strategies in the field.

Ongoing projects in the field of developing Information Society are: e-education, e-citizens, e-business, e-infrastructure, e-government and Information Security.

According to 2014 statistics, 68.3% of the households had an access to the internet at home. Almost all (99.1%) of the households with internet access had a broadband (fixed or mobile) connection to the internet. In the first quarter of 2014, 67.6% of the total population aged 15-74 used a computer, while 68.1% used the internet. Internet was most used by pupils and students, i.e. 96.3%. Also 55.2% of the Internet users in the

first quarter of 2014 used a mobile phone or a smart phone for accessing the Internet away from home or work.

XIV.1 Electronic communications

Electronic communication market is generally regulated with the provisions of law on Electronic Communications. According to this law, the Agency for Electronic communication is main inspecting body in this field of work. The Agency is founded by the Republic of Macedonia and the founder's rights belong to the Assembly of the R of Macedonia, and as such it is an independent regulatory body in this area. The work of this agency is public. The seat of this agency is in Skopje. For the purpose of regulating the electronic communications market in a systematic manner, the Agency has thoroughly defined objectives. The Agency has objective to achieve the goals of a competitive market in which the conditions would be created to enable the end users to use electronic communications services with best quality and prices. To advance the conditions on the market of electronic communications, the Agency is in charge of implementing the standard of the European Commission and the European Union, as well as the best world standards. According to this, the Agency is cooperating with the national bodies towards harmonization of European legislative and the rules of World Trade Organization. Needless to say, to achieve such objectives, the Agency has a clear strategy for market development as well as a defined path that should be followed in a short and medium term. The Law on Electronic Communications regulates the conditions and the procedures for ensuring business operation in the area of electronic communications in the Republic of Macedonia. Construction, maintenance, safety, supervision and use of electronic communications networks and services, interconnection and access to electronic communications, ensuring universal service, ensuring competition, use and control over the radio frequency spectrum, numbering, the relations between the providers and the users of services, management, protection of secrecy and confidentiality of electronic communications, and other issues relating to electronic communications, are all under its jurisdiction.

Electronic Communication market covers the following services: mobile telephony, fixed voice telephony, internet services, data communication and TV.

According to 2013 reports Macedonia has:

- 396.523 registered users in fix telephony (all technologies) with decrease of the users;
- 2.237.250 registered users in mobile telephony with an continuously increasing number of users in this segment of the market ;
- 1.139.855 registered internet users (broadband and mobile internet);
- 339.923 registered users of TV (cable Tv, IPTV, DVB-T, satelate TV).

Providers, operators pay the following fees to the Agency:

- Yearly fee for market inspection, at most 0,30 % of yearly revenue of the operator gained by usage of public communication network and by providing public communication services in the course of the previous calendar year, or in a shorter period of time commencing from the first day of operations;
- Yearly fee for the users of radiofrequency – value of the fee is determined by decision brought by the director of the Agency within 10 days from the adoption of Agency's annual work program;
- Yearly fee for the use of numbers or series of numbers granted to the operators by Agency – value of the fee is also determined by a decision made by the director of the Agency within 10 days from the adoption of Agency's annual work program;
- Single fee for the users of radiofrequency and for the use of numbers or series of numbers gained by public procurement – the value of this fee is determined by a decision made by the director of the Agency after the obligatory public debate according to Article 134 paragraph 6 from the law and upon the consent gained from the Government of R.Macedonia.

XIV.2 IT and E-commerce

E-commerce is regulated with the provisions of Law on E-commerce. Providing services

in this filed does not acquire gaining concession, approval or permit. A provider of such services could be a domestic or foreign natural or legal entity established for the purpose of providing services in this sphere. Providing services is free, but this does not concerns the following: copy right and industrial property rights; emission of electronic currency; activities of insurance companies; contract obligations connected with B2C contracts; validity of contacts which create or transfer rights on immoveable property etc.

Contracts can be concluded in e-form. The offer and acceptance of the offer can be given in an e-form. The contract is considered as concluded in the moment when the provider of the services will receive confirmation with declaration, statement for acceptance of the offer by the receiver of the services.

The inspection over the implementation of the law is carried out by the agency for Electronic communication and the State Market Inspectorate.





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