

Emerging MACEDONIA

MAGAZINE

SPRING 2016 ISSUE 49
PRICE 300 MKD

WWW.AMCHAM.COM.MK

*of the American Chamber of Commerce
in Macedonia*

Tax Clarity & Predictability in Focus

Public Revenue Office Director
Interview

10 Steps to a Better Tax System

Complicated VAT Refund Procedures
& Delays

The Need for Binding Tax Opinions

The Theory vs. Practice Gap

КОНСУМИРАЈ ОДГОВОРНО!



СКОПСКО SMOOTH ПО ТВОЕ

ЛАДНА
ФИЛТРАЦИЈА

100%
АРОМА ХМЕЉ

90 ДЕНА
ТРАЈНОСТ



СКОПСКО
— SINCE 1924 —
за нас!

COVER STORY

- 6 PRO on Taxpayers' Side
*Interview with Public Revenue
Office Director*
- 9 Ten Steps to a Better Tax System
- 11 Complicated VAT Refund
Procedures & Delays
- 14 Binding Opinions Increase Tax
Certainty
- 17 How Frequent Legislative
Amendments Influence Taxation
- 18 The Tax System: Theory vs.
Practice



ALSO IN THIS ISSUE

- 21 Macedonian Board Earnings
Disclosure Requirements Go Too Far
- 22 Dialogue & Transparency Needed
Among Copyright Stakeholders
- 25 Modernization of Capital Market &
Payment Operations Rules

AMCHAM NEWS

- 26 Cooperation with Universities Promoted in Bitola
- 28 Consumer Protection & Competition Roundtable
- 29 Member-to-Member Learning Sessions
- 30 Corruption Deterrence Presentation
- 31 CSR Best Practices Event



Everyone has their own story. One team. **One goal.**



years **Skopski Pazar**

1952-**2016**



www.skopskipazar.com.mk



Dear members and friends –

Welcome to the spring 2016 edition of *Emerging Macedonia*. This issue highlights tax clarity and predictability in Macedonia, with insightful contributions from a number of our very talented member representatives in addition to an interview with the Director of the Public Revenue Office. I hope you'll find it informative and useful.

You'll see in the AmCham News section of this issue just how busy we've been, organizing gatherings on topics ranging from consumer protection and competition law to corruption deterrence, business-university cooperation to asset risk management. None of these activities would have been possible without the impressive member support and volunteerism that makes our organization unique.

While the country grapples with difficult political challenges this spring and summer, AmCham will continue to serve its membership with networking and learning opportunities, including the continuation of our *Member to Member Learning Series*. These sessions have proven to be valuable educational and promotional opportunities for our members. AmCham hosts 1-2 such sessions per month in its premises, recruits relevant attendees and covers all logistics and related costs. Presenting members just need to come prepared to share their knowledge, strengthen their network and build their brand. Please contact the Executive Office if you're interested!

With best wishes for a beautiful summer,

Michelle Osmanli
Executive Director

Emerging Macedonia is a quarterly publication of AmCham Macedonia. No reproduction of any materials published in *Emerging Macedonia* is permitted without the explicit written permission of AmCham Macedonia. The articles in the magazine express the opinions of the authors and do not necessarily reflect the position of AmCham Macedonia, its members, board of directors or staff. While AmCham Macedonia makes every effort to ensure the accuracy of all published information, AmCham Macedonia is not responsible for errors or omissions. The magazine is available on our web site: www.amcham.com.mk

EDITOR-IN-CHIEF: Michelle Osmanli • PHOTOGRAPHER: Maja Janevska Ilieva • PRINTING: Propoint Print House
• ADVERTISING INQUIRIES: info@amcham.com.mk •

Tax Predictability & Clarity:

Interview with Public Revenue Office Director, Kiril Minoski

EM: Would you agree that companies working in Macedonia often unintentionally mis-apply tax rules? How does the Macedonian Public Revenue Office (PRO) work today to help ensure tax predictability and clarity for businesses?

KM: I can't agree with this statement, especially considering that in recent years, the level of tax assistance that Public Revenue Office provides to businesses has increased a lot. We are very focused on proactive communication using different channels in order to provide the necessary tax information in a simple and user-friendly manner.

I want to emphasize the good cooperation established with business associates and other stakeholders, which is also very important. PRO provides continuous trainings for taxpayers, including tax accountants and their associations that play a key role when it comes to the proper application of current and new tax rules.

Having said all of this, I must also note that all of this assistance is provided in order to support the Macedonian tax system, which is simple compared to other countries' tax systems, and based on self taxation. Practice has shown that in order for new regulations to be implemented properly, there has to be sufficient time for preparation, both for companies and the tax administration. In this respect, if there are weaknesses arising from unclear tax rules or their misapplication, the first signs will appear in PRO work processes. In this respect, we are on the same side

as taxpayers, when it comes to the clarity of the tax rules.

Our mission is to provide high quality services for taxpayers, streamlined tax procedures for timely and accurate compliance with obligations and just and efficient collection of taxes and other public levies. Transparency of tax procedures is crucial for tax predictability and clarity for businesses. Our strategic goal is taxpayers to have

real-time access to all their tax data and PRO assessments, so they can take timely and correct action to comply with the tax rules. Re-engineering of PRO work processes is a necessity, including implementing a new IT system and introducing overall electronic communication with taxpayers, which will bring value for PRO and the whole Macedonian tax system in addition to ensuring tax predictability and clarity for businesses.



PRO on Taxpayers' Side

We are working intensively on promoting voluntary tax compliance and taking a client-oriented approach.

EM: How often does the PRO identify over- or under-payment of taxes by SMEs vs. large tax payers?

KM: PRO's strengthening of the services and assistance to taxpayers was followed by dividing the taxpayers on Large, Medium and Small and providing specialized PRO approach designed according their needs and behavior. Each assistance approach defers as well as the PRO control mechanisms do. So, even we cannot easily perform overall comparisons with no reservations, we can confirm that the large taxpayers in the country are respecting the rule "playing games with taxes is not a worthwhile investment". The same behavior can be recognized in a respective portion of the small and medium taxpayers as well.

EM: Can you provide some insight into the level of effort PRO inspectors invest in educating companies on the proper application of tax laws?

KM: Apart from the free trainings and consultative meetings that are organized according to need with representatives of certain type or group of taxpayers (very often with the chambers, associations or other official representatives), every new

taxpayer after being registered in the tax system must be visited by a tax inspector or other tax representative and introduced to the basic rules and obligations that must be applied in regards to the tax laws. This same rule for an educational visit applies even in cases where the PRO discovers an unregistered business. The person running unregistered businesses are given a certain period to comply with the tax laws.

EM: What are some of the regulations that require the most training or other corrective action in companies?

KM: Assistance and training are always necessary. Every company has its own specifics and needs. New companies have different requirements, as do large, medium and small business, different industries, and so on. Training and education is especially favorable when

laws are introduced or amended, to ensure proper implementation by both by taxpayers and PRO staff.

EM: In your opinion, would binding and public tax opinions improve tax predictability and clarity for businesses operating in Macedonia?

KM: For these questions, it is very important to know the separate roles that government agencies, including PRO, have in the tax system and in creating tax policy.

Public tax opinions or recommendations – based on assessments conducted by international organizations in PRO – may be part of future actions to close gaps and improve our services and tax procedures. It's important to note that in practice, we have been faced with tax opinions that were influenced by certain business or industry interests that are not necessarily favorable and have damaged or created weaknesses in the tax system. That's why the question of binding opinions should be approached carefully. Policy dialogue with stakeholders always delivers value to decision-making processes.

Our mission is to provide high quality services for taxpayers, streamlined tax procedures for timely and accurate compliance with obligations and just and efficient collection of taxes and other public levies.



**US American railroad giant,
Wabtec Corporation
(Westinghouse Air Brake Company),
leading supplier for rail, transit
and other global industries.**

Wabtec Corporation employs 9.500 people in over 50 production and overhaul facilities worldwide. Europe's rail tracks accommodate 33.000 locomotives, 700.000 freight cars and 150.000 passenger cars. European Headquarter since 2011, Wabtec Europe - Vienna , Austria.

**Complete equipment for
the freight brakes by UIC standards:**

- Distributor Valves
- Brackets
- Changeover device
- Brake Control Unit
- Weighing Valve
- Brake cylinder
- Trade brakes and combined brake units
- Integrated bogie brakes (IBB)
- Pneumatic control panels
- Reservoirs, slack adjusters



Reliable. Sustainable. Secure.

10 Concrete Steps to a Better Macedonian Tax System

Authors: Georgi Markov, Senior Manager, Tax and Legal Services Leader;
& Ana Shajnoska, Senior Tax Consultant, PricewaterhouseCoopers Skopje

In our search for 10 ways to improve the Macedonian tax system, we accidentally came upon one ancient Rumi saying: “Maybe you are searching in the branches for what only appears in the roots”. And indeed, this seemed the most appropriate proverb in our case. The system’s problems are rooted in Macedonia’s tax legislation – its narrow framework and limited scope – which allows for a variety of interpretations of any given issue. Add to this the occasional ambiguity of by-laws and you have officially entered the world of the taxpayer in Macedonia.



▲ Georgi Markov

There has been a decades-long, global debate on which taxation approach is best for economic and public revenue growth: simplified and laissez-faire or a more complex approach that embraces a wide variety of principles and techniques. The easiest answer is that the ideal system lies somewhere between these two extremes. However, there are some widely-recognized, basic rules and principles of taxation which should be observed, for a system to function well and serve its purposes for all stakeholders, namely:

- Equity and non-discrimination;
- Neutrality;
- Predictability;
- Simplicity and convenience;
- Efficiency and adequacy;
- Restriction of the exemptions;
- Broadness of the base; and
- Earmarking.

For some time now, Macedonia has been an example of how a country can improve its business climate, increase foreign direct investment and foster growth by implementing a flat tax rate and an extremely simple tax system. But a closer look

at some aspects of Macedonian tax legislation and practice reveals contradictions with some of the basic principles of taxation mentioned above.

1. Start Issuing Binding Opinions

Although the local tax legislation allows tax authorities to issue binding opinions, this is rarely done in practice. Instead, at the bottom of all common opinions issued by authorities, the institution inserts a caveat stating its non-binding nature. This practice calls the *predictability of the tax system* into question and increases uncertainty among the taxpayers. The life of the latter would certainly have been easier and they would feel more confident in doing their business, knowing that the opinion they got from the tax authorities is binding and final.

2. Align Transfer Pricing Legislation with OECD Guidelines

Overly broad legislation in a complex area such as transfer pricing (TP) leads to many open issues and is subject to a multitude of

interpretations. TP legislation should be changed to address some major issues about TP methodologies, selecting comparables, acceptable profit ranges and much more, toward meeting the OECD TP Guidelines. It would also help if companies were able to obtain Advance Pricing Agreements with tax authorities, a widely-established practice in many countries.

3. Allow Registration for VAT Purposes Only

One of the most confusing tax issues in Macedonia is the impossibility for foreign taxpayers to register for VAT purposes only (without registering a branch office or subsidiary), which is directly related to the *equity and non-discrimination* as well as the *neutrality* principle. This creates ambiguity for some foreign suppliers to individuals and non-VAT-registered entities in Macedonia. It also feels like unfair competition for some locally-registered entities from foreign competitors who sell on the local market without charging VAT to their customers.

4. Streamline the Double Taxation Avoidance Procedure

In practice, the Double Taxation Treaty (DTT) application procedure takes a rather long time to complete (e.g. 2-3 months), even in straightforward cases. To improve the efficiency of the tax office and to corroborate the principle of *simplicity and convenience*, the DTT application procedure would be streamlined to save time and effort spent on it by both tax authorities and taxpayers.

5. Clarify Rules on Corporate Reorganizations, Mergers & Acquisitions

The Macedonian corporate income tax (CIT) legislation contains only a few provisions covering the tax aspects of mergers and acquisitions, which are rather vague in some instances. Usually, such transactions take a considerable amount of time and money from involved parties and an important measure of the development of an economy. Thus, the CIT should be fully aligned with the principle of *predictability* by treating various types of corporate reorganizations in more detail.

6. Clarify Treatment of Non-profit Organizations

Though one might assume that non-profit organizations are beyond the scope of this article, the fact that local tax legislation (especially CIT) lacks clarity on their tax treatment reduces the *legal certainty* of some taxpayers.

7. Simplify Loss Carry Forward Benefits

Based on the current legislation and tax office practice, to be able carry tax losses into future years, companies must first offset *the entire accumulated accounting loss*. The Companies Law does not provide any restrictions on the utilisation of the tax loss, nor its connection to accounting losses from previous periods. Thus, the current state of affairs infringes a few of the basic principles of taxation, starting with



▲ Ana Shajnoska

simplicity and including non-discrimination, efficiency and adequacy.

8. Clarify Impairment & Receivable Write-offs

Another good example of Macedonia's tax regulations being *inadequate and inconvenient* is in the write-off and impairment of receivables. Though this is an everyday issue for many Macedonian companies, it is only vaguely addressed in the local tax legislation. Namely, the impaired/written-off receivables are tax deductible only in cases where there is a valid court decision obtained *in the same tax period* (i.e. calendar year) in which the impairment/write-off was booked. When the court decision comes late, companies can only take a tax credit if they eventually collect the receivable. In our view, the legislation should address the following aspects:

- Clarify the phrase "legally-valid court decision", i.e. should it be positive or negative for the taxpayer making the impairment/write-off? A court decision may not clarify whether payment is due;
- Removal of the requirement that a court decision to be issued in the same year as the impairment/write-off. This almost never happens in practice; and

- Addition of a provision explicitly making receivables impairments/write-offs for banks and other financial institutions tax deductible.

9. Clarify Person Income Tax for Foreigners

The Personal Income Tax (PIT) Law fails to clearly cover the treatment of foreign individuals coming for short business visits in Macedonia and of foreign individuals who work in Macedonia by way of employment agreements. It also lacks a direct reference to OECD Model Tax Conventions for issues it does not address.

10. Clarify the Permanent Establishment Concept

The Permanent Establishment (PE) concept has been in the local legislation since 2006, however, it needs further clarification to be useful to both tax authorities and taxpayers. Namely, one of the major points for discussion is that it fails to provide detailed guidelines how a foreign entity that has PE in Macedonia should satisfy its tax obligations. A PE currently cannot simply obtain a registration/tax number, moreover, it is not clear how its taxable profit should be determined.



Conclusion

Returning to the proverb about the roots and the branches, we can conclude that the vast majority of our 10 Concrete Steps to a Better Macedonian Tax System are about address issues in the system's roots. Improving both its roots and branches will require systematic, targeted efforts and a lot of stakeholder will.

Complicated VAT Refund Procedures & Delays Increase the Tax Burden

Authors: Sanja Risteska, Supervisor & Svetlana Josifovska, Senior, both in Tax and Outsourcing department at Grant Thornton Consulting Skopje

Indirect taxation is becoming increasingly complicated varies between jurisdictions and is prone to government tinkering. And, the bar for compliance is rising all the time. Getting on top of this complexity and change is not only vital to avoiding mistakes, audits and disputes, but also to enabling products and services to move into new markets and managing cash flows efficiently. The following Q&As provide a quick overview of the situation:

Current rate(s) of indirect tax?

Standard rate of 18%

Preferential rate of 5%

Principal indirect tax?

Value Added Tax (VAT) is the principal indirect tax in R. Macedonia. It is a tax on consumer expenditure, and is collected on business transactions and imports.

What is input VAT?

1. The value added tax for the supply conducted between taxpayers
2. The value added tax for payments between taxpayer for supply that will occur in the future; and
3. The value added tax paid for import of goods.

Is there a registration limit for the tax?

As of January 2015, the registration limits both for legal entities and individuals exceeding 1,000,000 Denars turnover.

How often do returns have to be submitted?

Quarterly or monthly latest till the 25 day of the following month/quarter.

Are penalties imposed for the late submission of returns/payment of tax?

If a VAT return is submitted late then a penalty of €1500 for legal entity as well penalty for the responsible person up to 30% from the penalty from the legal entity.

Penalty for individuals can be imposed up to €225. For late payment, a VAT interest can be charged at 0.03% per day.

Can the VAT incurred by foreign businesses be claimed if they are not registered here?

Yes, in the case of existence of reciprocity and meeting certain conditions.

VAT exemption for projects

In 2014, projects financed by donation agreements made between foreign donors and the Government of RM and IPA funds were officially excluded from paying VAT.



▲ Svetlana Josifovska



▲ Sanja Risteska

VAT Refund Rules

Taxpayers are entitled to a VAT refund when the amount of tax paid in a certain tax period is higher than the amount of tax calculated for turnover in the same period. Taxpayers are entitled to a tax refund within 30 days of submitting a tax return; if they do not, they have the right to claim interest on the delayed payment – 0,03% per day.

Tax Audit

Tax officers retain the right to conduct a tax audit.

Continued on page 13

THE BEST FOR YOUR BUSINESS



Magenta Business



THE BEST COMMUNICATION, THE FASTEST INTERNET
AND SUPERIOR CLOUD SERVICES IN ONE PACKAGE

Magenta 1 includes:

- ✓ At least two mobile lines with unlimited calls and 4G mobile Internet;
- ✓ The fastest unlimited Internet for your office;
- ✓ Unlimited fixed communication;
- ✓ Superior Cloud services;
- ✓ Super smartphones at great prices.



LIFE IS FOR SHARING.

*Complicated VAT Refund...
continued from page 11*

If the competent tax authority is unable to conduct the tax audit, due to taxpayers fault, the term of 30 days for realization of the return starts at the moment when conditions are created for conducting the audit. Findings from the audit are presented in meeting minutes, then the Department for Tax Assessment and Collection adopts a K2/I Decision, approving a VAT refund.

Interest for Delayed VAT refund

In cases where the VAT refund is not paid within 30 days, the Public Revenue Office (PRO) automatically calculates interest on the taxpayer's behalf. In cases where an audit finds the need to adjust a VAT refund, late payment interest is calculated on the adjusted amount.

Taxpayers can request a refund to be paid out by submitting an additional application. The application can be submitted electronically via <https://etax-fl.ujp.gov.mk/> and must include proof of payment of administrative taxes (about 5 EUR). Upon receiving this application, the PRO adopts a Decision, allowing payment of the VAT refund interest to be transferred to the taxpayer's account.

Offsetting Other Taxes

When no refund is paid out, taxpayers are entitled to an offset of unpaid taxes and the calculated default interest for delayed payment of taxes, against the claims for VAT

refund. The calculated interest for delayed VAT refund is verified separately on the company e-tax record and is not automatically applied to offset present and future tax debts.

VAT Refund Process

The responsible organizational unit within PRO (varies according to the taxpayer's HQ location) prepares a VAT return timetable, including a value date for return, then sends it to the General Directorate of PRO for review and forwarding to the Ministry of Finance's Treasury Sector, which finally pays the scheduled VAT refunds.

Maturity

Refunds of overpaid, incorrectly paid, unpaid and auxiliary taxes cannot be claimed after five years from the date of payment of the tax; in any case, the right to a refund of overpaid and/or incorrectly paid taxes expires after ten years.

The Real Tax Burden

Given this complex and complicated process, the real indirect tax burden in the country is higher than presented. This is because, tax audits, VAT refund delays and additional applications to collect interest on late payments, cost companies time and money. In an economy that strives to attract foreign direct investors that have significant start-up costs before revenues catch up, it is essential that VAT refunds occur within 30 days. Failure to keep this promise can significantly impact these companies' liquidity.

NEW MEMBER HIGHLIGHT

React

React is a nonprofit organization with over 25 years of experience fighting the counterfeit trade. With over 200 member companies in all areas of industry, React has experience in almost all areas of infringing goods. React Members cooperate intensively with law enforcement authorities. React has a large international network with strategically placed offices and partners around the world. Our large and growing network is unique, allowing us to organize raids and perform basic legal formalities at low rates throughout Europe and beyond. React aspires to be the most cost effective, efficient and practical anti-counterfeiting service, able to respond with agility and flexibility to member needs. React has been active in Skopje since 2006. Today, the office has 18 employees who cover Balkan countries and support React's Online Enforcement Team, fighting the online sale of counterfeits around the world.

Binding Opinions Increase Tax Certainty

Author: Milen Raikov, Executive director, Tax, Law, Bulgaria, Macedonia, Albania, Kosovo & Co-chairman of AmCham Bulgaria's Tax and Financial Committee

In the last decade, the Balkan region has cemented its reputation as a low tax area. One by one, competing for investments and trying to compensate for disadvantages like slow public services and over-regulation, many countries in the region hit minimum levels of taxation. Bulgaria, Kosovo, Montenegro and Serbia levy 10% corporate tax rates. Macedonia is also in the club, though until just recently, corporate profits in Macedonia weren't taxed whatsoever until distribution to shareholders.



Personal tax levels in most of the countries are also rather low, though they are partially buoyed by social security rate increases, which seem to be a trend recently. So, why is this region still far from an investment heaven? The tax environment is still part of the answer, in addition to issues like the lack of a readily available workforce and low consumption levels.

Some years ago, the Tax and Financial committee of AmCham Bulgaria asked members which tax incentive other than lower tax rates they would like to see most. The top answer was binding rulings. Based on my experience with a number of clients in the region, I trust the answer would not differ greatly throughout the entire region.

Why binding rulings?

There are many reasons for the lack of predictability of low and simple taxation systems in the region, including their short history, lack of long term tax policy, frequent changes in the law, frequent changes of governments and upper-level tax officials, lack of detailed regulations, legislation lagging behind quickly modernizing economies that are open to the West and a lack of capacity for regulating all changes. What is the result? In some countries, investors find that all tax laws added together have fewer pages than a single EU-country tax law and are highly insufficient to provide clear answers on questions key to their investment. Investors would seek professional advice or submit

Once issued, these rulings should bind the tax authorities with the treatment prescribed. This means that they cannot be revised during a tax audit, or, if the tax administration changes its view, it would not lead to penalties.

queries to the national tax administration, but none of that would protect them in case of a tax audit. Thus, though wanting to comply, investors often have to assume the risk of non-compliance with tax law, preventing them from being able to calculate the tax cost of the investment and thus its return.

In a region where few countries are in the EU (where extensive court practices can be relied upon), and in the context of a lot of exceptions to tax deductibility of costs, frequent compromises with the deductibility of VAT, peculiarities in the treatment of transactions, the lack of predictability can be a show-stopper. Therefore, despite low nominal tax rates, many investors' first concern is the effective level of taxation.

What are binding rulings, exactly?

Binding rulings are different from country to country but have some common features. They are interpretative acts of the tax

administration regarding particular situations aimed at providing certainty. Once issued, these rulings should bind the tax authorities with the treatment prescribed. This means that they cannot be revised during a tax audit, or, if the tax administration changes its view, it would not lead to penalties.

The questions would usually be about matters that lack an obvious answer in the law. Thus, taxpayers get predictability and the chance to suggest a treatment. Tax administrations would gain from having a view on business matters of which they were not yet aware. They would also increase the predictability of expected revenue. When the ruling is aligned with previous similar cases, they should reduce disputes and relieve courts from highly complex cases. This is especially valuable in jurisdictions where there are no specialized tax courts.

How is it done?

Having seen this as a powerful tool for supporting business, many countries have implemented various forms of binding rulings. In 2012, only 4 EU Member states did **not** have this instrument. Even more, within the EU customs area, a binding tariff or origin information is regulated on an EU level and can be relied upon in another Member state.

Being a matter of national discretion, different States have adopted their own approaches for handling binding tax rulings, which can be summarized in three groups. Most countries would appoint units within their tax administrations to issue binding rulings. Some would delegate it to a specialized unit at a higher level within Ministry of Finance. A few countries have independent bodies of experts dealing with this. Most countries issue binding opinions free of charge for taxpayers, but there are some that provide binding rulings for an administrative fee. Even in such cases, practice shows that businesses prefer binding rulings.

Some countries even agree with foreign investors on the amount of taxable profits they would expect to collect from them. Such acts would not be rulings, but “advance pricing agreements”. These agreements give the country predictable revenue, but may also be seen as a tool for unfair tax competition with other States. Therefore, some cases of multinational companies with such agreements are now under EU scrutiny.

Thus, binding tax rulings should not be seen to jeopardize fair taxation. On the contrary, they are useful to both taxpayers and tax authorities. Ideally, rulings with a binding effect could help businesses in other regulatory areas, too.

NEW MEMBER HIGHLIGHT

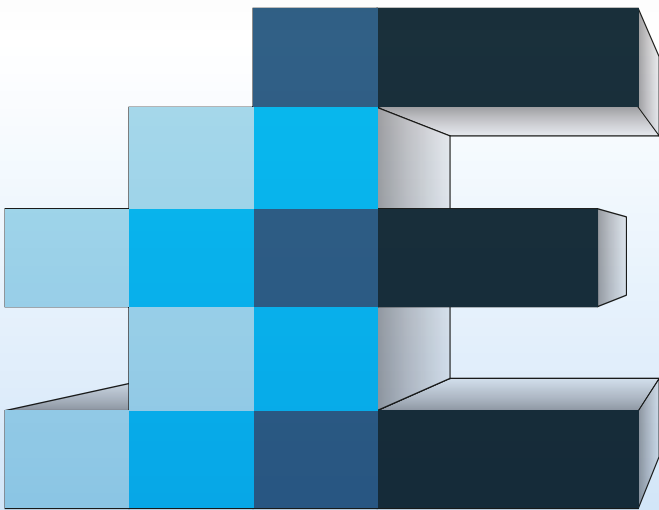


Experts is a company for industrial compressors and industrial pneumatics. After 27 years of experience on the market, our company enjoys the reputation of a leader in this business in Macedonia. With a team of 11 employees, the organizational set, the work plan, the constant investment capacities' development and application of modern computer technology, Experts meets the most rigorous criteria for efficient, effective and economical operations.

ECOTIP

Ecotip Ltd. Skopje is established in 1998 in partner relations with Ecotip Ltd. from Republic of Slovenia.

Str. Orce Nikolov 190-3/5, 1000 Skopje,
Republic of Macedonia
Tel. +389 (2) 3176 920
Fax. +389 (2) 3177 206
E-mail: info@ecotip.com.mk



The company is specialized in:

- Air and liquid filters and filtration
- Transmission and transmission elements
- Industrial oils and lubricants
- Process engineering
- Trade in stainless steel and aluminum
- Professional protective equipment
- Trade in enological products

ECOTIP
Partners:

ECOTIP

stayersafety
LOKATRADE

DICALITE

Ammeraal Beltech

BWF Group

abc

ipros

TRM FILTER

MDM

AJON

PALL

3M

SCHIKI

How Frequent Legislative Amendments Influence Taxation

Author: Ljupka Noveska, Attorney in cooperation with Karanovic & Nikolic

In recent years in Macedonia there have been frequent amendments of laws in all sectors, including the area of taxes and social contributions. Since the dissolution of parliament in April 2016, the general public as well as legal professionals have had an opportunity to reflect on all of the recent legislative amendments that have greatly influenced the business sector and average citizens alike.

One of those that stands out was with the uncoordinated attempt to subject all freelance contracts to payment of full social contributions, which led to the relevant laws being amended four times in a one year period. This case showed that legislative bodies failed to properly analyze the impact and coherence of new laws within the country's legal system. Due to the lack of analysis, problems frequently appear in the implementation phase of new legislation. To solve these problems, new amendments of the legislation are usually required, and the system is stuck in a diabolic circle.

How does all this impact the tax system? The rate of change of Macedonia's laws destabilizes the system and makes it inefficient. For example,

- Since its adoption in July 2014, the *Law on Corporate Income Tax* has already been amended twice;
- The *Law on Personal Income Tax* has been amended 25 times, including five times since July 2015;
- The *Law on Value Added Tax* as amended 24 times since 1999;



- The *Law on Property Taxes* was the most constant in the group with nine amendments since its adoption in 2004, though three amendments were adopted in the last 9 months; and
- The *Law on Tax Procedure* has been amended 15 times since 2006.

It's important to note that these counts do not include technical corrections of the laws nor decisions of the Constitutional Court to annul certain provisions.

The tax system should be flexible enough to follow trends and the needs of the market. However, a more structured approach to legislative amendments is required to ensure comprehensive enforceability of the country's tax laws. Meanwhile, public disclosure of binding tax opinions by the Public Revenue Office, as well as more frequent requests for authentic interpretations of certain provisions of laws from parliament would help harmonize practice while avoiding so many legal amendments.

The Tax System in Theory vs. in Practice

By Chris Deliso

According to regular studies like the World Bank's *Doing Business* reports, Macedonia is among the world's leading economic reformers. Issues surrounding taxation are generally presented to international investors and institutions in the context of a competitive advantage over other possible investment destinations. "A favorable tax policy has been a critical pillar of the country's pro-FDI strategy," noted the IMF in a September 2015 report, describing Macedonia's "attractive" tax environment to investors "on top of a highly competitive wage environment and a stable currency exchange rate." PWC's *Paying Taxes 2016* report estimates that the time required to comply with Macedonia's tax legislation is just 119 hours, the lowest in the Central Asia and Eastern Europe region, with Bosnia & Herzegovina being the worst at 420 hours.

Despite this, companies working here say there is room for improvement in a number of areas of the Macedonian tax system. The gap between these two opinions is likely due to differences between the local tax system in theory (formal policies) and in practice. Assessing what is objectively happening in practice is extremely challenging, due to factors like a lack of comprehensive data and overlap with other, more studied dimensions (such as the gray economy or tax evasion).

Thus, the leading global tax environment reviews named above have not taken post-filing compliance activities (e.g., paying tax refunds,

PWC's *Paying Taxes 2016* report estimates that the time required to comply with Macedonia's tax legislation is just 119 hours, the lowest in the Central Asia and Eastern Europe region, with Bosnia & Herzegovina being the worst at 420 hours.

tax audits, and tax appeals) into account when assessing the world's tax systems. Once they do, their findings are likely to be more in line with feedback given by business people working in those environments. Yet until such information becomes available, some degree of opacity will continue to characterize the issue.

When it comes to the Macedonian tax system in practice, companies operating locally tend to point out certain specific issues. A significant one is the frequency of changes to key tax laws, sometimes without prior consultation with

business representatives. The following table shows 5 key tax laws, their date of original adoption, the number of times they have been amended since, and the last year an official consolidated version of the law (including all amendments) was published.

Based on these data, the country's key tax laws are changed on an average of once per year, while companies and citizens haven't had access to an official, holistic version of these laws for 7 years, on average. This means companies must work from unofficial versions of laws that are manually pieced together with amendments, either by private service providers or company employees. Potential implications of these practices include unnecessary legal risk exposure for companies, and a de facto favoritism towards large organizations that have the resources to manage this difficult process.

Companies also have noted that it is common procedure for Macedonia's Parliament to adopt laws that enter into force immediately; this

Frequency of changes to key tax laws

	Originally adopted	# of times amended	Consolidated text published
VAT Law	1999	23	2014
Profit Tax Law	1993	19	2006
Personal Income Tax Law	1993	17	2006
Excise Duties Law	2005	16	2015
Property Tax Law	2004	9	2004

Source: AmCham Macedonia analysis of www.sobranie.mk

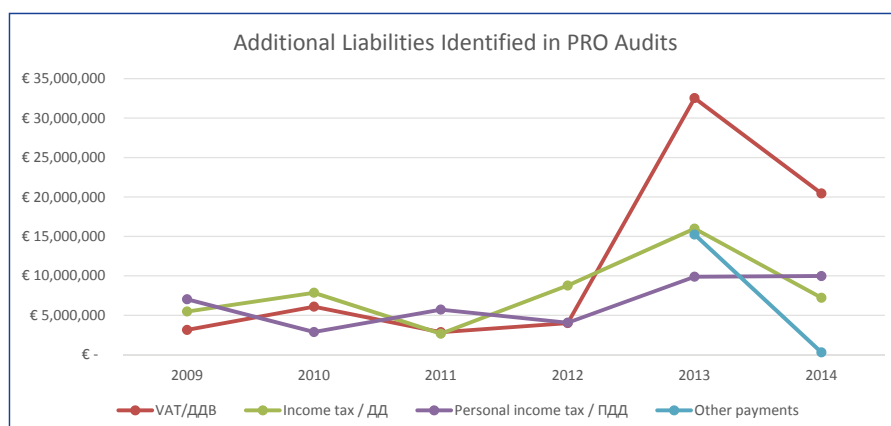
means companies have virtually no time to adjust their systems, deliver training to their employees or take other measures to comply with the law before it officially enters into force. The “grey zone” regularly created by this practice is further compounded by implementing legislation that is sometimes adopted 6-12 months late.

Along with frequent changes to national tax regulations, the interpretation of law and the application of regulations have varied, in the experience of some in the private sector. Different personnel in the tax administration may have differing interpretations- potentially, without anyone being aware of such discrepancies. Since the tax authority never issues legally-binding opinions, there is no definitive way for tax payers to predict how a given regulation will be applied from year to year or from inspector to inspector. Even non-binding opinions issued by the Public Revenue Office (PRO) are not published, limiting their usefulness to increasing taxpayer compliance.

The following chart suggests a dramatic increase in additional taxes and other public payment obligations identified during PRO audits in 2013, which cannot be explained by an increase in the number of audits. The figure may be at least partially explained by a difference in tax inspector application of existing regulations that year.

Companies also report – and PRO reports confirm– a dramatic, 1032% increase between 2010-2014, in terms of the value of fines PRO issued, for misdemeanor cases alone. In 2012, the PRO reported that over half of all issued fines were due to company

Companies also report – and PRO reports confirm– a dramatic, 1032% increase between 2010-2014, in terms of the value of fines PRO issued, for misdemeanor cases alone.



Source: Data from PRO annual reports 2009-2014 published on <http://ujp.gov.mk/>, AmCham Macedonia presentation.

failure to process incoming cash as required by law; by 2014, this portion fell slightly to 44.3%. Unfortunately, the PRO could not respond to AmCham’s request for further details, including which other practices are most often fined or the profile of companies most often being fined (size, location, industry). This lack of data leads many in the local business community to conclude that fines have become a way of increasing State budget revenues, rather than simply ensuring the law is consistently applied as it was intended.¹

Companies also report that in at least some cases, the tax benefits offered by Macedonian law are difficult to realize in practice. For example, PWC’s *Paying Taxes 2016* report notes that making a VAT refund claim “is very likely to trigger an audit” in Macedonia and a handful of other countries, such as neighboring Albania. Due to administrative hassle, firms may be hesitant to seek benefits to which they may be legally entitled. Late payment of VAT returns² is another deterrent to companies realizing this benefit, in effect, increasing the tax burden.

On the other hand, there are some notable success stories in which government has consulted the

private sector in advance when crafting tax legislation, leading to quite positive results for business. One example of this was noted in March 2015; the Union of Chambers of Commerce was consulted by the Ministry of Finance in advance of the key amendment to the law on income tax. The practical result was that reinvested earnings of companies in 2013 would be considered as a 2014 tax exemption. Tax would not be charged for the entire profit, but only the difference.

“This decision means some money will remain in the company that can be used for development and investment, covering costs in the operation and maintenance of current liquidity, said Dragan Mitkovski, Vice President for Finance of the MCC. Further, in this case, the PRO technically solved the problem of submitting taxes electronically- another modernizing approach Macedonia is taking to keep up with world trends and improve its business environment. Thus, while challenges remain, such examples indicate that both private business and government realize the need to work more closely in addressing pressing issues surrounding tax policy.

¹ PRO annual reports since 2007 mention “25% of revenues from taxes and interest collected as a result of an audit” as a source of funding for PRO operations.

² For a full discussion of this issue, see page 11.

1 kWh

= 11  ironed shirts



Energy

MATHEMATICS

THE FUTURE IS CLEAR - ENERGY EFFICIENT

Follow us on: facebook.com/energetskamatematika.mk

Ministry of economy of the Republic of Macedonia
Energy Agency of the Republic of Macedonia

EVN

Macedonian Board Earnings Disclosure Requirements Go Too Far

Author: Michelle Osmanli, Executive Director, AmCham Macedonia

In May 2015, Macedonia's parliament adopted a change to Company Law (article 384) requiring that the annual reports of all public companies now contain details of the global employment- or Board service-related earnings (salary, other remuneration, bonuses, insurance and other rights) of the members of their executive & non-executive boards, management boards and supervisory boards. In practice, this means Board members in Macedonian companies will need to essentially publish their personal tax returns or face sanctions.

Transparency of Board member earnings within the company they serve is reasonable and nothing new. Shareholders in a company clearly have a right to know how Board members in that company are compensated. According to the EU Shareholder's Directive,

Directors' remuneration plays a key role in aligning the interests of directors and shareholders and ensuring that the directors act in the best interest of the company. Shareholder control prevents directors from applying remuneration strategies which reward them personally, but that may not contribute to the long-term performance of the company.

To ensure shareholders have access to the information they need, the Directive dictates that they be allowed to review and vote on the company's remuneration policy. The Directive says nothing about the need for

shareholders to know anything about income generated by Board members outside their organization. In fact, it appears that Macedonia's new measure may be the most far-reaching disclosure requirement on the European continent and beyond.

This requirement is unreasonable and has no practical shareholder protection purpose. At a minimum, this requirement increases the informational noise of annual reports as well as public companies' reporting burden. It may also discourage foreign experts from serving on the managing bodies of companies in Macedonia, thus reducing the country's appeal as an FDI destination. This is because most companies consider compensation and benefits packages as a trade secret, and their disclosure in another company's annual report (as required by Macedonian law) could result in negative repercussions for both the individual and the company/group.

Finally, the rule reduces the integrity of companies annual reports, since information provided by foreign, non-Executive Board members on any earnings generated outside the country cannot be verified by local company authorities or shareholders. Yet, the Law requires Executive Board members and shareholders to sign and accept the validity of these data, as with all contents of the annual report, respectively.

For all of these reasons, article 384 should be amended as soon as possible to align it with the EU Shareholder's Directive.


NEW MEMBER HIGHLIGHT



PayNet Macedonia is the first and only alternative payment system in Macedonia operating 24/7 and built around positive customer experience. The system designed to process payments for utilities, loans, insurance, taxes, online shopping, gaming as well as local money transfer services available 24/7. The system includes tools for selling special deals and promotions directly to users through e-wallet, SMS and payment kiosks. Our payment system provides retailers direct access to potential buyer.

PayNet caters its services to 3 different segments:

1. Cash users through self-service payment kiosks located at most visited retail chains
2. Bank card users through E-wallet which can be topped-up using credit/debit cards or by cash using payment kiosks.
3. Retailers to include their special deals and promotional sales delivering this information directly to users' e-wallets where they can purchase products in one click and generate a bar code if necessary to obtain products in retail stores.



Dialogue & Transparency Needed Among Copyright Stakeholders

Author: Michelle Osmanli, Executive Director, AmCham Macedonia

Most people don't have any idea what a copyright collecting society is or does. And yet, in Macedonia, when you stay in a hotel, you pay more in collecting society fees than you do in taxes. You also pay the copyright collecting society – albeit indirectly – when you purchase cable television, visit a shopping center, go to a club, eat at a restaurant, and more.

Despite this lack of awareness, mention the word “ZAMP” (the acronym of Macedonia's virtual monopoly collecting society) to average citizens or local artists, and you're likely to get an immediate, rather negative reaction. ZAMP has a reputation among average citizens in Macedonia as the organization that comes calling at large family celebrations to demand cash payment for music played there. In late 2013, the Copyright Law was amended to specifically forbid this practice, but the reputation remains today. Among local artists, ZAMP is regularly accused of failing to represent their interests and provide an adequate source of revenue for them.¹

For the non-expert, copyright collecting societies can be understood as bodies that are authorized to license copyrighted works and collect fees (or royalties) on behalf of their members. Without them, individual artists would need to collect payment directly for the use of their work, which is why they've been around since the 18th century.

Local companies have complained for years about the level and structure of royalties they pay. Most recently, several industry associations within the Economic Chamber held a press conference in late 2015, calling for reductions to current ZAMP royalties, including:

- 16 MKD (~2.6 euro cents) for each cable TV customer, per month;

¹ For a full discussion of this, see *Collective Management of Music Copyrights in Macedonia: Climbing Up the Ladder in the Corner of Europe* (PDF Download Available at https://www.researchgate.net/publication/233751881_Collective_Management_of_Music_Copyrights_in_Macedonia_Climbing_Up_the_Ladder_in_the_Corner_of_Europe) [accessed May 6, 2016].

- The obligation of companies to pay music royalties for space it rents to others;
- The obligation to pay music royalties by medical spa facilities; and
- 10% of total event revenues generated by hotels where copyrighted music is played.²

The company representatives emphasized that they were not questioning whether royalties should be paid for commercial use of copyrighted material, but that current royalty levels were out of sync with their realistic economic value in the local context, lack logic and transparency.

This recent series of events demonstrates how little real dialogue there is between stakeholders in today's copyrights marketplace in Macedonia. Laws are passed without consulting stakeholders, copyright users and artists groups regularly hold press conferences to air their concerns and ZAMP rarely appears in public fora of any kind.

In late August 2015, without any public consultation process whatsoever, the Ministry of Culture proposed amendments to the Copyright Law to arbitrarily cap royalties paid by radio and TV broadcasters to 18, 12 and 6 average Macedonian monthly salaries per year (e.g., just 6.410 – 2.137 EUR for 2015). The amended law also exempted taxi companies, public transportation companies, museums and mountain huts/shelters and others from paying any royalties whatsoever. The move appears to have been primarily motivated by a desire to reduce royalties paid by public institutions, however it also attempted to address long running concerns with the level of royalties paid by private companies in some sectors. As is virtually always the case, Parliament promptly passed the proposed amendments.

² Source - <http://a1on.mk/wordpress/archives/556156>

In response, ZAMP announced that it would suspend all usage licenses it controls together with its peer organizations in Serbia and Croatia, effective January 1, 2016. This ban was interpreted by local media as a ban on the public broadcasting of **all** Macedonian, Serbian and Croatian music, not just those represented by these organizations.³ Had it come into effect, the measure would have amounted to a kind of strike of local and regional musicians, albeit much harder to enforce, given the ubiquitous availability of licensed works and weak enforcement mechanisms in the country.

To avoid the ban, in February 2016, the Ministry of Culture repealed the arbitrary cap on royalties paid by radio and TV broadcasters. However, the exemptions granted to selected types of public and private organizations remains in force today.

This recent series of events demonstrates how little real dialogue there is between stakeholders in today's copyrights marketplace in Macedonia. Laws are passed without consulting stakeholders, copyright users and artists groups regularly hold press conferences to air their concerns and ZAMP rarely appears in public fora of any kind.

³ You can find a full list of local artists that ZAMP represents at: http://zamp.com.mk/spisok_clenovi.pdf.

ZAMP did publish its first annual reports in 2014-15 (available at: http://zamp.com.mk/godisni_izvestai.html). Though they are unaudited and lack much needed detail, here are some key takeaways from the 2015 report:

- Total collections on behalf of all members averaged about 2 million EUR;
- 58% of all of ZAMP's 2015 collections were from cable operators;
- Just 5% of total revenues are collected from the Macedonian National Radio and Television;
- ZAMP paid roughly 300.000 EUR to foreign collecting societies in 2015; no information is provided on royalty payments made to its members (the organization's primary function).

Also recently, a new collective rights organization, SOKOM Map, was formed, providing an alternative for local right holders in this sphere. These are at least a few signs that the Macedonian copyrights marketplace is undergoing some much-needed and long-overdue reform. After many years of stagnation and conflict, here's to hoping that stakeholder dialogue and transparency will continue to increase.

Tax Benefits of Donating

Author: Association Konekt Skopje, experts in the corporate social responsibility & philanthropy field

By donating, companies can contribute to social change. "Smart donating" is a philanthropic approach that includes strategic thinking and making the most of available tax benefits. To encourage corporate giving to the benefit of public interests, the Law on Donations and Sponsorships in Public Activities created tax benefits. Donors and recipients of donations or sponsorships are entitled to tax deductions on:

- personal income tax;
- profit tax;
- value added tax;
- taxes on gifts, inheritance and property.

For example, in the case of profit tax, total donations or sponsorships given in a current year are deducted from an organization's taxable income, up to 3% (for sponsorships) or 5% (for donations) of the taxpayer's total income.

To help companies and individual donors to use these tax incentives, Konekt and the Center for Tax Policy have developed a tax benefits calculator (<http://donirajpametno.mk/danochni-kalkulatori/>), where users can calculate the potential benefit of a donation or sponsorship with only basic details and a few clicks. On www.donirajpametno.mk, download all the documents and forms you need to take advantage of these benefits.



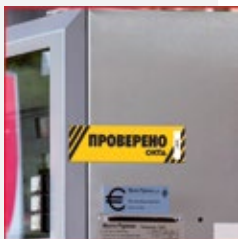


Сигурни за секој литар!

We have created for you the first integrated program for control of the quality and the quantity of OKTA's fuels.



We conduct regular control of our storage capacities



We control and seal the dispensers at the petrol stations with a control sticker for volume guarantee



We constantly control the quality and the quantity of our fuels throughout the year

Modernization of Macedonian Capital Market & Payment Operations Rules

Author: Nina Koltchakova, Team Leader, *Further harmonization with EU 'acquis' in the field of movement of capital and payments and financial services – securities markets and investment services project*

Macedonian regulators are undertaking firm steps to modernise legislation in the area of payment operations and the capital market to bring it as close as possible to the European Union directives in this field. A project financed by the EU IPA Program for Macedonia has been underway for more than 14 months to support this initiative. The project is implemented by Alternative Consulting in consortium with PwC EU Services (BE) and PwC DOOEL Skopje.

The current Law on Securities and Law on Payment operations will be replaced by 3 entirely new legal acts – Law on Payment Services and Payment Systems, Law on Financial Instruments and Law on Prospectuses of Securities and Transparency for Issuers.

Fundamental EU legal acts are being transposed currently by the project experts and the Macedonian partner institutions¹ contributing to the country's efforts to join the EU family. The current Law on Securities and Law on Payment operations will be replaced by 3 entirely new legal acts – *Law on Payment Services and*

Payment Systems, Law on Financial Instruments and Law on Prospectuses of Securities and Transparency for Issuers. As a result of the reform capital market professionals, investors, payment services providers and users will be subject to the same rules (those applied in all EU member states) and will benefit from the same level of protection of their rights.

The objective is not simply to fulfil the formal criteria for EU accession purposes. Even in the pre-accession period, the country can benefit substantially from the new legal framework in the following ways:

- It is a step toward opening and liberalising the local financial market. The payment services industry will be open to non-bank payment institutions.
- Conditions for the emergence of new products and services in the financial market will be in place.
- The entire set of capital market institutions, services and instruments that exist in the EU will be provided for in the local legislation.
- Compliance costs for international financial services firms (which intend to

invest in the country) will be significantly reduced due to the fact that local legal environment in the areas covered by the Project will be identical to the one in the EU member states.

The drafts of the laws are already in the final stage of preparation and the project team will present them to all interested parties in the last week of May and first week in June 2016.



¹ Ministry of Finance, National Bank of the Republic of Macedonia and the Securities and Exchange Commission

Business-University Cooperation Promoted in Bitola

AmCham Macedonia organized a groundbreaking event on Advancing Business – University Cooperation with University “St. Kliment Ohridski” – Bitola (UKLO) on Thursday, March 24th, 2016 in Bitola. Over 80 representatives of the Bitola-area academic and business communities attended this very interactive and high-energy event.



▲ Lambro Patce, Pivara Skopje



▲ Maja Popovska, ArcelorMittal



▲ Aneta Petrovska-Rusomaroski, EVN Macedonia



▲ Vlora Ademi, Microsoft Macedonia



▲ Aleksandar Cvetkovski, Alliance One Macedonia



▲ Prof. Elizabeta Bahtovska, UKLO-Bitola

Attendees heard from UKLO Vice Rectors for Science, Student Issues and the Faculty of Information and Communication Technologies. The group also learned about the impressive level of cooperation that already exists between the Ohrid regional tourism industry and UKLO from the Manager of Hotel Sileks, Toshko Chochoroski.

In her opening remarks, Michelle Osmanli, Executive Director of AmCham Macedonia noted that, “Not all companies are alike. Significant effort is needed to meet with companies and identify the specific ways in which they are willing and able to cooperate with educational institutions. The goal shouldn’t be how many MOUs a faculty has with companies on paper, but whether their cooperation with even a few companies is having a positive impact on as many students as possible.”

The event included inspiring presentations from a number of students as well as Pivara Skopje, ArcelorMittal Skopje, EVN Macedonia, Microsoft Macedonia and Alliance One Macedonia – who shared their successes, challenges and suggestions.



▲ Prof. Marjan Angeleski, UKLO-Bitola



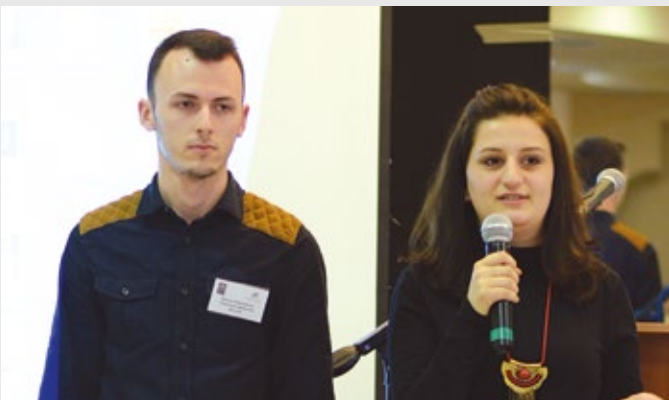
▲ Milko Vesleski, Student



▲ Hristijan Todorovski, Student



▲ Igor Zavojeski, Student



▲ Filip Naumovski, Student



Improvements Needed to Macedonia's Consumer Protection and Competition Approach

Author: Michelle Osmanli, Executive Director, AmCham Macedonia

The rather outdated, inefficient and ambiguous Macedonian consumer protection framework creates an inconsistent marketplace for consumers and companies alike. Thus, many companies are calling for improvements in the legal framework, to foster an environment where all businesses are expected to consistently comply with higher standards and consumers have the power and protection they deserve.



At a recent AmCham roundtable with over 40 companies, the State Market Inspectorate (SMI) and Consumer Protection Organizations from across the country, there was a strong sense of regulatory confusion among all stakeholders. Problematic aspects mentioned by participants included:

- the requirement for companies to replace defective products with “new, same, functional” ones;
- the role and responsibilities of authorized service representatives;
- the definition of “servicing” a product;
- the meaning of “minimal” product shortcomings;
- the very restrictive and outdated types of allowed sales/discounts;
- the purpose of the Law on “Unfair Competition” (Закон за нелојална конкуренција);

- lack of clarity on the treatment of services under the current consumer protection framework; and
- the role of SMI in the financial services sector.

The group agreed that companies needed to be more involved in shaping the consumer protection regulatory framework. While the Consumer Protection Law was changed twice just last year, none of the changes addressed fundamental market challenges or helped to relieve current regulatory confusion. It seems that consumer protection has generally suffered from lack of institutional attention for quite some time and probably for various reasons. For example, Marijana Loncar Velkova, President of Macedonia’s Consumer Protection Organization said the requirement for all food and beverages to be labeled with nutritional information had been delayed several times due to the lack of preparedness of local food and beverage producers.



Continued on page 34

Cementarnica USJE Shares Expertise on Holistic CSR Reporting

On April 22nd, AmCham held one more M2M learning session with Anita Stojkovska, CSR Officer at Cementarnica Usje sharing their lessons learned with respect to reporting process on the whole range of non-financial topics required by the UN Global Compact.

Anita Stojkovska, >
Cementarnica Usje



Ms. Stojkovska shared her knowledge of global trends and challenges in CSR reporting. The event was useful for companies of various sizes and participants held a active discussion about applying UN Global Compact standards and self-assessment tools.

Company Risk Management Presentation

On February 25th, AmCham held a member to member learning session on Company Risk Management with Zoran Dorevski, Security Manager at Okta. Mr. Dorevski shared his experience on static or pure

risk in companies, which result in losses to physical assets. He presented several case studies and a set of risk assessment and management procedures he recommended for companies in general.



Corruption Deterrence Info Session

On April 19th, AmCham held an information session with U.S. FBI Supervisory Special Agent Martin E. Hellmer on U.S. anti-corruption legislation with international implications. His presentation was followed by Ruzhica Panarin, National Compliance Officer at EVN, and Lidija Bundaleska, Group Compliance Director at Makedonski Telekom, sharing details on the internal corporate anti-corruption programs they oversee.



The session was an opportunity for company representatives to learn about the international enforcement of the Foreign Corrupt Practices Act in general and openly discuss challenges faced in the local context when seeking to pro actively prevent corruption.

The event was co-promoted by the European Business Association and the British Business Group. Mr. Hellmer's visit was made possible by the U.S. Embassy in Skopje.



▲ Lidija Bundaleska, Makedonski Telekom



▲ Martin E. Hellmer, U.S. FBI



▲ Ruzhica Panarin, EVN

CSR Best Practices Session

Our members often win National CSR Awards. In the spirit of best practices exchange in this area, 3 of our 2014 award winners - Makstil, Cementarnica USJE and Vitaminka - presented details and answered questions from interested company representatives.



▲ Natasa Bakreska Kormusoska, Cementarnica Usje



▲ Penka Tsvetkova, Bulgarian Charities Aid Foundation



▲ Mitko Kocovski, Makstil



▲ Dusica Nedelkoska, Vitaminka

The session was moderated by Penka Tsvetkova from the Bulgarian Charities Aid Foundation (<http://bcaf.bg>). We owe special thanks to our volunteer presenters:
 - Mitko Kocovski, Makstil;
 - Dusica Nedelkoska, Vitaminka; and
 - Natasa Bakreska Kormusoska, Cementarnica USJE!

AmCham Volunteers Continue Student Outreach

Since late 2014, AmCham has encouraged its members to share their expertise with students at the University Saints Cyril & Methodius' Faculty of Economics Career Center. On April 27th, Biljana Janeva, Partner Sales Executive - OEM distribution at Microsoft Macedonia delivered an engaging presentation entitled, "How to write a good CV and interview without work experience" for about 30 students.

Please contact AmCham if you are willing to share your expertise with local university students!



▲ Biljana Janeva, Microsoft Macedonia

▲ Marijana Sekulovska, Faculty of Economics Career Center



U.S. Anti-corruption Veteran Shares Insights

Over 60 members of AmCham Macedonia, the Dutch-Macedonian Chamber of Commerce and the Macedonian-German Business Association gathered recently to hear about the fight against corruption in the United States from Robert Cerasoli, former Inspector General of Massachusetts and New Orleans, USA.

Mr. Cerasoli shared from personal experience, how elements of corruption are a part of everyday life, everywhere. He told the audience that, "Corruption is neither need based nor greed based. It is merely opportunity based. If corruption has the opportunity to thrive, where people can participate in it and benefit it from it, without being caught, prosecuted, and punished, then corruption will thrive."

Mr. Cerasoli's visit was made possible by the U.S. Embassy in Macedonia speaker program.



▲ Robert Cerasoli, former Inspector General of Massachusetts and New Orleans, USA



NEW MEMBER HIGHLIGHT



DMB Production is a renowned producer of pressure vessels, steam and hot water boilers, as well as equipment for the process industry. With more than 60 years of experience, DMB Production today is present in the market with a large range of products intended for industries that use: pressure vessels for propane butane, liquid CO₂, compressed oxygen and other substances; dish heads in

various shapes; various types of industrial boilers; unpressurized storage tanks, low-temperature substances tanks, hot water storage tanks; heat exchangers and filters for drinking and waste water treatment.

Besides the standard production, DMB is also well-known for its technical capacity for tailor-made solutions for the process industry, based either on clients design or on a whole service of design, manufacturing and installation of:

- Compressor stations
- Steam generation facilities
- Other type of equipment

The company manufactures products and develops solutions for leading companies in the oil and gas, energy sector, food, pharmaceutical and other industries.

AmCham Member List 2016

PATRON

Alkaloid, Inc. Skopje
 Ecotip, LLC Skopje
 EVN Macedonia, Inc. Skopje
 Makedonski Telekom, Inc. - Skopje
 Microsoft, Ltd. Skopje
 Okta Crude Refinery Oil, Inc. Skopje
 Pivara Skopje, Inc.
 Skopski Pazar, Inc. - Skopje
 Wabtec MZT, Inc. Skopje

CORPORATE

Alliance One Macedonia, Inc.
 Kavadarci
 Alvogen Pharma Macedonia, Ltd.
 ArcelorMittal Skopje (CRM), Inc.
 ASSECO SEE, Ltd. Skopje
 Avon Cosmetics, Ltd. Skopje
 Avto Moto Sojuz na Makedonija
 CBS International, Ltd. Skopje
 Cementarnica Usje, Inc. Skopje
 *Cevahir Gurup Inc. Istanbul Turkey
 -Skopje Branch, Macedonia
 CISCO Systems Macedonia, Ltd.
 Skopje
 Deloitte, LLC Skopje
 DHL Express Macedonia, Ltd. Skopje
 Diners Club International MAK, Ltd.
 Skopje
 Ericsson Telecommunications
 Macedonia, Ltd.
 Euroins Insurance Inc. Skopje
 Eurostandard Bank, Inc. Skopje
 EY, LLC Skopje
 Feni Industries, Inc. Kavadarci
 Fersped, Inc. Skopje
 GD Granit, Inc. - Skopje
 Gemak Trade, Ltd. Skopje
 Grant Thornton, LLC Skopje
 Halk Bank, Inc. Skopje
 IMB Mlekara, Inc. Bitola
 Johnson Matthey, Ltd. Skopje
 Karanovic & Nikolic, LLC
 Kemet Electronics Macedonia Ltd.
 Komercijalna Banka, Inc. Skopje
 KPMG Macedonia, LLC Skopje

Makedonijaturist, Inc. Skopje
 Makpetrol, Inc. Skopje
 Makstil, Inc. Skopje
 McCann Skopje, LLC
 Merck Sharp and Dohme, MSD
 MI-DA Grand Motors LLC, Skopje
 Neocom, Inc. Skopje
 Ohridska Bank, Inc. Skopje
 Oracle East Central Europe
 Representative Office Skopje
 Philip Morris – Tutunski Kombinat
 Prilep LLC Skopje
 PI Vitaminka, Inc. Prilep
 PricewaterhouseCoopers, Ltd. Skopje
 ProCredit Bank, Inc. Skopje
 Roche Macedonia, Ltd. Skopje
 Savings House Moznosti, LLC Skopje
 Seavus, Ltd. Skopje
 Soravia Invest, LLC Skopje
 Sparkasse Bank Macedonia, Inc. Skopje
 Stopanska Banka, Inc. - Skopje
 TAV Macedonia, Ltd. Petrovec
 TechnoLogica, Ltd. Skopje
 The Coca Cola Company
 Tinex-MT, Ltd. Skopje
 Unija Finansiska Skopje, LLC
 UNIQA, Inc. Skopje
 Van Hool Macedonia, Ltd.
 Veropulos, Ltd. Skopje

BUSINESS

Alpha Bank, Inc. Skopje
 Analysis and Advisory Group, LLC
 Skopje
 Cakmakova Advocates
 CEED Macedonia
 *DMB Production, Ltd. Prilep
 Facility Management Services, Ltd.
 Skopje
 Inbox Archive&Data Center, Ltd.
 Skopje
 Infinite Solutions, LLC Skopje
 M6, LLC Skopje
 Macedonian Stock Exchange, Inc.
 Skopje
 Mepring Todor, LLC Skopje

Monet Technology Services, Ltd.
 Netra, LLC Skopje
 Nextsense, LLC Skopje
 Nielsen Audience Measurement, LLC
 Nova International Schools Skopje
 Pashoski Tobacco Dealer, Ltd. Skopje
 *Plati Brzo, Ltd.
 Polenak Law Firm
 Savings House FULM, LLC Skopje
 Sinpeks Bitola, LLC
 Skopski Saem, LLC Skopje
 TDK Computers Ltd. Skopje
 Teteks, Inc. Tetovo
 Tikves Winery, Inc. Skopje
 Tim Point, Ltd. Skopje
 University American College Skopje
 VezeSharri, LLC
 VINO - M, Ltd. Skopje
 Vivaks, LLC Skopje
 Z-SoftNet, LLC

ENTREPRENEUR

Architectural studio EDNA, Ltd.
 Skopje
 CMX Solutions, Ltd. Skopje
 *Experts, LLC Skopje
 Financial Company Mladinec, Ltd.
 Skopje
 IWM Network, Ltd.
 Meloski Consulting, Ltd. Skopje
 Monevski Law Firm
 Motiva, LLC Skopje
 Temporary Work Agency Motivi
 Skopje
 Ultranet Ultra, Ltd. Skopje

NGO

Habitat for Humanity Macedonia
 Konekt
 LinkAcross - Skopje
 QSI International School of Skopje
 *SNB-REACT U.A. Skopje

*New member

*Improvements Needed...
continued from page 28*

Those present also concluded that the current framework fails to strike a balance between consumer rights and obligations. Clearly, consumers need to protect themselves from abusive companies. A transparent, good faith and predictable dispute resolution mechanism would allow both consumers and companies to present and protect their interests.

Today, consumers can file formal complaints with the SMI without ever informing the company or authorized service provider. Rather than applying their limited resources to higher priority enforcement activities, SMI wastes time investigating and reporting on cases that companies would have addressed without their involvement. The unnecessary involvement of SMI also absorbs company resources.

The requirement that SMI investigate every consumer complaint filed, regardless of its merit or value, was also highlighted as wasteful and unrealistic. Marijana Loncar Velkova, President of Macedonia's Consumer Protection Organization, said that mediation played a much more important role in EU countries and that State enforcement authorities were only involved in very large and problematic cases. Such a model would certainly make more sense than burdening SMI with thousands of inconsequential cases and insufficient people and technology to process them all.

Legal experts explained that Macedonian Competition Law should be understood as the B2B side of consumer protection. Speakers stressed that companies must seek legal redress for unfair competitive practices in order for the legal framework to function properly. Until now, companies have brought very few cases, thus practical application of the law is largely lacking. There was a general sense in the group that this law is not well known or understood among business people, with the exception of utility companies and similar. The group also debated whether a dedicated law on advertising may be needed, as in many other markets, given the need for precise definitions and practical details in this area.

In order to further explore the many areas in need of improvement from a practical business perspective, AmCham plans to organize meetings with the Ministry of Economy, the ministry responsible for many of the laws that govern this important area. Our hope is that leading companies will be seen as a valuable resource toward raising local standards. Instead, these same companies often feel targeted by local enforcement authorities for constant inspections and fines for minor shortcomings, while much more serious and obvious competitor violations are ignored. This approach leads to unfair competition that punishes companies that are genuinely working to comply with the law while rewarding those with lower consumer protection standards. In the long run, this will lead to the disappearance of many global, high quality brands from the local marketplace.

NEW MEMBER HIGHLIGHT



CEVAHIR HOLDING Cevahir Holding is an international construction, tourism and property development company that also has activities in mining industry. With over 50 years of experience in Turkey, Lybia and Saudi Arabia; the company is continuing its operations since 2011 in Skopje, Macedonia with two large-scale property development projects called Cevahir Sky City and Sun City. Cevahir Holding is 100% privately owned and represented by the Member of the Board, Mr. Eser Cevahir, for its own operations in Macedonia and South Eastern Europe.



AmCham Board of Directors

President

Slavko Projkoski

Chief Financial Officer

Makedonski Telekom Inc. –
Skopje

Secretary – Treasurer

Georgi Markov

Tax and Legal Services Director

PricewaterhouseCoopers, Ltd.
Skopje

Selim Simbil

General Manager

Wabtec MZT, Inc. Skopje

Stefan Peter

Management Board Chairman

EVN Macedonia, Inc. Skopje

Mihael Solter

General Manager

Philip Morris – Tutunski kombinat

Priplep, LLC Skopje

Jovan Radosavljevic

General Manager

Pivara Skopje, Inc.

AmCham

Executive office

Michelle Osmanli

Executive Director

Gordana Karanfiloska - Dimoska

Relationship & Finance Manager

Policy & Communications Manager



www.alkaloid.com.mk

Health above all

PHARMACEUTICAL | CHEMICAL | COSMETIC | BOTANICAL INDUSTRY

Blvd. Aleksandar Makedonski 12, 1000 Skopje, R. Macedonia

Telephone: (+3892) 3104 000

e-mail: alkaloid@alkaloid.com.mk

Do Great Things

