

TIDZ VAT exemption

General info

Economy name

North Macedonia

ID

N4

Incentive name

TIDZ VAT exemption

Brief description

Supplies of goods and services in the technological zones (except for end consumption or released in free circulation) are VAT exempted.

Legal reference

Legal reference name

Law on Technological Development Zones. "Official Gazette of Macedonia" 14/07, 103/08, 130/08, 139/09 156/10,127/12,41/14,160/14,72/15,129/15,173/15,192/15,217/15,30/16 and 83/18

Legal reference (Law section / article)

Article 5-a

(1) The supply of goods and services in the technological industrial development zones, except the supply intended for end consumption, shall not be subject of taxation with value added tax.

(2) The import of goods in the technological industrial development zones shall be exempted from value added tax, provided that they are not released in free circulation, that is, they are not intended for end consumption.

Incentive design

Incentive group

Financial

Incentive category

Value Added Tax (VAT)

Economy-wide/Sector-specific

Sector-specific

Sector (Simplified)

Manufacturing

Sector (NACE)

C MANUFACTURING

Size of firm that can use incentive

All sizes of firms

Level at which incentive is available

Economy-wide

Ownership of firm that can use incentive

Any

Incentive location

Free economic zone

Main objective of the incentive

Knowledge transfer

In case of grant, share of grant in investment (in %)

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Access to information

Contact Info

Directorate for the Technological Industrial Development Zones

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Contact

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Weblink to Incentive information in English**Weblink to Incentive information in local language****Eligibility criteria**

Eligibility criteria (description)**Article 9**

(1) The user of the zone carrying out productive investments shall exercise the tax exemptions and reliefs if it:

- 1) performs a new business activity, but does not transfer the activity from another area of North Macedonia into the zone;
- 2) does not have tax or customs arrears, and
- 3) is not under a bankruptcy procedure.

Eligibility criteria (weblink)

Awarding Authority (Name)

Directorate for the Technological Industrial Development Zones

Application procedure + Weblink (where available)

Article 9

(2) For the purpose of exercising the tax exemptions and reliefs referred to in Article 5 of this Law, the user of the zone shall submit a tax request to the competent tax body through the Directorate for Technological Industrial Development Zones until 31 March of the following year.

(3) In accordance with paragraph (2) of this Article, the user of the zone shall be obliged to attach the following to the tax request:

- 1) a contract on performance of a business activity with the founder of the zone;
 - 2) a decision referred to in Article 33 paragraph (3) and paragraph (5) of this Law;
 - 3) a certificate by the founder of the zone that it does not have due, but unsettled liabilities in accordance with the tariff for fees for rendered services of the founder and the tariff for fees for rendered services of the user
 - 4) the annual account and tax balance sheet for the previous year, in addition to the form SRA - Structure of Revenues by Activities;
 - 5) proof from the Central Register on its current solvency, not older than 6 months;
 - 6) certificate issued by a competent body that the user of the zone has no outstanding tax and customs liabilities, and
 - 7) certificate issued by a competent court and the Central Register that the user of the zone is not under a bankruptcy or liquidation procedure.
 - 8) a decision issued by the the Agency for Foreign Investments and Export Promotion of North Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments.." in accordance with Article 8-a paragraph 6 of this Law.
- (4) On the basis of the decision on compatibility of the granted state aid by the Commission for Protection of Competition, in accordance with this Law, the tax authority shall adopt a decision on tax relief on the basis of the decision referred to in Article 8-a paragraph 6 submitted by the Agency for Foreign Investments and Export Promotion of North Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments. where it is determined: the percentage of the participation of the justified investment costs for each productive initial investment in the total amount of the justified investment costs for all productive initial investments, the period spent using state aid in a form of exemption from the obligation for paying the determined profit tax, as well as the percentage of used state aid for each productive initial investment. The decision referred to in paragraph 4 of this Article shall be submitted to the tax authority until 31 March in the current year at the latest.

(5) The evidence referred to in paragraph (3) points 1, 2 and 5 of this Article shall be submitted within a period of 15 days upon receipt of the decision on commencement of operation by the Directorate for Technological Industrial Development Zones, that is, the decision on commencement of operation on the expansion of the capacity of the existing enterprise or as of the day of receipt of the decision on commencement of operation in the case of diversification of the production of the enterprise by introduction of new, additional products or as of the day of receipt of the decision on commencement of operation in the case of fundamental change in the overall production process of the existing enterprise.

(6) The evidence referred to in paragraph (3) points 3, 4, 6 and 7 of this Article shall be submitted each year of operation in the zone, not later than 31 March of the current year.

(7) If the requirements referred to in this Article are met, the tax authority shall implement the decision of the Commission for Protection of Competition and issue to the user a decision on appropriate tax exemption and relief within a time period of 30 days as of the day the request has been submitted. It shall also submit the decision to the Directorate for Technological Industrial Development Zones within a time period of eight days of its adoption.

(8) The user of the zone shall be subject to tax exemptions and reliefs referred to in Article 5 of this Law after the receipt of the decision on operation commencement by the Directorate for Technological Industrial Development Zones, that is, the decision on commencement of operation on the expansion of the

capacity of the existing enterprise or as of the day of receipt of the decision on commencement of operation in the case of diversification of the production of the enterprise by introduction of new, additional products or as of the day of receipt of the decision on commencement of operation in the case of fundamental change in the overall production process of the existing enterprise.

(9) The user of the technological industrial development zone shall be subject to exemption from the obligation for paying the determined profit tax as a form of state aid only in the percentage of the profit tax as determined in the decision of the Agency for Foreign Investments and Export Promotion of North Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments, taking into consideration the deadlines set in Article 5 paragraph 1 points 1 and 2 of this Law and under the conditions and within the limits determined in Article 4a of this Law

Implementing Authority (Name)

Public Revenue Office