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**INVEST IN
NORTH
MACEDONIA**

SNAPSHOT

Official Name	Republic of North Macedonia
Area	25,713 km ²
Population	2.07 million
Official Language/s	Macedonian and Albanian
Capital	Skopje
Currency	Macedonian Denar (MKD)
GDP, € billion (2019) <small>*Data from World Bank</small>	11
GDP per capita (2019) <small>*Data from World Bank</small>	5,331
Export, € billion (2019)	6.4 billion
Import, € billion (2019)	8.4 billion
Time Zone	GMT+1
Climate	Moderate Mediterranean with warm, dry summers and autumns, and relatively cold winters with heavy snowfall
Government Structure	Parliamentary Republic
Telephone code	+389

Disclaimer

*This brochure was correct at the time it went to press, June 2020, however, legislative changes and changes in interpretation by the authorities and courts can occur frequently in the country. This brochure contains information that is summarized and, in part, simplified. It does not substitute for specific consulting, advisory services, legal and tax advice. Despite attempting to exercise care in compiling this brochure, the authors cannot warrant the accuracy, completeness, or up-to date character of its contents. Any liability on the part of **ECIKS** is therefore excluded.*

2. DOING BUSINESS IN NORTH MACEDONIA

Company registration and business types

The business registration in North Macedonia is regulated by Law on Trade Companies. The registration can be done either online or directly in the business registration agency. With the recent reforms, a business registration can be completed within **4 hours**.

Steps for registering the business

- 1 Hire a registration agent for business start-up
- 2 Submit electronically registration documents as outlined in the table below via the registration agent
- 3 Open bank account
- 4 Register for VAT
- 5 Publish an advert on the need of an employee and registration of employees with the Agency for Employment

Table 1 | Business Types Characteristics

Type of Business	Minimum Capital	Liability	Start-up documents
Sole proprietorships	None	Full Liability	None
General partnership	None	Full Liability	Registration form General partnership agreement
Limited liability partnership	None	General partner - full liability limited partners - limited to the amount of their contribution in the capital	Registration form Limited partnership agreement
Limited liability company	€ 5,000	Limited liability Shareholders are fully liable only to the extent of their own assets	Registration form The statute of the company
Joint Stock Company	25,000 € for companies incorporated simultaneously and 50,000 € for companies incorporated successively.	Liability limited to the amount of the partner's investment in the company.	Registration form The statute of the company

Taxation in North Macedonia

The tax system in North Macedonia is regulated by a set of laws that aim to control the tax system in the country. The following laws are applicable:

Law on Personal Income Tax



Law on Compulsory Social Insurance Contributions



Law on Value Added Tax



Law on Profit Tax



Corporate Income Tax

Corporate Income Tax in North Macedonia is paid by all legal entities that reside in North Macedonia. Also, companies that represent a foreign entity are subject to corporate income tax on the profit they make within the territory of North Macedonia.

10%
Rate

Property Tax

Owners of property are subject to municipal tax which is calculated based on the estimated property value.

0.10% - 0.20%
Rate

Personal Income Tax

Residents in the North Macedonia are taxed for any income they make in the country and abroad. Also, persons that are non-residents pay the personal tax for the income they realize within the territory of North Macedonia. The personal income tax rate is 10%.

10%
Rate

Value Added Tax

All natural and legal persons who perform activities in the territory of North Macedonia are subject to 18 % Value Added Tax.

18%
turnover of more than
2,000,000 denars
(approx. 30,000€)

Incentives

Being an open economy, North Macedonia has established a very liberal regime to attract foreign investments. Policies ensure that foreign investors enjoy equal treatment as domestic investors and enjoy the numerous incentives applied for attracting investments. The Governmental Law on Financial Aid aims at boosting the economic growth and employment by increasing the competitiveness through funding of Productive Initial Investments.

The law benefits following business entities:

- That started Productive Initial Investments
- That generated growth of total revenues from operation
- That did not decrease the average number of employees by more than 5%

North Macedonia has also established Free Economic Zones to provide special incentives for potential investors, such as:

- **0%** Corporate tax, excise, property tax, personal income tax, VAT and custom duties tax.
- Free connection to utilities (water, sewage and gas)
- Subsidies up to **500k €** for building costs
- Land lease for **99 years**

Human Resources

Labour market

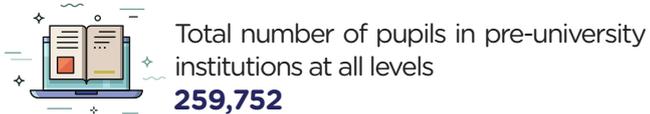
North Macedonia's population is educated and skilled. The English language is spoken across the country, while French and German are integrated as part of the education system.

Approximately **42%** of the population are under the age of 30.



Age	Total	Men	Women
15-19	37.5	37.3	37.9
20-24	35.3	32.8	39
25-29	27	28.3	29.3
30-34	18.5	19.1	17.7
35-39	13	12.4	13.7
40-44	13.2	12.2	14.7
45-49	13.4	13	13.9
50-54	13.7	12.8	14.9
55-59	13.3	12.1	15.3
60-64	9.1	9.9	6.8
65+	0.3	0.2	0.5
15-24	35.6	33.4	38.9
15-64	17.4	16.6	18.6

Education



University



Students at University
“Ss. Cyril and Methodius” – Skopje by faculty level

Faculty of Natural Sciences and Mathematics	1 294
Faculty of Architecture	597
Faculty of Civil Engineering	917
Faculty of Mechanical Engineering	1 100
Faculty of Electrical Engineering and Information Technology	1 313
Faculty of Technology and Metallurgy	406
Faculty of Medicine	2 735
Faculty of Dentistry	493
Faculty of Pharmacy	771
Faculty of Veterinary Medicine	127
Faculty of Dramatic Arts	86
Faculty of Information Science and Computer Engineering	3 473
Faculty of Agricultural Sciences and Food	433
Faculty of Forestry	175
Faculty of Economics	3 105
Faculty of Law	1 336
Faculty of Philosophy	2 554
Faculty of Philology	2 007
Faculty of Pedagogy	918
Faculty of Physical Education, Sport and Health	385
Faculty of Fine Arts	139
Faculty of Music	365
Faculty of Design and Technologies of Furniture and Interior	491

3. LEADING SECTORS

Agribusiness & food processing

The agriculture sector is among the most developed sectors in the North Macedonia. Owing to the high employment and trade that this sector generates, it accounts for **7.9%** of the total GDP.

Facts about the sector

- Around 49% of the total land is agricultural land, divided between cultivable land and pastures
- The average net salary per employee in the sector is 285 €
- In 2018 the overall trade in the sector increased by 14.4%
- The export of agri-food products was 545,5 € million in 2018
- The main partners for exports of agri-food and fisheries products are the EU-28 countries with a total value of exports of 670,2 € million

Textile and Clothing

North Macedonia has a rich tradition of textiles and clothing. The sector is considered as one of the most important sectors due to significant contribution to the overall exports, employment and production.

Facts about the sector

- In 2018 the sector exports reached around **400 € million**
- Around 7,519 people are employed in textile production and 28,322 in clothing production. The net salary is **321 €** for textile industry and **251 €** for clothing production
- There are ca. 1,200 textile industry companies registered. Over 200 directly active in export with **90%** of production targeted only for exports
- 65% of textile products are exported to Germany, Netherland, Austria, Bulgaria, United Kingdom, Switzerland, Greece, Italy and Czech Republic

Information and Communications Technology

The ICT sector is one of the fastest-growing sectors in North Macedonia. The favorable telecommunication infrastructure, skilled and educated workforce with excellent linguistic skills, qualitative delivery of services, competitive prices and low taxes are what make the sector highly attractive for foreign investors.

Facts about the sector

- The sector's net market worth was around **862 €** million in 2018
- In 2018, the sector employed around 14,541 employees
- The average salary for a junior software engineer is approximately **550 €**
- The export of computer and information services was around **160 €** million in 2018

4. TRADE REGULATIONS, CUSTOMS, PROCEDURES

Given the favorable location, in the center of the Balkan peninsula, North Macedonia is in a very strategic position for trade. To support and increase the volume of trade of goods, North Macedonia has signed the following multilateral and bilateral agreements for promotion of trade:

Stabilization and Association Agreement with the EU

The Agreement allows the North Macedonian goods to be exported to EU and vice versa without any custom tariffs.

European Free Trade Association (EFTA) with Switzerland, Norway, Iceland and Liechtenstein

The agreement was signed between North Macedonia and Switzerland, Norway, Iceland and Liechtenstein which promotes the free trade of goods no custom duties.

Central European Free Trade Agreement (CEFTA)

The agreement was signed between North Macedonia, Bosnia and Herzegovina, Croatia, Albania, Kosovo, Moldova, Montenegro, and Serbia with the aim of promoting investments, expand trade of goods and services and eliminate trade barriers.

Bilateral Free Trade Agreement with Turkey

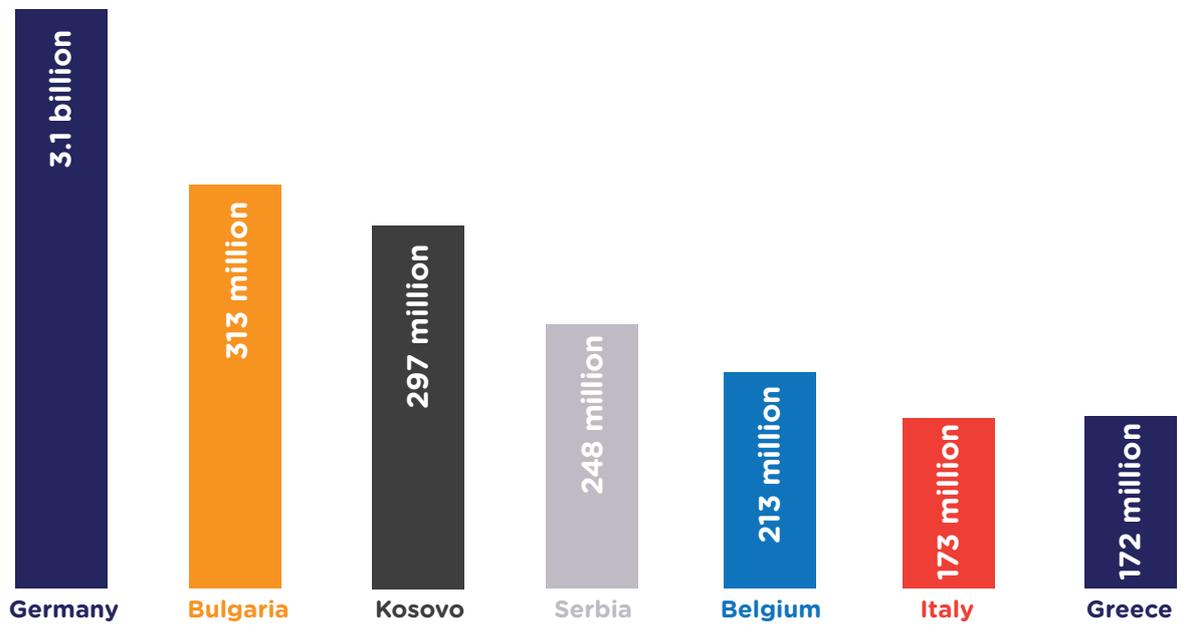
North Macedonia has signed a bilateral free trade agreement with Turkey which eliminated the tariff and non-tariff barriers for trade between the Parties.

Bilateral Free Trade Agreement with Ukraine

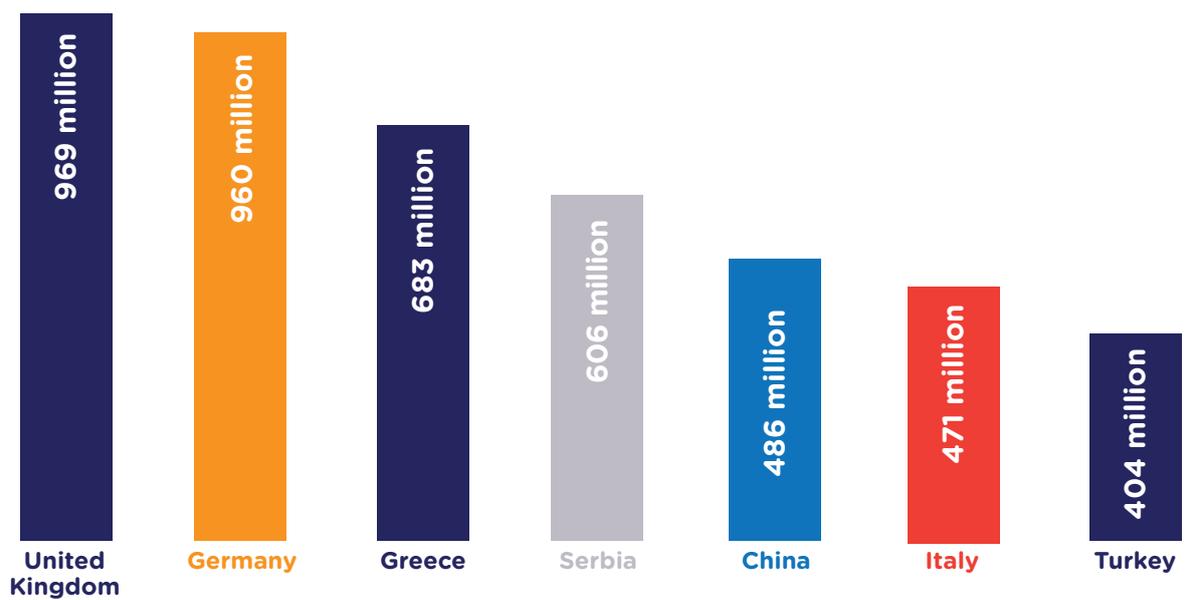
North Macedonia has signed a bilateral free trade agreement with Ukraine with the aim to contribute to the development of economic cooperation between the two countries and to increase the scope of mutual trade exchange.

NORTH MACEDONIA EXPORT AND IMPORT SNAPSHOT (2019)

North Macedonia Export Snapshot (2019)



North Macedonia Import Snapshot (2019)



Customs

All goods imported to North Macedonia are subject to custom duties and procedures. Preferential tariffs are applicable with countries that North Macedonia has signed bilateral and multilateral agreements. In 2018, custom tariffs ranged from **0-35%**. The custom tariffs are amended every year, in conformity with the amendments to the Combined Nomenclature of the European Union.

- No tariffs are applicable on most raw materials
- Value Added Tax (VAT) of 18 percent is applied to most products and services

5. ECONOMY

GDP

The North Macedonian economy showed a growth of **2.7%** in 2018. Compared to 2017, where the country experienced stagnation in growth, mainly due to a prolonged political crisis, the economy is expected to be back in normalization. The inflation rate over the last years has remained low, below **2%**.

FDI inflows

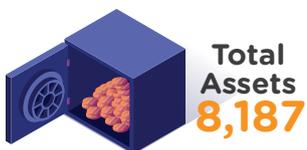
North Macedonia has had a growing trend of FDI inflows. The governmental regime has been oriented toward creating a favorable and non-discriminatory environment for attracting foreign investments. The country has passed legislation that grants equal treatment for foreign investors and also provides incentives for further attracting investments. In 2019, the FDI inflows were **326 million EUR**. The inflows were mainly from Turkey (**52 million**), Bahamas (**45 million**), Germany (**44 million**), and Netherlands (**27 million**).

Monetary and Banking System

The banking system in North Macedonia is based on Banking Law and the National Bank Law. The North Macedonian banking system consists of 15 banks, 14 of them are privately owned. 11 of the Banks have foreign ownership capital, while 4 of them are domestically owned

Banking Indicators

2018 (in EUR mill)



Top Banks Assets



Stopanska Banka
1,493



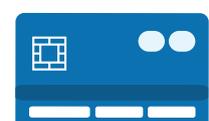
Komercijalna Banka
1,861



NLB Banka
1,334



Halk Bank
767



Ohridska Banka
644

6. COMING TO NORTH MACEDONIA

Arriving in North Macedonia is easy, possible via two national airports, namely Skopje International Airport and Ohrid Airport as well via land borders with whom North Macedonia is surrounded (Kosovo, Serbia, Bulgaria, Greece and Albania).

Visa

North Macedonia has a very favorable geographical location which make it very easy to access. Foreigners coming to North Macedonia need to have a valid passport and depending on the country of origin, need to be equipped with a visa. Citizens of EU-member states may enter into the country visa-free. A valid identity card issued by the EU member state's authority is sufficient. Types of visas valid:

- Entry visa
- Business visa
- Employment visa

What are the visa requirements and procedures?

- The consulates of the Republic of North Macedonia abroad issue the visas
- The validity of the travel document should be at least 3 months
- The application documents must be submitted in hardcopy in the consulate and in case the visa is granted, it must be collected in person.

Residence Permit

Permits are issued to foreigners wishing to stay in North Macedonia for three months or longer. Three types of residence permits are issued:

- Residence up to three months
- Temporary residence permits
- Permanent residence permits

7. ABOUT ECIKS

ECIKS is a professional consulting services firm that delivers value, change and lasting impact to a wide range of international clients. Our widespread experience is grouped in two areas:

Private sector consulting: Through an agile and dedicated team of professionals specializing in management consulting, business development, and financial advisory we help private sector companies to perform better and harness the power of digital innovation. Through our wide network of partners, we establish market linkages, alliances and partnerships.

Public sector consulting: We are specialized in helping top-level decision-makers in the public sector to constantly seek for and apply impactful and sustainable solutions. Our services include capacity development, private sector development, economic growth and economic development, FDI and export promotion. While working in challenging environments and regions, we have a successful track record in achieving tangible results. We take pride of our expert's broad experience and expertise, therefore our offices and contact points are located in Vienna, Zurich, Prishtina right where our customers are situated.

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