

State of Emergency – Measures

Dear Clients,

With the aim of helping you and your business to face the challenges emerging from the recently declared state of emergency in North Macedonia (**“State of Emergency”**), and to navigate through all the state measures passed by the Macedonian government so far (**“Measures”**), we have categorized and summarized them in several groups. In order to find information on a group of Measures of interest to your company or business, please click on the respective links listed below.

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1. Economy Measures

The North Macedonian government has published a set of economic measures, which should provide the following benefits:

i) Funding Social Security Contributions (SSC) for employees

The Government would fund the payment of SSC for April, May and June 2020. Namely, the employer could obtain a subsidy for each employee for April, May and June 2020 that funds 50% of calculated SSC. The subsidy could be provided in maximum amount of 50% of the SSC on the average gross salary of an employee in R. N. Macedonia according to the National Statistics Office information published in January 2020 (**“Subsidies”**).

In order to use the above measure, the employer should fulfill the following conditions:

- Monthly revenue for April, May or June 2020 to be decreased by more than 30% compared to the average monthly revenue generated in 2019;
- Employers incorporated after March 2019 should have their monthly revenue for April, May or June 2020 decreased by at least 30% compared to the average monthly revenue generated from the day of incorporation in 2019 and the months January and February 2020;
- For employers whose business has a seasonal character, the decrease of the average revenue for the last seasonal period of 4 months should be decreased by more than 30% compared to the revenue earned in the comparative four months of the previous year;
- The number of employees (including the number of employees engaged with the temporary employment agencies) who apply for this measure should not be fewer in April, May and June 2020 than on 31 March 2020, excepting for retirement or death;
- The employer should not pay dividends to the shareholders, bonuses to members of managerial or supervisory bodies or the employees after 6 April 2020 (the day when this measure has entered into force) until the day the annual account or financial statements for 2020 is submitted.

The subsidies cannot be performed if the employer uses financial support for payment of the net salary in the amount of MKD 14,500 per month per employee for April and May 2020.

ii) Financial support for employees' salaries

The employers could apply for a financial support up to MKD 14,500 monthly per employee for April and May 2020 (**“Support”**). To use this measure, the employer should submit a formal request for payment of the employee's salaries to the PRO (**“Request”**).

To use this Support, the employer should fulfill the following conditions:

- the total income of the employer in April or in May 2020 must decrease by more than 30% of the comparative average monthly revenue in 2019.
- For employers established after March 2019, the total revenue for April or May 2020 must be at least 30% lower than the average monthly revenue generated from the day of establishment in 2019 and in January and February 2020;
- For the seasonal employer, , the revenue of the 4-month season in 2020 should be at least 30% lower than the comparative period in 2019;
- The employer should not pay dividends to the shareholders, bonuses to members of managerial or supervisory bodies or the employees from 07 April 2020 until the salary payment for May 2020; and
- A maximum of 10% of the total number of individual employees have an individual monthly net salary over MKD 120,000 per month, in the month financial support is required.
- An employer that pays more than 10% of the total number of employees an individual net salary higher than MKD 120,000 for the month for which financial support is required does not meet the requirements of this item.

The employer will not be eligible to use the Support in the following cases:

- For employees who in the period December 2019, January and February 2020, earned a net salary higher than MKD 39,900 denars for each month separately, in proportion to the reported working hours;
- uses the Subsidies from item i);

- uses the exemption from paying personal income tax and compulsory social security contributions;
- an employee performs additional work.

The Support must not be used for the salaries of the owner of the employer, procurator, or members of the management and supervisory bodies of the employer.

For the period of usage of the Support and four months after its termination, the employer is obliged to keep the same number of employees (including the part-time employees) for the month for which it applied, excepting retirement or death.

iii) Decrease of the penalty interest rate

Decrease of the statutory penalty interest by 50% (from 10% to 5% in transactions between entities and from 8% to 4% in transactions where one of the parties is a natural person).

iv) Interest-free loan in order protect the liquidity of micro, small and medium-sized companies affected by coronavirus

The Development Bank of North Macedonia ("DBNM") published the PUBLIC CALL No.1 for Applications for Direct Financial Support to Companies in N. Macedonia ("Public Call"). The loans will range from EUR 3,000 to EUR 30,000, depending on the number of employees in the company.

Please note that these loans are interest-free, with a grace period of 6 months and a repayment period of 2 years.

The final deadline for submitting the electronic application is 24 April 2020.

v) Minimum wage during the State of Emergency

The Government has decided to retain the minimum net salary for April, May and June 2020 in the amount of MKD 14,500 (approx. EUR 235).

vi) Measures related to annual leave and the justified absence of work of the employees

Employees from the private sector affected by the temporary measures for protection against the spread and prevention of coronavirus, should use the remaining annual leave for 2019 by 31 May 2020. Also, these employees should use the part of the annual leave for 2020 that must be used for two uninterrupted working weeks by 30 June 2020.

Also, absence from work due to pregnancy, childbirth, parenting and adoption continues to be applicable and valid until the expiration of temporary measures to protect against and prevent the spread of Coronavirus COVID-19.

vii) Measures to protect customers who have customer loans

The creditors must not charge expenses that are not included in the calculation for the annual rate of total expenses, which exceed 30% of the amount of the provided loan. If the creditor acts contrary to the above, it can be subject to a fine in the amount of EUR 3,000.

viii) Measures concerning financial companies

In the period from 1 April until 30 June 2020, natural persons who use financial services provided by financial companies ("Credit") based on credit agreements concluded up to and including 31 March 2020 will pay decreased monthly annuity of at least 70% compared with the regular monthly annuity. The financial companies must not calculate and charge compensation, expenses, provisions and/or penalty interest.

The maturity period –i.e. the deadline for payment of the monthly annuities based on the credit agreements – will be extended by at least 90 days after 30 June 2020. The obligations related to the underpaid annuities for the period 1 April until 30 June 2020 will be postponed in accordance with the extended deadline or will be proportionally distributed in the monthly annuities payable after 30 June 2020.

In the period from 1 April until 30 June 2020, financial companies may also change other conditions of the credit agreements only if such changes will ease the Credit terms and conditions. The credit agreements to be concluded in the period from 1 April until 30 June 2020, upon request by the Credit user, may be concluded with a grace period of three months. During the grace period, the financial company may only calculate contractual interest.

ix) Measures concerning financial leasing

In the period from 1 April until 30 June 2020, natural persons, who use financial leasing based on financial leasing agreements concluded up to and including 31 March 2020, will pay decreased monthly annuity of at least 70% compared with the regular monthly annuity. The financial leasing providers must not calculate and charge compensations, expenses, provisions and/or penalty interest.

The maturity period – i.e. the deadline for payment of the monthly annuities based on the financial leasing agreements – will be extended by at least 90 days after 30 June 2020. The obligations related to the underpaid annuities for the period 1 April until 30 June 2020 will be postponed in accordance with the extended deadline or will be proportionally distributed in the monthly annuities payable after 30 June 2020. In the period from 1 April until 30 June 2020, the financial leasing providers may also change other conditions of the financial leasing agreements only if such changes will ease the conditions of the financial leasing agreement.

2. Tax Measures

i) Corporate Income Tax relief for monthly advance payments

The Government has adopted a tax measure regarding the trade companies which suffered damages due to the spread of coronavirus. Namely, this category of taxpayers will be entitled to tax relief for Corporate Income Tax (PIT) advance payments for April, May and June 2020, which may be used by companies in the following industries:

- Hospitality;
- Tourism; and
- Transport.

The above measures will be provided on the condition that they fulfill the following cumulative conditions: (i) to not pay dividends to the shareholders, awards for business success or any other annual award to the employees or the members of the managerial and supervision bodies of the taxpayer from the day this measure enters into force until the last day of the this relief (15 June 2020); and (ii) to not decrease the number of employees from the day this measure enters into force and three months following its termination, except in cases of death, retirement and termination of employment by the employees.

Other taxpayers may also use this relief if they fulfill the above two cumulative conditions and one of the following conditions:

- Total revenues of the taxpayer are decreased by at least 40% in the current month compared with February 2020 or the total revenues in 2020 are decreased by more than 40% compared with the same period last year; or
- The number of employees who don't go to work, i.e. do not contribute to the business activities of the taxpayer-employer due to enforcement of the measures for combating the coronavirus, is at least 25% of the number of all employees in February 2020; or
- The taxpayer has closed at least 50% of its point of sale through which it conducts his business (branches, stores).

ii) Ability to issue invoices in electronic form for VAT purposes

The Government provided an opportunity for the supplier to issue invoices in electronic form as an alternative to issuing hard copy invoices for VAT purposes. The electronic form invoice (pdf or other electronic format) should contain all mandatory elements according to the VAT Law and should be provided to the purchaser via electronic means.

In order for the electronic form invoice to be duly issued, the issuer should provide prior notification to the recipient that he intends to issue an invoice and other relevant documents for VAT purposes in electronic form and the recipient should not object by the prescribed deadline.

iii) Postponing the obligation to submit a guarantee for securing excises

The private health institutions, pharmacies and producers of medicines, auxiliary medical products and disinfectants that hold the certificate for a privileged user should submit a guarantee to secure the payment of excises that may apply to excise goods while the goods are in procedure of excise deferral by 30 June 2020.

iv) Other Tax Measures

The Government will support taxpayers who have suffered damages due to the measures for combating the spread of coronavirus and have proposed a decrease of the statutory daily penalty interest for public duties from 0.3% to 0.015%.

Additionally, the Government has stopped the Public Revenue Office from publishing a list of debtors with due and unpaid public duties for April, May and June 2020.

3. Work of the Courts and Public Prosecutors' Offices

(i) General Measures undertaken by Courts and other Authorities

Postponement of hearings – Scheduled court hearings that are not urgent may be held only if the mandatory safety requirements are being met and if the president of the court and the judges evaluate that the risk of endangering the health of judges, officials, parties and other participants is not high. In general, however, only urgent court hearings are held.

Dates of postponed hearings – In general replacement dates are not determined. The dates of re-scheduled hearings are subject to individual assessment and the parties will be informed about the dates of postponed hearings by court summons.

Work of courts – The work of the courts is limited to urgent matters and the receipt of submissions. Parties are advised not to appear at court without a justified reason. Persons who must attend court in urgent cases are advised to wear adequate protective equipment.

Filing of submissions – The parties are encouraged to file submissions electronically, where technically possible, and via post.

Preclusive deadlines – The statutory and preclusive deadlines for submission of: a claim in civil procedures, a private claim in criminal procedures, a proposal for criminal prosecution, a proposal for initiation of a non-litigation procedure, a request for enforcement collection, a procedure for securing claims, a claim for administrative dispute, or initiation of any other court proceedings are suspended from when this measure entered into force until the State of Emergency ends.

The statutory and preclusive deadlines for submission of legal remedies or undertaking procedural actions in the proceedings are suspended during the state of emergency. Furthermore, the deadlines for submission of appeal or objection to the decisions with which certain proceedings are completed as well as submission of extraordinary legal remedies in criminal and misdemeanor proceedings are suspended during the state of emergency.

4. Movement of People

The Government has introduced a set of measures intended to inhibit the movement of people:

- A restriction of movement for all citizens from Monday to Friday from 4 p.m. to 5 a.m. the next day;
- A restriction of movement for the older citizens older than 67 years – from Monday to Friday from 12 a.m. to 10 a.m. the next day;

- A restriction of movement for the citizens below 18 years – from Monday to Friday from 3 p.m. to 1 p.m. the next day;
- A curfew has been enforced that prohibits all citizens from outdoor activities on Saturdays and Sundays from 4 p.m. of Friday until 5 a.m. on Monday.
- As a rule, foreign diplomats and their families will not be exempt from the mandatory quarantine when they enter N. Macedonian territory. The quarantine will be applicable for this category of people if it becomes necessary.
- All border crossings are closed, except for trucks, diplomatic corps, and other outstanding cases previously approved by the Ministry of Internal Affairs;
- The airport Skopje is closed, except for state, military, humanitarian, hospital and cargo flights;
- A restriction on public transport on North Macedonian territory – from 4 p.m. to 5 a.m. the next day.

5. Movement of Goods

During the State of Emergency, the movement of goods is still permitted within the transit customs procedure, as evidenced by transit accompanying document T1 or the export customs procedure, evidenced by export accompanying document EXMK. Truck drivers travelling in this simplified transport or export customs procedure are not allowed to leave the place of destination for the goods during the emergency. This exemption from the restriction of movement applies to the following customs offices: Tabanovce, Blace, Deve Bair, Kafasan, Delcevo, Novo Selo, Medzitlija and Bogorodica.

The government has also adopted the information for regional and EU activities about facilitating the transport and trade of goods following the COVID-19 pandemic emergency and accepted the Mutual Proposal of the Permanent Secretariat of the Transport Community and from the CEFTA Secretariat about facilitating the transport and trade with primary products in the Western Balkans and among Western Balkans and EU Member States ("Proposal"). The Proposal should ease the trade and transport of goods by imposing additional precautionary measures which are being or should be undertaken in order to calm the spread of COVID-19. The customs control and other control of goods remain applicable under the trade rules of CEFTA as well as the provisions of agreements aimed at stabilization and association between EU and the countries in the region.

6. Public Administration

State bodies have continued their operations. However, some of the state bodies work only part time and many employees are allowed to work from home.

Regarding administrative procedures, administrative procedural deadlines are officially suspended during the State of Emergency. As an exception, an authorized person may act in different manner upon request based on justified reasons submitted by the interested party.

All parties are encouraged to file submissions electronically, where technically possible, and via post.

7. Enforced Collection and Bankruptcy Procedures

The enforcement agents in N. Macedonia are obliged to cease with their activities in the period from 1 April 2020 until 30 June 2020. However, there are several mandatory exceptions from the above applicable in certain cases.

The employers, the Fund for pension and disability insurance and the banks are obliged to cease undertaking activities based on warrants regarding the enforced collection issued by enforcement agents.

Additionally, the primary courts are obliged to decide on the submitted objections for illegality during enforced collection, while the Appeal Courts are obliged to decide on the appeals against the decisions of the primary courts upon objection in accordance with the Law on Enforcement. The Government stated that the above court proceedings are necessary for enabling uninterrupted transfer of assets from the special accounts of the enforcement agents.

Furthermore, the government has adopted a resolution prohibiting bankruptcy procedures from being conducted during the State of Emergency. All initiated procedures will be suspended during the State of Emergency.

8. Medicines and Medical Devices

Among other product prices, the prices of medicines and medical products cannot exceed the price level that applied on 11 March 2020, the day when the World Health Organization announced that COVID-19 can be characterized as a pandemic. As an exception to the general rule of price limitation, if the import price is higher than the price applicable on 11 March 2020, traders are obliged to use the trade margin that applied on 11 March 2020.

9. Servicing the Loans during the State of Emergency

The Government has stipulated the manner in which the banks and savings houses can offer citizens and businesses a postponement of the installment payments and other benefits that will facilitate the servicing of loans during the State of Emergency. The purpose of such measures is to simplify and speed up the opportunities provided by the regulatory changes adopted by the National Bank during the State of Emergency aimed at alleviating the financial burden on citizens and companies who face or could face real difficulties in repaying loans to the banks and the savings houses during the State of Emergency.

10. Audio and Audiovisual Media Services

During the State of Emergency, the operators should submit their applications to the Agency for Audio and Audiovisual Media Services (**“AAVMU”**) in accordance with the mandatory rules without including the latest amendment of the Law on Audio and Audiovisual Media Services of North Macedonia (**“Media Law”**) adopted 16 February 2020. Regarding this, the bylaws of the AAVMU which were in force before the adoption of the latest amendments of the Media Law, continue to apply until the necessary bylaws in accordance with the latest amendments of the Media Law are adopted, which is expected to happen when the State of Emergency ends.



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