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Engaging a Foreign General Manager

Employment, Immigration and Tax Aspects
in Macedonia, Montenegro and Serbia



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Introduction

Appointing a foreign national as the general manager of a company can represent a true challenge for the local HR department. An HR department has to take employment, immigration and tax laws of the host country into consideration, which are not necessarily easy to implement, and which at times can fully block the plan to appoint a foreign national as the general manager of the local company.

CMS offices in Macedonia, Montenegro and Serbia have compiled a brief overview of the requirements for engaging a foreign general manager, which in a general and informative way presents the agreement(s) a foreign general manager has to conclude with the local company, as well as obligations towards the Tax Administrations and Ministries of the Interior and, in Serbia, the National Employment Office, arising from the fact that a foreign national is appointed as the general manager of a company from these jurisdictions.

The comparative overview will reveal that in some jurisdictions foreign nationals may choose the type of agreement they conclude with the local company in the capacity of a general manager (Serbia), and in other jurisdictions that is not possible. In some countries (Macedonia, Montenegro) only one authority - the Police – is in charge of issuing an integrated residence and work permit, while in Serbia more than one authority (the police and the national employment office) issue residence and work permits.

Please keep in mind at all times that nothing contained in this brochure represents an advice, but rather gives an indication and idea of what aspects, authorities, documentation requirements and time horizons a foreign national will face if he/she is engaged as a general manager of a local company.

For any further questions and advice, your CMS team is always at your disposal.



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Macedonia

Employment agreement

Work permit

Yes, an integrated permit, i.e. a combined residence/work permit

Necessary documentation

1. valid passport of the general manager
2. employment agreement
3. proof of having accommodation in Macedonia
4. proof of health insurance for the general manager, valid prior to applying for the residence/work permit
5. certificate that the general manager has not been convicted of a crime, issued in the country of citizenship/residence prior to applying for a temporary residence in Macedonia
6. certificate that there are no pending criminal proceedings against the general manager in the country of citizenship/residence prior to applying for a temporary residence in Macedonia
7. passport size photos
8. excerpt from the relevant company register for the employer
9. explanation of the necessity for employing the general manager as a foreign citizen
10. evidence of education for the general manager
11. administrative fee

Deadline for issuing the work permit

15 days from the submission of the complete request and documentation to the Police, or
30 days from the submission of the complete request to a Macedonian embassy

Duration of the issued
work permit

Up to one year, extendable

Tax on remuneration for
work

Due by the general manager:
— 10% personal income tax on the gross salary

Social Security
contributions

Due by the general manager on the gross salary:
— 18% for mandatory pension and disability insurance
— 7.3% for mandatory health insurance
— 1.2% for insurance in case of unemployment
— 0.5% additional contribution for mandatory health insurance in case of
injury at work and professional disease

Annual personal income
tax

No



Montenegro

Employment agreement

Work permit

Yes, an integrated permit, i.e. a combined residence/work permit.

Necessary documentation

1. valid passport of the general manager
2. proof of sufficient monetary funds for the duration of the general manager's stay in Montenegro
3. proof of home address for the duration of the general manager's stay in Montenegro (lease agreement, etc.)
4. health insurance for the duration of the general manager's stay in Montenegro
5. draft employment agreement (i.e. written offer)
6. proof of an occupational health check (health check has to be performed in Montenegro by a certified Montenegrin health laboratory)
7. excerpt from the relevant company register for the employer
8. proof that the general manager has not been convicted of a criminal offence in the country of origin
9. job classification rulebook of the employer
10. proof of the educational level and qualifications of the general manager
11. administrative fee

Deadline for issuing the work permit

15 days from the submission of the request

Duration of the issued work permit

Up to one year, extendable

Tax on remuneration for work

Due by the general manager:

- 9% personal income tax on the gross salary
- 11% on the part of the gross salary exceeding EUR 765
- 10%-15% surtax on the calculated personal income tax (percentage depends on the municipality)

Social security contributions

Due by the general manager on the gross salary:

- 15% pension insurance contributions
- 8.5% health insurance contributions
- 0.5% unemployment insurance contributions

Due by the employer on the gross salary:

- 5.5% pension insurance contributions
- 4.3% health insurance contributions
- 0.5% unemployment insurance contributions
- 0.2% employment fund contributions

Annual personal income tax

No



Serbia

Employment agreement

Work permit

Yes

Necessary documentation

1. excerpt from the relevant company register for the employer
2. copy of the general manager's passport
3. temporary residence permit of the general manager
4. employment agreement
5. labour market test
6. job classification rulebook of the employer
7. diploma of the general manager and the certified translation thereof
8. proof that the general manager fulfils the requirements of the job position and the certified translation thereof
9. administrative fee

Deadline for issuing the work permit

30 days from the submission of the request

Duration of the issued work permit

For the duration of the temporary residence permit

Temporary residence permit

Yes

Necessary documentation

1. valid passport of the general manager
2. proof of sufficient monetary funds for the duration of the general manager's stay in Serbia
3. home address for the duration of the general manager's stay in Serbia
4. health insurance for the duration of the general manager's stay in Serbia
5. employment agreement
6. two photos
7. excerpt from the relevant company register for the employer

Deadline for issuing the temporary residence permit

30 days from submission of the request

Duration of the temporary residence permit

Up to one year, extendable

Tax on remuneration for work

Due by the general manager:
 — 10% salary tax on the gross salary less approx. EUR 100 non-taxable amount

Social Security contributions

Due by the general manager on the gross salary:

- 14% pension insurance contributions
- 5.15% health insurance contributions
- 0.75% unemployment insurance contributions

Due by the employer on the gross salary:

- 12% pension insurance contributions
- 5.15% health insurance contributions
- 0.75% unemployment insurance contributions

Annual personal income tax

Annual personal income tax due by the general manager if the taxable income exceeds 3 average annual salaries:

- 10% on the income ranging from 3 to 6 annual average salaries
- 15% on the income exceeding 6 annual average salaries

General manager agreement

Work permit

No, if the general manager stays in Serbia up to 90 days within a period of 180 days

Yes, if the general manager stays more than 90 days within a period of 180 days

Necessary documentation

1. excerpt from the relevant company register for the employer
2. copy of the general manager's passport
3. temporary residence permit of the general manager
4. employment agreement
5. labour market test
6. job classification rulebook of the employer
7. diploma of the general manager and the certified translation thereof
8. proof that the general manager fulfils the requirements of the job position and the certified translation thereof
9. administrative fee

Deadline for issuing the work permit

30 days from the submission of the request

Duration of the issued work permit

For the duration of the temporary residence permit

Temporary residence permit	<p>No, if the general manager stays in Serbia up to 90 days within a period of 180 days</p> <p>Yes, if the general manager stays more than 90 days within a period of 180 days</p>
Necessary documentation	<ol style="list-style-type: none"> 1. valid passport of the general manager 2. proof of sufficient monetary funds for the duration of the general manager's stay in Serbia 3. home address for the duration of the general manager's stay in Serbia 4. health insurance for the duration of the general manager's stay in Serbia 5. employment agreement 6. two photos 7. excerpt from the relevant company register for the employer
Deadline for issuing the temporary residence permit	30 days from submission of the request
Duration of the temporary residence permit	Up to one year, extendable
Tax on remuneration for work	<p>Due by the general manager:</p> <ul style="list-style-type: none"> — 20% tax on other income on the gross remuneration reduced by 20% fixed cost
Social Security contributions	<p>Due by the general manager on the gross remuneration:</p> <ul style="list-style-type: none"> — 26% pension insurance contributions — 15.3% health insurance contributions
Annual personal income tax	<ul style="list-style-type: none"> — Annual personal income tax due by the general manager if the taxable income exceeds 3 average annual salaries: — 10% on the income ranging from 3 to 6 annual average salaries — 15% on the income exceeding 6 annual average salaries

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CMS Facts and Figures

48 new partners in 2017, taking the total to over 1,000



**Top rankings
in 2017**
M&A League Tables
(by deal count)

**#1 Germany,
CEE, Poland,
DACH region**
(Mergermarket)

**#1 Europe,
Germany,
Switzerland**
(Thomson Reuters)

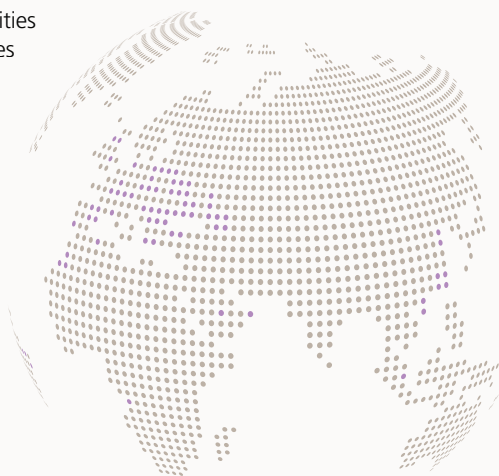
**Top 20
Acritas**
Global Elite
Brand Index

> 7,500 staff

> 4,500 lawyers

> 1,000 partners

Operating in 67 cities
across 41 countries



EUR 1.3bn
turnover for 2017

19 practice
and sector
groups working
across offices

Ranked
3rd
most global
law firm
in the Am Law 2017
Global Top 100

About CMS



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Santiago de Chile

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Casablanca
Luanda

Africa

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Antwerp
Barcelona
Belgrade

Berlin
Bratislava
Bristol
Brussels
Bucharest

Budapest
Cologne
Duesseldorf
Edinburgh
Frankfurt

Funchal
Geneva
Glasgow
Hamburg
Kyiv
Leipzig
Lisbon
Ljubljana
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Luxembourg
Lyon
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Manchester
Milan
Monaco
Moscow
Munich
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