



Government of the Republic of North Macedonia

REPUBLIC OF NORTH MACEDONIA

INVESTMENT OPPORTUNITIES

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Secretary on public policy and projects and investments related to the
priorities of the President of the Government

· March 2023 ·

Highly competitive labour costs and one of the lowest tax environments in the world

Unemployment rate in North Macedonia in 2022 – 15,7%

77,6% of the total number of unemployed persons were in the age group

**Total active population in Skopje planning region:
414 592**

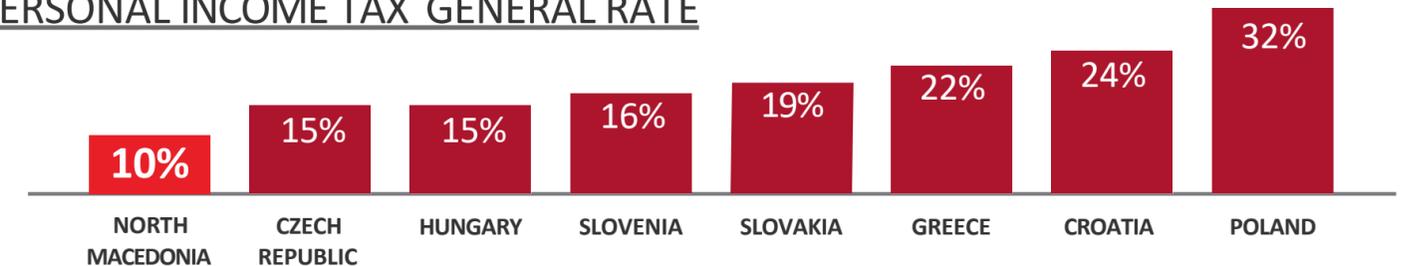
TAXES

“AMONGST THE LOWEST TAX ENVIRONMENTS IN THE WORLD”

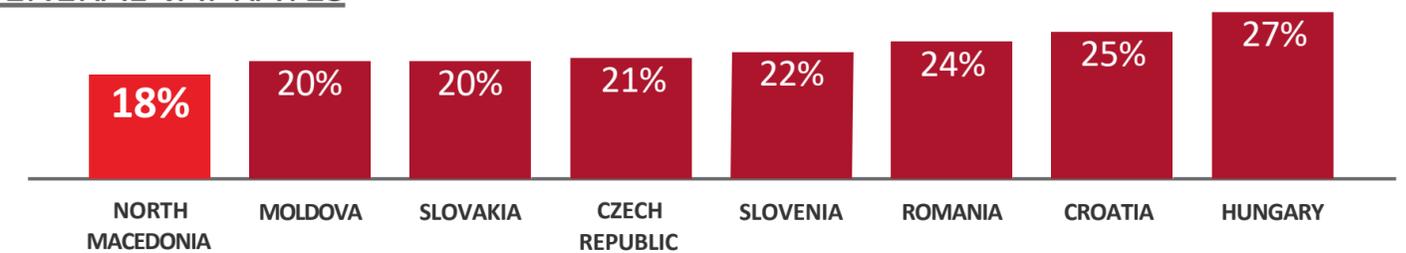
CORPORATE TAX



PERSONAL INCOME TAX GENERAL RATE



GENERAL VAT RATES

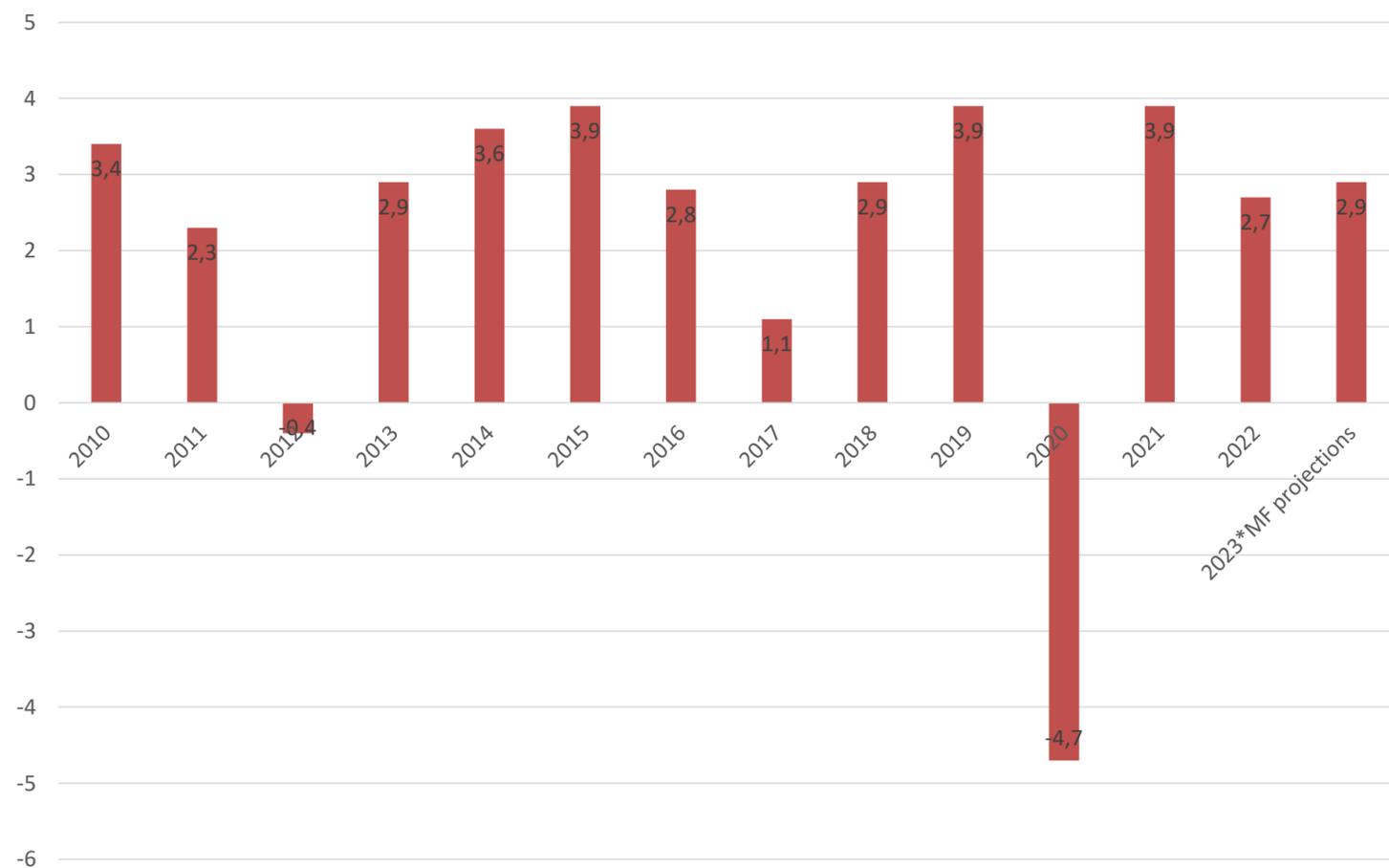


Sources: PricewaterhouseCoopers, Deloitte, KPMG

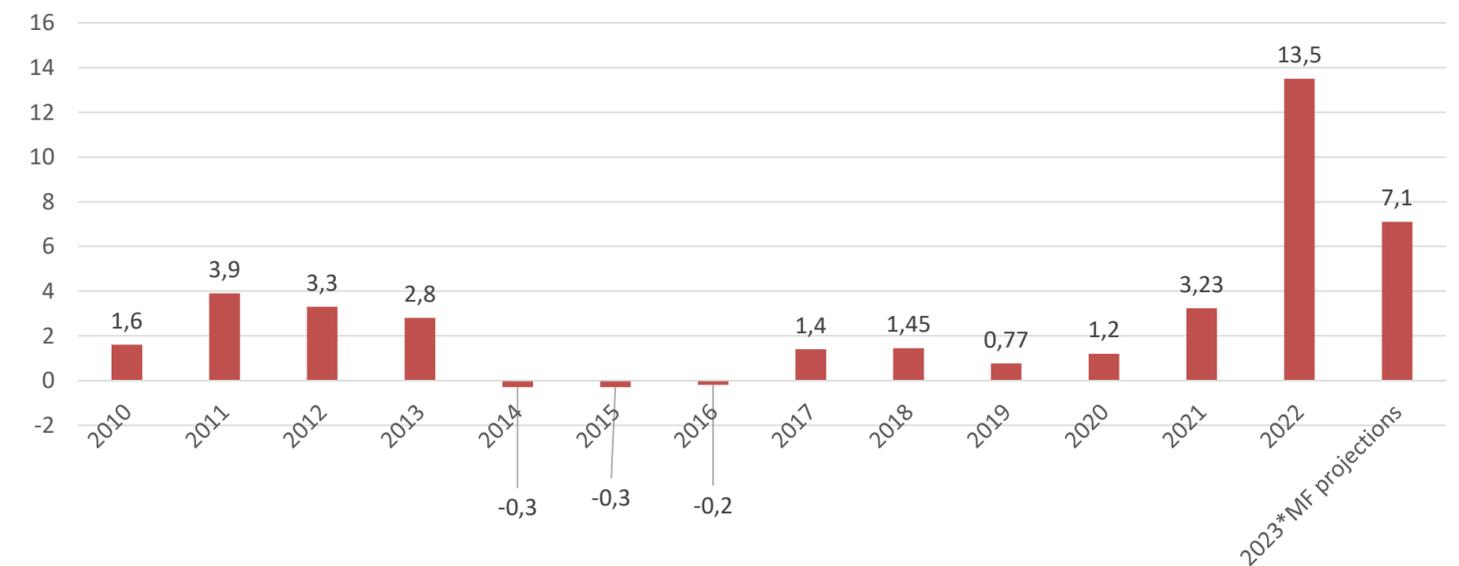


Key economic indicators – stability and growth

GDP GROWTH RATE (%)



INFLATION RATE (%)



Financial support scheme for investments in manufacturing

PROGRAMME		BENEFITS
1	Creation of new sustainable jobs	20% refund of the net salaries, up to €4,400 per person per annum
2	Cooperation with domestic suppliers	10% refund of the total annual purchases from domestic suppliers
3	Research and development centres (R&D)	50% refund of the expenses connected to the R&D centre, up to €1mil
4	Investments of significant economic interest to N. Macedonia	50% refund of the total investments costs (fiscal benefits and cash grants)
5	Increase of CAPEX and revenues	10% refund of all capital investments, up to €5mil
6	Acquisition of companies in financial difficulties	10% refund of the acquisition transaction, up to €1mil
7	Increase of the competitiveness for entering new markets	10% refund of all capital investments, up to €5mil (in addition to programme 1.5)



PROGRAMME 1

Support for creation of new jobs

FOR SALARIES
HIGHER THAN

50%

OF THE MINIMUM
NET SALARY



SUPPORT IN THE
AMOUNT OF

20%

OF THE PAID
NET SALARY

MAXIMUM ANNUAL SUPPORT:

4,400 EUR PER EMPLOYEE

SUPPORT DURATION PERIOD:

UP TO 5 YEARS

CRITERIA:

AT LEAST 50% OF NEWLY EMPLOYED
ARE PERSONS WHO:

- Were not employed at least 3 months before the employment, or
- Are being employed for the first time, or
- Are unemployed due to liquidation or bankruptcy procedure at the previous employer, or
- Are transferred from either, the public or the state administration



PROGRAMME 2

Support for establishing and enhancement of the cooperation with domestic suppliers

10%

REFUND ON THE TOTAL YEARLY PROCUREMENTS, FROM DOMESTIC SUPPLIERS, IF THOSE PROCURMENTS ARE AT LEAST **7.5%** OF THE COMPANY'S TOTAL YEARLY PROCUREMENTS

procurements made from state-owned companies, monthly utilities expenses (electricity, gas, water, sewage, etc) as well as accounting, consulting or lawyer expenses, are not considered purchases from domestic suppliers

**MAXIMUM SUPPORT AMOUNT:
300,000 EUR / ANNUM
FOR A PERIOD UP TO 5 YEARS**

BENEFICIARIES

**COMPANIES LOCATED IN THE
TECHNOLOGICAL-INDUSTRIAL
DEVELOPMENT ZONES (TIDZs)**



PROGRAMME 3

**Support for establishing technological
research and development departments**

50% **OF THE TOTAL ELIGIBLE EXPENSES
MADE FOR INDUSTRIAL RESEARCH**

MAXIMUM SUPPORT AMOUNT:

1,000,000 EUR

5 YEARS

MAIN CRITERIA:

PRIMARY ACTIVITY - MANUFACTURING

ELIGIBLE EXPENSES:

1. Personnel costs
2. Expenses for machines, tools and equipment
3. Expenses for land and buildings
4. Expenses for contractual research, acquiring of technical knowledge and patents, consultancy expenses, etc
5. Additional expenses created for the purposes of the industrial research projects
6. Other operational expenses



Republic of North Macedonia

Government of the Republic of North Macedonia

QUALIFICATION CRITERIA:

1

INVESTMENT OF AT LEAST 4 MILLION EURO AND 300 JOBS
CREATED

2

or

INVESTMENT OF AT LEAST 15 MILLION EURO

UP TO **50%**

OF THE TOTAL ELIGIBLE INVESTMENT EXPENSES

(IN ACCORDANCE WITH THE LAW ON STATE AID CONTROL)



SUPPORT MODES:

- 1** | REFUND IN THE AMOUNT OF THE PAID **PERSONAL INCOME TAX** ON THE SALARIES OF THE MACEDONIAN CITIZENS, FOR A PERIOD OF UP TO 10 YEARS
- 2** | REFUND IN THE AMOUNT OF THE PAID **CORPORATE TAX**, FOR A PERIOD OF UP TO 10 YEARS
- 3** | **CASH GRANT** IN THE AMOUNT OF **10% OF THE INVESTMENT** MADE WITHIN A PERIOD OF 5 YEARS, UP TO **1,000,000 EUR**
- 4** | **CASH GRANTS** FOR THE EMPLOYEES WITH SALARIES 50% HIGHER THAN THE MINIMUM SALARY (5 YEARS)
 - ➔ **2,000 EUR** FOR A COMPANY WHICH EMPLOYS **UP TO 300 PERSONS**
 - ➔ **3,000 EUR** FOR A COMPANY WHICH EMPLOYS **BETWEEN 301 AND 500 PERSONS**
 - ➔ **3,500 EUR** FOR A COMPANY WHICH EMPLOYS **BETWEEN 501 AND 1,000 PERSONS**
 - ➔ **4,000 EUR** FOR A COMPANY WHICH EMPLOYS **MORE THAN 1,000 PERSONS**

Note:

- The beneficiary utilising cash grants for employees included in this programme, cannot utilise cash grants for employees in programme 1.1
- The beneficiary utilising cash grant for the investment included in this programme, cannot utilise cash grant for the investments in programme 1.5



PROGRAMME 5

Support for increase of capital investments and revenues

10%

REFUND ON THE INVESTMENTS IN NEW MACHINES AND EQUIPMENT OR INVESTMENTS IN LAND AND FACILITIES

MAXIMUM SUPPORT AMOUNT:

5,000,000 EUR

(1 MILLION EUR PER YEAR)

MAXIMUM SUPPORT DURATION PERIOD:

5 YEARS



**ONE-OFF REFUND
(WITHIN 12 MONTHS)
IN THE AMOUNT OF 10%
OF THE INVESTMENT**

MAXIMUM SUPPORT AMOUNT:

1,000,000 EUR

CRITERIA:

- 1** | To acquire a company in a reorganization procedure conducted in an open bankruptcy procedure
- 2** | Not to be related (of any kind, except for commercial relations) with the acquired company in the period of the last 3 years
- 3** | To start with production activities in a period of 2 years as of the date of the acquisition
- 4** | To maintain the activity of the acquired company for at least 5 years starting from the completion date of the investment project

Note: Utilisation of the refund from this programme, does not exclude utilisation of the benefits in all other financial support programmes, except for programme 1.5



PRIMARY GOAL:

TO INCENTIVISE REVENUE INCREASE BY WAY OF REFUND ON THE INVESTMENT EXPENSES

10% OF THE INVESTMENT EXPENSES, UP TO **5,000,000 EUR**
FOR A PERIOD OF **5 YEARS** (1 MILLION PER YEAR)

CRITERIA:

To increase the total revenues for at least 5% in the last fiscal year compared to the average in the past 3 years



Free Trade Agreements

650 MILLION CONSUMERS DUTY-FREE MARKET

- **EU – European Union** (~500 mil consumers, 28 countries):
Stabilization and Association Agreement with EU in April 2001
- **EFTA – European Free Trade Association** (12.5 mil cons.): Iceland, Liechtenstein, Norway and Switzerland
- **CEFTA – Central European Free Trade Agreement:** (22 mil): Albania, Bosnia and Herzegovina, Serbia, Montenegro, Moldova and Kosovo
- **Bilateral Free Trade Agreements with:** Turkey (74 mil) and Ukraine (46 mil)
- **Up to 30 bilateral Investment Protection Agreements signed with:** Austria, Belgium, Belarus, Bulgaria, China, Czech Republic, Egypt, Finland, France, Germany, Hungary, Iran, Italy, Korea, Malaysia, Netherlands, Poland, Romania, Russian Federation, Sweden, Switzerland, Taiwan, Slovakia, Slovenia.
- **NATO member and EU candidate country**



Illustrative incentives package for an investment in a Free Economic Zone

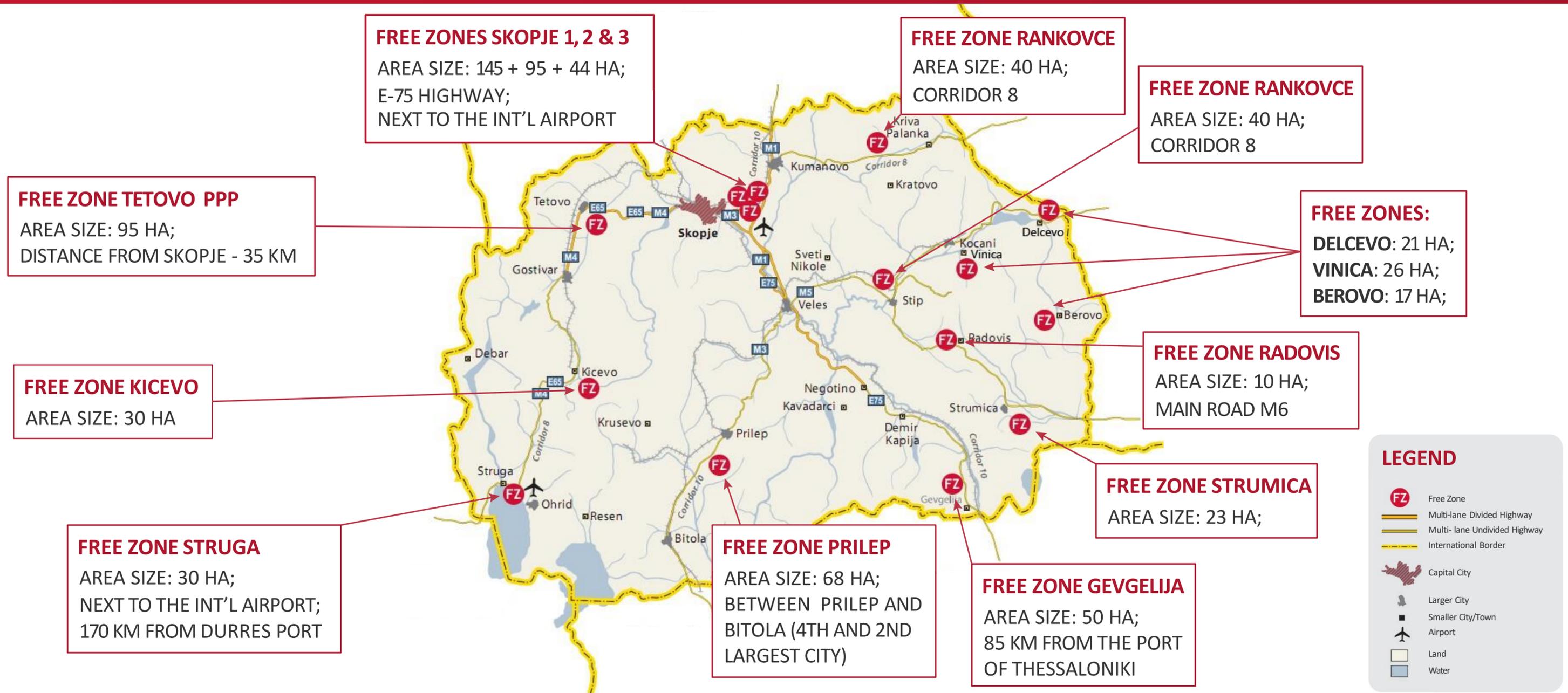
MAIN COMPONENTS OF AN INCENTIVES PACKAGE IN A FREE ECONOMIC ZONE

COMPONENT	DETAILS
Corporate Income Tax	0% for 10 years
Personal Income Tax	0% for 10 years
Value Added Tax	0%
Customs	0% on raw materials and equipment ¹
Excise Tax	0%
Land in a FEZ	Only €0.1 per sqm per annum
Cash grant for CAPEX	10% on the capital investment
Cash grant for employment	From €2,000 per employee
Green Customs Channel available at border for rapid export from Zone to EU countries	
Exemption from paying a fee for regulation of the construction land	
Infrastructure maintenance in the zones and after care (FEZ)	

¹ EU and FTA countries



Free Economic Zones – FEZs across the country



Balanced Regional Development

PRIMARY GOAL:

TO STIMULATE BALANCED REGIONAL DEVELOPMENT WITH ADDITIONAL FINANCIAL SUPPORT FOR COMPANIES OPERATING IN LESS DEVELOPED REGIONS

This additional support will be calculated as a percentage reflecting the difference between the region with highest value of gdp per capita and the value of gdp per capita of the region in which the investment is being realised

Note: The support will be applied on the approved annual amount of financial support



Examples of companies already present in N. Macedonia



Examples of major investments in manufacturing (1/2)

<p>APTIV </p> <p>TIDZ Skopje: €15M; 500+ ees; Projected revenue of €150M Electronic controls technologies for vehicle manufacturers in Europe</p>	<p>VANHOOL </p> <p>TIDZ Skopje: €40M; 1,250 ees; Production of buses for the US, EU and Middle East markets; Factory + R&D size - 78,000sqm</p>	<p>JM Johnson Matthey </p> <p>Plant 1: €80M; 350 employees; Exhaust catalysts manufacturer and the largest exporter Plant 2: €65M; 550 employees; Set to double production</p>	<p>telamon </p> <p>Skopje Production wire harnesses for the automotive industry €4M worth brownfield investment 300 employees</p>	<p>The Capacitance Company KEMET </p> <p>TIDZ Skopje Production of capacitors (Phase 1) Expansion and R&D centre (Phase 2) Phase 1: €30M; 500 ees; Phase 2: €15M; 100 ees;</p>	
<p>Vitillo </p> <p>TIDZ Skopje: Three plants in Macedonia in 7 years Over €30M investment, 350 ees; Hydraulic hoses and fittings for the automotive industry</p>		<p>Amphenol </p> <p>Kochani: €30M; 2,500 ees; Construction of 6 production units; Production of interconnect systems for safety devices</p>			
<p>LEAR CORPORATION </p> <p>TIDZ Tetovo: Production of seat covers for the automotive industry Phase 1: €20M; 2000 ees in Phase 2: €13.5M; 880 ees</p>		<p>CONDEVEG </p> <p>TIDZ Shtip: €40M; 250 ees Production of heat exchangers for boilers</p>			
<p>MARQUARDT </p> <p>Veles: €35M; 750 employees; 15,000 m² plant for production of automotive electronics</p>		<p>ADIANT </p> <p>Two major production sites – cut & trim plants for car seats TIDZ Shtip: €20M; 2,100+ ees TIDZ Strumica: €20M; 1,500 ees</p>			
<p>KOSTAL </p> <p>TIDZ Struga: €70M; 1,000+ ees; Project: brownfield to greenfield Advanced automotive electronics and mechatronics</p>		<p>KROSCH & SCHUBERT </p> <p>Bitola: 3 investment projects Phase 1&2: €73M; 6,000+ ees; Phase 3: €25M; 1,230 ees; Wire harnesses & cable installations</p>	<p>JOYSON SAFETY SYSTEMS </p> <p>TIDZ Kichevo: €22M; 3,000 ees; 15,000 m² plant for production of airbag cushions and modules</p>	<p>GENTHERM </p> <p>TIDZ Prilep: €20M; 2,000 ees; Heating and cooling elements, various cables and oxygen sensors for automotive industry</p>	<p>Dräxlmaier </p> <p>Kavadarci - Wire harnesses and electrical management systems Phase 1: €33M; 6,000 employees; Phase 2: €16M; 1,000+ employees;</p>



Examples of major investments in manufacturing (2/2)



Connections, Culture and Lifestyle

Brand New Int'l Airports in capital Skopje and Ohrid

- €120M+ investment from TAV



Largest wine producer in the region

- 78 wineries in N. Macedonia

- "Wine Road" travel programs



Summer and winter sports
- 4 national parks
- Lakes, several ski-centers

World Economic Forum -
Travel & Tourism Competitiveness Report 2013
"Attitude of population toward foreign visitors"
**NORTH MACEDONIA –
4th most friendly country in the world**

5 International Schools with large mix of ex-pats

International cultural events:

- Ohrid Summer Festival
- Struga Poetry Evenings
- Skopje Jazz Festival
- May Opera Evenings



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INVESTMENT AND BUSINESS ENVIRONMENT

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