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PARLIAMENT OF THE REPUBLIC OF NORTH MACEDONIA

Pursuant to Article 75, paragraphs 1 and 2 of the Constitution of the Republic of North Macedonia, the President of the Republic of North Macedonia and the President of the Parliament of the Republic of North Macedonia shall issue the following

**DECREE ON PROMULGATION OF THE LAW ON BORROWING A LOAN BY THE
REPUBLIC OF NORTH MACEDONIA FROM THE EUROPEAN BANK FOR
RECONSTRUCTION AND DEVELOPMENT UNDER THE LOAN AGREEMENT FOR
THE "WASTEWATER TREATMENT PLANT IN SKOPJE PROJECT"**

Law on Borrowing a Loan by the Republic of North Macedonia from the European Bank for Reconstruction and Development under the Loan Agreement for the "Wastewater Treatment Plant in Skopje Project", adopted by the Parliament of the Republic of North Macedonia at its session held on 17th December 2019, shall be promulgated.

No. 08-6831/2
17th December 2019
Skopje

President
of the Republic of North Macedonia
Stevo Pendarovski, in his own hand

President
of the Parliament of the Republic
of North Macedonia
Talat Xhaferi, MA, in his own hand

**LAW ON BORROWING A LOAN BY THE REPUBLIC OF NORTH MACEDONIA FROM
THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT UNDER
THE LOAN AGREEMENT FOR THE "WASTEWATER TREATMENT PLANT IN
SKOPJE PROJECT"**

Article 1

Republic of North Macedonia shall borrow a loan from the European Bank for Reconstruction and Development in the amount of EUR 58,000,000, intended for financing the "Wastewater Treatment Plant in Skopje Project".

Article 2

Terms and conditions and manner of using the loan referred to in Article 1 of this Law shall be determined in a Loan Agreement, to be concluded between the Republic of North Macedonia and the European Bank for Reconstruction and Development.

On behalf of the Republic of North Macedonia, the Loan Agreement referred to in paragraph 1 of this Article shall be signed by the Minister of Finance.

Article 3

Repayment period of the Loan referred to in Article 1 of this Law shall be 18 years, including 4 years grace period.

Interest rate shall be variable six month EURIBOR, plus 1% margin.

Republic of North Macedonia shall pay the European Bank for Reconstruction and Development front-end fee in the amount of 1% of the loan amount.

Commitment charge in the amount of 0.5% of the amount of undisbursed loan funds shall be paid to the European Bank for Reconstruction and Development on annual basis.

Article 4

The Project shall be implemented by PE Vodovod i Kanalizacija – Skopje in cooperation with City of Skopje, Ministry of Environment and Physical Planning and Ministry of Finance.

Article 5

As regards the implementation of the Project referred to in Article 1 of this Law, PE Vodovod i Kanalizacija – Skopje and the City of Skopje shall conclude Project Agreement with the European Bank for Reconstruction and Development.

Article 6

To the end of regulating the mutual rights and obligations arising from the Loan Agreement referred to in Article 2 of this Law and the Project Agreement referred to in Article 5 of this Law, Ministry of Finance, Ministry of Environment and Physical Planning, City of Skopje and PE Vodovod i Kanalizacija – Skopje, shall conclude Agreement for Implementation.

Article 7

The Republic of North Macedonia shall repay the loan referred to in Article 1 of this Law from the Budget of the Republic of North Macedonia.

Article 8

Supply of goods and services rendered to the PE Vodovod i Kanalizacija – Skopje, intended for "Wastewater Treatment Plant in Skopje Project", financed under the Loan Agreement referred to in Article 2 of this Law shall be exempt from value added tax with a right to tax credit deduction.

Import of goods by the PE Vodovod i Kanalizacija – Skopje intended for "Wastewater Treatment Plant in Skopje Project", financed under the Loan Agreement referred to in Article 2 of this Law shall be exempt from value added tax and import duties, as well as from excise duties on import of passenger vehicles and mineral oils.

As regards the supply rendered to the PE Vodovod i Kanalizacija – Skopje for purposes of the "Wastewater Treatment Plant in Skopje Project", financed under the Loan Agreement referred to in Article 2 of this Law, being a tax debtor therefor pursuant to point 4 Article 32 and 32-a of the Law on Value Added Tax, it shall be released from the obligation to calculate and pay the value added tax.

Taxpayer performing VAT-exempt supply pursuant to paragraph 1 of this Article shall mandatorily indicate in the invoice the name of the project and the name of the Loan Agreement referred to in Article 2 of this Law in the invoice, in addition to the name (title) of the recipient of the goods or the user of the services.

The PE Vodovod i Kanalizacija – Skopje shall, upon import of the goods exempt from VAT pursuant to paragraph 2 of this Article, mandatorily submit to the competent customs authority a copy of the Loan Agreement referred to in Article 2 of this Law and a declaration that the imported goods are intended for realization of the "Wastewater Treatment Plant in Skopje Project", financed with Loan Agreement referred to in Article 2 of this Law.

Article 9

Goods, which have been exempt from import duties pursuant to paragraph 2, Article 8 of this Law, within three years from the day of import, shall not be alienated, given at disposal to a third person, borrowed or used otherwise for purposes other than those for which they were exempt from import duties before payment of such import duties is made. Such items shall not be pledged, lent or used as security for other obligations.

If the holder of the right intends, prior to the expiry of the time limit referred to in paragraph 1 of this Article, to use the goods exempt from import duties pursuant to paragraph 2 Article 8 of this Law, for purposes different from those for which such goods were exempt from import duties, he/she shall submit request for payment of the customs debt to the customs authority.

Amount of the customs debt referred to in paragraph 2 of this Article, shall be calculated by the customs authority on the basis of the taxation elements being applicable at the moment of submitting the request for payment of the customs debt.

In case of incompliance with the provisions referred to in paragraphs 1 and 2 of this Law, the amount of the customs debt shall be calculated on the basis of the taxation elements applicable at the moment of accepting the customs declaration, on the basis of which, the goods were exempt from import duties.

Article 10

Procurement of goods and services intended for the implementation of the Project referred to in Article 1 of this Law shall be carried out in accordance with the Guide to Procurement of the European Investment Bank.

PE "Vodovod i Kanalizacija" – Skopje shall carry out the procurement of goods and services intended for implementation of the Project referred to in Article 1 of this Law.

State Appeals Commission shall carry out review procedures related to appeals lodged against the public procurement contract awarded under the project referred to in Article 1 of this Law.

Article 11

This Law shall enter into force on the day it is published in the “Official Gazette of the Republic of North Macedonia”.