

“Official Gazette of the Republic of North Macedonia”, no. 261 dated 18th December 2019

20192614038

PARLIAMENT OF THE REPUBLIC OF NORTH MACEDONIA

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

DECREE ON PROMULGATION OF THE LAW ON BORROWING BY THE REPUBLIC OF NORTH MACEDONIA AT THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT - WORLD BANK UNDER THE LOAN AGREEMENT FOR FINANCING THE LOCAL ROADS CONNECTIVITY PROJECT

Law on Borrowing by the Republic of North Macedonia at the International Bank for Reconstruction and Development - World Bank under the Loan Agreement for financing the Local Roads Connectivity Project, adopted by the Parliament of the Republic of North Macedonia at its session held on 17th December 2019 shall be promulgated.

No. 08-6829/1
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 BY THE REPUBLIC OF NORTH MACEDONIA AT THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT - WORLD BANK
UNDER THE LOAN AGREEMENT FOR FINANCING THE LOCAL ROADS
CONNECTIVITY PROJECT**

Article 1

The Republic of North Macedonia shall borrow a loan from the International Bank for Reconstruction and Development - World Bank in the amount of EUR 70,000,000, intended for implementation of the Local Roads Connectivity Project.

Article 2

The terms and conditions and the manner of using the Loan referred to in Article 1 of this Law shall be determined in the Loan Agreement for financing the Local Roads Connectivity Project, to be concluded between the Republic of North Macedonia and the International Bank for Reconstruction and Development - World Bank.

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

Article 3

Repayment period of the Loan referred to in Article 1 of this Law shall be 15 years, including five-year grace period.

Interest rate shall be six-month EURIBOR, plus fixed spread.

Upon signing the Loan Agreement referred to in paragraph 1, Article 2 of this Law, Republic of North Macedonia shall pay to the International Bank for Reconstruction and Development - World Bank front-end fee in the amount of 0.25% of the loan amount.

Republic of North Macedonia shall pay to the International Bank for Reconstruction and Development - World Bank commitment charge amounting to 0.25% of the Loan on annual level.

The Loan shall be repaid in 20 semi-annual installments, each in the amount of 5% of the Loan proceeds. The Loan shall be repaid on 1st March and 1st September each year.

Article 4

Beneficiary of the Loan referred to in Article 1 of this Law shall be the Ministry of Transport and Communication.

Article 5

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 6

Supply of goods and services rendered to the Ministry of Transport and Communication, intended for the Local Roads Connectivity 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 Ministry of Transport and Communication intended for the Local Roads Connectivity 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 Ministry of Transport and Communication, for purposes of the Local Roads Connectivity 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 Ministry of Transport and Communication 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 Local Roads Connectivity Project, financed with Loan Agreement referred to in Article 2 of this Law.

Article 7

Goods, which have been exempt from import duties pursuant to paragraph 2, Article 6 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 6 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 8

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