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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 GUARANTEE BY THE REPUBLIC OF NORTH MACEDONIA FOR THE LOAN AGREEMENT FOR FINANCING ROAD CORRIDOR VIII - PHASE I PROJECT, TO BE CONCLUDED BETWEEN THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE PUBLIC ENTERPRISE FOR STATE ROADS

Law on Guarantee by the Republic of North Macedonia for the Loan Agreement for Financing Road Corridor VIII - Phase I Project, to be concluded between the European Bank for Reconstruction and Development and the Public Enterprise for State Roads,

adopted by the Parliament of the Republic of North Macedonia at the session held on 20th December 2021, is hereby promulgated.

No. 08-5402/1

20th December 2021

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, M.A., in his own hand

LAW ON GUARANTEE BY THE REPUBLIC OF NORTH MACEDONIA FOR THE LOAN AGREEMENT FOR FINANCING ROAD CORRIDOR VIII - PHASE I PROJECT, TO BE CONCLUDED BETWEEN THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE PUBLIC ENTERPRISE FOR STATE ROADS

Article 1

Republic of North Macedonia shall guarantee the settlement of liabilities and the fulfilment of provisions referred to in the Loan Agreement for Financing Road Corridor VIII - Phase I Project, in the amount of EUR 110.000.000, to be concluded between the European Bank for Reconstruction and Development and the Public Enterprise for State Roads, should the Public Enterprise for State Roads fail to meet and settle the liabilities under the Loan Agreement.

Article 2

Terms and conditions and the manner of using the Loan shall be determined in the Loan Agreement referred to in Article 1 of this Law, to be concluded between the European Bank for Reconstruction and Development and the Public Enterprise for State Roads for the purpose of financing Road Corridor VIII - Phase I Project.

Article 3

Public Enterprise for State Roads shall settle all liabilities arising from the Loan Agreement referred to in Article 1 of this Law, as well as the loan itself, from the revenues it generates, within the deadlines and under the terms and conditions determined in the Loan Agreement referred to in Article 1 of this Law.

Article 4

Loan referred to in Article 1 of this Law shall consist of two tranches. Tranche 1 shall amount to EUR 41,700,000, with Tranche 2 amounting to EUR 68,300,000.

Interest rate shall be 6-month EURIBOR variable interest rate increased by 1% margin.

Repayment period of the two loan tranches shall be 16 years, including four-year grace period. Two loan tranches shall be repaid in 24 equal semi-annual installments on 15th June and 15th December of each year. Repayment period of Tranche 1 shall commence on the first date falling on the fourth anniversary of signing of this Agreement, while the repayment period of Tranche 2 shall commence on the first date falling on the fourth anniversary of the date of the Tranche 2 Availability Date.

European Bank for Reconstruction and Development shall, on behalf of the Borrower, withdraw a front-end commission equal to one per cent (1%) from the Available Amount within seven (7) days from the Effective Date with respect to Tranche 1.

European Bank for Reconstruction and Development shall, on behalf of the Borrower, withdraw a front-end commission equal to one per cent (1%) from the Available Amount within seven (7) days from Tranche 2 Availability Date with respect to Tranche 2.

Public Enterprise for State Roads shall pay commitment charge of 0.5% per annum to the European Bank for Reconstruction and Development.

With respect of Tranche 1, the commitment charge shall accrue from the date sixty (60) days after the date of the Loan Agreement referred to in Article 1 of this Law.

With respect of Tranche 2, the commitment charge shall accrue from the date sixty (60) days after the Tranche 2 Availability Date.

Article 5

To the end of regulating the mutual rights and obligations arising from the Loan Agreement referred to in Article 1 of this Law and the Guarantee Agreement, Ministry of Finance and Public Enterprise for State Roads shall conclude separate agreement.

Article 6

Supply of goods and services delivered/rendered to the Public Enterprise for State Roads by the winning contractor selected by the respective Public Enterprise, carrying out the contracted works intended for Road Corridor VIII - Phase I Project, financed under the Loan Agreement referred to in Article 1 of this Law, shall be exempt from value added tax with a right to tax credit deduction.

Supply of goods and services delivered/rendered to the winning contractor selected by the Public Enterprise for State Roads, to carry out the contracted works intended for Road Corridor VIII - Phase I Project, financed under the Loan Agreement referred to in Article 1 of this Law, shall be exempt from value added tax with a right to tax credit deduction.

Import of goods by the importer selected by the Public Enterprise for State Roads, intended for Road Corridor VIII - Phase I Project, financed under the Loan Agreement referred to in Article 1 of this Law, shall be exempt from value added tax, import duties and excise duties on energy, as well as tax on motor vehicles as regards passenger vehicles.

When importing goods exempted pursuant to paragraph 3 of this Article, the importer shall mandatory submit copy of the Loan Agreement referred to in Article 1 of this Law to the competent customs authority, together with a certificate by the Public Enterprise for State Roads for selecting the respective importer to import for the purpose of Road Corridor VIII - Phase I Project and a statement confirming that the imported goods are intended for Road Corridor VIII - Phase I Project, financed under the Loan Agreement referred to in Article 1 of this Law.

As regards supply rendered to the winning contractor selected by the Public Enterprise for State Roads, to carry out the contracted works intended for Road Corridor VIII - Phase I Project, financed under the Loan Agreement referred to in Article 1 of this Law, being a tax debtor therefore, such winning contractor shall be released from the obligation to calculate and pay value added tax pursuant to point 4 Article 32 and Article 32-a of the Value Added Tax.

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

Article 7

Goods exempted from import duties pursuant to paragraph 3, Article 6 of this Law shall, within three years from the day of import, neither be alienated nor given at the disposal of a third person, borrowed or used otherwise for purposes other than those for which they were respectively exempted prior to such import duties being paid. Such items shall not be pledged, lent or used as security for other obligations.

Should the holder of the right intend, prior to the expiry of the time limit referred to in paragraph 1 of this Article, to use the goods exempted from import duties pursuant to

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paragraph 3 Article 6 of this Law for purposes other than those for which such goods were respectively exempted, he/she shall submit request for payment of 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 exempted 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”.