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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 issue the following

DECREE

ON PROMULGATION OF THE LAW ON GUARANTEE BY THE REPUBLIC OF NORTH MACEDONIA FOR THE LOAN AGREEMENT FOR FINANCING TEN-T SKOPJE-KOSOVO BORDER MOTORWAY 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 TEN-T Skopje-Kosovo Border Motorway 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 its session held on 27th June 2022, shall be hereby promulgated.

No. 08-2956/1
28th June 2022
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 GUARANTEE BY THE REPUBLIC OF NORTH MACEDONIA FOR THE LOAN AGREEMENT FOR FINANCING TEN-T SKOPJE-KOSOVO BORDER MOTORWAY 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 TEN-T Skopje-Kosovo Border Motorway Project, to be concluded between the European Bank for Reconstruction and Development and the Public Enterprise for State Roads, in the

amount of EUR 167,600,000 in case the Public Enterprise for State Roads, fails to fulfil and service 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 TEN-T Skopje-Kosovo Border Motorway Project.

Article 3

Public Enterprise for State Roads shall settle all liabilities arising from the Loan Agreement referred to in Article 2 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 2 of this Law.

Член 4

Loan repayment period referred to in Article 1 of this Law shall be 16 years, including four-year grace period. Loan shall be repaid in 24 semi-annual instalments falling due on 20th March and 20th September each year.

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

Public Enterprise for State Roads shall pay Front-End Commission, accounting for 1% of the loan amount, to the European Bank for Reconstruction and Development within 7 days from the Effective Date.

Public Enterprise for State Roads shall pay Commitment Charge accounting for 0.5% of the loan per annum, to the European Bank for Reconstruction and Development.

Commitment Charge from the Loan shall accrue upon 60 days after the day of signing the Loan Agreement referred to in Article 2 of this Law.

Article 5

For the purpose of regulating the mutual rights and obligations arising from the Loan Agreement referred to in Article 2 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 rendered to the Public Enterprise for State Roads, intended for implementing TEN-T Skopje-Kosovo Border Motorway 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 carried out by the Public Enterprise for State Roads, intended for TEN-T Skopje-Kosovo Border Motorway Project, financed under the Loan Agreement referred to in Article 2 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.

As regards the supply rendered to the Public Enterprise for State Roads, for the purpose of implementing TEN-T Skopje-Kosovo Border Motorway Project, financed under the Loan Agreement referred to in Article 2 of this Law, being a tax debtor therefor pursuant to point 4 in Article 32 and Article 32-a of the Law on Value Added Tax, the Public Enterprise for State Roads shall be released from the obligation to calculate and pay the Value Added Tax.

Supply of goods and services rendered to the winning contractor selected by the Public Enterprise for State Roads, to carry out the contractual works intended for implementing TEN-T Skopje-Kosovo Border Motorway 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 carried out by the winning contractor selected by the Public Enterprise for State Roads, intended for TEN-T Skopje-Kosovo Border Motorway Project, financed under the Loan Agreement referred to in Article 2 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.

As regards supply rendered to the winning contractor selected by the Public Enterprise for State Roads, to carry out the contractual works intended for implementing TEN-T Skopje-Kosovo Border Motorway Project, financed under the Loan Agreement referred to in Article 2 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 in Article 32 and Article 32-a of the Law on Value Added Tax.

Taxpayer performing VAT-exempt supply pursuant to paragraphs 1, 3, 4 and 6 of this Article shall, in addition to the name (title) of the respective recipient of the goods or

the respective user of the service, mandatorily indicate the name of the Project and the name of the Loan Agreement referred to in Article 2 of this Law in the invoice.

When importing goods exempted pursuant to paragraph 5 of this Article, the winning contractor shall mandatorily submit, to the competent customs authority, a copy of the Loan Agreement referred to in Article 2 of this Law, certificate by the Public Enterprise for State Roads, about the winning contractor being selected to carry out contractual works for TEN-T Skopje-Kosovo Border Motorway Project, a statement confirming that the imported goods are intended for implementing TEN-T Skopje-Kosovo Border Motorway Project, financed under the Loan Agreement referred to in Article 2 of this Law.

Supply of goods and services referred to in paragraphs 4 and 6 of this Article, as well as import of goods referred to in paragraph 5 of this Article, shall not exceed the amount of the Agreement between Public Enterprise for State Roads and the winning contractor, for the purpose of performing the contractual works intended for implementing TEN-T Skopje-Kosovo Border Motorway Project, financed with the Loan Agreement referred to in Article 2 of this Law.

Article 7

To the end of applying the exemption referred to in paragraphs 2 and 5 in Article 6 of this Law, the Public Enterprise for State Roads, i.e. the winning contractor shall submit request to the Ministry of Finance - the Customs Administration.

Form and contents of the request referred to in paragraph 1 of this Article and the required documentation to be attached thereto, shall be stipulated by the Minister of Finance.

Article 8

Goods exempted from import duties pursuant to paragraphs 2 and 5 in 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 paragraphs 2 and 5 in 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.

“Official Gazette of the Republic of North Macedonia”, no. 150 dated 1st July 2022

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 9

Bylaws stipulated by this law shall be adopted within 60 days from the day this Law enters into force.

Article 10

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