

20221502010

**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 A LOAN BY THE REPUBLIC OF NORTH MACEDONIA AT THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT - WORLD BANK UNDER THE LOAN AGREEMENT FOR ADDITIONAL FINANCING FOR THE LOCAL ROADS CONNECTIVITY PROJECT**

Law on Borrowing a loan by the Republic of North Macedonia at the International Bank for Reconstruction and Development - World Bank under the Loan Agreement for additional financing for the Local Roads Connectivity Project, adopted by the Parliament of the Republic of North Macedonia at its session held on 27<sup>th</sup> June 2022, shall be promulgated.

No. 08-2959/1  
27<sup>th</sup> 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 BORROWING A LOAN BY THE REPUBLIC OF NORTH MACEDONIA AT THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT - WORLD BANK UNDER THE LOAN AGREEMENT FOR ADDITIONAL FINANCING FOR THE LOCAL ROADS CONNECTIVITY PROJECT**

Article 1

Republic of North Macedonia shall borrow a loan from the International Bank for Reconstruction and Development - World Bank in the amount of EUR 37,000,000, intended for additional financing 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 additional 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 11 years, including three-year grace period.

Interest rate shall be six-month EURIBOR, plus variable 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, accounting for 0.25% of the loan amount.

Republic of North Macedonia shall pay to the International Bank for Reconstruction and Development - World Bank, a commitment charge accounting for 0.25% of the undisbursed portion of the loan on annual basis.

Loan referred to in Article 1 of this Law shall be repaid in 16 semi-annual installments, each accounting for 6.25% of the loan amount. Loan shall be repaid on 15<sup>th</sup> March and 15<sup>th</sup> September each year.

### Article 4

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

### 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 Communications, 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 Communications, 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, import duties, excise duties on energy and tax on motor vehicles as regards passenger vehicles.

As regards the supply rendered to the Ministry of Transport and Communications, 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 in 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 the name (title) 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.

Ministry of Transport and Communications 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 statement 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 Value Added Tax, import duties, excise duties on energy and tax on motor vehicles as regards passenger vehicles 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 Value Added Tax, import duties, excise duties on energy products and tax on motor vehicles as regards passenger vehicles before payment of such duties is made. Goods 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 duties pursuant to paragraph 2 in 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”.