

“Official Gazette of the Republic of North Macedonia”, no. 251 dated 22<sup>nd</sup> November 2022

20222513670

**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 EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT UNDER THE LOAN AGREEMENT FOR FINANCING THE REGIONAL SOLID WASTE PROJECT**

Law on Borrowing a Loan by the Republic of North Macedonia at the European Bank for Reconstruction and Development under the Loan Agreement for Financing the Regional Solid Waste Project, adopted by the Parliament of the Republic of North Macedonia, at its session held on 18<sup>th</sup> November 2022 shall be hereby promulgated.

No. 08-4823/1  
18<sup>th</sup> November 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 EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT UNDER THE LOAN AGREEMENT FOR FINANCING THE REGIONAL SOLID WASTE PROJECT**

Article 1

Republic of North Macedonia shall borrow a Loan from the European Bank for Reconstruction and Development in the amount of EUR 55,000,000 intended for financing the Regional Solid Waste Project.

Article 2

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, to be concluded between the Republic of North Macedonia and the European Bank for Reconstruction and Development.

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

### Article 3

Loan referred to in Article 1 of this Law shall be disbursed in two tranches. The first tranche shall be in the amount of EUR 47,500,000, and the second tranche shall be in the amount of EUR 7,500,000.

Repayment period of the first tranche of the Loan shall be 15 years, including four-year grace period. The first tranche of the Loan shall be repaid in 22 semi-annual installments, on 20<sup>th</sup> April and 20<sup>th</sup> October each year, starting from the first date following the fourth anniversary of the Loan Agreement.

Repayment period of the second tranche of the Loan shall be 15 years, including four-year grace period. The second tranche of the Loan shall be repaid in 22 semi-annual installments, on 20<sup>th</sup> April and 20<sup>th</sup> October each year, starting from the first date following the fourth anniversary from the second tranche availability date.

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

Republic of North Macedonia shall pay to the European Bank for Reconstruction and Development, a front-end fee, accounting for 1% of the amount of the first tranche within seven days from the effective date of the tranche.

Republic of North Macedonia shall pay to the European Bank for Reconstruction and Development, a front-end fee, accounting for 1% of the amount of the second tranche within seven days from the second tranche availability date.

Republic of North Macedonia shall pay to the European Bank for Reconstruction and Development, a commitment charge, accounting for 0.5% of the amount of the undisbursed loan funds on annual basis.

Commitment charge for the first tranche shall start to be calculated following 60 days from the day of signing the Loan Agreement referred to in Article 2 of this Law.

Commitment charge for the second tranche shall start to be calculated following 60 days from the second tranche availability date.

### Article 4

Project referred to in Article 1 of this Law shall be implemented by the Ministry of Environment and Physical Planning.

### Article 5

For the purpose of implementing the Project referred to in Article 1 of this Law, the Ministry of Environment and Physical Planning shall conclude a Project Agreement with the European Bank for Reconstruction and Development.

### Article 6

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 7

Supply of goods and services rendered to the Ministry of Environment and Physical Planning, intended for implementing the Regional Solid Waste 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 Ministry of Environment and Physical Planning, intended for the Regional Solid Waste 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 products, as well as tax on motor vehicles as regards passenger vehicles.

As regards the supply rendered to the Ministry of Environment and Physical Planning, for the purpose of implementing the Regional Solid Waste 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, Ministry of Environment and Physical Planning 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 Ministry of Environment and Physical Planning, to carry out the contractual works intended for implementing the Regional Solid Waste 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 Ministry of Environment and Physical Planning, intended for the Regional Solid Waste 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 products, as well as tax on motor vehicles as regards passenger vehicles.

As regards supply rendered to the winning contractor selected by the Ministry of Environment and Physical Planning, to carry out the contractual works intended for implementing Regional Solid Waste 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 Ministry of Environment and Physical Planning, about the winning contractor being selected to carry out contractual works for the Regional Solid Waste Project, a statement confirming that the imported goods are intended for implementing the Regional Solid Waste 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 the Ministry of Environment and Physical Planning and the winning contractor, for the purpose of performing the contractual works intended for implementing the Regional Solid Waste Project, financed with the Loan Agreement referred to in Article 2 of this Law.

#### Article 8

To the end of applying the exemption referred to in paragraphs 2 and 5 in Article 7 of this Law, the Ministry of Environment and Physical Planning, 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 9

Goods exempted from import duties pursuant to paragraphs 2 and 5 in Article 7 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 7 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 Article, 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 10

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

#### Article 11

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