

“Official Gazette of the Republic of North Macedonia”, no. 262 dated 11<sup>th</sup> December 2023

**20232624550**

**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 INVESTMENT BANK UNDER THE FINANCE CONTRACT FOR CORRIDOR VIII RAIL - EASTERN SECTION MK, SECTION KRIVA PALANKA – BORDER BETWEEN NORTH MACEDONIA AND BULGARIA**

Law on Borrowing a Loan by the Republic of North Macedonia at the European Investment Bank under the Finance Contract for Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria, adopted by the Parliament of the Republic of North Macedonia, at its session held on 11<sup>th</sup> December 2023 is hereby promulgated.

No. 08-6406/1  
11<sup>th</sup> December 2023  
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 INVESTMENT BANK UNDER THE FINANCE CONTRACT FOR CORRIDOR VIII RAIL - EASTERN SECTION MK, SECTION KRIVA PALANKA – BORDER BETWEEN NORTH MACEDONIA AND BULGARIA**

Article 1

Republic of North Macedonia shall borrow a Loan from the European Investment Bank in the amount of EUR 175,000,000 intended for financing the Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria Project, which shall, as well, be partially financed through the Instrument for Pre-Accession assistance-IPA of the European Union.

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 Finance Contract for Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria, to be concluded between the Republic of North Macedonia and the European Investment Bank.

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

Article 3

The Loan referred to in Article 1 of this Law shall be disbursed in up to 12 tranches. The amount of each tranche shall be in a minimum amount of EUR 5,000,000.

Interest rate shall be determined for each tranche separately, on the day the Ministry of Finance submits the Disbursement Request, depending on which interest rate shall be more favorable for the Republic of North Macedonia (fixed or floating).

Repayment period for each loan tranche may fall not earlier than four years and not later than 25 years from the Scheduled Disbursement Day, including a grace period, which may fall not earlier than 30 days and not later than five years from the Scheduled Disbursement Day.

Loan repayment period shall be determined for each tranche separately on the day the Ministry of Finance submits the Disbursement Request by.

The tranche may also be repaid in a single installment, being a date falling between three and 15 years from the Scheduled Disbursement Day.

Republic of North Macedonia shall pay to the European Investment Bank an up-front fee in the amount of EUR 50,000.

Republic of North Macedonia shall pay to the European Investment Bank a non-utilisation fee accounting for 0.10% of the amount of the undisbursed loan funds on annual basis.

Non-utilisation fee shall be calculated from the date falling 48 months from the date of signing the Finance Contract referred to in Article 2 of this Law.

#### Article 4

The Project referred to in Article 1 of this Law shall be implemented by the Ministry of Finance - Central Financing and Contracting Department and the Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje.

#### Article 5

For the purpose of implementing the Project referred to in Article 1 of this Law, the Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje shall conclude Project Implementation Agreement with the European Investment Bank.

#### Article 6

To the end of regulating the mutual rights and obligation arising from the Finance Contract referred to in Article 2 of this Law and the Project Implementation Agreement referred to in Article 5 of this Law, Ministry of Finance, Ministry of Transport and Communication and Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje shall conclude separate agreement.

#### Article 7

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 8

Supply of goods and services delivered/rendered to the Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje by the winning contractor, intended for implementing the Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria Project, financed under the Finance Contract referred to in Article 2 of this Law, shall be exempt from value added tax with a right to tax credit deduction.

As regards supply of goods and/or services delivered/rendered to the Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje by the winning contractor, intended for implementing the Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria Project, financed under the Finance Contract referred to in Article 2 of this Law, whereby the Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje is tax debtor pursuant to point 4, Article 32 of the Law on Value Added Tax, it shall be exempt from assessing and paying value added tax.

As regards the supply of goods and/or services rendered and exempted from the value added tax pursuant to paragraph 1 of this Article, “value added tax has not been assessed” shall be specified in the invoice by the supplier, also indicating the basis for value added tax exemption, i.e. Project name and title of the Finance Contract referred to in Article 2 of this Law.

Import of goods by the Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia - Skopje, intended for implementing the Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria Project, financed under the Finance Contract referred to in Article 2 of this Law, shall be exempt from value added tax, import duties, excise duties on energy products, as well as motor vehicles tax, in the course of the Project.

When importing goods exempted pursuant to paragraph 4 of this Article, Public Enterprise for Railway Infrastructure Railways of Republic of North Macedonia – Skopje shall mandatory submit copy of the Finance Contract referred to in Article 2 of this Law to the competent customs authority and a statement confirming that the imported goods are intended for implementation of the Corridor VIII Rail - Eastern Section MK, Section Kriva Palanka – Border between North Macedonia and Bulgaria Project, financed under the Finance Contract referred to in Article 2 of this Law.

Supply of goods and/or services referred to in paragraphs 1 and 2 of this Article, as well as the import of goods/services referred to in paragraph 4 of this Article, may not exceed the loan amount referred to in Article 1 of this Law.

#### Article 9

Goods exempted from import duties pursuant to paragraph 4, Article 8 of this Law may not, within three years from the day of import, be alienated or 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 may 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 paragraph 4, Article 8 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 non-compliance 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

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