

Law on Technological Industrial Development Zones

PART ONE

GENERAL PROVISIONS

Subject of the Law

Article 1

(1) This Law shall regulate the incentives for investing in technological industrial development zones, the conditions, manner and procedure for the establishment, development and operation of the technological industrial development zones, the business activities performed in the technological industrial development zones and the specific requirements for their performance, the application of the customs regulations in the technological industrial development zones, as well as the termination of operation of the technological industrial development zones and of the user of the technological industrial development zones.

(2) This Law shall represent an aid scheme in accordance with the state aid regulations.

Purpose of the Law

Article 2

The purpose of this Law shall be to accelerate the economic development by attracting foreign and domestic capital intended for development of new technologies and their application in the national economy, to increase the competitiveness, and to increase the employment level.

Public interest

Article 3

The construction and the performance of the activities related to establishment and operation of the technological industrial development zones shall be of public interest.

Meaning of the used terms

Article 4

(1) The terms used in this Law shall have the following meaning:

1. "Taxpayer" means any person who is defined as such in accordance with the Law on Tax Procedure;

2. "Tax authority" means any state administration body which performs the administrative and other expert duties as defined in the Law on the Public Revenue Office;
3. "Domestic goods" mean goods:
 - fully obtained in the customs area of the Republic of Macedonia in accordance with Article 22 of the Law on Customs, that do not incorporate goods imported from other countries. The goods obtained by goods placed under suspension procedure shall not be considered to have the status of domestic goods,
 - imported from other countries and released into free circulation, and
 - obtained or produced in the customs area of the Republic of Macedonia, whether by the goods referred to only in line 2 or by the goods referred to in lines 1 and 2 of this point;
4. "State aid" means any aid granted by the state aid provider, in any form, giving preferences to certain enterprises, production of certain goods or provision of certain services;
5. "Aid intensity" means the aid amount expressed in percentage of the justified investment costs or in percentage of the calculated salary costs for all jobs created by the investment project;
6. "State aid provider" means the Government of the Republic of Macedonia and the state administration bodies;
7. "User of the technological industrial development zone" means any domestic or foreign natural person or legal entity registered for performing a business activity in accordance with the Law on Trade Companies and which, for the purpose of using the technological industrial development zone, has concluded a contract on performance of a business activity with the founder of the technological industrial development zone, and which has been issued a decision on operation commencement;
8. "Small-sized enterprise" means an enterprise with less than 50 employees and an annual turnover not exceeding Euro 7 million in Denar counter value or balance sheet total not exceeding Euro 5 million in Denar counter value and is not owned by 25% or more in capital or voting rights by one enterprise, or jointly by several enterprises that are not covered by the definition of small- and medium-sized enterprises;
9. "Founder of a technological industrial development zone" means the Government of the Republic of Macedonia or a domestic or foreign legal entity. A legal entity which performs the activity of a founder in accordance with the public-private partnership contracts can also be a founder of a technological industrial development zone.
10. "Productive initial investment" means investment in tangible and/or intangible assets in relation to the:
 - establishment of a new enterprise,
 - expansion of the production capacity of the existing enterprise,
 - diversification of the production of the enterprise by introducing new, additional products,or
 - fundamental change in the overall production process of the existing enterprise.
11. "Tangible assets" mean assets in relation to land, buildings and plants/machinery. In the case of takeover of an enterprise, only the costs of buying the assets from third parties should

be taken into consideration, provided that the transaction has been conducted in accordance with the market conditions;

12. "Intangible assets" mean assets included by the transfer of technology through the takeover of patent rights, licenses, know-how or unpatented technical knowledge. With regard to small- and middle-sized enterprises, the full costs of the investments in intangible assets by the transfer of technology through the takeover of patent rights, licenses, know-how or unpatented technical knowledge can always be taken into consideration. With regard to large enterprises, such costs shall be justified only up to a limit of 50% of the total justified investment costs of the project;

13. "Enterprise with difficulty" means any enterprise with increasing losses, diminishing turnover, growing stocks, excess capacity, declining cash flow, mounting debt, rising interest rates, and falling or nil net asset value, and, in the case of an enterprise where at least some of the members have unlimited liabilities regarding the enterprise debt, where more than half of the capital has disappeared from the enterprise accounts and more than one quarter of that capital has been lost in the previous twelve months, as well as in every other cases where the conditions for initiation of a bankruptcy procedure are met under the bankruptcy regulations. In any case, an enterprise shall be considered as enterprise with difficulty when it is clear that it cannot recover through its own resources or with the funds it obtains from its owners/stockholders or from market sources;

14. "Regional aid" means aid that corresponds to the regional political goals of the Republic of Macedonia, supporting an initial investment or job creation related to an investment;

15. "Job creation" means a net increase in the number of employees directly employed in an enterprise compared with the average over the previous 12 months. Any job lost during that 12 month period has to be deducted from the number of jobs created during the same period. The amount of aid cannot exceed a certain percentage of the salary costs of the person employed, calculated over a period of two years. The percentage is equal to the intensity allowed under the conditions and procedures regulated by law for granting employment aid;

16. "Medium-sized enterprise" means an enterprise with less than 250 employees and an annual turnover not exceeding Euro 40 million in Denar counter value or balance sheet total not exceeding Euro 27 million in Denar counter value, and is not owned by 25% or more in capital or voting rights by one enterprise, or jointly by several enterprises that are not covered by the definition of small- and medium-sized enterprises;

17. "Presenting the goods for inspection to the customs authority" means a notification to the customs authority in the prescribed manner, about the arrival of goods at the customs authority or any other place designated or approved by the customs authority;

18. "Foreign goods" mean goods different from the one referred to in point 3 of this paragraph. Domestic goods taken out of the customs area shall obtain the status of foreign goods as well;

19. "Technological industrial development zone" (hereinafter: the zone) means a part of the territory of the Republic of Macedonia as a part of the customs area, separated from the remaining part of the customs area, separately fenced and marked area representing a functional entity in which activities are performed under terms and conditions prescribed by

this Law and another law and wherein the customs and tax incentives determined by this Law and another law apply. The technological industrial development zone shall be established with the intention of developing highly propulsive and modern technologies by introducing economically profitable production and efficient utilization of the resources by application of the highest environmental standards. The technological industrial development zone shall be a free zone from the aspect of the customs and tax laws;

20. "Salary costs" mean the total amount to be paid by the state aid beneficiary in relation to the relevant employments, comprising the gross salary, tax, and the mandatory social insurance contributions;

21. "Customs permitted treatment or use of goods" means:

- a) placing of goods under a customs procedure,
- b) entry of goods in a zone or a free warehouse,
- c) re-export of goods from the customs area,
- d) destruction of goods, and
- e) renouncing of goods for the benefit of the state;

22. "Customs debt" means any obligation of a person to pay the amount of the import duties (customs debt on import) or export duties (customs debt on export), prescribed for certain goods under the regulations of the Republic of Macedonia;

23. "Customs control" means performance of specific activities such as: examination of goods; verification of the existence, authenticity and accuracy of the documents; examination of accounting books and other records; examination and search of means of transportation; examination and search of personal baggage and other goods that persons carry with or on themselves; implementation of official procedures and other similar activities in respect of observing customs regulations, and when necessary, other regulations applicable to goods subject to customs supervision;

24. "Customs supervision" means general measures undertaken by the customs authority for the purpose of ensuring the application of the customs regulations, and when necessary, of other regulations applicable to goods subject to customs supervision;

25. "Customs authority" means any organizational unit of the Customs Administration determined by law, competent for the application of the customs or other regulations, where all or some of the prescribed formalities can be carried out;

26. "Customs procedures" mean:

- releasing of goods into free circulation,
- transit,
- customs warehousing,
- inward processing,
- processing under customs control,
- temporary import,
- outward processing, and
- export; and

27. "Customs regulations" mean the Law on Customs and the bylaws adopted on the basis of this Law.

28. "fundamental change" means diversification of the final production in products that have not been produced before by the enterprise." [2](#)

29. "independent investor" means an investor which is not related in any way to the seller.

(2) In this Law, the use of singular shall also include plural, and plural can also refer to singular, except when the words "only" or "except" exclude the plural or singular.

Scope of state aid

Article 4-a

(1) The users of the zones shall be granted state aid in the form of regional aid, under the conditions determined by this Law. The regional aid can be granted for initial investment in tangible and intangible assets.

(2) The regional aid, in terms of this Law, cannot be granted to an enterprise with difficulty.

(3) The contribution of the aid beneficiary should be at least 25% of the justified investment costs, but it should not be a product of the state aid. [3](#)

(4) The maximum intensity of the regional aid shall amount up to 50% of the justified investment costs or of the salary costs for the newly created jobs in the period of two years.

(5) The maximum intensity of the regional aid shall amount up to 70% for small-sized enterprises and up to 60% for medium-sized enterprises of the justified investment costs or of the salary costs for the newly created jobs in the period of two years.

(6) The Commission for Protection of Competition shall be notified of each initial investment project with justified investment costs of above Euro 50 million in Denar counter value individually.

(7) The aid intensity regarding the investment projects referred to in paragraph (6) of this Law, may amount to:

- 100% of the maximum intensity of the regional aid – with regard to the part of the justified investment costs up to Euro 50 million in Denar counter value;
- 50% of the maximum intensity of the regional aid – with regard to the part of the justified investment costs between Euro 50 - 100 million in Denar counter value, and
- 34% of the maximum intensity of the regional aid – with regard to the part of the justified investment costs exceeding Euro 100 million in Denar counter value.

(8) The provisions referred to in paragraph (7) of this Article shall apply to projects the productive initial investment of which is made in a period of three years by one or more companies and consists of tangible assets joined together in an economically indivisible way. [4](#)

(9) The regional aid shall consist of the incentives described in Article 5 paragraph (1) points 1 and 2 3) and 4) and Articles 6, 7 and 8 of this Law. The cumulation of the aid anticipated in Article 5 paragraph (1) points 1 and 2 3) and 4) and Articles 6, 7 and 8 of this Law cannot exceed the aid intensity anticipated in this Article.

(10) The enterprises in the technological industrial development zones that are granted state aid, cannot be granted any other type of regional aid in respect of the same justified investment costs.

(11) The Agency for Foreign Investments and Export Promotion of the Republic of Macedonia, the Directorate for Technological Industrial Development Zones or any of the ministers without portfolio in charge of attraction of foreign investments, depending on who has established the initial contact with the investor shall, on behalf of the Government of the Republic of Macedonia, as a state aid provider, conclude a contract determining the state aid granted to the user of the zone, in accordance with this Law, upon a prior consent of the Government of the Republic of Macedonia.

(12) As an exception to paragraph 11 of this Article, in all other cases, provided that there is an independent investor, the contract for awarding state aid shall be signed by the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia.

(13) The state aid providers shall be obliged, in accordance with this Law, every year until 28 February, to submit information regarding the state aid granted during the previous year to the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia. The Agency for Foreign Investments of the Republic of Macedonia shall submit complete information about the granted state aid for the previous year to the Assembly of the Republic of Macedonia and the Directorate for Technological Industrial Development Zones.

(14) Each of the signatories of the contract determining the state aid granted to the user of the zone set out in paragraph 11 of this Article shall keep records of the state aid granted for which they have signed a contract and, on behalf of the state aid provider, shall submit an annual report to the Commission for Protection of Competition once a year, not later than 31 March of the current year for the previous year. [5](#)

PART TWO

INCENTIVES FOR INVESTING IN THE TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE

Tax exemptions and reliefs and procedures

Article 5

(1) Under the conditions and within the limits determined in Article 4-a of this Law, the taxpayer, user of the zone, shall be eligible for exemptions and reliefs from payment of:

- 1) profit tax for a period of ten years as of the day of starting the performance of the business activity in the zone within two years the latest after the year in which the decision on operation commencement has been granted, under the conditions determined by this Law; and

profit tax for a period of ten years as of the day of receipt of: [6](#)

- the decision on operation commencement regarding expansion of the capacity of the existing enterprise or;
- the decision on operation commencement in the case of diversification of the production of

the enterprise by introduction of new, additional products or;

- the decision on operation commencement in the case of fundamental change in the overall production process of the existing enterprise;

3) personal income tax on employees' salaries, for a period of ten years from the day of starting the performance of the business activity in the zone, that is, as of the first month in which the user starts to pay the salary, regardless of the number of employees with the user, under the conditions determined by this Law.

4) personal income tax on salaries of the newly employed persons, for a period of ten years as of the day of receipt of:

- the decision on operation commencement regarding expansion of the capacity of the existing enterprise or;

- the decision on operation commencement in the case of diversification of the production of the enterprise by introduction of new, additional products or;

- the decision on operation commencement in the case of fundamental change in the overall production process of the existing enterprise;

provided that there is no reduction of the number of employees in the existing capacity of the user of the zone before and after the adoption of the decision.

(2) The trade in goods and services in the technological industrial development zones, except the trade intended for the end use, shall not be subject to value added tax.

(3) The import of goods in the technological industrial development zones shall be exempted from value added tax, provided that the goods are not released in free circulation, that is, are not intended for the end use.

Customs exemptions and reliefs

Article 6

(1) Under the conditions and within the limits determined in Article 4-a of this Law, the user of the zone shall be eligible for customs exemptions and reliefs in accordance with the provisions of the Law on Customs, unless otherwise regulated by this Law.

(2) The user of the zone carrying out production activity and information technology activities (software development, hardware assembly, digital recording, computer chips, and alike), scientific and research activity and production based on new technologies with high environmental standards shall be exempted from the obligation of submitting a guarantee as a security instrument for the customs debt incurring or that may incur after the determination of the customs permitted treatment or use of the goods.

(3) The exemptions or reliefs referred to in paragraph (1) of this Article shall not apply to alcohol and alcoholic beverages, as well as to tobacco and tobacco products.

(4) The user of the zone can use an incentive for import of equipment in accordance with Article 42 of this Law.

Aid for training and improvement

Article 6-a

(1) The user of the zone providing new jobs can be granted aid for the justified investment costs for education in the form of special or general development of workers:

- 1) the special development referred to in paragraph (1) of this Article is intended for acquisition of theoretical and practical knowledge applicable at the present or future job positions at the enterprise which is a state aid beneficiary, and
- 2) the general development referred to in paragraph (1) of this Article is intended for acquisition of general knowledge applicable at the present or future job position at the enterprise, which is a state aid beneficiary, but also at other enterprises or in other activities which significantly increases the employment opportunities for the worker.

(2) The aid referred to in this Article can be granted in the amount of up to 50% of the justified investment costs in the case of general development and of up to 25 % of the justified investment costs in the case of special development.

(3) The aid intensity referred to in paragraph (2) of this Article can be increased by:

- 10 percentage points of the justified investment costs regarding the special development and by 20 percentage points of the justified investment costs regarding the general improvement in small- and medium-sized enterprises;
- 10 percentage points of the justified investment costs in the territory of Republic of Macedonia; and
- 10 percentage points of the justified costs, provided that the professional development is to be undertaken by persons who have difficulties in finding jobs.

(4) The state aid intensity referred to in paragraph (3) of this Article can be cumulated.

(5) The justified investment costs incurred for the purpose of development, in accordance with paragraph (1) of this Article, shall be:

- the costs of the lecturer,
- the travel expenses of the lecturer and the persons included in the development,
- other recurring costs,
- the costs related to the depreciation of the machines and equipment in accordance with the scope of their use, for the purpose of professional development,
- the costs of consulting regarding the development project, and
- the costs of participants in the professional development project up to the amount of all justified costs referred to in this paragraph.

Article 7

Under the conditions and within the limits determined in Article 4-a of this Law, the user of the zone shall exercise the right to exemptions and reliefs determined in Articles 5 and 6 of this Law regarding the performance of:

- 1) production activities;
- 2) information technology activities (software development, hardware assembly, digital recording, computer chips, and alike) scientific and research activities and production based on new technologies with high environmental standards, and
- 3) services directly related to the import of goods which enter the zone, provided that the goods are not intended for end use.

Other incentives

Article 8

(1) Under the conditions and within the limits referred to in Article 4-a of this Law, the user of the zone performing any of the activities determined in Article 7 of this Law, shall also be eligible for the following incentives:

1) the user of the zone shall be exempted from paying the land development fee in accordance with the provision of the Law on Construction Land;

2) *deleted* [7](#)

3) the Government of the Republic of Macedonia may participate in the costs for construction of a facility for the user within the zone in the amount of Euro 500.000 in Denar counter value, under the following criteria:

- Euro 100.000 in Denar counter value – for productive investments in the amount of Euro 1 to 2 million in Denar counter value, or 20 new jobs;

- Euro 200.000 in Denar counter value – for productive investments in the amount of Euro 2 to 5 million in Denar counter value, or 40 new jobs;

- Euro 300.000 in Denar counter value – for productive investments in the amount of Euro 5 to 10 million in Denar counter value, or 60 new jobs;

- Euro 400.000 in Denar counter value – for productive investments in the amount of Euro 10 to 15 million in Denar counter value, or 80 new jobs, and

- Euro 500.000 in Denar counter value – for productive investments in the amount of more than Euro 15 million in Denar counter value, or over 100 new jobs.

On a proposal of the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or to the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments., the Government of the Republic of Macedonia shall decide on the fulfillment of the conditions referred to in point 3 of this paragraph, in the procedure determined in Article 8-a of this Law. [8](#)

(2) In accordance with the provisions of the Law on Construction Land, the founder of the zone shall be exempted from paying the land development fee.

(3) The land for establishment of the zone shall be given under lease to the founder of the zone for a period of up to 99 years by the Directorate for Technological Industrial Development Zones.

(4) Upon a prior consent of the Government of the Republic of Macedonia, the Directorate for Technological Industrial Development Zones shall conclude a contract for management of technological industrial development zone with the founder of the zone for the purpose of giving the land under lease in accordance with paragraph (3) of this Law.

(5) The land in the zone may be given under lease by the founder of the zone to the users for a period of up to 99 years.

(6) The lease period for the land and the amount of the lease for the land for the founders of the zone, as well as for the users of the zone in the cases when the Government of the Republic of Macedonia is the founder, shall be determined by the Government of the Republic of Macedonia for each individual case.

(7) The facilities within the zone that are owned by the Republic of Macedonia shall be sold by the Directorate for Technological Industrial Development Zones by a direct agreement, on the basis of a previously adopted decision by the Government of the Republic of Macedonia

which determines the direct buyer and the value of the intangible asset which cannot be lower than its appraised market value.

(8) The facilities within the zone that are owned by the Republic of Macedonia shall be given under lease for a period of up to 99 years by the Directorate for Technological Industrial Development Zones on the basis of a previously adopted decision by the Government of the Republic of Macedonia which determines the lease period and the lease amount.

(9) Any natural person or a legal entity, domestic or foreign, that may acquire the status of a user of the zone may be a direct buyer, that is, a lessee referred to in paragraph (7) and (8) of this Law.

(10) The user of the zone shall be obliged to start building on the land granted for use within a time period of nine months from the day of concluding the lease contract, and to finish building and start the production within thirty months at the latest.

(11) The lease contract for the land shall be unilaterally terminated, if the user of the zone does not start building the facility within a time period of nine months from the day of signing the lease contract and if production does not start within 30 months.

Procedure for granting state aid

Article 8-a

(1) A contract for granting state aid can be concluded only if the enterprise to be granted state aid submits a letter of intention, an enterprise registration in the Republic of Macedonia, and a business plan to the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or to the Directorate for Technological Industrial Development Zones or to the ministers without portfolio in charge of attraction of foreign investments.

(2) The business plan referred to in paragraph (1) of this Article shall consist of the following elements:

- description of the company, consolidated financial reports for the last three years, and overview of business activities planned to be carried out in the technological industrial development zones,
- location and area of the required land parcel,
- period for commencement and completion of the construction and period for commencement of production,
- total amount of the productive investments,
- total number of new jobs, qualifications of the employees, employment dynamics for a period of 10 years,
- projection of revenues and profits for a period of 10 years,
- plan for future expansion, and
- market location.

(3) The Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments. shall be obliged to submit the business plan referred to in paragraph (2) of this Article, within a time period of ten days

from day of submission of the business plan by the enterprise to the Government of the Republic of Macedonia, with a proposal for granting state aid. [9](#)

(4) The Government of the Republic of Macedonia shall decide on granting of state aid to the enterprise within 30 days from the day of submission of the proposal of the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments. referred to in paragraph (3) of this Article. [10](#)

(5) The enterprise shall conclude a special agreement on awarding a state aid for each productive initial investment under the conditions and in the manner foreseen by paragraphs (1), (2), (3) and (4) of this Article.

(6) If the user of the technological industrial development zone has concluded several agreements on awarding state aid for productive initial investments, the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments shall adopt a decision where the percentage of the participation of the justified investment costs for each productive initial investment in the total amount of the justified investment costs for all productive initial investments shall be determined and they shall submit the decision to the user of the technological industrial development zone within a period not longer than 30 days as of the receipt of the notification regarding the spent justified investment costs by the user of the technological industrial development zone.

Requirements and procedure for exercising tax exemptions and reliefs

Article 9

(1) The user of the zone carrying out productive investments shall exercise the tax exemptions and reliefs if it:

- 1) performs a new business activity, but does not transfer the activity from another area of the Republic of Macedonia into the zone;
- 2) does not have tax or customs arrears, and
- 3) is not under a bankruptcy procedure.

(2) For the purpose of exercising the tax exemptions and reliefs referred to in Article 5 paragraph (1) points 1 and 2 3 and 4 of this Law, the user of the zone shall submit a tax request to the competent tax body through the Directorate for Technological Industrial Development Zones until 31 March of the following year.

(3) In accordance with paragraph (2) of this Article, the user of the zone shall be obliged to attach the following to the tax request:

- 1) a contract on performance of a business activity with the founder of the zone;
- 2) a decision referred to in Article 29 paragraph (4), that is, a decision referred to in Article 33 paragraph (3) and paragraph (5) of this Law;
- 3) a certificate by the founder of the zone that it does not have due, but unsettled liabilities in accordance with the tariff for fees for rendered services of the founder and the tariff for fees for rendered services of the user
- 4) the annual account and tax balance sheet for the previous year, in addition to the form SRA

- Structure of Revenues by Activities;

- 5) proof from the Central Register on its current solvency, not older than 6 months;
- 6) certificate issued by a competent body that the user of the zone has no outstanding tax and customs liabilities, and
- 7) certificate issued by a competent court and the Central Register that the user of the zone is not under a bankruptcy or liquidation procedure.
- 8) a decision issued by the the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments.." in accordance with Article 8-a paragraph 6 of this Law. [11](#)

(4) On the basis of the decision on compatibility of the granted state aid by the Commission for Protection of Competition, in accordance with this Law, the tax authority shall adopt a decision on tax relief on the basis of the decision referred to in Article 8-a paragraph 6 submitted by the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments. where it is determined: the percentage of the participation of the justified investment costs for each productive initial investment in the total amount of the justified investment costs for all productive initial investments, the period spent using state aid in a form of exemption from the obligation for paying the determined profit tax, as well as the percentage of used state aid for each productive initial investment. [12](#)

The decision referred to in paragraph 4 of this Article shall be submitted to the tax authority until 31 March in the current year at the latest. [13](#)

(5) The evidence referred to in paragraph (3) points 1, 2 and 5 of this Article shall be submitted within a period of 15 days upon receipt of the decision on commencement of operation by the Directorate for Technological Industrial Development Zones, that is, the decision on commencement of operation on the expansion of the capacity of the existing enterprise or as of the day of receipt of the decision on commencement of operation in the case of diversification of the production of the enterprise by introduction of new, additional products or as of the day of receipt of the decision on commencement of operation in the case of fundamental change in the overall production process of the existing enterprise.

(6) The evidence referred to in paragraph (3) points 3, 4, 6 and 7 of this Article shall be submitted each year of operation in the zone, not later than 31 March of the current year.

(7) If the requirements referred to in this Article are met, the tax authority shall implement the decision of the Commission for Protection of Competition and issue to the user a decision on appropriate tax exemption and relief within a time period of 30 days as of the day the request has been submitted. It shall also submit the decision to the Directorate for Technological Industrial Development Zones within a time period of eight days of its adoption.

(8) The user of the zone shall be subject to tax exemptions and reliefs referred to in Article 5 of this Law after the receipt of the decision on operation commencement by the Directorate for Technological Industrial Development Zones, that is, the decision on commencement of operation on the expansion of the capacity of the existing enterprise or as of the day of receipt of the decision on commencement of operation in the case of diversification of the production

of the enterprise by introduction of new, additional products or as of the day of receipt of the decision on commencement of operation in the case of fundamental change in the overall production process of the existing enterprise.

(9) The user of the technological industrial development zone shall be subject to exemption from the obligation for paying the determined profit tax as a form of state aid only in the percentage of the profit tax as determined in the decision of the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia or the Directorate for Technological Industrial Development Zones or the ministers without portfolio in charge of attraction of foreign investments, taking into consideration the deadlines set in Article 5 paragraph 1 points 1 and 2 of this Law and under the conditions and within the limits determined in Article 4a of this Law

PART THREE

REQUIREMENTS AND MANNER OF ESTABLISHING A TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE

General requirements for establishment of a technological industrial development zone

Article 10

(1) The zone shall be established if:

- 1) spatial, energy, technical and other conditions for performing an activity in the zone are provided;
- 2) manufacturing and technological processes, and production and storage of goods, that is, rendering services that are harmful to the environment and to the nature are not carried out, and
- 3) the founder of the zone provides funds for establishing the zone.

(2) The conditions for establishment of the zone referred to in paragraph (1) point 1 of this Article up to the borders of the zone shall be provided by the Directorate for Technological Industrial Development Zones on behalf of the Government of the Republic of Macedonia.

(3) The founder of the zone shall provide funds for establishment and commencement of operation of the zone, as well as appropriate spatial, infrastructural, environmental, energy, technical and other conditions for performance of an activity in the zone, and shall adopt the articles of association of the zone.

(4) The founder of the zone, except when the founder is the Government of the Republic of Macedonia, shall register a trade company performing economic, technical, administrative and other activities related to the performance of the activities in the zone.

Spatial requirements for establishment of a technological industrial development zone

Article 11

(1) The zone shall be established on an area having an appropriate an appropriate planning documentation in accordance with the law, on a land owned by the Republic of Macedonia. [14](#)

(2) The zone may be also established if two or more separate appropriate planning documentations are adopted

(3) The zone can consist of several separate parts on the territory of the Republic of Macedonia, which constitute an economic and functional entity and each need to be fenced and marked.

PART FOUR

DIRECTORATE FOR TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONES

Competences of the Directorate for Technological Industrial Development Zones

Article 12

(1) The activities related to the establishment, development and monitoring of the zones shall be carried out by the Directorate for Technological Industrial Development Zones (hereinafter: the Directorate).

(2) The Directorate shall perform the following activities:

- 1) planning and development of the zones and provision of conditions for utilization of the area;
- 2) analysis of the location and provide conditions for its planning;
- 3) provision of the complete appropriate planning documentation in accordance with the law, necessary for establishment of the zone;
- 4) provision of the complete appropriate project-technical documentation in accordance with the law, for the purpose of building and functioning of the zone;
- 5) promotion and advertising of the zones and public relations;
- 6) attraction of founders and users of the zone;
- 7) keeping records of the activities in the area of the zone;
- 8) adoption of a decision on operation commencement a decision on commencement of operation on expansion of the capacity of the existing enterprise, a decision on commencement of operation in the case of diversification of the production of the enterprise by introduction of new, additional products, a decision on commencement of operation in the case of fundamental change in the overall production process of the existing enterprise of the user of the zone;
- 9) adoption of a decision on abolishment of the decision on operation commencement a decision on commencement of operation on expansion of the capacity of the existing enterprise, a decision on commencement of operation in the case of diversification of the production of the enterprise by introduction of new, additional products, a decision on commencement of operation in the case of fundamental change in the overall production process of the existing enterprise. of the user of the zone; [15](#)
- 10) adoption of a decision on operation commencement, in case when the zone is not founded by the Government of the Republic of Macedonia;

- 11) adoption of an act on abolishment of the decision on operation commencement, in case the zone is not founded by the Government of the Republic of Macedonia;
- 12) adoption of a tariff for services provided by the founder and a tariff for services provided by the user, upon consent of the Government of the Republic of Macedonia;
- 13) cooperation with the state administration bodies, public enterprises and trade companies related to the zone and thereby ensures:
 - consents, approvals, permits, that is, certificates determined by special laws necessary for the establishment, commencement of operation and operation of the zone;
 - supervision over the functioning of the infrastructure in the zone;
 - protection of public safety and safety of the persons and property in the area of the zone, and
 - protection against prohibited trade.
- 14) provision of funds and payment in regard with the conducted expropriation procedure, appraisal of plants, crops, fences and improvement of the parcels next to and in the zone, for the needs of the zone, in accordance with the provisions of the Law on Expropriation and in accordance with the approved provision of appropriate planning documentation in accordance with the law, infrastructure project and other appropriate appropriate project-technical documentation in accordance with the law, [16](#)
- 15) provision of the necessary documentation for establishment of the zone and building necessary infrastructure and other objects to and in the zone, in accordance with law;
- 16) delivery of the complete appropriate project-technical documentation to the founder of the zone;
- 17) building infrastructure and other facilities to and in the zone;
- 18) can manage the land and the facilities build for the needs of the zone, next to and in the zone, in ownership of the Republic of Macedonia;
- 19) approval of the act referred to in Article 34 of this Law;
- 20) monitoring of the operation of the zone and when necessary, giving proposals for measures to the Government of the Republic of Macedonia;
- 21) approval of all lease and sublease contracts between the founder and the users, provided by the founder of the zone;
- 22) performance of all activities, other than those that require a prior permit, consent or approval by a competent body in accordance with law to be issued to the founder and/or the user;
- 23) keeping records of the state aid granted, and on behalf of the state aid provider, that is, providers, preparation and submission of an annual report to the Commission for Protection of Competition once a year, not later than 31 March in the current year for the previous year;
- 24) notification of the tax authority about the decision of the Commission for Protection of Competition on the compatibility and the amount of the granted state aid in the form of tax relief, as well as about the report confirming that the investments and the newly created jobs are sustainable upon expiry of each year within a period of ten consecutive years determined in Article 5 paragraphs (1) and (2) of this Law, no later than 31 March of the current year for the previous year;
- 25) conclusion of a contract for management of the technological industrial development zone with the founder of the zone referred to in Article 8 paragraph (4) of this Law;
- 26) control over the work of the founders and the users of the technological industrial development zones, and
- 27) issue an approval for construction and an approval for use of the facilities that are built by the lessees and the owners of the land in the technological industrial development zones, except the infrastructure facilities within the zone that are build by the entities - public service providers in charge of construction of electrical energy, water supply, sewage, gas

and telecommunication infrastructure

28) issue an approval for construction and an approval for use of the facilities that are built by the owners of the land in the industrial zone, where the founder of the industrial zone is the Government of the Republic of Macedonia, except the infrastructure facilities within the zone that are built by the entities - public service providers in charge of construction of electrical energy, water supply, sewage, gas and telecommunication infrastructure."

29) Conclude contracts for awarding state aid for which the Government of the Republic of Macedonia gives a prior consent and terminate contracts for awarding state aid that are concluded by the Directorate for Technological Industrial Development Zones upon a prior consent of the Government of the Republic of Macedonia.

30) Conduct procedures for establishing the real easement right in the technological industrial development zones in accordance with the Law on Construction Land.

31) Carry out activities of an operator of industrial zones, in cases where the founder of the zone is the Government of the Republic of Macedonia.

32) provide customer-care services for the users of the technological industrial development zones;

33) performance of other activities related to the functioning of the zone.

(3) The Directorate shall have the capacity of a legal entity.

(4) In the case where the Government of the Republic of Macedonia is the founder of the zone, the Directorate shall perform the activities within the competences of the founder of the zone, in accordance with the provisions of the approved planning documentation, infrastructure project and other appropriate technical documentation on behalf of the founder, and shall also:

- conclude and terminate contracts with the users for lease of the land and the facilities in the zone, upon prior consent of the Government of the Republic of Macedonia,

- conclude contracts with the users of the zone for performing activities,

- conclude direct agreements on sale and/or lease of facilities within the zones that are owned by the Republic of Macedonia, for which the Government of the Republic of Macedonia gives a prior consent. [17](#)

- conclude and terminate public private partnership agreements for which the Government of the Republic of Macedonia gives a prior consent.

- provide the necessary documentation for construction of infrastructure and other facilities necessary for the operation of the zone, in accordance with law,

- install public utilities on the construction land and construct infrastructure and other facilities next to and in the zone, in accordance with the provisions of the approved planning documentation, the infrastructure project and other appropriate technical documentation,

- manage the land and facilities next to and in the zone, owned by the Republic of Macedonia, and

- adopt rules and tariff of the founder regarding the services rendered to the users in the zone in accordance with Article 34 paragraph (1) of this Law, upon consent of the Government of the Republic of Macedonia.

(5) In the case of concluded public private partnership agreements, the Government of the Republic of Macedonia, through the Ministry of Economy, shall give consent for:

- the agreements on lease of land and facilities with users of the zone that are concluded by the private partner.

- the rules regarding the conditions for use of the technological industrial development zone and the tariff for rendered services of users in the zone adopted by the private partner.

(6) The enterprise shall have the right to appeal the decisions referred to in paragraph (2) points 8 and 9 of this Article with the State Commission for Decision-making in Administrative Procedure and Labor Relation Procedure in Second Instance.

Article 13

(1) For the purpose of executing the activities within its competence, the Directorate shall adopt an annual program with financial plan and three year investment program for which the Government of the Republic of Macedonia shall give its consent.

(2) The Directorate shall submit the annual program with the financial plan referred to in paragraph (1) of this Article to the Government of the Republic of Macedonia by 31 December of the current year at the latest for the following year.

(3) The three year investment program referred to in paragraph (1) of this Article shall be submitted to the Government of the Republic Macedonia by the Directorate, three months before the expiry of the validity of the preceding, at the latest.

(4) The Directorate shall prepare a report on the operation of the zone for the previous year by the end of May of the current year and shall submit it to the Government of the Republic of Macedonia for adoption.

Director of the Directorate

Article 14

(1) The Directorate shall be managed by a director who shall be appointed and dismissed by the Government of the Republic of Macedonia.

(2) The director shall have a deputy, who shall be appointed and dismissed by the Government of the Republic of Macedonia.

(3) The deputy director shall replace the director in the cases of his/her absence or prevention from executing his/her duties, having all his/her management authorities and responsibilities.

(4) A public announcement for appointment of a director and a deputy director shall be published in three daily newspapers that are printed on the whole territory of the Republic of Macedonia one of which is a newspaper printed in a language spoken by at least 20% of the citizens who speak an official language other than the Macedonian.

(5) A person who meets the following requirements may be appointed as a director and a deputy director:

- 1) to be a citizen of the Republic of Macedonia;
- 2) at the moment of appointment, not to be issued an effective injunction banning him/her from exercising a profession, business or office;
- 3) to have at least 240 credits under ECTS or completed VII/1 degree;
- 4) to have at least five years of work experience;
- 5) to have at least three years of work experience at a managerial position;
- 6) to have experience for cooperation with international organizations and institutions;
- 7) to hold one of the following internationally recognized certificates for active knowledge of

English Language which is not older than five years: [18](#)

- TOEFL IBT - at least 74 points,
 - IELTS - at least 6 points,
 - ILEC (Cambridge English: Legal) - at least B2 level,
 - FCE (Cambridge English: First) - passed,
 - BULATS - at least 60 points, and
 - APTIS - at least B2 level; and
- 8) to have passed a psychological test and an integrity test.

(6) The director and deputy director shall be appointed for a term of office of four years.

Article 15

The director of the Directorate shall perform the following activities:

- present and represent the Directorate,
- organize the operation and manage the professional services of the Directorate,
- implement the decisions of the Governing Board,
- ensure compliance with law regarding the competences determined in Article 12 of this Law,
- harmonize the business activities of the Directorate,
- prepare the annual program with the financial plan of the Directorate,
- prepare the three year investment program,
- prepare a report regarding the operation of the zone in the previous year,
- adopt acts on organization and systematization of jobs in the Directorate and other acts of the Directorate that refer to the employment of administrative servants, adopt annual plans for employment of administrative servants, as well as decide on the rights under employment of the administrative servants in the Directorate,
- adopt separate acts for the employees in the field of labor relations, and
- decide on other issues determined by this Law and the statute of the Directorate.

Article 16

(1) The director of the Directorate shall be obliged, every six months, to submit a report on the operation of the Directorate to the Government of the Republic of Macedonia.

(2) The director shall be obliged, in the report referred to in paragraph (1) of this Article, in particular, to provide data about the type and scope of the activities undertaken while performing the activities of the Directorate.

(2) If deficiencies and/or losses in the financial operations of the Directorate are established on the basis of the report of the operation of the Directorate, the director shall be obliged to eliminate them in the following six months.

Article 17

The director and the deputy director of the Directorate shall be dismissed before the expiry of the mandate in the following cases:

- upon his/her request,
- if he/she fails to work and act in accordance with the law, the statute and the acts of the Directorate or unjustifiably fails to implement the decisions of the Governing Board or acts

contrary to them,

- if, by negligent or irregular operation, causes disturbances in the performance of the activities of the Directorate and causes damage,
- if he/she neglects or fails to perform the duties, thereby causing disturbances in the performance of the activities of public interest of the Directorate,
- if he/she fails to submit a report in accordance with Article 16 paragraph (1) of this Law, and
- if after the expiry of the period determined in Article 16 paragraph (3) of this Law, he/she fails to eliminate the deficiencies or/and during that period there is a re-occurrence of deficiencies and/or losses in the financial operations.

Article 18

For the purpose of carrying out of its activities, the Directorate can use services of specialized legal entities and natural persons from the country and abroad in accordance with law.

Governing Board

Article 19

(1) The Directorate shall be governed by a Governing Board, composed of seven members, each proposed by: the minister responsible for the issues in the field of economy, the minister responsible for the issues in the field of finance, the vice-president of the Government of the Republic of Macedonia responsible for economic issues and coordination of the economy-related portfolios, the minister responsible for the issues in the field of transport and communications and three members proposed by users of the technological industrial development zones.

(2) The members of the Governing Board shall be appointed by the Government of the Republic of Macedonia.

(3) The Governing Board shall be chaired by a president.

(4) The members of the Governing Board shall elect president of the Governing Board, on its first session.

(5) The president and the members of the Governing Board proposed by the minister responsible for the issues in the field of economy, the minister responsible for the issues in the field of finance, the vice-president of the Government of the Republic of Macedonia responsible for economic issues and coordination of the economy-related portfolios, the minister responsible for the issues in the field of transport and communications shall be appointed for a period of four years.

(6) The members of the Governing Board proposed by the users of the technological industrial development zones shall be appointed for a period of two years.

(7) The members of the Governing Board proposed by the users of the technological industrial development zones shall be elected in the same order as they have acquired the status of users of the zone.

Article 20

(1) The Governing Board of the Directorate shall have the following competencies:

- adopt the statute of the Directorate,
- adopt the annual program with the financial plan,
- adopt a three year investment program,
- inform the Government of the Republic of Macedonia on existing administrative and legal obstacles for investments and propose measures for their elimination,
- assist the director of the Directorate by giving opinions and proposals for implementation of the work program,
- adopt the regulations and other acts of the Directorate in accordance with the authorizations under this Law,
- review and approve the activity reports of the Directorate, and
- perform other activities in accordance with this Law and the statute of the Directorate.

Status of the employees in the Directorate

Article 20-a

(1) The employees in the Directorate for Technological Industrial Development Zones shall have the status of administrative servants and the provisions of the Law on Public Sector Employees and the Law on Administrative Servants shall apply to them.

(2) The employees in the Directorate for Technological Industrial Development Zones performing duties and authorizations being of specific nature regarding the working duties connected with management, economy and maintenance of the technological industrial development zones, as well as the employees performing auxiliary and technical duties shall not be administrative servants, and the Law on Labor Relations, the general and special regulations in the field of health, pension and disability insurance shall apply.

Statute of the Directorate

Article 21

(1) The statute of the Directorate shall regulate the operation and organization of the Directorate; the competences of the Governing Board and the director of the Directorate, the mutual relationships between the director and the Governing Board, as well as other issues of importance for the operation of the Directorate.

(2) The statute of the Directorate shall be adopted by the Governing Board of the Directorate.

(3) The Government of the Republic of Macedonia shall give consent for the statute of the Directorate.

Funds for operation of the Directorate

Article 22

The funds for operation of the Directorate shall be provided from the Budget of the Republic of Macedonia and from own revenues generated by fees for rendered services in accordance with Articles 12 and 34 of this Law.

PART FIVE

PROCEDURE FOR ESTABLISHING A TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE

Founder of the technological industrial development zone

Article 23

(1) Zone can be established by one or more domestic or foreign legal entities (hereinafter: the founder of the zone).

(2) Zone can be established by the Government of the Republic of Macedonia as well.

(3) The founders referred to in paragraphs (1) and (2) of this Article shall adopt an articles of association.

(4) The activities related to the establishment, management and development of the zones on behalf of the Government of the Republic of Macedonia shall be carried out by the Directorate.

(5) The Government of the Republic of Macedonia, upon a proposal of the Directorate for Technological Industrial Development Zones shall adopt the detailed criteria and the procedure for establishment of the zone referred to in paragraph (1) of this Article.

(6) When the zone is established by several founders, they shall conclude a mutual agreement on establishment of a zone.

(7) The founder of the zone, except when the founder is the Government of the Republic of Macedonia, can in the same time be a user of the zone.

(8) The founder of the zone referred to in paragraphs (1) and (5) of this Article should have:
1) an obtained written evidence about the financial position establishing that the founder has the required funds on a bank account, as well as a report from an authorized audit firm, and
2) a proof of previous work experience in the trade activity or in a zone.

(9) The founder of the zone referred to in paragraphs (1) and (6) of this Article shall be obliged to commence the construction within a time period of six months as of the day of the legal validity of the construction approval at the latest and shall have to finish the construction within a time period of three years.

Article of association, that is, agreement on establishment of a technological industrial development zone

Article 24

The article of association, that is, the agreement on establishment of a zone referred to in Article 23 paragraphs (3) and (5) of this Law shall contain:

- 1) the name of the founder, that is, the founders of the zone;
- 2) the name of the zone;
- 3) the area of the zone;
- 4) the activities performed in the zone; and
- 5) the period for which the zone is to be established.

Request for establishment of a technological industrial development zone

Article 25

(1) For the purpose of establishing a zone, except in the cases when the Government of the Republic of Macedonia is the founder, the founder shall submit a written request to the Directorate.

(2) The request referred to in paragraph (1) of this Article should contain data about:

- 1) the name, headquarters, that is, the address of the submitter of the request;
- 2) the activities performed in the zone;
- 3) the period for which the zone is to be established;
- 4) the conditions for construction of the zone with an excerpt copy from the spatial or urban plan, issued by the competent body of the state administration;
- 5) the organization and the manner of operation of the zone;
- 6) technical and technological and other conditions for operating in the zone, and
- 7) the manner of providing working conditions for the Directorate, the customs and the tax authority in the zone.

(3) The founder of the zone shall be obliged, in addition to the evidence referred to in Article 23 paragraph (7) of this Law, to attach the following to the request:

- 1) articles of association, that is, agreement on establishment of the zone;
- 2) feasibility study or business plan, and
- 3) consent of the state administration body competent for issues in the field of environment and physical planning that the requirements provided for in the regulations regarding the environment are fulfilled.

(4) The form of the request referred to in paragraph (2) of this Article shall be prescribed by the Directorate.

Consent for establishment of a technological industrial development zone

Article 26

(1) The Directorate shall issue an approval for establishment of a zone on the basis of the data contained in the request and the evidence referred to in Article 25 paragraphs (2) and (3) of this Law (hereinafter: approval).

(2) The approval referred to in paragraph (1) of this Article shall be issued, if the requirements prescribed by this and another law for establishment of a zone are met.

(3) The Directorate shall submit the approval, together with the request and the evidence referred to in Article 25 paragraphs (2) and (3) of this Law, to the Government of the Republic of Macedonia.

(4) The Government of Republic of Macedonia, on the basis of the approval by the Directorate, shall give consent for establishment of a zone, provided that the requirements prescribed by this and another law are met and provided that there is a general economic interest for the establishment of a zone.

(5) The consent given to the founder, upon a proposal of the Directorate, can be revoked at any time, provided that:

- 1) an effective court decision banning the founder from performing the activity is adopted;
- 2) the founder of the zone submitted unauthentic data or documents in its request;
- 3) does not implement the submitted feasibility study or the business plan referred to in Article 25 paragraph (3) point 2 of this Lawfully or in the time period anticipated in the business plan;
- 4) the construction works in the zone do not start within six months from the day of the effective construction approval, and do not finish within a time period of three years;
- 5) within a time period of six months as of issuance, does not conclude the contract for management with the technological industrial development zone with the Directorate, in accordance with Article 8 paragraph (4) of this Law, that is, does not fully met or acts contrary to the provisions of the contract;
- 6) the founder of the zone does not ensure commencement of operations in the zone; and
- 7) the founder acts contrary to the provisions of this Law.

(6) By revoking the consent referred to in paragraph (4) of this Article, the validity of the approval referred to in paragraph (1) of this Article shall terminate.

(7) An appeal shall not be allowed against the decision for revocation of the consent referred to in paragraph (5) of this Article, but an administrative dispute can be initiated.

Changes of the technological industrial development zone

Article 27

(1) Any change of the zone shall be carried out in the manner and procedure for establishment of a zone.

(2) The following shall be considered as change in terms of paragraph (1) of this Article:

- 1) territorial change of the already approved zone;
- 2) change of the location of the zone;
- 3) any change on the part of the founder (admission of a new founder, change in the capital ownership structure, takeover of the zone by another founder, status change and buyout) and
- 4) change of the period for which the zone is established.

(3) On the basis of a decision adopted by the Government of the Republic of Macedonia, a technological industrial development zone may be changed in another type of a zone, provided that there are no users in the zone and no public private partnership agreement is concluded for the zone, and an appropriate planning documentation is previously adopted, in a manner and procedure in accordance with the valid legislation in the Republic of Macedonia.

(4) With regard to the change, in terms of paragraph (1) of this Article, the founder shall be obliged to initiate the procedure within a time period of 30 days from the moment the change occurred.

Separation and arrangement of the area of the technological industrial development zone

Article 28

(1) The founder of the zone shall be obliged to fence, arrange and mark the area of the zone.

(2) The founder of the zone shall be obliged to provide facilities required for the operation of the customs authority, the Directorate and the provider of the railway transport operations free of charge.

(3) As an exception to paragraphs (1) and (2) of this Article, the owner of the land, with regard to the whole area of the zone, shall be obliged to fence, arrange and mark the area of the zone and to provide facilities required for the operation of the customs authority and the Directorate free of charge.

(4) The zone should be arranged in a manner that would make the entry and exit of persons, means of transportation and goods to and from the zone possible only through specially determined entrances, that is, exits which are subject to customs supervision.

(5) The fence, the entrances and the exits of the zone should be properly arranged, secured and illuminated.

(6) The criteria and the manner of arranging the zone referred to in this Article shall be in detail prescribed by the minister heading the state administration body competent for issues in the field of finance.

Procedure for fulfilling the requirements for conducting customs supervision

Article 29

(1) Prior approval for building a facility in the zone issued by the customs authority is necessary, if the respective facility is related to the fulfillment of the requirements for conducting customs supervision.

(2) In order to determine whether the customs supervision requirements within the zone area are fulfilled, the customs authority shall carry out an inspection of the facilities and premises in the zone in the presence of the founder, within a time period 30 days following the receipt of the request.

(3) The customs authority shall prepare minutes, within a time period of eight days from the day the inspection referred to in paragraph (2) has been conducted, containing findings on the fulfillment of the customs supervision requirements. If the customs authority establishes any irregularities during the inspection, it shall determine a period for their elimination.

(4) The customs authority shall make a decision on fulfillment of the requirements for conducting customs supervision in accordance with the Law on Customs.

(5) An appeal against the decision referred to in paragraph (4) of this Article can be filed with the Minister of Finance, upon which a decision shall be made within 30 days.

Amendments to the decision

Article 30

(1) The decision of the Customs Administration shall be amended when the Customs Administration, *ex officio* or upon a request of the founder, concludes that the conditions for conducting customs supervision and control have been changed.

(2) In the case referred to in paragraph (1) of this Article, the Customs Administration shall adopt a decision changing the obligations related to the conduct of customs supervision and control, and the time period within which the founder is obliged to submit the evidence for fulfillment of the changed obligations.

(3) The founder of the zone shall be obliged to attach data regarding the previous operation of the zone to the request for amending the decision.

Commencement of operations in a technological industrial development zone

Article 31

(1) The zone shall commence its operations after the Directorate adopts a decision on operation commencement of the zone, within a time period of 12 months at the latest as of the day of adoption of the decision.

(2) The Directorate shall adopt the decision on commencement of operations of the zone upon previously obtained consents, approvals, that is, permits prescribed by this and another law, including the previously obtained approval on the manner and form of keeping records from the Central Administration of the Customs Administration in accordance with Article 41 of this Law.

(3) Provided that the zone does not commence operation in the period referred to in paragraph (1) of this Article, the Directorate, on the basis of an act, shall abolish the decision on commencement of operations of the zone.

Report on operation of the technological industrial development zone

Article 32

(1) The founder of the zone shall be obliged to submit to the Directorate a report on the operation of the zone for the previous year until 15 April at latest in the current year (hereinafter: annual report).

(2) The annual report shall contain data in particular for:

- 1) the scope of production, that is, services rendered in the zone, both in quantity and value;
- 2) the performed foreign trade exchange, both in value and quantity per: country, products,

country-product, and

3) the number of employments for the reporting period, per qualification structure.

(3) The data in the annual report shall be listed in total and for each of the users of the zone.

(4) The form and content of the report shall be prescribed by the Directorate.

(5) The Directorate shall be obliged to submit a warning to the founder of the zone within a time period of 15 days, at the latest, prior to the expiry of the time period for the report referred to in paragraph (1) of this Article.

User of a technological industrial development zone

Article 33

(1) The user of the zone shall perform the business activity on the basis of a contract on performance of a business activity concluded with the founder of the zone in accordance with Article 35 of this Law.

(2) When concluding a contract between the user and the founder of the zone, the users who meet the following criteria shall have priority:

- increase in employment,
- certificate for production with high environmental standards,
- production based on new technologies, and
- high level of energy efficiency.

(3) The user of the zone shall commence its operation after the Directorate adopts a decision on operation commencement.

(4) The Directorate shall issue the decision on operation commencement referred to in paragraph (3) of this Article after previously obtained approval for records by the Central Administration of the Customs Administration in accordance with Article 41 of this Law and the concluded contract on performance of a business activity between the founder and the user of the zone.

(5) In the cases where the user of the zone establishes a new enterprise, expands the capacity of the existing enterprise, diversifies the production of the enterprise by introducing new, additional products, or makes fundamental change in the overall production process of the existing enterprise, the Directorate shall issue a decision on commencement of operation on expansion of the capacity of the existing enterprise, a decision on commencement of operation in the case of diversification of the production of the enterprise by introducing new, additional products, a decision on commencement of operation in the cases of fundamental change in the overall production process of the existing enterprise to the user.

(6) The decisions referred to in paragraph 5 of this Article shall be issued upon a previously submitted business plan referring to the establishment of the new enterprise, the expansion of the capacity of the existing enterprise, the diversification of the production of the enterprise by introduction of new, additional products, or fundamental change in the overall production process of the existing enterprise, and an approval for registration in the central administration of the Customs Administration in accordance with Article 41 of this Law

(7) The user of the zone shall be obliged to enable customs or other type of supervision to the customs body or to other competent body.

(8) The user of the zone shall be obliged to submit an annual report to the founder regarding the operation in the previous year, up until March 31st in the current year, at the latest.

(9) The annual report referred to in paragraph (6) of this Article shall in particular contain data on:

- 1) the scope of production, that is, services rendered in the zone, both in quantity and value;
- 2) the performed foreign trade exchange, both in value and quantity per: country, products, country-product, and
- 3) the number of employments for the reporting period, per qualification structure.

(10) The form and the content of the annual report referred to in paragraph (6) of this Article shall be prescribed by the director of the Directorate for Technological Industrial Development Zones.

(11) The Directorate shall be obliged to submit a warning to the user of the zone within a time period of 15 days, at the latest, prior to the expiry of the time period for the report referred to in paragraph (6) of this Article.

(12) The Directorate shall abolish the decision on operation commencement referred to in paragraph (3) of this Article in the following cases:

- 1) if the user does not operate in accordance with this Law;
- 2) if a legally valid court decision banning the user from performing a business activity has been adopted;
- 3) if it is determined that the user has submitted unauthentic data or documents in its request, and
- 4) if the user of the zone does not commence operation within the zone in accordance with the provisions of this Law.

(13) The Directorate shall *ex officio* communicate the decision abolishing the decision on operation commencement to the Customs Administration of the Republic of Macedonia and the competent tax authority.

(14) The dissatisfied party can initiate an administrative dispute against the decision abolishing the decision on operation commencement.

(15) The provisions of the Law on Construction shall apply accordingly to the conditions for issuing an approval for construction and approval for use of the facilities built by the users of the technological industrial development zones.

(16) The Directorate for Technological Industrial Development Zones shall issue an approval for construction and approval for use of the facilities built by the users of the technological industrial development zones in accordance with the Law on Construction.

(17) The procedure for issuing an approval for construction and approval for use of the facilities built by the users of the technological industrial development zones shall be conducted by the Directorate for Technological Industrial Development Zones in accordance with the Law on Construction.

(18) The area determined by the land survey report for numeric data on the construction land shall be deemed as construction parcel area in the procedures for issuance of an approval for construction

Conditions for utilization of a technological industrial development zone

Article 34

(1) The founder of the zone shall adopt rules (hereinafter: founder's rules) on the conditions under which the zone area is used for performing a business activity, the business activities which are to be performed in the zone, shall regulate the internal order, and shall prescribe certain measures for protection of the environment and nature, and shall adopt a tariff for services provided to the users in the zone.

(2) The founder's rules must not be contrary to the laws and other regulations of the Republic of Macedonia, nor to the international agreements ratified by the Republic of Macedonia.

(3) The founder of the zone shall be obliged to provide equal conditions for performing a business activity in the zone to each user.

(4) The founder's rules and the tariff referred to in paragraph (1) of this Article shall be published in the "Official Gazette of Republic of Macedonia". If the Government of the Republic of Macedonia is not the founder of the zone, the rules and the tariff referred to in paragraph (1) of this Article shall be subject to approval by the Directorate.

Part 6 [19](#)

PROCEDURE FOR ALIENATION OF LAND IN THE ZONE

Article 34-a

Deleted [20](#)

Article 34-b

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Article 34-c

Deleted [22](#)

Article 34-d

Deleted [23](#)

Article 34-e

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Article 34-f

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Article 34-g

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Article 34-h

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PART SIX

BUSINESS ACTIVITIES THAT CAN BE PERFORMED IN A TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE AND SPECIAL CONDITIONS FOR THEIR PERFORMANCE

Activities performed in a technological industrial development zone

Article 35

(1) Production and rendering services, scientific and research activities, warehousing, banking and other financial activities, insurance and reinsurance of property and persons, and other activities related exclusively to the operation of the zones shall be carried out in the zone.

(2) The business activities in the zone shall be carried out under the following conditions:

- 1) the business undertaking to be in accordance with the submitted feasibility study or the business plan referred to in Article 25 paragraph (3) point 2 of this Law;
- 2) the origin and the quality of the raw materials, the semi-products and the finished products can be determined and controlled;
- 3) the work not to endanger the public safety, the living environment and the human health in the zone, and
- 4) the user of the zone to insure the capital asset and the employees against risks resulting from the operation.

(3) An activity related to the following cannot be conducted in the zone:

- 1) trade of decayed, spoiled goods with an expired date or infected goods, waste materials that pollute the living environment or that are not for human and animal consumption;
- 2) radio-active materials, except those that are needed for the industrial, medicinal, scientific and research purposes approved by the competent bodies of the Republic of Macedonia;
- 3) drugs, chemical and organic materials, chemical and biochemical derivatives with the exception of those that are used in industrial, processing, medicinal and pharmaceutical purposes, in accordance with certificates issued by the Ministry of Health;
- 4) weapons, ammunition and explosives, except for commercial explosives;
- 5) production and services that originate from countries or companies that are subject to embargoes and blockades imposed by national and international bodies and authorities;
- 6) production and services that endanger the public moral, public safety and defense, and
- 7) production and services that are not in accordance with the laws of the Republic of Macedonia and international agreements ratified in the Republic of Macedonia relating to the protection of intellectual and industrial property.

Article 36

(1) The user of the zone can warehouse goods for its needs in the zone.

(2) If the capacities of the warehouses of the users in the zone are not fully used, in agreement with the Customs Administration, the domestic goods that are not intended for export can be warehoused in the zone, but separately from the goods of the users of the zone.

(3) The Customs Administration shall not allow warehousing of the goods referred to in paragraph (2) of this Article in case it impedes the control over the operations conducted in the zone.

(4) The domestic goods that are in the area of the zone on the basis of the agreement referred to in paragraph (2) of this Article shall be recorded in accordance with the provisions of Article 41 of this Law.

(5) The tax exemptions and reliefs referred to in this Law shall not apply to the goods referred to in paragraph (2) of this Article.

Standards, norms, quality norms and prices

Article 37

(1) The standards, technical norms and quality norms shall not apply to goods that are entered into the zone for the purpose of warehousing or processing and that are not released in free circulation in the zone, except for those determined by the environment and nature protection, public safety and human health regulations.

(2) During the process of production of goods to be exported from the zone, the user can apply the standards, technical norms and quality norms in force in the country for which the goods are designated instead of the Macedonian ones.

(3) Laws and other regulations relating to the prices in the Republic of Macedonia shall not apply to the prices of the goods and trade services in the zone.

Application of laws, agreement on overcoming differences and labor relations

Article 38

(1) Disputes among the users of the zone, the users and the founder of the zone, and the founder of the zone and the state bodies shall be settled in accordance with the laws of the Republic of Macedonia.

(2) The labor relations between the employers and the employees in the zone shall be regulated in accordance with the Law on Labor Relations and the collective agreement.

PART SEVEN

APPLICATION OF CUSTOMS REGULATIONS

Article 39

The provisions of the Law on Customs referring to the free zones and free warehouses shall apply accordingly to the technological industrial development zones.

Movement in the technological industrial development zone

Article 40

(1) Entry and exit of natural persons and means of transportation within the area of the zone, as well as entry and exit of goods from the zone, shall be carried out in accordance with the customs regulations and shall be subject to customs supervision conducted by the customs authority.

(2) The customs authority can make customs control on persons, goods and means of transportation that enter, exit or remain in the zone or the free warehouse.

Article 41

(1) The provisions of the Law on Customs shall apply accordingly to the movement and treatment of goods that are imported, that is, entered into the zone or exported, that is, exited from the zone, after the customs permitted treatment or use has been determined for the goods entered into or exited from the customs area of the Republic of Macedonia.

(2) If goods are temporarily exited from the zone in the territory of the Republic of Macedonia for the purpose of processing or research, testing, advertising and other temporary use, it shall be conducted in the manner and under the conditions that are in accordance with the customs regulations.

(3) The founder, that is, the user of the zone shall be obliged to keep records of the goods in a form approved by the Central Administration of the Customs Administration as a customs supervision measure. In order to allow carrying out of customs supervision, the founder, that is, the user of the zone shall be obliged to submit to the customs authority a note of the records of the goods for each individual entry or exit of the goods in or from the zone.

(4) The Ministry of Finance shall adopt detailed regulations for the mandatory data that need to be included in the note of the records and shall prescribe the form of the note of the record. The founder, that is, the user of the zone can also use other forms provided that they contain the mandatory data.

Customs goods used as equipment in a technological industrial development zone

Article 42

(1) The equipment determined in Chapters 84, 85, 86, 87, 88, 89 and 90 of the Customs Tariffs and the spare parts thereof, which represents a foreign goods and which, as part of the investments of the user of the zone, is intended for performance of a business activity in the zone, shall not be subject to payment of import duties prescribed by the Law on Customs Tariffs.

(2) The user of the zone shall enter the equipment referred to in paragraph (1) of this Article in its business books as equipment in accordance with the international accounting standards.

(3) Import duties shall be paid at the amount determined on the basis of the elements for determining import duties valid in the moment of exit of the equipment for which the incentive referred to in paragraph (1) of this Article is used, and which is exited in the remaining part of the customs area of the Republic of Macedonia.

(4) The provisions of this Article shall apply accordingly to spare parts for the equipment referred to in paragraph (1) of this Article and for the tools and aids for that equipment.

(5) The following cannot be considered as equipment referred to in this Article:

- 1) office and other administrative premises material and equipment, and
- 2) passenger motor vehicles and other motor vehicles that are used outside the zone as well.

PART EIGHT

TERMINATION OF OPERATION OF THE TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE AND TERMINATION OF OPERATION OF THE USER IN THE TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE

Termination of the operation of the technological industrial development zone

Article 43

The zone shall terminate its operation in the following cases:

- upon a request submitted by the founder to the Directorate, the zone terminates the operation within a period of six months as of the day the request is submitted,
- upon expiry of the lease contract for the land,
- when the founder makes changes to the zone contrary to Article 27 of this Law,
- performs or allows performance of business activities in the zone that are not listed in the articles of association, that is, the agreement on establishment of the zone referred to in Article 24 of this Law or they are not in accordance with the business activities allowed to be performed in the zones referred to in Articles 35 and 36 of this Law,
- when the Customs Administration determines that the requirements for conducting customs supervision are no longer fulfilled, after the expiry of the period referred to in Article 29 paragraph (3) of this Law,
- when it is necessary to completely merge two or more separate, established zones in one new zone
- the founder fails to adopt rules in accordance with Article 34 of this Law.

Termination of the operation of the user in the technological industrial development zone

Article 44

(1) If in the course of the operation in the zone the founder of the zone or a competent court terminates the contract between the user of the zone and the founder, the user of the zone shall be obliged to notify thereof the customs, and through the Directorate, the tax authority, to submit to them all the records and calculations from the operation in the zone and to allow them to determine whether a customs, that is, tax debt calculated in accordance with customs, that is, tax regulations has incurred in regard to its operation in the zone.

(2) The Directorate shall abolish the decision referred to in Article 33 paragraphs (3) and (5) of this Law if: [33](#)

- 1) the contract between the founder and the user of the zone is terminated;
- 2) it receives a notification from the customs authority about non-fulfillment of the requirements for conducting customs supervision;
- 3) it conducts a commercial activity in the zone that is not determined in the articles of association, that is, the agreement on establishment of the zone in accordance with Article 24 of this Law;
- 4) it does not allow the customs or any other body to supervise the operation in the zone in accordance with Article 29 paragraph (4) of this Law, and
- 5) it performs commercial activities in the zone that are not in accordance with Articles 35 and 36 of this Law.

Article 45

(1) A calculation of taxes, customs and other duties shall be made for the stocks in the zone on the day of termination of the operation for every founder/user of the zone, in accordance with the tax, customs and other regulations.

(2) In case of termination of the operation of the zone, the founder/users shall retain the ownership of the facilities that they have built in the zone, as well as of the rights and the

capital invested in the zone, and they can continue their operations in accordance with the legislation of the Republic of Macedonia.

PART EIGHT-a

SUPERVISION

Article 45-a

(1) The Directorate shall conduct administrative supervision over the legality of the operation of the founders of a zone in case when the Government of the Republic of Macedonia is not a founder of a zone, as well as over the users of the technological industrial development zones.

(2) The supervision referred to in paragraph (1) of this Article shall be carried out by authorized persons employed in the Directorate.

(3) The authorized persons shall independently conduct the supervision activities and shall undertake measures being authorized for by this or another law.

(4) The authorized person shall prove the authorization for conducting the supervision by an appropriate document and he/she shall be obliged to present it during the supervision, and upon a request of the entity under supervision, to allow the entity to review it.

(5) The supervision shall be conducted without a prior notification, while the entity under supervision is performing its activities, independently or upon a prior notification by the users of the technological industrial development zone.

(6) The authorized persons shall effectively conduct the supervision, taking into consideration the protection of the public interest and as much as possible the protection of the interest of the entity under supervision.

(7) The persons referred to in paragraph (2) of this Article shall be authorized to:

- 1) conduct supervision in the business premises of the entity under supervision;
- 2) conduct supervision over the implementation of the provisions of the rules of the founder and tariff of the founder regarding the services rendered to the users in the zone referred to in Article 34 paragraph of this Law,
- 3) check the identification documents of persons for the purpose of determining their identity;
- 4) require from the entity under supervision or its employees written or oral explanation in respect with issues being within the scope of the supervision;
- 5) require expert opinion, when necessary for the supervision, and
- 6) require other necessary proofs.

(8) Provided that it is justified to seize or temporarily keep the documents, the authorized persons can:

- 1) require from the entity under supervision or a person employed therein that has authorization, to open and provide access to any premise, and
- 2) require from any person having authorization to provide access to any file and premise.

(9) The sameness of the copy with the original documents, proofs and information shall be verified by the entity under supervision by putting a stamp and a signature or by its employee by putting his/her signature.

(10) The entity under supervision shall be obliged to cooperate and upon a request of the authorized person for supervision to enable unobstructed access to the premises, documents, electronic systems or any other device being subject to supervision, as well to submit the whole documentation necessary for conducting the supervision.

(11) The director of the Directorate for Technological Industrial Development Zones shall determine the authorized persons referred to in paragraph (2) of this Article.

PART NINE

MISDEMEANOR PROVISIONS

Article 46

(1) Fine in the amount of Euro 5.000 to 7.000 in Denar counter value shall be imposed on a legal entity - founder of the zone for a misdemeanor, if it:

- 1) enables performance, that is, performs a commercial activity in the zone contrary to the general requirements and puts the users in an unequal position referred to in Article 34 paragraph (3) of this Law;
- 2) does not respect the provisions arising from the rules of the founder and the tariff of the founder for the rendered services of the user in a zone referred to in Article 34 of this Law;
- 3) fails to submit a report on operation of the zone within the time period, form and content in accordance with Article 32 of this Law, and
- 4) fails to file a request for change in the zone within the time period referred to in Article 27 paragraph (3) of this Law.

(2) Fine in the amount of Euro 500 to 1.000 in Denar counter value shall be imposed on the responsible person within the legal entity -founder of the zone for the misdemeanor referred to in paragraph (1) of this Article.

Article 47

(1) Fine in the amount of Euro 4.000 to 5.000 in Denar counter value shall be imposed on the legal entity - user of the zone for a misdemeanor, provided that it does not submit a report on the operation in a form, content and time period, in accordance with Article 33 paragraphs (6) and (8) of this Law.

(2) Fine in the amount of Euro 500 to 1.000 in Denar counter value shall be imposed on the responsible person within the legal entity -user of the zone for the misdemeanor referred to in paragraph (1) of this Article.

(3) Fine in the amount of Euro 500 to 1.000 in Denar counter value shall be imposed on the natural person - user of the zone for the misdemeanor referred to in paragraph (1) of this Article.

Article 47-a

For the misdemeanors anticipated in Articles 46 and 47 of this Law, the misdemeanor procedure shall be conducted and the misdemeanor sanction shall be imposed by a competent court.

Settlement procedure

Article 47-b

(1) Prior to filing a motion for a misdemeanor procedure for the misdemeanors anticipated in Article 46 and 47 of this Law, the persons authorized to conduct supervision shall be obliged to propose a settlement procedure to the perpetrator.

(2) The authorized persons for conducting supervision shall prepare minutes stating the important elements of the misdemeanor, the time, place and manner of committing the misdemeanor, the description of the misdemeanor and the persons found on the spot.

(3) The manner of removing the harmful consequences of the misdemeanor, as well as the manner of overcoming the consequences of the misdemeanor, shall be determined in the minutes.

(4) The authorized persons for supervision shall give a payment order to the proprietor in the settlement procedure.

(5) It shall be considered that the person who has committed the misdemeanor agrees to pay the imposed fine by signing the payment order.

(6) The person who has committed the misdemeanor shall be obliged to pay the fine within a time period of eight days as of the day of acceptance of the payment order at the account indicated in the payment order. The perpetrator who shall pay the fine within that time period shall pay only half of the imposed fine. The legal instruction regarding this right shall be part of the legal instruction on the payment order.

(7) The costs of the procedure shall not be paid in the procedure ending with the issuance of a payment order.

(8) If the perpetrator does not pay the fine within the time period anticipated in paragraph (6) of this Article, the authorized persons for inspection supervision shall file a motion for initiation of a misdemeanor procedure with the competent court.

(9) The authorize persons for inspection supervisions shall be obliged to keep records of the initiated settlement procedures and their outcome.

PART TEN

TRANSITIONAL AND FINAL PROVISIONS

Continuation of the operation of the Directorate

Article 48

(1) The Free Economic Zone Directorate established on the basis of the Law on Free Economic Zones (“Official Gazette of the Republic of Macedonia” no. 56/99, 41/2000 and 6/2002) shall continue to operate as a Directorate for Technological Industrial Development Zones having the competences determined by this Law.

(2) As of the day this Law enters into force, the director of the Free Economic Zones shall continue to perform the function of a director of the Directorate for Technological Industrial Development Zones until the expiry of the term of office for which he/she has been appointed before the entry into force of this Law.

(3) As of the day this Law enters into force, the president of the Governing Board of the Free Economic Development Zones shall continue to perform the function of the president of the Governing Board of the Technological Industrial Development Zones until the expiry of the term of office for which he/she has been appointed before the entry into force of this Law.

(4) As of the day this Law enters into force, the members of the Governing Board of the Free Economic Development Zones shall continue to perform the function of members of the Governing Board of the Technological Industrial Development Zones until the expiry of the term of office for which they have been appointed before the entry into force of this Law.

(5) As of the day this Law enters into force, the employment of the employees in the Directorate for Free Economic Zones shall continue as employment in the Directorate for Technological Industrial Development Zones.

Harmonization of the existing free zones

Article 49

The existing free zones shall continue to operate as technological industrial development zones and shall be obliged to harmonize their operation with the requirements prescribed by this Law and to get an approval in accordance with Article 26 of this Law within the period of three months from the day of entry into force of this Law.

Adoption of detailed regulations

Article 50

The bylaws, anticipated under this Law, shall be adopted within 60 days from the day of entry into force of this Law.
Law that ceases to be valid

Article 51

As of the day this Law enters into force, the Law on Free Economic Zones (“Official Gazette of the Republic of Macedonia” no. 56/99, 41/2000 and 6/2002) shall cease to be valid.

Application of particular provisions

Article 52

(1) Article 9 paragraph (1) point 1 of this Law shall cease to be applied as of the day of accession of the Republic of Macedonia into the European Union.

(2) Article 42 paragraph (1) of this Law shall cease to be applied as of the day of accession of the Republic of Macedonia into the European Union.

Entry into force

Article 53

This Law shall enter into force on the eighth day of its publication in the “Official Gazette of the Republic of Macedonia”.