

# **Law on the Financial Support of Investments**

## **Subject of the Law**

### **Article 1**

This Law shall regulate the types, amount, conditions, manner, and procedure for granting financial support for investments of business entities which invest in the Republic of Macedonia.

### **Article 2**

This Law shall constitute an aid scheme in accordance with the regulations on control of state aid.

## **Purpose of the Law**

### **Article 3**

The purpose of this Law shall be to stimulate the economic growth and development in the Republic of Macedonia through support of investments aimed at increasing the competitiveness of the Macedonian economy and employment.

## **Glossary of terms**

### **Article 4**

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

1. “Provider of state aid” means the Government of the Republic of Macedonia,
2. “Business entity” means a commercial entity registered in the Register of Trade Companies within the Central Register of the Republic of Macedonia,
3. “Supplier” means every business entity that is not capitally or otherwise related pursuant to the law to the beneficiary of the financial support referred to in this Law which performs preliminary processes and operations over the product that is delivered and integrated in the product of the beneficiary of the financial support,
4. “State aid” means aid granted by the provider of state aid in the form of financial support in accordance with this Law,
5. “Eligible costs” means costs for investments in tangible and intangible assets and/or costs for salaries for newly created jobs,
6. “Eligible investment costs” means costs for investments in tangible and intangible assets for the needs of the investment project,

7. “Tangible assets” means all assets such as land, buildings, equipment, plants and machinery that are necessary for the implementation of the investment project,

8. “Intangible assets” means investments in technology transfer, acquiring patents, licenses, know-how, other intellectual property rights recognized in the national legislation in the country of origin of the right, that is, in the Republic of Macedonia or unpatented technical knowledge that is required for the implementation of the investment project,

9. “Salary costs” means the total amount of funds used by the beneficiary of the financial support as gross salary which the beneficiary should pay for the jobs that are directly created for the implementation of the investment project,

10. “Amount of financial support” means the amount of the support stated as a percentage of eligible investment costs or eligible costs for the payment of salaries for newly created jobs,

11. “Beneficiary of financial support” means every business entity that has been granted financial support for implementation of an investment project in accordance with this Law,

12. “Productive initial investments” means investments in tangible and/or intangible assets related to:

- establishment of a new business entity;
- expansion of the production capacity of the existing business entity;
- introduction of new products;
- a fundamental change in the overall production process of the existing business entity; and
- acquisition of fixed assets by a business entity under bankruptcy or liquidation procedure, provided that they have been purchased by an entity that is not capitally or otherwise related pursuant to the law to the entity from which the assets have been purchased.

13. “New machine” means every machine, equipment or plant manufactured not earlier than two years as of the date of the purchase, which has not been previously used (not amortized) and that has been purchased by the beneficiary of the financial support under real market conditions and price defined in accordance with the international accounting standards accepted in the Republic of Macedonia,

14. “Investment project” means all activities that are to be undertaken by the business entity and that include investments in the construction of new, that is, adaptation, reconstruction or expansion of existing facilities, purchase of equipment, machines and plants and creating new jobs in accordance with the business plan.

15. “Large investment project” means an investment project with a value exceeding EUR 50 000 000 in MKD equivalent,

16. “Start of the implementation of an investment project” means the start of the construction works related to the investment project that do not include provision of permits, preparation of feasibility studies and similar activities regarding which the beneficiary of the financial support informs the applicant; the first legally binding act on the procurement of equipment; that is,

legally binding act in accordance with which obligations are undertaken as a result of which the investment cannot be reinstated.

### **Duration of the investment project**

#### **Article 5**

The investment project for which financial support is granted pursuant to this Law may not last longer than five years as of the day of the start of implementation of the investment project.

### **Share of the beneficiary of financial support in the funding**

#### **Article 6**

The share of the beneficiary of financial support in the investment should be at least 25% of the total eligible investment costs from its own funds or from other sources of funding, other than state aid within the meaning of the Law on the State Aid Control.

### **Obligation for reporting large projects**

#### **Article 7**

The provider of state aid should obligatorily notify the Commission for Protection of Competition about every large investment project in accordance with the law.

### **Cumulation of financial support**

#### **Article 8**

(1) The total financial support that may be paid in accordance with this and another law may not be more than 50% of the amount of the incurred eligible costs.

(2) For large investment projects, the amount of the financial support under this Law shall amount to:

- up to 50% of the eligible investment costs for an investment project of up to EUR 50 000 000;
- up to 25% for the portion of the eligible investment costs for an investment project of EUR 50 000 000 to EUR 100 000 000; and
- up to 17% for the portion of the eligible investment costs for an investment project exceeding EUR 100 000 000.

(3) The limitation referred to in paragraph (1) of this Article shall not apply to any financial support granted and paid for the purpose of establishing organizational forms aimed at technological development and research.

## **Entities eligible as beneficiaries of financial support**

### **Article 9**

(1) The entities that are eligible as beneficiaries of financial support shall be business entities that:

- perform production activities and
- have generated growth of revenues from the business activity in the last year as compared to the average of the previous three years or a shorter period, provided that the business entity is registered and has started with the business activity in a period shorter than four years as of the day of submission of the application for granting financial support and
- have the same average number, that is, growth of the average number of employees in the course of the last year as compared to the average of the previous three years or a shorter period, provided that the business entity is registered and has started the business activity in a period shorter than four years as of the day of submission of the application for granting financial support.

(2) As an exception to paragraph (1) of this Article, pursuant to this Law, financial support cannot be granted to business entities that perform production activities and are concurrently performing any of the following:

- an activity of public interest determined by law;
- a licensed activity;
- a regulated activity;
- users of the right to concessions, if the foregoing is their main activity;
- that perform activities related to special purpose production (arms and military equipment);
- that produce excise goods.

(3) Any business entity that acquires the right to use financial support pursuant to this Law shall exercise such right if it permanently and cumulatively meets the requirements stipulated in paragraph (1) of this Article.

## **Entities ineligible as beneficiaries of financial support**

### **Article 10**

Pursuant to this Law, financial support cannot be granted to entities that:

- use subventions, and perform activities in the sphere of agriculture and fishery;
- perform construction activities related to the construction and sales of housing units and housing buildings, solely in the part of the construction activity related to housing units construction and sales;
- perform activities in the sphere of information and communication services, unless the activity is related to establishment of organizational forms for technological development and research.

## **Financial support limitation**

### **Article 11**

Financial support intended for implementation of an investment project in accordance with this Law cannot be granted to a business entity in technological industrial development zones for the same eligible costs as the ones of other business entities outside the technological industrial development zones for the same eligible costs for which state aid has already been granted.

## **Financial support provision**

### **Article 12**

(1) Financial support shall be granted for the purposes of investments and improvement of competitiveness and it shall be paid in the course of the current year in accordance with Article 9 paragraph (1) line 2 of this Law.

(2) The financial support granted to business entities in accordance with this Law shall be provided at an annual level by means of a direct payment to the account of the beneficiary in the procedure laid down by this Law and in accordance with the concluded agreement on financial support.

## **Return of received financial support in the event of a failure to meet the assumed obligations**

### **Article 13**

In the event of a failure to meet any assumed obligations arising from a concluded agreement on granting financial support in accordance with this Law, the beneficiary of financial support shall be obliged to return the received financial support in the amount, period and manner as regulated in the agreement on financial support.

## **Types of financial support**

### **Article 14**

(1) The following shall constitute types of financial support for investments:

- a) Support for new employments;
- b) Support for establishing and promoting the cooperation with suppliers from the Republic of Macedonia;
- c) Support for establishing organizational forms for technological development and research;
- d) Support for investment projects of significant economic interest;
- e) Support for capital investments and revenues growth; and
- f) Support for purchasing assets of companies in distress.

- (2) The following shall constitute types of financial support for competitiveness:
- a) Support for increasing the competitiveness on the market;
  - b) Support for conquering markets and sales growth.

## **Financial support for new employments**

### **Article 15**

(1) Financial support for new employments shall be granted for new full-time employments of citizens of the Republic of Macedonia.

(2) Any business entity that continuously pays a monthly net salary which is at least by 50% higher than the minimum monthly net salary stipulated in the Law on the Minimum Salary of the Republic of Macedonia shall be entitled to a financial support in the amount of 20% of the paid monthly net salary for each new employment in the previous year.

(3) The maximum annual amount of the financial support referred to in paragraph (2) of this Article which may be granted for a new employment shall be EUR 4 400. The maximum annual amount of financial support shall be defined in proportion to the period as of the day of employment.

(4) The financial support referred to in paragraph (2) of this Article may not be granted for a period exceeding five years as of the day of the first employment in the specific job.

### **Article 16**

For the purpose of being granted the financial support referred to in Article 15 of this Law, the business entity should meet the following requirements:

1. Achieve a growth of revenues from the business activity and of the average number of employees in accordance with Article 9 of this Law and
2. At least 75% of the newly employed persons in the course of the year for which the financial support is sought should be persons that meet at least one of the following requirements:
  - were unemployed at least 3 months prior to the employment and were not employed with the beneficiary of financial support or any associated business entity at least 12 months prior to the employment; or
  - are employed for the first time with the beneficiary; or
  - their last employment was terminated due to initiation of a bankruptcy or liquidation procedure;or
  - were employed in public or state administration immediately before the employment.

## **Financial support for the establishment and promotion of cooperation with suppliers registered in the Republic of Macedonia**

### **Article 17**

(1) The financial support for the establishment and promotion of the business cooperation with suppliers registered in the Republic of Macedonia shall be applicable to business entities that perform a business activity in the technological industrial development zones, that are to procure and integrate products in the final product intended for export from suppliers registered in the Republic of Macedonia that perform a production activity.

(2) The financial support referred to in paragraph (1) of this Article shall be in the amount of 1% of the value of the total procurement, provided that 15% of the total product delivered and integrated in the product of the beneficiary of financial support in the previous year is procured from suppliers registered in the Republic of Macedonia.

(3) The maximum annual amount of the financial support referred to in paragraph (2) of this Article cannot exceed EUR 300 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment.

(4) The business cooperation referred to in paragraph (1) of this Article shall be determined based on the percentage share of the products procurement which are delivered and integrated in the product of the beneficiary of financial support from the suppliers. This shall not include the procurement from public enterprises (electricity, fuels, gas, water, utilities, telecom services, etc.), as well as the attorney, accounting or consulting services.

(5) The financial support referred to in paragraph (1) of this Article cannot be granted for a period longer than seven years as of the date of commencement of the use of the support.

### **Article 18**

The following requirements should be met in order to exercise the right to financial support referred to in Article 17 of this Law:

- the beneficiary has achieved growth of revenues from the business activity and of the average number of employees in accordance with Article 9 of this Law and
- the beneficiary has made a procurement from a supplier registered in the Republic of Macedonia that is not capially or otherwise related pursuant to a law to the beneficiary of financial support and that performs preliminary processes and operations over the product that is delivered and integrated in the product of the beneficiary of financial support.

### **Article 19**

The beneficiary of financial support referred to in Article 17 of this Law shall be obliged to maintain the business activity for at least three years as of the last year for which the financial support has been paid.

## **Financial support for establishment of organizational forms aimed at technological development and research**

### **Article 20**

(1) The financial support for establishment of organizational forms aimed at technological development and research shall be granted for the establishment of departments, centers or other forms of organizational structure in which sustainable research and development projects are implemented and highly qualified personnel are engaged in order to acquire new knowledge and skills for development of new products, production processes or services, or for significant improvement of the existing products, production processes and services in the production activities.

(2) The financial support referred to in paragraph (1) of this Article shall be granted to business entities that are to establish independent organizational forms aimed at technological development and research, or are to establish them as part of their existing organizational structure.

(3) The financial support referred to in paragraph (1) of this Article shall be up to 50% of the total eligible costs for industrial research per beneficiary, of which 30% shall be granted for the investment costs referred to in paragraph (4) line 1 of this Article, but not more than EUR 1 000 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment for a project for which investment costs are generated.

(4) Eligible investment costs referred to in paragraph (1) of this Article shall include:

- costs for instruments and equipment used for the needs of the research project;
- costs for buildings and land on which an organizational form aimed at technological development is to be established;
- costs for contracted research, technical knowledge and patents purchased or licensed by external sources at market prices;
- additional costs incurred directly as a result of research projects; and
- other operating costs, including the costs of materials, supplies and similar products incurred directly as a result of the research activity.

(5) The financial support referred to in paragraph (3) of this Article shall be granted for a period not exceeding five years as of the year in which the application for granting financial support has been submitted.

### **Article 21**

(1) In order to exercise the right to financial support referred to in Article 20 of this Law, the business entity should fulfill the following requirements:

- to achieve growth of the revenues from the business activity and of the average number of employees compared to the generated revenues and the average number of employees in accordance with Article 9 of this Law;



- the core activity of the business entity to be in the field of production; and
- the activities and the results of the organizational form aimed at technological development and research to be applicable in production.

(2) The beneficiary of the financial support should retain the average number of newly employed persons if the financial support has been used for payment of the net salaries referred to in Article 15 of this Law, for a period of at least three years as of the last year for which financial support has been paid.

## **Financial support for investment projects of significant economic interest for the Republic of Macedonia**

### **Article 22**

Investment projects of significant economic interest for the Republic of Macedonia shall be the following:

- investment projects whose investment is at least EUR 4 000 000 and provides at least 300 new jobs or
- investment projects whose investment is at least EUR 20 000 000.

### **Article 23**

(1) The financial support for investment projects of significant economic interest for the Republic of Macedonia shall consist of the following:

- a) payment of funds in the amount of the paid personal income tax on the salaries of employed citizens of the Republic of Macedonia;
- b) payment of funds in the amount of the paid profit tax;
- c) monetary funds in the amount of up to 10% of the completed amount of the investment (tangible and intangible assets) stipulated with an agreement and implemented after the conclusion of the Agreement for Granting Financial Support, but not more than EUR 1 000 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment;
- d) payment of monetary funds for every employee for whom a net salary higher by at least 50% higher than the amount of the minimum net salary prescribed under the Law on the Minimum Salary in the Republic of Macedonia has been paid as follows:
  - amount of EUR 2 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment for a business entity that employs up to 300 persons;
  - amount of EUR 3 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment for a business entity, only for the part of the employees from 301 to 500 persons;
  - amount of EUR 3 500 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment for a business entity, only for the part of the employees from 501 - 1000 persons;
  - amount of EUR 4 000 in MKD equivalent according to the middle exchange rate of the

National Bank of the Republic of Macedonia on the day of payment for a business entity, only for the part of the employees from 1001 - 2000 persons.

(2) The financial support referred to in paragraph (1) points a) and b) of this Article cannot be granted to beneficiaries using financial support of the same type in accordance with the law.

(3) The financial support referred to in paragraph (1) point c) of this Article cannot be granted to beneficiaries using financial support referred to in Article 25 of this Law.

(4) The financial support referred to in paragraph (1) point d) lines 1, 2, 3 and 4 of this Article shall not be granted to beneficiaries using financial support referred to in Article 15 of this Law.

#### **Article 24**

(1) The financial support referred to in Article 23 paragraph (1) point a) of this Law shall be given annually in the duration of 10 years as of the month for which the salary of the employees has been paid for the first time, but not later than one year as of the date of conclusion of the agreement on financial support.

(2) The financial support referred to in Article 23 paragraph (1) point b) of this Law shall be given annually in the duration of 10 years as of the date when the business entity started its business activity, that is, not later than one year as of the year of conclusion of the agreement on financial support.

(3) The financial support referred to in Article 23 paragraph (1) point c) of this Law shall be given annually for a period of three years as of the year of conclusion of the agreement on financial support, that is, not later than the year of the start of the investment project.

(4) The financial support referred to in Article 23 paragraph (1) point d) lines 1, 2, 3 and 4 of this Law shall be paid on a one-time basis for each newly created job at an annual level for a period of four years as of the year of conclusion of the agreement, that is, as of the year of the start of the investment project.

(5) The beneficiary of the financial support should maintain the investment and the newly created jobs for a period of at least five years as of the last year in which the investment project is ended.

#### **Financial support for growth of capital investments and revenues**

#### **Article 25**

(1) Financial support for growth of capital investments and revenues shall constitute support for business entities that make initial or additional investments for procurement of new machines and equipment or for investments in facilities and land necessary for the business activity of the beneficiary within the investment project.

(2) The maximum annual amount of the financial support referred to in paragraph (1) of this Article shall be 10% of the completed investment, but not more than EUR 1 000 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment in total for the duration of the entire investment project.

(3) The financial support referred to paragraph (1) of this Article shall be paid annually for a period of five years as of the date of the start of the investment project.

## **Article 26**

(1) In order to obtain the financial support referred to in Article 25 of this Law, the business entity should not decrease the average number of employees and the revenues from the business activity below the average in the previous three years, or for a shorter period depending on the date on which the business entity is founded or started its activity.

(2) The beneficiary of the financial support should maintain the investment for a period of at least five years as of the last year in which the investment project ended.

## **Financial support for purchase of tangible assets from business entities in distress**

### **Article 27**

(1) Financial support for purchase of tangible assets from business entities in distress shall be granted to business entities that shall start an investment project and shall purchase tangible assets from a business entity in a bankruptcy or liquidation procedure to be used exclusively in the production process within the investment project.

(2) The maximum amount of the financial support referred to in paragraph (1) of this Article shall be 10% of the costs for purchasing tangible assets of the business entity under bankruptcy or liquidation, but not exceeding EUR 1 000 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment.

(3) The financial support referred to in paragraph (1) of this Article shall be paid on a one-time basis within 12 months as of the day of the start of the production process.

(4) The use of the financial support referred to in paragraph (1) of this Article shall exclude the use of the financial support referred to in Article 25 of this Law.

### **Article 28**

(1) In order to be eligible for the financial support referred to in Article 27 of this Law, the beneficiary should fulfill the following requirements:

- to be a business entity which in the period of the last three years before the initiation of the bankruptcy or liquidation procedure, except through business cooperation, has not been associated in any manner to the business entity under bankruptcy or liquidation procedure and
- to purchase tangible assets from the business entity under bankruptcy or liquidation procedure

and which before the initiation of the bankruptcy or liquidation procedure has had at least 50 employees.

(2) The beneficiary of financial support should maintain the investment project for which tangible assets have been purchased at least five years as of the date of initiation of the investment project.

### **Financial support for increasing the competitiveness in the market**

#### **Article 29**

(1) The financial support for business entities that have increased their competitiveness in the market shall be granted for achieved growth of sold quantities or growth of revenues from a business activity of sold products in the market.

(2) The maximum amount of the financial support referred to in paragraph (1) of this Article shall be 10% of the eligible investment costs, but not exceeding EUR 1 000 000 in MKD equivalent according to the middle exchange rate of National Bank of the Republic of Macedonia on the day of payment.

(3) The financial support referred to in paragraph (1) of this Article shall be granted annually, but not for a period longer than five years as of the date of the start of the investment project.

#### **Article 30**

In order to be eligible for the financial support referred to in Article 29 of this Law, the beneficiary of the financial support should meet the following requirements:

- to achieve growth of sold quantities or growth of revenues from a business activity regarding sold products in the market in the year to which its application pertains, by at least 5% more than the average in the last three years and
- to maintain or achieve growth of the average number of employees and growth of the revenues from a business activity of at least 5% above the average in the past three years, or for a shorter period depending on the date on which the enterprise is founded or started its business activity determined in accordance with the agreement on financial support.

### **Financial support for conquering new markets and growth of sales**

#### **Article 31**

(1) The financial support for conquering new markets and growth of sales shall be granted to business entities for eligible costs for conquering new markets and achieving growth in sales in the new markets that pertain to:

- joint (organized) participation in fairs abroad;
- joint (organized) participation in business events during visits abroad;
- business meetings with companies in foreign markets;
- foreign markets research;

- certification of the products in accordance with the requirements of the foreign markets; and
- preparation of a marketing presentation in foreign markets (preparation of promotional material, catalogues, brochures, webpage design)

(2) The maximum amount of the financial support referred to in paragraph (1) of this Article shall be 20% of the eligible costs for conquering new markets, but not exceeding EUR 30 000 in MKD equivalent according to the middle exchange rate of National Bank of the Republic of Macedonia on the day of payment.

(3) The financial support referred to in paragraph (1) of this Article shall not apply to the users of the technological industrial development zones.

(4) The financial support referred to in paragraph (1) of this Article shall be paid annually, and it shall be granted continuously until the achievement of the maximum amount referred to in paragraph (2) of this Article.

### **Article 32**

In order to be eligible for the financial support referred to in Article 31 of this Law, the beneficiary should maintain the same or achieve growth of the average number of employees and to achieve growth of the revenues from the business activity in accordance with Article 9 of this Law.

### **Article 33**

For initial investments of business entities founded by citizens of the Republic of Macedonia with residence or temporary stay out of the Republic of Macedonia, the amount of the financial support referred to in Article 23 paragraph (1) under c), Article 25 paragraph (2), Article 27 paragraph (2) and Article 29 paragraph (2) of this Law, shall be increased by 10% of the completed investment, but not exceeding EUR 1 000 000 in MKD equivalent according to the middle exchange rate of the National Bank of the Republic of Macedonia on the day of payment.

### **Procedure for granting financial support**

#### **Article 34**

(1) The Government of the Republic of Macedonia shall grant the financial support in accordance with this Law.

(2) The agreements on financial support shall be signed by the following signatories on behalf of the Government:

- The deputy of the president of the Government of the Republic of Macedonia, in charge of economic affairs and coordination of the economic sectors;
- The minister of economy;
- The ministers without portfolio, in charge of foreign investments;
- The minister without portfolio, in charge of regulation for improvement of the investment

climate for domestic companies;

- The director of the Directorate for Technological Industrial Development Zones;
- The director of the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia.

## **Funds for financial support**

### **Article 35**

The financial support referred to in Articles 15, 17, 20, 23, 25, 27, 29, 31 and 33 of this Law shall be approved up to the amount of funds for that purpose determined in the budget for the current year of the institutions responsible for payment.

## **Competent authorities for implementation of the procedure for granting financial support**

### **Article 36**

(1) Competent authorities for implementation of the procedure for granting financial support shall be the Directorate for Technological Industrial Development Zones and the Agency for Foreign Investments and Export Promotion.

(2) With regard to investment projects in the technological industrial development zones, the business entities shall submit applications for using financial support to the Directorate for Technological Industrial Development Zones.

(3) With regard to investment projects outside the technological industrial development zones, the business entities shall submit applications for using financial support to the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia.

## **Procedure for granting financial support**

### **Article 37**

(1) For the purpose of granting financial support in accordance with this Law, the business entity shall submit an application for granting financial support to the competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law.

(2) The application shall be submitted along with a Letter of Intent, a business plan for an investment project and a financial report for the previous three years or for a shorter period depending on the date on which the business entity is founded or started its business activity.

(3) In addition to the documents referred to in paragraph (1) of this Article, the competent authority referred to in Article 36 paragraphs (2) and (3) of this Law may request from the applicant to submit other documents which confirm the data and the facts listed in the application for financial support.

(4) The form and the contents of the application referred to in paragraph (1) of this Article, as well as the required documentation referred to in paragraph (3) of this Article, shall be prescribed by the minister of economy.

### **Article 38**

(1) By the end of the current month at the latest, the competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law shall review the applications received over the course of the previous month and the submitted documentation, so as to determine the completeness of the application and the submitted documentation, as well as whether the submitted applications meet the requirements for granting financial support in accordance with this Law, on the basis of which a written report on the reviewed applications shall be prepared.

(2) If the submitted applications and the documentation referred to in paragraph (1) of this Article are not complete, the competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law shall submit a notification to the applicant within eight days as of the reviewing of the application, with an indication for completing the submitted application with the necessary documentation within 15 days as of the day of the submission of notification.

(3) If the applicant does not act in accordance with paragraph (2) of this Article, the competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law shall notify the applicant within eight days after the expiry of the deadline for supplementing the application that, due to incompleteness, the application shall not be subject to review in the procedure for granting financial support.

(4) If the application referred to in paragraph (1) of this Article does not meet the requirements for granting financial support in accordance with this Law, the applicant shall be notified within eight days as of the reviewing of the submitted complete application that it shall not be subject to reviewing in the procedure for granting financial support.

(5) The competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law shall submit to the Commission for Evaluation of Applications for Financial Support for Investments established by the Government of the Republic of Macedonia (hereinafter referred to as: Evaluation Commission) the financial report referred to in paragraph (1) of this Article within 15 days, with all the applications with the required documentation which meet the conditions for granting financial support in accordance with this Law.

(6) The Evaluation Commission referred to in paragraph (5) of this Article shall be comprised of one member of the Cabinet of the president of the Government of the Republic of Macedonia, the Cabinet of the deputy of the president of the Government of the Republic of Macedonia, in charge of economic affairs and coordination of the economic sectors, the cabinets of the ministers without portfolio in charge of foreign investments, the Cabinet of the minister without portfolio in charge of regulation for improvement of the investment climate in domestic companies, the Ministry of Economy, the Ministry of Finance, the Directorate for Technological Industrial Development Zones, the Agency for Foreign Investments and Export Promotion of the Republic of Macedonia.

The members of the Evaluation Commission shall be entitled to remuneration, which shall be determined by the Government of the Republic of Macedonia, on the basis of the number of reviewed applications and the number of held meetings. The work of the Commission shall be chaired by a member of the Cabinet of the deputy of the president of the Government of the Republic of Macedonia, in charge of economic affairs and coordination of the economic sectors.

(7) The Evaluation Commission shall adopt Rules of Procedure for its operation.

(8) The Commission shall submit a Report on its work to the Government of the Republic of Macedonia at least twice a year.

(9) The Evaluation Commission shall review the written report with the received applications and the documentation referred to in paragraph (5) of this Article and shall prepare a Report within 15 days as of the day of their receipt. The report shall comprise the following: number of received applications, type of financial support and the amount of funds necessary for its granting, list of business entities and investment projects whose applications meet the requirements for concluding an agreement for financial support, as well as opinion on the fulfillment of the requirements for obtaining financial support in accordance with this Law. The report should be signed by at least two thirds of all the members of the Commission.

(10) The report referred to in paragraph (9) of this Article shall be submitted to the competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law within 15 days from the preparation of the Report referred to in paragraph (9) of this Article.

### **Article 39**

The competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law on the basis of the Report of the Evaluation Commission referred to in Article 38 paragraph (9) of this Law shall submit to the Government of the Republic of Macedonia a draft agreement for obtaining consent for granting financial support no later than 30 days from the receipt of the Report.

### **Agreement on financial support**

#### **Article 40**

(1) The agreement on granting financial support shall contain the following elements in particular:

- contracting parties;
- subject of the agreement for granting financial support;
- type of financial support that is granted with the Agreement for awarding financial support;
- rights and obligations of the contracting parties;
- deadlines for the fulfillment of undertaken rights and obligations;
- manner of financial support payment;
- provisions in the event of failure to fulfill assumed obligations;
- provisions for termination;



- provisions for cancellation of the agreement;
- provisions for dispute resolution.

(2) The agreement on financial support that does not include the elements referred to in paragraph (2) of this Article shall be null and void.

### **Notification and record keeping regarding concluded agreements for granting financial support**

#### **Article 41**

(1) The Directorate for Technological Industrial Development Zones shall keep records of all concluded agreements for granting financial support and, on behalf of the financial support provider, it shall submit an annual report to the Commission for Protection of Competition once a year.

(2) A copy of the agreement for granting financial support shall be submitted immediately, but no later than three days after its signing to the authority that keeps a record of the concluded agreements on financial support.

### **Monitoring the implementation of concluded agreements for granting financial support**

#### **Article 42**

The competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law shall monitor the implementation of the concluded agreements for granting financial support.

### **Payment of financial support**

#### **Article 43**

(1) The beneficiary of the financial support that meets the conditions in accordance with the agreement on financial support, no later than 30 June of the current year for payment of funds in accordance with the concluded agreement on financial support, shall submit a request for payment of the financial support with the required documentation to the competent authority referred to in Article 36 paragraphs (2) and (3) of this Law. If the competent authority is not a signatory of the agreement on financial support, the request for payment shall be submitted to the Government of the Republic of Macedonia through the competent authorities referred to in Article 36 paragraphs (2) and (3) of this Law.

(2) The competent authorities for payment referred to in paragraph (1) of this Article shall review the Request for payment of financial support and once they determine that the conditions for using the financial support stipulated in this Law are met, they shall make a payment in the amount to which the beneficiary is entitled no later than 60 days from the date of the submission of a complete payment request.

(3) The form and contents of the request and the necessary documentation referred to in paragraph (1) of this Article shall be prescribed by the minister of economy.

## **Supervision**

### **Article 44**

The supervision over the application of this Law shall be carried out by the Ministry of Economy.

## **Transitional and final provisions**

### **Article 45**

Business entities that are to conclude agreements on financial support from the date of entry into force of this Law until the end of July 2018, may submit a request for payment of the financial support for the incurred eligible investment costs in accordance with this Law no later than 30.11.2018. The approved financial support shall be paid no later than 31.12.2018.

### **Article 45-a**

(1) The business entities of the leather processing and textile industry, within two years from the date of entry into force of this Law, may submit requests for payment of financial support for incurred eligible investment costs whereas the limitations referred to in Article 9 paragraph (1) line 3 of this Law shall not apply to such business entities.

(2) The business entities referred to in paragraph (1) of this Article may submit requests for payment of financial support for incurred eligible investment costs only in cases when they have achieved growth of revenues from the business activity in the last year as compared to the average of the previous three years or for a shorter period if the business entity is registered and started its business activity within a period of less than four years, as from the date of submitting an application for granting financial support.

## **Adoption of bylaws**

### **Article 46**

The bylaws stipulated in this Law shall be adopted within 30 days from the date of entry into force of this Law.

## **Application of specific provisions**

### **Article 47**

(1) The business entities that are users of technological industrial development zones and that have concluded state aid agreements before the date of entry into force of this Law in accordance

with the Law on Technological Industrial Development Zones and that fulfill the conditions stipulated in this Law may submit an application for financial support.

(2) The business entities that have concluded state aid agreements before the date of entry into force of this Law in accordance with the Law on the State Aid Control and that fulfill the conditions stipulated in this Law may submit an application for financial support.

### **Entry into force**

### **Article 48**

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