

Highlights of the new Decree for financial support to employers

 Topic	 Previous Decree (OG 93 and 97 dated 7 and 9 April 2020)	 New Decree (OG 111 and 113 dated 28 April and 1 May 2020)
Type of the measure	Up to MKD 14,500 per employee for the months April and May 2020	
Eligible beneficiaries	Employers, namely legal entities from the private sector, certain categories of individuals who employ persons under an employment agreement, employer-user under the Law on Private Employment Agencies	
General conditions for application of the measure	<ol style="list-style-type: none">1) Employer's revenue for April or May 2020 to be reduced for more than 30% compared with the monthly average of the revenue realized in 2019*2) The employer is not to pay dividends to owners, as well as awards for business success (profit participations, bonuses) or other types of annual awards to employees and members of management and supervisory bodies for certain period of time3) Not more than 10% of the total number of employees to have received a net salary of more than MKD 120 thousand per month per employee	<ol style="list-style-type: none">1) Employer's revenue for April or May 2020 <u>reduced for certain one-off revenues that do not arise from its regular activities</u>, to be reduced for more than 30% compared with the monthly average of the revenue realized in 2019*2) The employer is not to pay dividends to owners, as well as awards for employer's business success (<u>reported under obligation code 102 in the MPIN file</u>) to employees and members of management and supervisory bodies for certain period of time3) Not more than 10% of the total number of employees to have received a net salary of more than MKD 120 thousand per month per employee
Application	Employers apply for the measures by submitting a specific request through the e-Tax system. Approval should be issued by the Public Revenue Office (PRO) for the measure to apply	

* Similar conditions are prescribed for new employers established after March 2019 and for employers with activities of seasonal character

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Limitations on application	<ol style="list-style-type: none">1) Not applicable to employers benefiting from the measure provided for by the Decree on subsidizing social security contributions2) Not applicable with regard to certain categories of employees as well as to employees whose net salary exceeded certain threshold	<ol style="list-style-type: none">1) Not applicable to employers benefiting from the measure provided for by the Decree on subsidizing social security contributions <u>except for employers who:</u><ul style="list-style-type: none">• <u>conduct business activities in the sectors such as catering, tourism (tourist agencies, tour operators, accommodation facilities), transport (land, water and air transport as well as storage and support activities in transport), and</u>• <u>haven't realized tax losses for 2018 and 2019, and</u>• <u>do not have overdue liabilities for public duties, and</u>• <u>as at 29 February 2020, did not have delays in the payment of its loans liabilities longer than 90 days from the date of their maturity</u>2) Not applicable with regard to certain categories of employees as well as to employees whose net salary exceeded certain threshold
Requirement for preserving the number employees	Requirement for preserving the number of employees for certain period of time applies	<p><u>Until the end of July 2020, the number of employees is not to be reduced, compared to the number of employees in April 2020, except in case of retirement and death of a worker and in certain cases of termination of the employment contract.</u></p> <p><u>Considering the above, the total number of employees should not be reduced for more than:</u></p> <ul style="list-style-type: none">• <u>15% - for employers who had up to 50 employees in the month for which the financial support was used</u>• <u>10% - for employers who had from 51 to 250 employees in the month for which the financial support was used</u>• <u>5% - for employers who had more than 250 employees in the month for which the financial support was used</u>

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Reimbursement of funds received	<p>Employers shall reimburse the amount of the funds received up to 50% of the amount of their financial result for 2020 increased for non-deductible expenses or understated income</p> <p>Similar obligation for reimbursement exists also to taxpayers applying the simplified CIT regime (tax on total income) as well as to individuals performing independent business activities</p>	<p>Employers shall reimburse the amount of the funds received up to 50% of the amount of their financial result for 2020 increased for non-deductible expenses or understated income</p> <p>Similar obligation for reimbursement exists also to taxpayers applying the simplified CIT regime (tax on total income) as well as to individuals performing independent business activities</p> <p><u>Employers who will not report a positive tax base in their tax returns shall not reimburse the funds received if they don't have outstanding liabilities for unpaid taxes and social security contributions.</u></p> <p><u>In addition, under certain conditions provided in the Decree, certain employers will be able to request full exemption from refunding the financial support they received. These employers should file a request to the PRO for conversion of the financial support into grant no later than the deadline for submission of the annual tax return for 2020.</u></p> <p><u>Employers are to submit a specific request to the PRO for the purposes of calculating the amount of the funds to be reimbursed. Within 15 days the PRO shall inform the respective employer of the amount to be reimbursed or of the exemption from reimbursement</u></p>
Penalties for breach of conditions	<p>Employers who benefited from the measure, but have not fulfilled the respective conditions are required to refund in full the funds received. Late payment penalty interest may apply</p> <p>In case of non-compliance with the requirement to keep the number of employees as required under the Decree for financial support of employers in the private sector, the Penal Law will apply</p>	<p>Employers who benefited from the measure, but have not fulfilled the respective conditions are required to refund in full the funds received. Late payment penalty interest <u>according to the Tax Procedure Law</u> may apply</p>