



# Important amendments to the tax legislation

Issue 1  
March 2016



This issue of KPMG's Tax News summarizes the most important amendments to the tax legislation in Macedonia as set out in a number of legislative acts adopted from September 2015 to March 2016.

## Amendments to the Law on Tax Procedure

### Amendments to the appeal process

The possibility for appealing tax administrative acts before the Ministry of Finance as a first instance is abolished. Instead, taxpayers who are not satisfied with a tax administrative act will be able to initiate an administrative dispute before the Administrative Court..

The amendments were published in the Official Gazette No.154 dated 4 September 2015 and entered into force on the same day.

New deadlines for issuing tax administrative acts by the Public Revenue Office: In line with the new Law on Administrative Procedure, the following amendments were made to the Law on the Tax Procedure:

- Possibility for electronic submission of different requests by taxpayers which previously had to be submitted in hard copy
- Determining a 15-day deadline for deciding upon those requests
- Introduction of penalties (from EUR 25 to EUR 50) for the authorized representatives from the tax authorities who will fail to respond in those deadlines.

The application of the above amendments is envisaged to start as of 31 July 2016 with the application of the new Law on Administrative Procedure.

#### In this issue:

[Amendments to the Law on Tax Procedure](#)

[Amendments to the Law on Personal Income Tax \(PIT Law\)](#)

[Amendments to the Law on Value Added Tax \(VAT Law\)](#)

[Amendments to the Law on Corporate Income Tax \(CIT Law\)](#)

[Amendments to the Law on the Public Revenue Office \(PRO\)](#)

[New bilateral agreements](#)

[For information](#)

[Top](#)

## Amendments to the Law on Personal Income Tax (PIT Law)

### **Moratorium on taxation of capital gains from sale of securities**

The moratorium on the application of the provisions from the PIT Law regarding taxation of income from capital gains realized from sale of securities was extended for another three years, i.e. such capital gains will not be taxed until 31 December 2018.

The amendments to the PIT Law were published in the Official Gazette No.199 dated 13 November 2015 and entered into force on the same day.

### **New deadlines for response by the tax authorities**

New deadlines were prescribed for the tax authorities to issue a decision after taxpayers have submitted a request in the following cases:

- Deadline within 30 days for issuance of a certificate for a tax resident
- Deadline within 60 days for issuance of a decision upon a request for exemption for keeping business books because of hindering the business process.

Fines from EUR 25 to EUR 50 are envisaged for authorized representatives from the tax authorities who have failed to act upon the request within the stipulated deadlines. The application of the above amendments is envisaged to start as of 31 July 2016.

[Top](#)

## **Amendments to the Law on Value Added Tax (VAT Law)**

### **Donations by phone**

Services provided by telecommunication operators where a donation of financial resources is enabled through an open specific telephone number for donations with a primary and solely humanitarian purpose are deemed VAT exempt with a right to deduct input VAT.

These amendments entered into force on 24 December 2015.

### **Import of goods related to IPA projects**

Importers of goods needed for implementing projects financed within the Instrument for Pre-Accession Assistance (IPA) are to submit a request to the Ministry of Finance in order to obtain exemption from VAT applicable as of 10 February 2016.

### **Other amendments**

- Further specification is made of the records which taxpayers are to keep for the supplies with investment gold
- A new template is introduced for the request for refund of input VAT for consular offices, taxpayers that do not have a head office or subsidiary in Republic of Macedonia, non-profit organizations and international organizations
- Deadline of 15 days is envisaged for a response upon a request for registration or deregistration for VAT purposes
- Fines from EUR 25 to EUR 50 are envisaged for authorized representatives from the tax authorities who have failed to act upon the request within stipulated deadlines.

The application of these amendments is envisaged to start as of 31 July 2016.

### **Decision to determine products subject to a preferential VAT rate (“The Decision”)**

The amendments to the Decision extend the scope of application of the preferential VAT rate of 5% in the area of:

- Products for human consumption
- Products used for animal feeding
- Baby products
- School supplies.

Furthermore, it is specified that plastic foils are subject to a preferential VAT rate of 5% only if they are used in agriculture.

The amendments to the Decision entered into force on 1 March 2016.

[Top](#)



### **Amendments to the Law on Corporate Income Tax (CIT Law)**

#### **New deadlines for response by the tax authorities**

New deadlines were prescribed for the tax authorities to respond in the following cases:

- 30 days for requests for exemption from withholding tax or application of a lower tax rate and requests for decreasing the corporate income tax up to the amount of 10 acquired fiscal equipment systems for registration of cash payments
- 60 days for request for refund of the higher advance tax payment for CIT
- 60 days for request for approval for tax loss carry forward.

Fines from EUR 25 to EUR 50 are envisaged for the authorized representatives from the tax authorities who have failed to act upon the request within stipulated deadlines.

The application of the above amendments is envisaged to start as of 31 July 2016.

[Top](#)



### **Amendments to the Law on the Public Revenue Office (PRO)**

#### **Higher transparency**

According to the latest amendments to the Law on the PRO, the PRO will be able to take tax related court decisions from the websites of courts and to publish them on its website.

These amendments entered into force on 15 February 2016.

[Top](#)



### **New bilateral agreements**

- A Social Security Agreement between Macedonia and Albania signed on 17 March 2015 was approved by the Macedonian Parliament on 22 February 2016
- Double Tax Treaties signed with Kazakhstan and Kuwait entered into force on 1 January 2016
- A Double Tax Treaty signed between Macedonia and Saudi Arabia on 15 December 2014 approved by the Macedonian Parliament on 29 July 2015 will enter into force on 1 May 2016
- According to a notice dated 12 October 2015, published by the National Board of Revenue of Bangladesh, a Double Tax Treaty between Bangladesh and Macedonia is in the phase of negotiations. Further details will be reported subsequently.

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