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MACEDONIA LOWERS SOCIAL SECURITY RATES

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An amendment of the Law on mandatory social security insurance contributions ("LMSSSC")¹ was announced on 30 December 2011 by Macedonia's government. The amendment establishes a gradual reduction of the mandatory social insurance contribution rates. This gradual rate reduction is part of the social security reform that was initiated in Macedonia in light of the adoption of the gross salary concept in 2009.

Pursuant to the LMSSC, the social security insurance contribution rates applicable for 2012 and 2013 will remain at their levels as in 2011 of 27 percent. However, in 2014, rates will fall to 26.6 percent, and further reduced to 26.4 percent in 2015 (see Table 1).

Table 1: Social security contribution rates

Description	2012 and 2013	2014	2015
Pension and disability contributions	18.0%	17.6%	17.5%
Health insurance contributions	7.3%	7.3%	7.3%
Unemployment insurance contributions	1.2%	1.2%	1.1%
Additional health insurance in case of accidents at work and work-related injuries	0.5%	0.5%	0.5%
Total:	27.0%	26.6%	26.4%

As of 2012, the cap for social security insurance contributions is increased from four to six times the average gross salary paid in the Republic of Macedonia for the previous year.

The minimum and maximum thresholds for payment of social security insurance contributions in 2012 will be determined at the end of January when the State Statistical Office publishes information on the average gross salary paid in the previous year in Macedonia. (The average salary for 2011 was MKD 30,349 (approximately EUR 493) while the maximum threshold was set at MKD 121,396 (EUR 1,972).)

Footnote:

1 Law on mandatory social security insurance contributions (LMSSC), Official Gazette No. 42/08, 64/09, 156/09, 166/10, 53/11 and 185/11). The Official Gazette of the Republic of Macedonia can be found at: <https://members.slvesnik.com.mk/NoCert.aspx>.

The information contained in this newsletter was submitted by the KPMG International member firm in Macedonia. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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