



**Republic of Macedonia**



**Directorate for Technological Industrial Development Zones**

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## **LAW ON TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONES<sup>1</sup>**

### **Part 1 GENERAL PROVISIONS**

#### **Subject of the Law**

##### **Article 1**

This Law shall regulate the incentives for investing in technological industrial development zones, the conditions, the manner and procedure of establishment, the development and operation of technological industrial development zones, the activities performed in the technological industrial development zones and the specific conditions 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.

This Law is a State Aid scheme pursuant to the State Aid legislation.

#### **Purpose of the Law**

##### **Article 2**

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

#### **Public Interest**

##### **Article 3**

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

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<sup>1</sup> The Law and its Amendments are published in the "Official Gazette of the Republic of Macedonia" No.14/2007, No. 103/2008, No. 130/2008 and No. 139/2009".

## Definitions

### Article 4

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

1. "Tax payer" shall mean a person who is defined as such, pursuant to the Law on Tax Procedure;
2. "Tax authority" shall mean a state administrative body which performs administrative responsibilities as defined in the Law on the Public Revenue Office;
3. "Domestic goods" shall mean goods:
  - fully obtained in the customs area of the Republic of Macedonia pursuant to Article 22 of the Customs Law, not incorporating goods imported from other countries. The goods obtained from goods placed under suspension procedure shall not be deemed 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 from the goods referred to only in indent 2 or from the goods referred to in indents 1 and 2 of this item;
4. "State Aid" shall be any aid, granted by the State Aid provider, in any form whatsoever, favouring certain enterprises, or the production of certain goods or the delivery of certain services;
5. "Aid Intensity" shall be the aid amount expressed in percentage of the eligible investment expenditures or amount expressed in percentage of the wage costs of employees on newly created jobs";
6. "State Aid provider" is the Government of the Republic of Macedonia and the state administrative bodies;
7. "User of the Technological Industrial Development Zone" shall mean any domestic or foreign natural or legal person registered for performing activities pursuant to the Company Law and who for the purpose of using the technological industrial development zone has signed a contract for performing business activity with the founder of the technological industrial development zone and a work decision has been issued;
8. "Small-sized enterprise" shall be enterprise with less than 50 employees and an annual turnover less than EUR 7 million in MKD counter value or which annual balance-sheet total does not exceed EUR 5 million in MKD counter value and is not owned by 25% or more in capital or voting rights by an enterprise, or jointly by several enterprises that are not covered by the definition for the small and medium-sized enterprises;
9. "Founder of a technological industrial development zone" shall be the Government of the Republic of Macedonia or a domestic or a foreign legal person. Founder of a technological industrial development zone may also be a legal person who shall perform the activity of a founder in accordance with the public-private partnership contracts;
10. "Initial Investment" means an investment in material and immaterial assets relating to the:
  - setting –up of a new establishment;
  - extension of an existing establishment;
  - diversification of the output of an establishment into new additional products and
  - a fundamental change in the overall production process of an in existing establishment.

Replacement investment is not considered as initial investment;

11. "Material assets" means assets relating to land, building and plant/machinery. In case of acquisition of an establishment, only the costs of buying assets from third parties should be taken into consideration, provided the transaction has taken place under market conditions;

12. "Immaterial assets" means assets entailed by the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge;

For SMEs, the full costs of investments in intangible assets by the transfer of technology through the acquisition of patent rights, licences, know-how or unpatented technical knowledge may always be taken into consideration. For large companies, such costs are eligible only up to a limit of 50% of the total eligible investment expenditure for the project;

13. "Firm in difficulty" shall be a firm with increasing losses, diminishing turnover, growing stock inventories, excess capacity, declining cash flow, mounting debt, rising interest charges and failing or nil net asset value, and, in the case of a company where at least some members have unlimited liability for the debt of the company, where more than half of the capital as shown in the company accounts has disappeared 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 opening of bankruptcy procedure are met, according to the bankruptcy regulations. In any event, a firm in difficulty is considered as a firm in difficulty when, it is clear that it cannot recover through its own resources or with the funds it obtains from its owners/shareholders or from market sources;

14. "Regional Aid" shall be aid corresponding regional policy goals of the Republic of Macedonia, supporting productive initial investment or job creation, which is linked to investments;

15. "Job creation" means a net increase in the number of employees directly employed in a particular establishment compared with the average over the previous 12 months. Any jobs lost during that 12 month period must therefore be deducted from the apparent number of jobs created during the same period. The amount of aid must not exceed a certain percentage of the wage cost of the person hired, calculated over a period of two years. The percentage is equal to the intensity allowed by law prescribing the conditions and procedure for granting employment aid;

16. "Medium-sized Enterprise" shall be an enterprise which employs less than 250 persons and which annual turnover does not exceed EUR 40 million in MKD counter value or annual balance sheet total does not exceed EUR 27 million in MKD counter value, and is not owned by 25% or more in capital or voting rights by an enterprise, or jointly by several enterprises that are not covered by the definition for the small and medium-sized enterprises;

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

18. "Foreign goods" shall be goods different from those referred to in item 3 of this paragraph. Domestic goods taken out of the customs area shall obtain the status of foreign goods;

19. "Technological Industrial Development Zone" (hereinafter referred to as: the Zone) shall be part of the territory of the Republic of Macedonia as 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 other laws and in which the customs and tax incentives determined by this Law and other laws apply. The technological

industrial development zone shall be established with a view to the development of highly propulsive and modern technologies by introducing economically profitable production and efficient utilisation 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. "Wage costs" means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned, comprising the gross wage, before tax, and the compulsory social security contributions;

21. "Customs permitted activities or use of goods" shall mean:

- a) Placing 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" shall be an obligation of a person to pay the amount of import duties (customs debt on import) or export duties (customs debt on export), prescribed for certain goods according to the regulations of the Republic of Macedonia;

23. "Customs control" shall mean performance of the specific activities such as: examination of goods; verifying the existence, reliability 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; enforcement of official procedures and other similar activities with a view to observing customs regulations, and when necessary, other regulations applicable for goods subject to customs supervision;

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

25. "Customs authority" shall be an organisational unit of the Customs Administration laid down by law which is competent for the application of the customs or other regulations where some or all the prescribed formalities may be carried out;

26. "Customs procedures" shall be:

- Releasing of goods into free circulation;
- Transit;
- Customs warehousing;
- Inward processing;
- Processing under customs control;
- Temporary import;
- Outward processing; and
- Export;

27. "Customs regulations" shall be the Customs Law and bylaws adopted on the basis of this law.

(2) For the purposes of this Law, the use of singular shall also include plural, while plural may also refer to singular, except when with the words "only" or "except" plural or singular is excluded.

“(1) The users of the zones shall be granted State Aid in the form of regional aid, pursuant to the conditions laid down by this Law. Regional aid may be granted for initial productive investment in capital as well as in immaterial assets (patents, licenses, know-how or unpatented technical knowledge).

(2) Regional aid, within the terms of this Law, shall not be granted to an enterprise in difficulty.

(3) The contribution of the aid recipient should be at least 25% of the eligible investment expenditures; however, this contribution must not be a product of State Aid.

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

(6) Initial investment projects with an eligible expenditure above EUR 50 million in MKD counter value shall be notified individually to the Commission for protection of competition.

(7) The aid intensity for investment projects referred to in paragraph (6) of this Law , shall amount:

- for the part of the eligible expenditures up to 50 million euro in denar equivalent: 100% of the maximum intensity of the regional aid;
- for the part of the eligible expenditures between 50 - 100 million euro in denar equivalent: 50% of the maximum intensity of the regional aid, and
- for the part of the eligible expenditures exceeding 100 million euro in denar equivalent: 34% of the maximum intensity of the regional aid

(8) The provisions prescribed by paragraph (7) shall apply to projects for which the initial investment is undertaken in a period of three years by one or more companies and consists of fixed assets combined in an economically indivisible way."

**(9) The regional aid shall consist of the incentives described in Article 5 paragraph (1) items 1) and 2) and Articles 6, 7 and 8 of this Law. The cummulation of the aid prescribed in Article 5 paragraph (1) items 1) and 2), and Articles 6, 7 and 8 can not exceed the aid intensities prescribed in paragraph (1) of this Article.**

**(10) The enterprises in the technological industrial development zones that are State Aid beneficiaries cannot be granted any other type of regional aid in respect of the same eligible expenditure.**

(11) On behalf of the Government of the Republic of Macedonia, as a state aid provider, the Agency for Foreign Investments of the Republic of Macedonia, concludes a contract, which specifies the state aid granted to the user of the zone, pursuant to this Law, which contracts are subject to previous approval by the Government of the Republic of Macedonia.

(12) Pursuant to this Law, every year until 28 February the State Aid providers shall submit information regarding the state aid granted during the previous year to the Agency for Foreign Investments of the Republic of Macedonia. The Agency for Foreign Investments of the Republic of Macedonia shall submit information of the total granted state aid for the previous year, to the Parliament of the Republic of Macedonia and to the Directorate for Technological Industrial Development Zones.

(13) The Directorate for Technological Industrial Development Zones shall keep records on the State aid granted and on behalf of the State Aid provider; it 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.

## **Part 2**

### **INCENTIVES FOR INVESTING IN THE TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE**

#### **Tax Exemptions and Relieves and Procedures**

##### **Article 5**

(1) Under the conditions and within the limits referred to in Article 4-a, the tax payer, user of the zone shall be eligible for exemptions and relieves from payment of:

- 1). Profit Tax for the period of 10 (ten) years, as of the date of the business activity commencement in the Zone, however commencing not later than 2 years after the year in which the work decision was granted, under conditions stipulated by this Law; and
- 2). Personal Income Tax on the basis of employees' salaries, for a period of 10 (ten) years from the start of performing activity in the zone i.e. as of the first month in which the users starts to pay the salary, regardless of the number of the employees employed with the user, under the conditions laid down by this Law.

(2) The trade in goods and services in the technological industrial development zones, except the trade intended to the end use, shall not be subject to Value Added Tax.

(3) The imports of goods in the technological industrial development zones shall be exempted from Value Added Tax, provided that the goods are not placed in free circulation, i.e. are not intended to the end use.”

#### **Customs Exemptions and Relieves**

##### **Article 6**

(1) Under the conditions and within the limits referred to in Article 4-a, the **user** of the zone shall be eligible for customs exemptions and relieves pursuant to the provisions of the Customs Law, unless otherwise regulated by this Law.

(2) The user of the Zone carrying out production activities and activities related to information technology (software development, hardware assembly, digital recording, computer chips, etc.), scientific research activities 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 activities or use of the goods.

(3) The exemptions or relieves 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 may use the incentive for import of equipment pursuant to Article 42 of this Law.

### **Aid for Training and Improvement Article 6a**

(1) The user of the zone shall be eligible for aid for training which may be anticipated for eligible costs for education in the form of special or general professional improvement of workers.

1) Special improvement from paragraph (1) of this Article is anticipated for the acquisition of theoretical and practical knowledge usable at the present or future work post at the enterprise that is the beneficiary of aid.

2) General improvement from paragraph (1) of this Article is anticipated for the acquisition of general knowledge usable at the present or future work post at the enterprise, which is the beneficiary of aid, but also at other enterprises or in order activities and which significantly improves employment prospects of the worker.

(2) The aid regulated by this Article may be granted in an amount up to 50% of the eligible costs in the event of general improvement and up to 25 % of the eligible costs in the event of special improvement.

(3) The amount of aid from paragraph (2) of this Article may be increased:

-by 10 percentage points of the eligible costs for the purpose of special improvement and by 20 percentage points of the eligible costs for the purpose of general improvement in small and medium-sized enterprises;

-by 10 percentage points of the eligible costs in the territory of Republic of Macedonia;

-by 10 percentage points of the eligible costs in the professional improvement is to be undertaken by persons who have difficulties in finding employment.

(4) The amounts of aid from paragraph (3) of this Article may be cumulated.

(5) The eligible costs for the purpose of improvement by paragraph (1) of this Article are:

-the costs of the instructor;

-travel expenses of the instructor and persons undergoing professional improvement;

-other recurring costs;

-the costs connected to the write-off of machines and equipment in accordance with the scope of their use for the purpose of professional improvement; and

-the costs of consulting regarding the professional improvement project

-the cost of participants in the professional improvement project up to the amount of all eligible costs from the paragraph (5) of this Article.

### **Article 7**

Under the conditions and within the limits referred to in Article 4-a of this Law, the user of the zone shall realise the exemptions and relieves laid down in Articles 5 and 6 of this Law for performing:

1) Production activities;

2) Activities related to information technology (software development, hardware assembly, digital recording, computer chips, etc.), scientific 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 carrying out any of the activities laid down in Article 7 of this Law, shall also be eligible for the following incentives:

1) By way of derogation from the provisions of the Law on Construction Land, the users of the Zone is exempted from paying a fee for regulation of the construction land;

2) In the cases when the local self-government participates in the regulation of the construction land, the fee for the regulation of the construction land of which the users of the zone are exempted, shall be compensated by the Government of the Republic of Macedonia for the benefit of the local self-government units;

3) By way of derogation from the provisions of the Law on Protection and Rescue, the user of the Zone shall be exempted from the obligation to build a shelter during construction of facilities within the Zone, as well as from paying a contribution fee for the construction, maintenance and equipping of the shelter;

4) The Government of the Republic of Macedonian may participate in the expenditures for construction of facilities by the user of the Zone in the amount of EUR 500,000 in MKD counter value, under the following criteria:

- EUR 100,000 in MKD counter value – for the investments in the amount of EUR 1 to 2 million in MKD counter value, or 20 new employments;
- EUR 200,000 in MKD counter value – for the investments in the amount of EUR 2 to 5 million in MKD counter value, or 40 new employments;
- EUR 300,000 in MKD counter value – for the investments in the amount of EUR 5 to 10 million in MKD counter value, or 60 new employments;
- EUR 400,000 in MKD counter value – for the investments in the amount of EUR 10 to 15 million in MKD counter value, or 80 new employments, and
- EUR 500,000 in MKD counter value – for the investments in the amount of more than EUR 15 million in MKD counter value, or 100 new employments.
- The Government of the Republic of Macedonia shall decide on the fulfilment of the conditions referred to in item 4 of this paragraph, upon proposal from the Agency for Foreign Investments of the Republic of Macedonia, in a procedure laid down in Article 8-a of this Law.

(2) By way of derogation from the provisions of the Law on Construction Land, the founder of the Zone is exempted from paying a fee for regulation of the construction land. The fee for regulation of the construction land, for which the founder is exempted, shall be compensated by the Government of the Republic of Macedonia for the units of local self-government.

(3) The land for founding of the Zone shall be leased to the founder of the Zone for a period of up to 99 years;

(4) The land in the zone shall be leased by the founder of the zone to the users for a period of up to 99 years;

(5) The lease period for the land and the amount of rent for the leased land for the founders of the Zone as well as for the users of the Zone in 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.

(6) The user of the Zone shall be obliged to start construction on the land granted for use within nine (9) months from the signing of the lease contract, and to finish construction and start production within thirty (30) months at the latest.

(7) The lease contract for the land may be unilaterally terminated if the lessee of the land does not start construction on the production facility within nine months from the date 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 solely under the condition that the company to be granted state aid submits a Letter of intention to the Agency for Foreign Investments of the Republic of Macedonia together with the company registration in the Republic of Macedonia and a business plan.
- 2) The business plan referred to in paragraph (1) of this Article shall consist of:
  - description of the company, consolidated financial reports for the last three years and overview of business activities planned to be performed in the technological industrial development zones;
  - location and surface of the required land parcels;
  - period for commencement and completion of the construction and period for commencement of production;
  - total amount of the investment;
  - total number of new employments, qualifications of the employees, employment dynamics for a period of 10 years;
  - plan of incomes and profits for a period of 10 years;
  - plan for future expansion; and
  - market location.

(3) The Agency for Foreign Investments of the Republic of Macedonia shall be bound to submit the business plan referred to in paragraph (2) of this Article, within 10 days from the submission of the business plan by the company to the Government of the Republic of Macedonia, with a proposal for granting state aid.

(4) The Government of the Republic of Macedonia shall decide on the granting of state aid to the company within 30 days from the day of submission of the proposal from the Agency for Foreign Investments of the Republic of Macedonia referred to in paragraph (3) of this Article.

### **Terms, Conditions and Procedures for Exercising Tax Exemptions and Relieves**

#### **Article 9**

1) The user of the zone shall exercise tax exemptions and relieves, if it carries out an initial investment:

- 1) Performs a new activity, but does not transfer the activity from another area of the Republic of Macedonia into the Zone;
- 2) Does not have unsettled levied tax or customs obligations, and
- 3) Is not under a bankruptcy procedure.

(2) For the purpose of exercising tax exemptions and relieves referred to in Article 5 paragraph (1) items 1 and 2 of this Law, the user of the Zone shall submit a tax return request to the responsible tax authority through the Directorate for Technological Industrial Development Zones until 31 March of the following year.

(3) Pursuant to paragraph (2) of this Article, the user of the Zone shall submit the following document supporting the tax return request:

- 1) Contract for performing activity with the founder of the zone;
- 2) The decision referred to in Article 29 paragraph (4), or the decision referred to in Article 33 paragraph (3) of this Law;
- 3) The annual account and tax balance sheet for the previous year, in addition to the standard form (SRA -Structure of Revenues by Activities);
- 4) Proof from the Central Register on its current state of solvency, not older than 6 months;
- 5) Certificate issued by a competent authority that the user of the Zone has no levied and unsettled tax and customs obligations;
- 6) Certificate issued by a competent court and the Central Register that the user of the Zone is not under a bankruptcy or liquidation procedure;

(4) On the basis of the decision of compatibility regarding the granted State Aid adopted by the Commission for Protection of Competition, pursuant to this Law the tax authority delivers decision on tax relief.

(5) The proofs referred to in paragraph (3) items 1, 2 and 4 of this Article shall be submitted within 15 days after receiving the decision to commence operation from the Directorate for Technological Industrial Development Zones.

(6) The proofs referred to in paragraph (3) items 3, 5 and 6 of this Article shall be submitted each year of the operation in the Zone, not later than 31 March of the current year.

(7) If the terms and conditions of this Article have been met, the tax authority shall implement the decision of the Commission for Protection of Competition and shall issue to the user a decision on an applicable tax exemption / relief within 30 days from the day the request was submitted. It shall also submit the same to the Directorate for Technological Industrial Development Zones within eight days of its adoption.

(8) The user of the zone benefits from tax exemptions and relieves referred to in Article 5 of this Law, after the receipt of a work decision from the Directorate for Technological Industrial Development Zones.

### **Part 3**

## **TERMS, CONDITIONS AND MANNER OF ESTABLISHING A TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE**

### **General Terms and Conditions of Establishing a Technological Industrial Development Zone**

#### **Article 10**

(1) The Zone shall be established if:

1) The spatial, energy, technical and other conditions prescribed for performing activities in the Zone are provided;

2) Manufacturing and technological processes, production and storage of goods, i.e. providing services that are harmful to the environment and to the nature are not performed and

3) The founder of the Zone provides the required funds for establishing the Zone.

(2) The terms and conditions for establishing the Zone referred to in paragraph (1) item 1 of this Article up to the borders of the Zone shall be provided by the Government of the Republic of Macedonia.

(3) The founder of the Zone shall provide the funds for establishing and commencing operation of the Zone, as well as appropriate spatial, infrastructural,

environmental, energy, technical and other conditions for performing activities in the Zone, and shall adopt the act for establishment 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 performing of activities in the Zone.

### **Spatial Conditions for Establishing a Technological Industrial Development Zone**

#### **Article 11**

(1) The zone shall be established on an area for which there is a spatial or urban documentation according to the Law on spatial planning, on a land owned by the Republic of Macedonia.

(2) The zone may consist of several separate parts of the territory of the Republic of Macedonia, each of which constitute an economic and functional entity and each shall be fenced and marked.

## **Part 4**

### **DIRECTORATE FOR TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONES**

#### **Competences of the Directorate for Technological Industrial Development Zones**

##### **Article 12**

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

(2) The Directorate shall perform the following activities:

- 1) Planning and development of the Zones and providing conditions for utilisation of the area;
- 2) Issue approval for establishment of the Zones;
- 3) Promotion and advertising of the Zones and public relations;
- 4) Attract founders and users of the Zone;
- 5) Keep records of the activities of the area of the Zone;
- 6) Adopt decisions for commencement of operation by the user of the Zone;
- 7) Adopt decisions for termination of the decision for operation;
- 8) Adopt a schedule of fees for services provided by the founder and a schedule of fees for services provided by the user, on which the Government of the Republic of Macedonia shall give its consent. The amounts of the fees shall be determined in accordance with the amount of the incurred expenses.
- 9) Establish cooperation with the state administrative bodies, public enterprises and trade companies related to the Zone and thereby ensure:
  - Consents, approvals, permits, i.e. certificates determined by special legal requirements for the establishing, 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 from illicit trade.
- 10) Approve the Act referred to in Article 34 of this Law;
- 11) Monitor the operation of the Zone and when necessary, propose measures to the Government of the Republic of Macedonia;
- 12) Keep records of all the leasing and subleasing contracts between the founder and the users, provided by the founder of the Zone;

13) Perform all activities, other than those that require that the founder and/or the user has a prior permit, consent or approval by a competent authority pursuant to law and

(14) Keep records on the State Aid granted, and on behalf of the State Aid provider(s), submits 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;

(15) Informs the tax authority of the decision of the Commission for the Protection of Competition on the compatibility and the amount of the granted state aid in the form of tax relief, as well as on the report confirming that investments and newly created jobs are sustained upon expiry of each year within a period of ten (10) or five (5) consecutive years, as provided in Article 5, Par. 1) and 2) of this Law, no later than on 31 March of the current year for the previous year

16) Performs all other activities related to the functioning of the Zone

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

(4) In case when 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, on behalf of the founder, and shall also:

- conclude contracts with the users for the lease of the land and the facilities in the Zone, for which the Government of the Republic of Macedonia gives a prior consent;
- conclude contracts with the users of the Zone for performing activities;
- provide the necessary documentation for construction of infrastructural and other facilities, necessary for the operation of the Zone, pursuant to the law;
- perform physical planning of the construction land and construct infrastructural and other facilities next to and in the Zone;
- manage the land and facilities next to and in the Zone, that are owned by the Republic of Macedonia, and
- adopt rules and schedule of fees of the founder for performed services to the users in the Zone, pursuant to Article 34 paragraph 1 of this Law, to which the Government of the Republic of Macedonia shall give consent.

### **Article 13**

(1) For the purpose of realising the activities within its competence, the Directorate shall adopt an annual programme with financial plan, for which the Government of the Republic of Macedonia shall give its consent.

(2) The Directorate shall submit the annual programme with 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 Directorate shall prepare a report on the operation of the Zone in 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 has a Deputy, who shall be appointed and dismissed by the Government of the Republic of Macedonia.

(3) The Deputy deputises the Director, when he/she is absent or prevented from carrying out his/her duty, with all authority and responsibility in management.

(4) A person meeting the following conditions may be appointed as a Director and Deputy Director:

- To have at least university degree,
- To have at least five-year working experience,
- To have at least three-year working experience at a managerial post,
- To be proficient in English and
- To have experience in cooperation with international organisations and institutions.

(5) The Director and Deputy Director shall be appointed for a four year term.

### **Article 15**

The Director of the Directorate shall perform the following:

- Represent the Directorate;
- Organise the work and manage the administration of the Directorate;
- Implements the decisions of the Managing Board;
- Ensure compliance with law regarding the competences laid down in Article 12 of this Law;
- Coordinate the business activities of the Directorate;
- Prepare the annual programme and the financial plan of the Directorate;
- Prepare report on the operation of the Zone in the previous year;
- Propose to the Managing Board and implement the general acts of the organisation and systematisation of the Directorate;
- Adopt single acts for the employees in the field of labour relations and
- Decide on other issues regulated by this Law and the Statute of the Directorate.

### **Article 16**

(1) Each six months, the Director shall be bound to submit a report on the work of the Directorate to the Government of the Republic of Macedonia.

(2) In the report referred to in paragraph (1) of this Article, the Director shall be bound to provide data on the type and scope of operations while performing the duties of the Directorate.

(3) When the report of the work of the Directorate shall establish deficiencies and/or loss in the financial operations of the Directorate, the Director shall be bound to eliminate them in the following six months.

### **Article 17**

The Director or the Deputy Director of the Directorate shall be dismissed before the expiry of the term of office in the following cases:

- Upon his/her request;
- If s/he fails to work and act according to the Law, Statute and the Acts of the Directorate or unjustifiably fails to implement the decisions of the Managing Board or acts contrary to them;
- If by negligence or misconduct, the Director causes disturbances in performing the activities of the Directorate and causes damage;
- If s/he neglects or fails to perform the duties thereby causing disturbances in performing the activities of the Directorate of public interest;
- If s/he fails to submit a report in accordance with Article 16 paragraph (1) of this Law;

- If after the expiry of the period laid down in Article 16 paragraph (3) of this Law, s/he fails to eliminate the deficiencies or during that period there is a reoccurrence of deficiencies and/or loss in the financial operations.

### **Article 18**

For the purpose of realisation of its activities, the Directorate may use services of specialised legal and natural persons from the country and abroad pursuant to the Law.

### **Managing Board**

#### **Article 19**

(1) The Directorate shall be managed by the Managing Board, consisting of 7 (seven) members, whereby the following propose one member each: the Minister responsible for economy, the Minister responsible for finance, the Minister responsible for labour and social policy, the Minister responsible for transport and communications, the Minister responsible for environment and physical planning, the Minister responsible for foreign affairs - from the rank of managing civil servants at the level of state counsellor at least, as well as the Director of the Agency for Foreign Investments of the Republic of Macedonia.

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

(3) The Managing Board shall be chaired by the President,

(4) The members of the Managing Board shall elect a President of the Managing Board, on its first session.

(5) The President and the members of the Managing Board shall be appointed for a period of four years.

#### **Article 20**

(1) The Managing Board of the Directorate shall have the following responsibilities:

- Adopt the Statute of the Directorate;
- Adopt annual programmes and financial plans;
- 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 providing opinions and proposals for implementation of the work programme;
- Adopt the general acts for the organisation and the systematisation of the Directorate;
- Adopt the regulations and other acts of the Directorate pursuant to the competences prescribed by this Law;
- Review and approve the activity reports of the Directorate and
- Perform other activities pursuant to this Law and the Statute of the Directorate.

### **Statute of the Directorate**

#### **Article 21**

(1) The Statute of the Directorate shall regulate the operation and the organisation of the Directorate; the competences of the Managing Board and of the Director of the Directorate, the relations between the Director and the Managing Board; as well as other issues of significance for the operation of the Directorate.

(2) The Statute of the Directorate shall be adopted by the Managing Board of the Directorate.

(3) The Government of the Republic of Macedonia shall approve 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 revenue obtained from fees for performed services pursuant to Articles 12 and 34 of this Law.

### **Part 5**

## **PROCEDURE FOR ESTABLISHING A TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE**

### **Founder of Technological Industrial Development Zone**

#### **Article 23**

(1) A Zone may be established by one or more domestic or foreign legal persons (hereinafter referred to as: the Founder of Zone).

(2) A Zone may also be established by the Government of the Republic of Macedonia.

(3) The Founders referred to in paragraphs (1) and (2) of this Article shall adopt an Act for Establishment.

(4) The Directorate shall carry out activities related to the establishment, management and development of the Zones on behalf of the Government of the Republic of Macedonia.

(5) When the Zone is established by several founders, they shall sign a mutual agreement for the establishment of the Zone.

(6) The founder of the Zone, except when the founder is the Government of the Republic of Macedonia may simultaneously be the user of the Zone.

(7) The founder of the Zone referred to in paragraphs (1) and (5) of this Article should have to provide:

1) a financial written statement which shall be used to determine that the founder has the required funds on a bank account, as well as report from an authorised audit firm, and

2) a proof of previous work experience in the trade sector or in a Zone.

### **Act/Contract for Establishment of Technological Industrial Development Zone**

#### **Article 24**

The act/contract for Establishment of a Zone referred to in Article 23 paragraphs (3) and (5) of this Law shall contain:

1) The name of the Founder/s of the Zone;

2) The name of the Zone;

3) The area of the Zone;

4) Activities performed in the Zone and

5) Period for which the Zone is to be established.

## **Request for Establishment of Technological Industrial Development Zone**

### **Article 25**

(1) In order to establish a Zone, except in cases when the founder is the Government of the Republic of Macedonia, 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, registered office, i.e. the address of the requesting party;
- 2) Activities performed in the Zone;
- 3) Period for which the Zone is to be established;
- 4) Conditions for construction of the Zone with an excerpt copy from the spatial or urban plan, issued by the competent authority of the state administration;
- 5) Organisation and operational methods of the Zone;
- 6) Technical, technological and other conditions for operating in the Zone and
- 7) Manner of providing working conditions for the Directorate, the customs and the tax authority in the Zone.

(3) In addition to the request, the Founder of the Zone shall, besides the evidence referred to in Article 23 paragraph (7) of this Law, submit the following:

- 1) Act, i.e. an Agreement for Establishment of the Zone;
- 2) Feasibility study or business plan and
- 3) Consent from the state administrative body responsible for environment and physical planning that the conditions envisaged in the regulations from the area of 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 Technological Industrial Development Zone**

### **Article 26**

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 referred to as: approval).

(2) The approval of paragraph (1) of this Article shall be issued only if the conditions prescribed with this and other law for establishment of a Zone have been 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) On the basis of the approval by the Directorate, the Government of Republic of Macedonia shall give the consent for establishment of a Zone provided that the conditions stipulated by this or other Law have been met and provided that there is a general economic interest for the establishment of a Zone.

(5) The consent given to the Founder upon the proposal from the Directorate, may be revoked at any time provided that:

- 1) An effective court decision that bans the Founder to further operate within the Zone has been pronounced;
- 2) The Founder of the Zone submitted incorrect information or documents in his/her request;
- 3) The construction work in the Zone was not started within six months from the day when the final construction approval was issued;
- 4) The Founder of the Zone did not ensure commencement of operations in the Zone;
- 5) The Founder failed to submit a report referred to in Article 32 of this Law, and
- 6) The Founder acts contrary to the provisions of this Law.

(6) By the revocation of 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, while an administrative dispute may 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 under the procedure for establishment of a Zone.

(2) Change as referred to in paragraph (1) of this Article shall have the following meaning:

- 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 buy-up) and
- 4) Change of the duration period for which the Zone was established.

(3) Regarding the change within the meaning referred to in paragraph (1) of this Article, the Founder shall be bound to initiate the procedure within a period of 30 days from the moment the change occurred.

## **Separation and Arranging 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 performer of the railway transport operations free of charge.

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

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

(5) The more precise criteria on the manner of arranging of the Zone referred to in this Article shall be prescribed by the Minister in charge of the state administration body responsible for financial affairs.

## **Procedure for Fulfilling the Conditions for Conducting Customs Supervision**

### **Article 29**

(1) For construction of a facility in the Zone, prior approval by the customs authority is necessary if the facility in question is related to the fulfilment of the conditions for enforcing 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 presence of the Founder, within 30 days following the receipt of the request.

(3) The customs authority shall prepare minutes, within eight days from the conducted inspection referred to in paragraph (2), with findings on the fulfilment of the

customs supervision requirements. If the customs authority concludes any shortcomings during the inspection, it shall determine a rectification period in the report.

(4) The customs authority shall make a decision on the fulfilment of the conditions for conducting customs supervision pursuant to the Customs Law.

(5) An appeal against the decision of paragraph 4 of this Article may be filed to the Minister for 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 at the 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 make a decision referring to the changes of the obligations regarding the conducting of customs supervision and control and time limit within which the Founder is obligated to submit the evidence for fulfilment of the changed conditions.

(3) In addition to the request for amending the decision, the Founder of the Zone shall submit information regarding the activities conducted in the Zone up to present.

### **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 of the Zone, not later than twelve months from the day of adoption of the decision.

(2) The Directorate shall adopt the decision for commencement of operations of the Zone, after the obtained consent, approvals, permits prescribed by this and other laws, including the previously obtained approval on the manner and form of keeping records from the Central Administration of the Customs Administration pursuant to Article 41 of this Law.

(3) If the Zone does not commence its operations in the period referred to in paragraph (1) of this Article, the Directorate shall adopt an act to revoke the decision for commencement of operations of the Zone.

### **Operating Report of the Technological Industrial Development Zone**

#### **Article 32**

(1) The Founder of the Zone shall be bound 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 referred to as: annual report).

(2) The annual report shall contain data especially pertaining to:

1) The scope of production, i.e. 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, operations, economic purpose, processing level and sectors and sections according to the standard international commercial classification and

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

(3) The data in the annual report shall be provided both 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.

### **User of Technological Industrial Development Zone**

#### **Article 33**

(1) The User of the Zone shall perform the activities on the basis of the contract for performing business activity concluded with the Founder of the Zone.

(2) When concluding a contract between the User and the Founder of the Zone, the Users who meet the following criteria shall be given advantage:

- Increase of 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 work decision.

(4) The Directorate shall issue the work decision referred to in paragraph (3) of this Article, after previously obtained approval for records from the Central Administration of the Customs Administration pursuant to Article 41 of this Law and the concluded contract for performing business activity between the Founder and the User of the Zone.

(5) The User of the Zone shall be bound to enable the customs or other competent authority customs or other type of supervision.

(6) The Directorate shall revoke the work decision 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 an effective court decision was adopted that bans the User to perform activities;
- 3) If it is ascertained that the User has submitted incorrect information or documents in his/her request and
- 4) If the User of the Zone does not commence operations within the Zone pursuant to the provisions of this Law.

(7) The Directorate shall *ex officio* communicate the decision for revoking the work decision to the Customs Administration of the Republic of Macedonia and the competent tax authority.

(8) The unsatisfied party may initiate an administrative dispute against the decision for revoking the work decision.

### **Terms and Conditions for Utilisation of Technological Industrial Development Zone**

#### **Article 34**

(1) The Founder of the Zone shall adopt rules (hereinafter referred to as: Founder's rules) on the conditions under which the Zone area can be used for performing activities, the 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 schedule of fees for services provided to the users in the Zone.

(2) The Founder's rules shall not be in prejudice with the laws and other regulations of the Republic of Macedonia, nor with the international agreements ratified by the Republic of Macedonia.

(3) The Founder of the Zone shall be bound to provide equal conditions for performing activities in the Zone to all its Users.

(4) The Founder's rules and the schedule of fees 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 schedule of fees referred to in paragraph (1) of this Article are subject to approval by the Directorate.

## **Part 6**

### **ACTIVITIES THAT MAY BE CARRIED OUT IN A TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONE AND SPECIAL TERMS AND CONDITIONS FOR THEIR CONDUCT**

#### **Activities performed in a Technological Industrial Zone**

##### **Article 35**

(1) Production and service activities, scientific and research activities, warehousing, banking and other financial matters, insurance matters and reinsurance of property and persons and other matters related exclusively to the operation of the Zones shall be conducted in the Zone.

(2) The activities in the Zone are conducted under the following conditions:

- 1). The business undertaking shall be in accordance with the submitted feasibility study or the business plan referred to in Article 25 paragraph (3) item 2) of this Law;
- 2). The origin and the quality of the raw materials, the semi-products and the ready-made products may be determined and controlled;
- 3). The work shall not endanger the public safety, the living environment and the human health in the Zone and
- 4). The User of the Zone shall insure the main assets and the employees from the risks that arise from the work.

(3) An activity related to the following must not 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 authorities 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, with the exception of commercial explosive;
- 5) Production and services that originate from countries or companies that are subject to embargos and blockades instructed by national and international bodies and authorities;
- 6) Production and services that endanger the public moral, public safety and defence and
- 7) Production and services that are not in accordance with the laws of the Republic of Macedonia and international agreements ratified with the Republic of Macedonia relating to the protection of intellectual and industrial property.

##### **Article 36**

- (1) The User may perform warehousing of goods for his/her needs in the Zone.
- (2) If the warehouses of the users in the Zone are not used to their full capacity, domestic goods that are not intended for export may in agreement with the Customs

Administration be warehoused in the Zone, but separately from the goods of the users of the Zone.

(3) The Customs Administration shall not allow the warehousing of goods referred to in paragraph (2) of this Article if this does not allow the carrying out of control over the operations conducted in the Zone.

(4) Domestic goods that are in the area of the Zone on the basis of the agreement referred to in paragraph (2) of this Article are recorded in accordance with the provisions of Article 41 of this Law.

(5) The tax relief and facilitations prescribed under this Law shall not apply to the goods referred to in paragraph (2) of this Article.

### **Quality Standards, Regulations, Norms and Price**

#### **Article 37**

(1) The quality standards, technical regulations and norms shall not apply for goods that are entered in the Zone for the purpose of warehousing or processing and that are not released in free circulation in the Zone, with the exception of those that are determined with 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 may use the quality standards, technical regulations and norms in force in the country for which the goods are designated instead of using 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 traffic services in the Zone.

### **Application of Laws, Agreement to Overcome Differences and Labour Relations**

#### **Article 38**

(1) Disputes between the users of the Zone, the users and the Founder of the Zone and between the Founder of the Zone and the state authorities shall be settled in accordance with the laws of the Republic of Macedonia.

(2) The labour relations between the employers and the employees in the Zone shall be regulated in accordance with the Law on Labour Relations and the Collective Agreement.

## **Part 7**

### **APPLICATION OF CUSTOMS REGULATIONS**

#### **Article 39**

The provisions of the Customs Law relating to free zones and free warehouses shall apply accordingly and shall apply for 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 the entry and exit of goods from the Zone shall be carried out in accordance with customs regulations and shall be subject to customs supervision on behalf of the customs authority.

(2) The customs authority may carry out 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 Customs Law shall apply accordingly for the movement and treatment of goods that are imported, i.e. entered in the Zone or exported, i.e. exited from the Zone, after the customs permitted activities or use has been assigned for the goods entered or exited in and 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 is conducted in the manner and under the conditions that are in accordance with the customs regulations.

(3) The Founder, i.e. 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, i.e. the User of the Zone is obliged to submit to the customs authority a note of the records for the goods for each individual entry or exit of the goods in or from the Zone.

(4) The Ministry of Finance shall adopt closer regulations for the binding information that needs to be included in the note of the records and shall prescribe the form of the note of the record.

The Founder, i.e. the User of the Zone may use other forms as well if they contain the necessary particulars.

### **Customs goods used as equipment in a technological industrial development zone**

#### **Article 42**

1) The equipment stipulated under Headings 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 a part of the investments of the User of the Zone is intended for activity performance in the Zone, shall not be subject to payment of import fees, provided for in the Law on Customs Tariffs.

(2) The User of the Zone shall enter the equipment referred to in paragraph (1) of this Article in his/her business registers as equipment in accordance with international bookkeeping standards.

(3) Import duties shall be paid at the amount determined according to 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 for 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 material and office equipment and other administrative premises and
- 2) Motor vehicles and other motor vehicles that are also used outside the Zone.

### **Part 8**

#### **Terminating the operation of the technological industrial development zone and terminating the operation of the User in the technological industrial development zone**

## **Termination of the operation of the technological industrial development zone**

### **Article 43**

Operations in the Zone shall be terminated in the following cases:

- Following a request submitted by the Founder to the Directorate, the Zone shall terminate the operations after a six months period following the day the request is submitted;
- With the expiry of the lease contract;
- When the Founder shall make changes to the Zone that are contrary to Article 27 of this Law;
  - shall carry out or shall allow for the carrying out activities in the Zone that are not listed in the act, i.e. the agreement establishing the Zone referred to in Article 24 of this Law or they are not in accordance with the activities that are allowed to be conducted in the Zones of Articles 35 and 36 of this Law
- When the Customs Administration shall determine that the conditions for carrying out of customs supervision are no longer fulfilled, after the expiry of the period referred to in Article 29 paragraph (3) of this Law,
  - the Founder shall not submit a report for operations in the Zone pursuant to Article 32 of this Law, or
  - the Founder shall adopt Rules pursuant to 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 being carried out in the Zone the Founder of the Zone or a competent court terminates the contract between the User of the Zone and the Founder of the Zone, the User shall notify the customs, and through the Directorate, the tax authority of this matter, s/he shall submit all records and calculations form the operation carried out in the Zone and shall allow them to determine whether a customs, i.e. tax debt that is calculated in accordance with customs, i.e. tax regulations was incurred in regard to his/her operating in the Zone.

(2) The Directorate shall revoke the decision referred to in Article 33 paragraph (3) of this Law if:

- 1) The contract between the Founder and the User of the Zone is terminated;
- 2) It receives a notification from the customs authority for non fulfilment of the conditions for carrying out customs supervision.
- 3) Conducts a commercial activity in the Zone that is not determined in the act, i.e. the agreement establishing the Zone in accordance with Article 24 of this Law,
- 4) Does not allow the customs or any other authority to supervise the operation in the Zone in accordance with Article 29 paragraph (4) of this Law and
- 5) 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 duty and other charges shall be made for the stock-pile of goods in the Zone on the day of termination of the operation for every Founder/User of the Zone, all in accordance with tax, customs and other regulations.

(2) In case of termination of the operation in the Zone, the Founder/Users retain possession of the facilities that they built in the Zone, as well as of the rights and the capital invested in the Zone and they may continue their operations in accordance with the legislation of the Republic of Macedonia.

**Part 9**  
**MISDEMEANOUR PROVISIONS**  
**Article 46**

(1) A fine in the amount of EUR 3,500 to EUR 5,000 in MKD counter-value shall be determined for an offence perpetrated by a legal person – the Founder of the Zone that:

1) Shall commence the operation in the Zone before the Government of the Republic of Macedonia gives its consent as referred to in Article 26 of this Law or before a decision for operation in the Zone is received as referred to in Article 31 of this Law;

2) Shall not request amendments to be made to the Customs Administration in the cases prescribed in Article 30 paragraph (1) of this Law;

3) Shall fail to submit evidence, i.e. shall fail to meet the deadline for the submission of the evidence for fulfilment of the amended obligations in accordance with Article 30 paragraph (2) of this Law.

4) Shall allow carrying out, i.e. shall carry out a commercial activity in the Zone contrary to the general conditions and shall put the Users in an unequal situation referred to in Article 34 paragraph (3) of this Law;

5) Shall fail to submit a report on the operation of the Zone within the deadline referred to in Article 32 of this Law.

6) Shall fail to file a request for changes in the Zone within the deadline referred to in Article 27 paragraph (3) of this Law.

(2) A fine in the amount of EUR 500 to EUR 1,000 in MKD counter-value shall be determined for an offence referred to in paragraph (1) of this Article perpetrated by the responsible person in the legal person.

**Article 47**

(1) A fine in the amount of EUR 3,500 to EUR 5,000 in MKD counter-value shall be determined for an offence perpetrated by a legal person – the User of the Zone that:

1) Shall commence operation in the Zone before a decision from the Directorate is received in accordance with Article 33 paragraph (3) of this Law;

2) Shall fail to put under supervision the equipment and the spare parts to the customs authority when they exit from the territory of the Republic of Macedonia in accordance with Article 42 paragraph (3) of this Law;

(2) A fine in the amount of EUR 500 to EUR 1,000 in MKD counter-value shall be determined for an offence referred to in paragraph (1) of this Article perpetrated by the responsible person in the legal person.

(3) A fine in the amount of EUR 500 to EUR 1,000 in MKD counter-value shall be determined for an offence referred to in paragraph (1) of this Article perpetrated by a natural person - User of the Zone.

**Part 10**  
**TRANSITIONAL AND FINAL PROVISIONS**

**Continuing the Operation of the Directorate**

**Article 48**

(1) The Free Economic Zone Directorate established with the Law on Free Economic Zones (Official Gazette of the Republic of Macedonia No. 56/99, 41/00 and 6/02) shall continue to operate as a Directorate for Technological Industrial Development Zones having competences as prescribed under this Law.

(2) The day this Law enters into force, the Director of the Free Economic Zones shall continue to carry out the function of a Director of the Directorate for Technological Industrial Development Zones until the expiry of the terms of office for which s/he was nominated before the entry into force of this Law.

(3) The day this Law enters into force, the president of the Managing Board of Free Economic Development Zones shall continue to carry out the function of president of the Managing Board of Technological Industrial Development Zones until the expiry of the terms of office for which s/he was nominated before the entry into force of this Law.

(4) The day this Law enters into force, the members of the Managing Board of Free Economic Development Zones shall continue to carry out the function of members of the Managing Board of Technological Industrial Development Zones until the expiry of the terms of office for which they were nominated before the entry into force of this Law.

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

### **Harmonisation of the Existing Free Zones**

#### **Article 49**

The existing free zones shall continue their work as technological industrial development zones and shall harmonise their operation in accordance with Article 26 of this Law within the period of three months starting with the day of entry into force of this Law.

### **Adopting Closer Regulations**

#### **Article 50**

Bylaws prescribed under this Law shall be adopted within 60 days following the day of entry into force of this Law.

### **The Repealed Law**

#### **Article 51**

The day this Law enters into force, the Law on Free Economic Zones (Official Gazette of the Republic of Macedonia No. 56/99, 41/00 and 6/02) shall be repealed.

### **Application of Certain Provisions**

#### **Article 52**

(1) Article 9, paragraph 1, item 1 of this Law shall cease to apply on the date of accession of the Republic of Macedonia to the European Union.

(2) Article 42, paragraph 1 of this Law shall cease to apply on the date of accession of the Republic of Macedonia to the European Union.

### **Entry into Force**

#### **Article 53**

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

