

Amendments to the tax, social security and accounting legislation

Issue 4
November 2016



KPMG's Tax News outline and highlight legislative changes and trends in the area of tax.

This issue summarizes the most important amendments to the tax, social security and accounting legislation set out in a number of legislative acts in October 2016

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

The recently published amendments to the VAT Law include:

- **Extending the scope of the preferential VAT rate.** The scope of application of the preferential VAT rate of 5% will be extended for the supplies of pellets, pellet stoves and pellet boilers in order to stimulate their use for the purpose of reducing the air pollution.
- **The obligation for submitting periodical financial reports from the fiscal cash registers when submitting the VAT return is removed.** According to the elaboration to the amendments, due to the introduction of the integrated automatic system for registering cash payments, there is no need for additional enclosures to the VAT return.
- **Addition to the types of services which are taxable under the “destination principle” in determining their place of supply (paragraph 3 from article 14 of the VAT Law).** *“Providing access to a network of electricity in case of congestion of the specific allocation unit when assigning cross-border transmission capacities of interconnection lines”* will be deemed to have its place of supply for VAT purposes at the place where the recipient of the services is established or has a branch office (currently being considered as taxable at the place where the service provider is established).

The above amendments were published in the Official Gazette No. 189/16 dated 14 October 2016 and entered into force on the same day. The relief from the obligation to submit reports from fiscal cash register will apply from 1 January 2017.

In this issue:

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

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

[New Law on Tax, Customs and Other Fiscal Incentives Related to the Holding of the UEFA Super Cup 2017](#)

[Amendments to the Law on Mandatory Social Security Contributions \(SSC\)](#)

[Amendments to the Law on Performing Accounting Activities](#)

[Social Security Agreement with Hungary](#)

[For information](#)



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

CIT treatment of travel costs related to non-employees

In the past years, the tax authorities tended to disallow for tax purposes travel costs related to individuals who are not employees of a company. Based on the new amendments, this approach may be changed, subject to the fulfillment of certain requirements. Namely, the costs for accommodation (bed or bed and breakfast) as well as transport costs paid by a company in regards to individuals who are not employed by the company but are engaged to perform certain activities related to its business may be recognized for tax purposes if they are appropriately documented. What remains unclear is what type of documentation would be considered as appropriate and sufficient by the tax authorities for this purpose.

Tax reliefs

In order to support the development of sports and to stimulate higher sport results, the amendments introduce certain tax reliefs for donations made to sport federations, sport clubs, active athletes or the Macedonian Olympics Committee (MOC).

The CIT payable for the year would be decreased with the amount of the donation, up to the following limits:

- Donations to football clubs – up to 50% of the tax liability
- Donations to sport federations and MOC, basketball and handball clubs – up to 40% of the tax liability
- Donations to clubs from other sports – up to 35% of the tax liability
- Donations to active athletes from Olympic sports – up to 10% of the tax liability
- Donations to active athletes from non-Olympic sports – up to 5% of the tax liability.

The requirements to be met in order to apply the tax reliefs include:

- The clubs need to be part of a national organized league and to have a registered youth team or otherwise, the tax relief is limited up to the 5% of the tax liability)
- They need to have a certificate from the Agency of Youth and Sport
- The donations should be paid into a specified account.

Only one of the above types of tax reliefs can be utilized, i.e. the reliefs are not cumulative. Also, if such tax relief is applied, the tax incentives provided under the Law on Donations and Sponsorships in Public Activities are excluded.

The above amendments were published in the Official Gazette No.190/16 dated 17 October 2016. They will apply from 1 January 2017.



New Law on Tax, Customs and Other Fiscal Incentives Related to the Holding of the UEFA Super Cup 2017

The Union of European Football Associations (UEFA) has awarded the organization of the European Super Cup in 2017 (the Super Cup)

to Skopje and the Football Federation of Macedonia (FFM). The European Super Cup is a football match between the winners of the Champions League and the Europa League (for the 2016-2017 season).

As the holding of the Super Cup in Skopje is deemed likely to contribute to the popularization of football (and sports in general), as well as to the promotion of the country, the event is considered to be of public interest. As a result, a new law is adopted and it will enable certain tax, customs and other benefits related to the organization of the event.

The incentives include:

- Refund of VAT paid for the purchases of goods and services made by UEFA, related parties of UEFA and football clubs for the purpose of the realization of the Super Cup
- Exemption from import duties, VAT, excise and other import fees for the import of goods by FFM, UEFA, related parties of UEFA and football clubs for the purposes of the realization of the Super Cup
- Exemption from VAT (with the right to credit input VAT) for supplies made to FFM, if the supplied goods/services should be paid with funds received from UEFA for the purpose of the realization of the Super Cup
- The tickets for the game will be tax exempt from VAT with right to credit input VAT
- Exemption from personal income tax (PIT) for income earned by non-resident individuals from their engagement in the organization of the Super Cup paid by UEFA, related parties or FFM
- Exemption from corporate income tax (CIT) for the profits earned by UEFA and the related parties from carrying out activities in Macedonia for the purposes of the realization of the Super Cup
- Exemption from withholding tax (WHT) for the income paid by domestic companies to UEFA and related parties (including dividends, royalties, and remunerations for services).

In order to apply the above noted incentives, the parties need to submit a request to FFM along with the appropriate documentation such as invoices, fiscal bills, contracts for services, etc.

The Law was published in the Official Gazette No. 190/16 dated 17 October 2016 and entered into force on the same day. It will be applicable until 31 January 2018.

[Top](#)



Amendments to the Law on Mandatory Social Security Contributions (SSC)

The recently published amendments to the Law on Mandatory SSC introduce obligations for enforcement officers and bankruptcy managers in regards to calculation and payment of the SSC in certain cases.

In addition, the amendments enable the Public Revenue Office (PRO) to determine the SSC ex officio in cases where, in the procedure of tax audit or other external control, it has identified that:

- Certain payments were not included in the salary calculation or
- No declaration was submitted.

The above amendments were published in the Official Gazette No.190/16 dated 17 October 2016 and entered into force on the same day.

[Top](#)

Amendments to the Law on Performing Accounting Activities

The recently published amendments to the Law on Performing Accounting Activities (the Law) provide for the following:

- **The current approach for temporary and permanent certificates for accountants/certified accountants issued by the Ministry of Finance is changed.** All certificates issued by the Ministry of Finance so far will be replaced with new permanent certificates issued by a professional body – The Institute of Accountants and Certified Accountants (the Institute). The holders of such certificates should submit a request for replacement to the Institute within 60 days from the day of entry into force of these amendments.
- **An opportunity is given for the individuals who do not possess a certificate issued by the Ministry of Finance to obtain a certificate for accountants/certified accountants issued by the Institute.** The Law specifies the conditions under which the Institute will issue new certificates to the individuals who did not possess temporary or permanent certificates issued by the Ministry of Finance.

The conditions for *accountant* include:

- Completed high school in the field of economics and a certificate from an employer for work experience of at least 3 years in the field of accounting
- Completed three-year higher education in the field of economics or business (i.e. 180 credits according to the European Credit Transfer System) and a certificate from an employer for work experience of at least 2 years in the field of accounting
- Completed four-year higher education in the field of economics or business (i.e. level VII/1 or 240 credits according to the European Credit Transfer System) and a certificate from an employer for work experience of at least 1 year in the field of accounting.

The conditions for *certified accountant* are the following:

- Completed four-year higher education in the field of economics or business (i.e. level VII/1 or 240 credits according to the European Credit Transfer System)
 - Work experience of at least 3 years in the field of accounting.
- **The exam that is currently the entry condition is abolished.** The so-called “entry exam” is abolished and a different approach to continuing professional development is instituted. Members will be required to take a control test for assessing their knowledge at the end of each cycle of continuing professional development. The candidates who will

fail to pass the exam (i.e. who answer correctly less than 70% of the questions) will be erased from the registers.

The above amendments were published in the Official Gazette No.190/16 dated 17 October 2016 and entered into force on the same day.

[Top](#)



Social Security Agreement with Hungary

According to a notice by the Ministry of Foreign Affairs dated 4 October 2016 (published in the Official Gazette No. 188/16), the Social Security Agreement between Macedonia and Hungary signed on 20 November 2014 entered into force on 1 September 2015.

For information

Kalin Hadjidimov

Partner, Tax

Tel: +389 (2) 3135 220

Fax: +389 (2) 3111 811

khadjidimov@kpmg.com

Koce Jovanov

Senior Manager, Tax

Tel: +389 (2) 3135 220

Fax: +389 (2) 3111 811

kjovanov@kpmg.com



[Unsubscribe](#) | [Privacy](#) | [Legal](#)

KPMG DOOEL Skopje, 3 Filip Vtori Makedonski, 7th floor Soravia Center, 1000 Skopje.

© 2016 KPMG DOOEL Skopje is a Macedonian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.