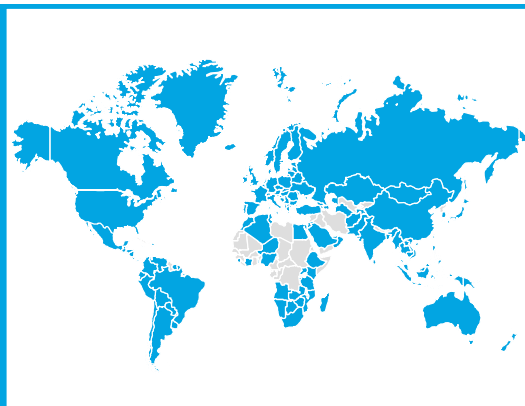


INPATRIATES Macedonia

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Personal income tax shall be applied to any resident of the Republic of Macedonia, on the income earned in the country and abroad.

A resident, in terms of this Law, shall be any individual who has a permanent or temporary residence on the territory of the Republic of Macedonia.

The individual has a residence if he is resident in the country continuously, or with interruptions, for 183 or more days in any 12-month period on the territory of the Republic of Macedonia.

REGISTRATION/FORMALITIES

Foreigners are guaranteed the same labor rights as Macedonian citizens. A foreign individual can legally work in Macedonia only upon obtaining a work permit first.

There are three types of work permits depending on the nature and duration of the work to be undertaken in Macedonia:

- Personal work permit;
- Employment work permit;
- Work permit for exercising work without employment in the country.

The permit is issued by the Employment Agency of Macedonia and the procedure is conducted through the Macedonian Embassy in the resident country of the foreign applicant.

According to the latest amendments of Trade Companies Law and Law on social contributions, the Managers (members of Board of Directors) of Macedonian companies, who are not employed nor insured by any other way in any other company, should pay social contributions by themselves for the remuneration fee they receive from the MK Company. This obligation does not refer to foreign individual who are residents in countries with which Macedonia has concluded agreement for social contributions and which are employed/have social insurance in their resident countries.

INCOME TAX RATES

Tax rate	Types of income	Notes
10%	Personal income (salary, pension, and other reimbursements arising from employment)	N/A
7%-7.5%	Income from rent and other property rights	The rate depends on the fact is it equipped or not equipped rented office
4%-7.5%	Income from royalties (copyrights) and industrial property rights	The rate depends on the type of the royalty/industrial property right
10%	Income from earned capital (dividends, interest etc.)	N/A
10%	Income from gains from games of chance	N/A
6.5%	Other incomes (sponsorship, donation, aim)	N/A

Withholding Tax

A non-resident shall be able to apply the provisions of the valid agreement for avoidance of double taxation between Macedonia and the other country, if the individual proves the status of a tax residence in the other country with which Macedonia has concluded the agreement.

If the recipient of the income subject to a withholding tax is a tax resident of a foreign state with which Macedonia has concluded an agreement on avoidance of double taxation, the tax rate applied must not be higher than the amount of the tax rate prescribed for that type of income under the agreement.

Tax exemption or tax relief prescribed in the agreement with the foreign country can be applied to the taxable income, if the taxpayer provides appropriate forms verified by the Public Revenue Office and the appropriate Tax office in the foreign country, or by approval for tax exemption/relief issued from the Public Revenue Office in Macedonia.

The Public Revenue Office will issue a declaration on the tax paid in the Republic of Macedonia on request of the non-resident.

SOCIAL TAX RATES

The following social contributions apply:

- Pension Fund contributions - rate of 18.00%;
- Health Fund contributions - rate of 7.30%;
- Additional Health Fund contribution - rate of 0.50%;
- Employment Fund contribution - rate of 1.20%.

The maximum limit for calculation and payment of social contributions is the amount equal to twelve average salaries. Above this amount, only personal income tax in amount of 10% is payable on gross salary.

For further information and to register for future updates contact expat@bdo.global

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