



# Tax Alert

## Draft Law on Solidarity Tax

January,  
2023

**The Government of the Republic of North Macedonia has announced the preparation of a Draft Law on Solidarity Tax.**

The draft law for this measure is still in a working version and is not in a parliamentary procedure. It has been distributed to certain institutions and chambers of commerce for review and further adjustments.

According to the draft version, a solidarity tax payer is a corporate income taxpayer that in 2022 will have a total revenue greater than MKD 615 million (approximately EUR 10 million).

The tax base will depend on the difference between the corporate income tax base for 2022 and the corporate income tax base reported in the Corporate Income Tax returns for previous years, starting from 2017. When determining the tax base, 2020 is excluded from the calculation. The basic criterion for taxation is an increase in taxable profit for 2022 (in some cases the average of the taxable profit for 2021 and 2022) by more than 20% compared to the previous years.

The solidarity tax rate will be 30% and will be reported by submitting a separate tax return by March 15, 2023.

The deadline for the payment of the solidarity tax is envisaged to be by **April 1, 2023**.

The proposed law does not provide for any special adjustments of the base for solidarity tax except for the exclusion of the revenue in bankruptcy proceedings obtained from the sale of property to settle creditors. In addition, the proposed law contains specific rules for determining the solidarity tax base for companies that had tax losses in previous years, as well as companies that had undergone corporate reorganisations. Companies - users of TIDZ are not excluded from the obligation for the new one-off tax irrespective of the general exemption for corporate income tax, which they may be entitled to under the Law on TIDZ.

The potential new taxation raises a number of complex accounting and tax issues. Its application is impacting the timing of recognition of such tax, its nature and classification for accounting purposes, year-end accounting closing activities, correct application of the transfer pricing rules, etc.

## How can we help you?

For more details on the above provisions please refer to your usual contact within PwC or the persons indicated in the Contacts.

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