



March,
2022

Tax alert

Amendments to the VAT Law and the Excise Law

The amendments to the Law on Value Added Tax ("VAT") and the Excise Law are part of the package of measures aimed at protecting the standard of living of the citizens, as well as the liquidity of companies in the current emergency circumstances.

The amendments are in force since 12 March 2022.

Amendments to the VAT Law

VAT changes related to import and supply of natural gas, electricity, heating and cooling energy

There are amendments in the rules for determining the place of supply for natural gas, electricity, heating and cooling energy, in cases where the supply of these goods is done through transmission and distribution systems located in the country or through heating or cooling networks.

According to the legal changes, the place where the taxable trader - recipient of the supply has a registered seat, will be deemed as a place of supply for VAT purposes. In all other cases, the place of supply is where the recipient of the supply uses these goods.



VAT changes related to import and supply of natural gas, electricity, heating and cooling energy

The import of natural gas and electricity through a transmission system shall be VAT exempt. At the same time, a mechanism for transferring the tax liability (reverse charged VAT) is introduced. This mechanism is applicable for the taxable trader - recipient of the supply of natural gas, electricity, heating and cooling energy.

In addition, the validity period for application of the preferential 5% rate on the import and supply of electricity intended for households is extended until 31 December 2022. Starting from 1 January 2023 onwards, the preferential rate of 10% will apply.

VAT amendments related to the import and supply of certain products for human consumption and certain types of energy products

The legal changes introduce VAT exemption on the import and supply of certain products intended for human consumption.

In addition, a preferential tax rate of 10% will apply on the import and supply of certain types of energy products.

This VAT exemption as well as the preferential rate of 10% will be applied only in cases of natural disasters, epidemics, state of war, emergency or crisis, or in cases of serious disruptions in the supply of goods to the population or disturbances in the market due to lack of goods necessary for production and processing or necessary for protection of human life and health.

The types of goods as well as the validity period for applying of the VAT exemption and reduced VAT rate are determined by way of decisions issued by the Macedonian Government. According to the current Governmental decisions:

- The VAT exemption on import and supply of the listed products for human consumption in the Decision will apply from 17 March to 31 May 2022.
- The application of the preferential rate of 10% for import and supply of the listed energy products in the Decision will apply from 12 March to 31 May 2022.



Amendments to the Excise Law

Reduction of the excise duty for certain types of energy products

The amendments to the Excise Law prescribe a reduction of the excise duties on the following energy products:

- unleaded gasoline;
- gas oil used as propulsion fuel;
- gas oil used as heating fuel.

The reduction is applied by decreasing the excise duty by a certain amount, which depends on the fluctuations of the prices of these products on the foreign exchanges.

This reduction will be applied only in case of war, emergency, crisis, or in case of disturbances in the supply of energy products to the population or to other subjects.

The types of energy products as well as the validity period of the excise duties reduction are determined by way of a decision issued by the Macedonian Government.

According to the current Decision, the reduction of the excise duties for the listed energy products will apply from 12 March to 31 May 2022.

How can we help you ?

PricewaterhouseCoopers DOOEL can provide you with:

1. Assistance in applying tax exemptions and preferential VAT rates;
2. Assistance in the application of the reduced excise duties on energy sources;
3. Assistance and advice on various issues related to the amendments to the VAT Law and the Excise Law.

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



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