



December
2020

Tax Alert

Amendments to the Tax Procedure Law
Amendments to the Corporate Income Tax Law
Amendments to the Personal Income Tax Law



Amendments to the Tax Procedure Law that enter into force on 7 December 2020

Interest rate for late payment of taxes is reduced

According to the legal changes, the interest rate for late payment of taxes is reduced from 0,03% to 0,015% for each day of tax overdue. The reduced rate also applies to the overpaid tax owed by the tax administration.

This rate will be applicable for the period 7 December 2020 to 31 March 2021.



Amendments to the Corporate Income Tax (CIT) Law that enter into force on 7 December 2020

Certain expenses become CIT deductible expenses

According to the legal changes the following expenses will be deemed as CIT deductible expense:

- ✓ Expenses for paid premiums for additional health insurance up to the amount of one average monthly gross salary paid in the previous year in the country, annually per employee.
This legal amendment will apply from 1 January 2021 onwards.
- ✓ Expenses for paid laboratory tests for COVID-19 for employees in the amount not exceeding MKD 9,000 annually per employee.

Extended tax exemption for sport donations

The changes introduced a possibility for the tax exemption for sport donations to be applied in case the taxpayer has donated to two sports entities of the same type of sport. That is under condition one of the entities is a national sports federation, whereas the other is a sports club or active athlete competing in individual sports.

Prior to the legal changes, this tax exemption was limited to donations to one sport entity from each sport.

The period for exemption from payment of CIT monthly advance installments is extended

According to the legal changes, for the legal entities that have suffered damages in their operations due to the spread of the coronavirus COVID-19, the period for exemption from payment of the CIT monthly advance payments for the months of November, December 2020, as well as for January and February 2021 is extended, provided that certain legal conditions are met.

This right can be used by submitting a request to the Public Revenue Office.



Amendments to the Corporate Income Tax (CIT) Law that enter into force on 7 December 2020

The period for loss carryforward for 2020 and 2021 is extended

For the loss realized for 2020 and 2021, the period for loss carryforward in future tax periods is extended to a maximum of five years, counting from the year for which the loss is realized.

The legal thresholds for CIT exemption and tax regime on total income for 2020 are raised

Taxpayers which will realize total income in 2020 in the amount of up to MKD 5,000,000, will be fully exempt from paying CIT.

Also, for 2020 taxpayers can choose the tax regime on total income if they have overall income in the range of MKD 5,000,001 to MKD 10,000,000 annually.

The exemption and the special tax regime on total income are not applicable for the companies that perform banking, financial and insurance activity or activity in the field of games of chance and amusement games.

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Amendments to the Law on Personal Income Tax that enter into force on 7 December 2020

New personal income tax exemptions are introduced

As of **7 December 2020** the following type of incomes are exempted from PIT :

- ✓ reimbursement of transportation and food expenses for employees who work at night, up to the amounts determined by the Law on Labor Relations;
- ✓ paid expenses for hotel accommodation (up to four stars), transportation and expenses for visa, for persons residents in the country who participate in educational and scientific activities or events, determined on the basis of documents for the costs incurred;
- ✓ paid laboratory tests for COVID-19 for employees in the amount of up to MKD 9,000 annually per employee;
- ✓ voucher of an active athlete issued by the Agency for Youth and Sports, in accordance with the Law on Sports.

As of **1 January 2021** the following type of incomes are exempted from PIT :

- ✓ paid premium for voluntary health insurance for an employee in the annual amount of one average monthly gross salary in the country, as published in January of the current year by the State Statistical Office;
- ✓ reimbursement of training and retraining costs (obtaining certificates, licenses, etc.) of employees, related to their job, provided that they continue to work with the same employer, for a period determined by contract;
- ✓ provided raw material free of charge (seed material and plant protection products).

Taxation of a voluntary health insurance premium

The legal amendments specify that the premium for voluntary health insurance paid by a legal entity is taxed as insurance income, whereby subject to PIT is the amount paid over one average monthly gross salary in the country, as published in January of the current year by the State Statistical Office. This legal provision will apply from **1 January 2021**.

The period for exemption from payment of PIT monthly advance payments for self-employed persons is extended

According to the legal changes, for the self-employed persons who have suffered damages in their work due to the spread of the coronavirus COVID-19, the period for exemption from payment of the PIT monthly advance payments for the months of November, December 2020, as well as for January and February 2021 is extended, provided that certain legal conditions are met.

How can we help you?

PricewaterhouseCoopers DOOEL can provide you with:

1. Advice on the application of the new provisions of the amended laws;
2. Assistance and advice on various issues related to the use of tax exemptions from CIT and PIT laws.

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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