

PERSONAL INCOME TAX LAW (REVISED VERSION)

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PART ONE

GENERAL PROVISIONS

Article 1

This Law shall introduce the personal income tax and shall regulate the taxation procedure of the citizens' personal income.

Article 2

Personal income tax (hereinafter: income tax) shall be paid annually for the sum of the net revenue from all sources, except for the revenues that are tax exempt under this Law.

Article 3

(1) The following types of revenues realized in the country and abroad shall be included in the income subject to taxation:

- 1) personal earnings;
- 2) income from self-employed activity;
- 3) income from property and property rights;
- 4) income from copyrights and rights to industrial property;
- 5) capital revenues;
- 6) capital gains;
- 7) gains from games of chance and other prize games; and
- 8) other revenues.

(2) All revenues referred to in paragraph 1 of this Article, which are realized in cash, in securities, in kind or through other means, shall be subject to taxation.

Article 4

(1) The tax period for which the personal income tax is determined shall cover one calendar year.

(2) For the different types of revenues under Article 3 of this Law, an advance payment of the income tax shall be calculated throughout the fiscal year, which is paid by deduction from each salary payment or based on the decision of the public revenue authority, unless otherwise determined by this Law.

(3) The amount of the paid tax referred to in paragraph 2 of this Article shall be deducted from the estimated annual income tax, while the tax exemptions shall be entitled in the amount approved with the advance estimation.

Article 5

The annual amount of the income tax and the amounts of the advance payments and tax deductions that are deducted from the annual taxation shall be determined by the regulations that are valid on January 1 in the year in which the tax is determined, unless otherwise determined by this Law.

Article 6

Income tax shall not be payable on earnings for the following:

- 1) awards granted by the United Nations and other international organizations;
- 2) awards granted for lifetime achievements in science, culture and sports;
- 3) scholarships and allowances given to pupils and students through public administration agencies and foundations in compliance with the Law;
- 3-a) awards to pupils and student during mandatory practical training up to Denar 4,000 monthly;
- 3-b) awards to pupils and students won on contents within the educational system.
- 4) rewards to athletes for achieved results in the official international competitions;
- 5) scholarships to athletes;
- 5-a) compensations for business trips (cost related to transportation, accommodation and food) for national teams and sports clubs at official championships and other international contests;
- 6) compensations for business trips, field allowance (accommodation, food) or separate life of the employees in the lowest amount set under the General Collective Agreement for Economic Activities in the Republic of Macedonia i.e. for employees in the non-economic activities in the amount determined by the regulations of state administration bodies;
- 6-a) compensations for the costs for using private vehicle for the purpose of the employer in the amount of 30% of the price of 1 liter of fuel used by the vehicle for every passed kilometer, but up to Denar 3,500 per month at the most;
- 7-b) compensation to volunteers pursuant to the Law on Volunteering;
- 8) disability allowance, salary and pension for disabled persons;
- 9) child allowance;
- 10) other social allowances for children determined by the Law;
- 11) unemployment benefit determined by the Law;
- 12) compensation for the death of the employee and a family member up to the determined amount;
- 13) compensation for suffered damages from natural disasters up to the lowest amount set under the General Collective Agreement for Economic Activities in the Republic of Macedonia, i.e. for the employees in the non-economic sector in an amount set under the regulations of state administration bodies;
- 14) compensation for health insurance excluding salary compensation;
- 15) welfare;

- 16) compensation for corporal injuries;
- 17) compensation for damages based on life and property insurance, if the costs for the insurance are borne by the insured person ;
- 18) interests from public loans;
- 19) interest on bonds issued by the Republic of Macedonia and the local self-government units;
- 20) interests on savings deposits, current accounts and sight deposits;
- 21) alimention and compensation for damages upon court decision and compensation of damages as a consequence from accident at work.
- 21a) revenues from sale of useful solid waste earned by a natural person;
- 21b) revenues from sale of harvested medicinal herbs and forest fruits, earned by a natural person;
- 22) severance pay for retirement in the amount of two average monthly net salary per employee paid in the Republic of Macedonia in the last three months;
- 23) one-time allowance as severance pay for constant employment under conditions and procedures determined by the law;
- 24) earnings on the basis of received donations in line with the Law on Donations and Sponsorship for Public Activities;
- 25) salaries of the employees at the taxpayer operating in a technological industrial developing zone, in the amount of 50% for a five-year period, from the beginning of performing the activities under the conditions and procedure determined by the Law.

PART TWO

ANNUAL INCOME TAX

1. Taxpayer

Article 7

- (1) Every physical person, being resident of the Republic of Macedonia, shall be obliged to pay tax on the income realized in the country and abroad.
- (2) A resident under this Law shall be any physical person who has a permanent or temporary residence on the territory of the Republic of Macedonia.
- (3) The resident has temporary residence if he/she resides on the territory of the Republic of Macedonia either continuously or with interruptions for 183 or more days in the any 12-month period.

Article 8

A taxpayer of the income tax, in the sense of this law, shall be any physical person - proprietor, sole proprietor, as well as individuals performing agricultural activity, craftsman activity and persons performing services or free activities.

Article 9

- (1) A physical person who is non-resident of the country shall be obliged to pay tax for the income earned on the territory of the country.

(2) A physical person that earns an income from unauthorized activities shall also be obliged to pay tax according to the provisions of this Law.

2. Tax Base

Article 10

(1) An income tax base shall be the income subject to taxation referred to in Article 3 of this Law, reduced by:

- 1) contributions for pension, disability and health insurance, and for employment, except for contributions for agriculture payable by farmers on the basis of their cadastral income;
- 2) contributions for voluntary pension and disability insurance paid by the taxpayer;
- 3) personal exemption in the amount of 84,000 denars in annual income tax calculations;
- 4) fees and other public duties paid from the taxpayer's income.

(2) Reductions from paragraph 1 of this Article shall not be recognized while calculating the income tax realized by non-residents on the territory of the Republic of Macedonia.

Article 11

(1) The amount of the personal exemption referred to in Article 10 item 3 of this Law shall be valuated at the beginning of each year with the planned growth of the wages of the employees in the country for that year, determined in the Macroeconomic Policy of the Government of the Republic of Macedonia.

(2) The amount of the personal exemption referred to in paragraph 1 of this Article shall be declared by the Minister of Finance at the beginning of each year.

3. Tax Rates

Article 12

Income tax shall be paid at 10% rate.

Article 13

In order to avoid double taxation, the computed personal income tax shall be reduced by the amount of the personal income tax paid abroad, not exceeding the amount resulting from the application of the tax rate referred to in article 12 of this Law.

PART THREE

CLASSIFICATION OF REVENUES

1. Personal Earnings

Article 14

Personal earnings shall be all revenues that a taxpayer will realize through employment, including the revenues realized on a contract basis for occasional or temporary rendering of services to public administration agencies, domestic and foreign legal persons, as well as to domestic and foreign natural persons that are self-employed, unless they are tax exempt under this Law.

Article 14-a

- (1) Personal earnings referred to in Article 14 of this Law shall refer to:
- 1) salary and salary related allowances and payment on the basis of business performance of employer set under the Law on Social Insurance Contributions;
 - 1-a) reimbursement costs related to work paid above the amounts referred to in Article 6 of this law, and all other reimbursement costs related to work set under the Law on Labour Relations, General Collective Agreement for Economic Activities in the Republic of Macedonia, civil collective agreements and the regulations of state administration bodies;
 - 2) pensions;
 - 3) incomes of members of management and supervisory boards in the enterprises;
 - 4) incomes realized by officials, members of parliament, advisers and other high-rank personalities;
 - 5) income realized by professional sportsmen (premiums, transfers etc.);
 - 5-a) compensation to top athletes;
 - 6) sick leave allowance;
 - 7) annual leave allowance;
 - 8) allowances for justices and jury members, forensic experts and receivers not employed in the respective institutions or enterprises;
 - 9) salaries of the members of the Macedonian Academy of Sciences and Arts;
 - 10) salaries earned abroad under contracts concluded in the country, and
 - 11) each separate income realized on a contract basis for rendering services to legal and physical persons temporarily or occasionally.
- (2) Personal earnings referred to in paragraph 1 of this Article shall also include other incomes which, instead of in cash, are realized in coupons, money receipts, shares, merchandise, or in some other form that has monetary value.

Article 15

- (1) The base for computation of the personal earnings tax shall represent the following:
- 1) realized salary and salary related allowance and payment on the basis of business performance of employer set under the Law on Social Insurance Contributions, reduced by the contributions and the personal exemption for the month when the salary is paid;
 - 1-a) amount of reimbursement costs related to work paid above the amounts referred to in Article 6 of this law, and all other reimbursement costs related to work set under

the Law on Labour Relations, General Collective Agreement for Economic Activities in the Republic of Macedonia, civil collective agreements and the regulations of state administration bodies;

2) salary earned by work abroad through employment established in the country and reduced by the contributions and personal exemption;

3) pension reduced by the contributions and personal exemption;

4) amount of the income, the compensation and the income referred to in Article 14-a, items 3, 4, 5, 8, 9 and 11 of this Law, and revenues that are not realized through employment;

5) realized salary and salary related allowance and payment on the basis of business performance of employer for foreign natural person - non-resident realized by working at resident of the Republic of Macedonia set under the Law on Social Insurance Contributions, reduced by the contributions and the personal exemption for the month when the salary is paid.

5-a) reimbursement costs paid above the amounts referred to in Article 6 of this law, and all other reimbursement costs related to foreign natural person- non-resident working at resident of the Republic of Macedonia set under the Law on Labour Relations, General Collective Agreement for Economic Activities in the Republic of Macedonia, civil collective agreements and the regulations of state administration bodies;

6) realized salary and salary related allowance and payment on the basis of business performance of employer realized by resident of the Republic of Macedonia working in foreign diplomatic and consular representative offices and international organizations in the Republic of Macedonia set under the Law on Social Insurance Contributions, reduced by the contributions and the personal exemption for the month, when the salary is paid.

7) nominal value of coupons, money receipts and securities;

8) price that would be achieved with sale of goods, if salaries were paid in kind;

9) compensation that would be achieved on the market for salaries in some other form, which is not specified in the items from 1) to 7) of this Article.

(2) The price, i.e. compensation, referred to in paragraph 1, item 8 of this Article shall be determined by the employer at the moment of giving the respective salary.

(3) If the Public Revenue Office estimates that the determined price, i.e. compensation, referred to in paragraph 1, item 8 of this Article is lower than the one that could be achieved on the market, it will re-determine the price i.e. the compensation in accordance with the market.

Article 15-a

(1) The income tax on salaries referred to in Article 14 of this Law shall be an advance one, unless otherwise specified by this Law.

(2) The taxpayer's tax base of his/her personal income through employment and pension shall be entitled to the amount of the personal exemption, i.e. by one twelfth of the amount determined in Article 10, paragraph 1, item 3 of this Law.

Article 16 deleted

Article 17

Personal income earned through employment in foreign diplomatic and consular missions and representatives and officers of such missions in the country are tax-

exempt under reciprocity for the following cases:

- 1) the heads of foreign diplomatic missions accredited in the Republic of Macedonia, the staff of the foreign missions in the Republic of Macedonia, as well as members of their families, if those family members are not citizens or residents of the Republic of Macedonia;
- 2) the heads of foreign consular missions and consular officials authorized to perform consular duties, as well as members of their families, if those family members are not citizens or residents of the Republic of Macedonia;
- 3) officials of the UN and UN specialized agencies, experts for technical assistance of the UN and its specialized agencies;
- 4) individuals employed in foreign diplomatic and consular missions and international organizations, individuals employed by chiefs of diplomatic and consular missions or international organizations if they are not citizens or residents of the Republic of Macedonia;
- 5) honorary consular officials and foreign consular missions for the personal income and allowances they receive from the country that appointed them to perform consular duties.

Articles from 18 to 27 are deleted

3. Income from Self - Employed Activity

Article 28

- (1) The income of the self-employed shall refer to revenues realized from business activities, from rendering professional and other intellectual services, revenues from agricultural activities and from other activities whose ultimate objective is realizing revenues.
- (2) The revenues from business activities shall refer to revenues from production, from rendering, trade, catering, transport and other similar activities.
- (3) The revenues from rendering professional and other intellectual services shall refer to revenues from health, dental, veterinary, lawyer, notary, consulting, auditing, engineering, architectural, journalistic, sports, cultural and other intellectual activities.
- (4) Income from agricultural activity shall mean income from production, additional processing, processing and placement of own agricultural products as well as livestock breeding and other economically useful animals and placement of their products.

Article 29

A taxpayer of the self-employment income tax shall be any sole proprietor, as well as any physical persons performing agricultural activities, craftsman activities and persons rendering services or performing free activities, who realize revenues by performing the activities referred to in Article 28 of this Law, not considered as proprietors.

Article 30

(1) If several physical persons realize income by performing joint activities, each of them shall pay the income tax for the part of the net income that belongs to him/her under the contract for doing business together. If the contract does not specify their participation, the net income shall be divided into equal portions so as to obtain the tax base.

(2) The amount of tax payable by the physical person for his/her part of the net income, referred to in paragraph 1 of this Article, shall not be affected by the fact of whether the net income from the joint business was distributed or not.

Article 30-a

(1) The base of the self-employed income tax shall be the net income determined in the tax balance.

(2) The net income shall be the difference between the taxpayer's total revenues and expenditures.

Article 30-b

The total realized revenues and expenditures, referred to in Article 30-a of this Law, are determined under the accounting regulations and under the provisions of this Law.

Article 30-c

(1) The computation of material expenses and the purchase value of the sold merchandise shall be carried out by applying the method of average prices.

(2) If other methods are applied in the estimation of the stock value, the material expenses and the purchase value of the sold merchandise, those values shall be expressed in the tax balance in corrected amounts that would result from the application of the method referred to in paragraph 1 of this Article.

(3) When the material expenses and the purchase value of the sold merchandise is calculated by the method of planned or selling prices, that method may be considered as a method of average prices, provided that the planned value of the material expenses and the purchase value of the sold merchandise are corrected in proportion to the difference.

(4) The average purchase prices of the spent materials shall be determined for the part of the sold products.

Article 30-d

Business expenditures, resulting from delivery of goods, materials and rendering of services among associated legal entities and physical persons shall be determined according to the prices that would be fetched on the domestic market or on the comparative foreign market in circumstances of non-associated persons.

Article 30-e

(1) All transactions of the taxpayer with associated persons shall be separately reported in the tax balance, along with the transfer prices at which the transactions were realized.

(2) The difference between the market and transfer price shall be included in the tax

base.

Article 30-f

The amount of gross salaries of employees shall be recognized in full as a deductive rate and part of the business expenditures, in the size of the paid amounts.

Article 30-g

- (1) The depreciation of tangible and intangible assets shall be recognized as expenditure in the tax balance up to the amount determined by applying the depreciation rates prescribed by the Nomenclature of assets for depreciation.
- (2) The once depreciated assets or group of assets shall not be re-included in the depreciation calculation when determining the tax base.
- (3) The remaining current value of the assets, that are no longer usable, can be depreciated in full, regardless of their prescribed useful lives.
- (4) The Government of Republic of Macedonia shall prescribe the Nomenclature of assets for depreciation and the annual depreciation rates, as well as the manner of calculating the depreciation, that is the write-off of the value of tangible and intangible assets.

Article 30-h

When by application of the functional method of depreciation, the total depreciation of the taxpayer is increased by more than 10% of the depreciation, calculated through the proportionate method, the Public Revenue Office shall approve the computation of the depreciation through the functional method.

Article 30-i deleted

Article 30-j

The expenditures in the tax balance shall also include:

- 1) expenses for research and development incurred within privately owned research and development centers, or through independent scientific and research institutions;
- 2) expenses related to interests on credits used exclusively to benefit the taxpayer's activity, except for interests on credits used for supplying motor vehicles. In case of credit relations among associated persons, the interest costs shall be recognized up to the amount of the interests at which a respective credit could be obtained in the accounting period of the commercial banks;
- 3) premiums paid for an insurance of the taxpayer's business property and all kinds of compulsory non-life insurance determined with Law;
- 4) costs on the basis of organized food and travel to and from work up to the amount determined by law;
- 4-a) costs related to one-off allowance in the form of severance payment, allowance for death of a worker or member of his family, allowances on the basis of per diems for business trips in the country and abroad, field allowance or separate life, in the amount set in Article 6 of this law.
- 5) the expenses paid for using personal cars for official use by employees are

recognized as part of the expenditures in the tax balance up to 50% of the paid amount;

6) the contributions for pension, disability and health insurance, the property tax, the fees and other public expenses incurred as to benefit the activity, except for the personal income tax and the rest of the taxpayer's personal expenses;

7) the expenses for economic marketing aimed at promoting the taxpayer's activity are recognized as expenditures in the tax balance in their actual amount on the basis of relevant documentation.

Article 30-k

The expenditures in the tax balance shall not include:

- 1) fines and penalties paid by the taxpayer;
- 2) default interests and fines for unpaid or untimely paid taxes, contributions and other public expenses;
- 3) presentation expenses (feasts, presents, expenses for holidays, sport, recreation, entertainment etc.);
- 4) expenses for using and maintaining automobiles and other means of transport of the taxpayer, as well as expenses for using rent-a-car vehicles of up to 50% of the realized amount;
- 5) payments on the basis of scholarships, and
- 6) other expenses that are not in direct connection with the activities of making profit.

Article 30-l deleted

Article 30-m

(1) Tax base for the taxpayer shall be reduced by the performed investments in tangible assets (real estate, plants and equipment) and intangible assets (computer software and patents), for expansion of the activities, in the amount of 30% of the performed investments, but it shall not be higher than 50% of determined tax base for same tax period.

(2) Investments in tangible and intangible assets shall not include investments in passenger vehicles, furniture, carpets, audio-visual devices, appliances, fine and applied art works and other decorative objects used to equip administrative premises, except investments in passenger vehicles related to renting vehicles (rent-a-car), taxi services, vehicles for training drivers and special vehicles (funeral, ambulance, vehicles for road assistance etc), for which the taxpayer is entitled to reduction of the tax base in the amount of investments performed, but no higher than the amount of the determined tax base for the same tax period.

(3) Condition for the taxpayer to realize the right to tax exemption referred to in paragraphs 1 and 2 of this Article shall be for the taxpayer not to alienate the property within a period of three years, starting from the year in which the investment was made.

(4) Should the taxpayer fail to prove at the end of each accounting period, that it invested the amount of the tax base deduction for the purposes referred to in paragraphs 1 and 2 of this Article and that it did not alienate the property, it shall lose the right to exemption on this basis. The tax it would have paid if it had not used this exemption

shall be charged in the amount increased by the interest stipulated for taxes not paid within the set period.

(5) Notwithstanding paragraph 1 of this Article, the taxpayer who is obliged, pursuant to Article 2 from the Law on Registering Cash Payments, to introduce and apply approved system of equipment for registering cash payments, shall be entitled to reduction of the calculated tax for up to ten supplied fiscal devices in the amount of its value.

(6) The taxpayer can use the tax exemption referred to paragraph 5 of this Article starting from the first following month in the current year, when taxpayer introduced the approved system of equipment for registering cash payments, till the end of the year in proportion with the amount of invested assets.

(7) Should the taxpayer not use the tax exemption referred to in paragraph 6 of this Article by the end of the year, the taxpayer has a right to use it in the following period.

(8) Tax exemption referred to in paragraph 5 of this Article can be realized by the taxpayer with an approval by public revenue authority following the submitted written request.

Article 31

(1) The taxpayer, who due to certain circumstances is not in a condition to perform book keeping, or whose activity is made significantly difficult with this book keeping, shall be entitled to fill in a request to the public revenue authority, so that the income tax coming from his business will be paid in lump-sum basis determined net income.

(2) The public revenue authority shall decide upon the request referred to in paragraph 1 of this Article, whether there are circumstances due to which the taxpayer is not able to perform book keeping or this keeping significantly burdens his business activity.

(3) When the public revenue authority assesses that all conditions referred to in paragraph 1 of this Article are met, it determines the lump-sum net income of the taxpayer, regarding:

- 1) place where business premises are situated;
- 2) equipment of business premises;
- 3) market conditions under which business is run;
- 4) space of business premises;
- 5) age and ability of taxpayer;
- 6) size of net income of a taxpayer who runs same or similar business activity under same or similar terms and
- 7) other circumstances which affect the profit realization.

(4) The taxpayer referred to in paragraph 1 of this Article may submit a request for lump-sum net income to the public revenue office by the end of the year which precedes the year for which determination of the tax is made, at the latest.

(5) The right for lump-sum taxation can not be applied to:

- 1) taxpayer in trade, service and commission business (except for a taxpayer who performs business activity exclusively through points of sale on organized green markets);
- 2) taxpayer who employs other persons;
- 3) business with joined assets from other persons;
- 4) taxpayer whose net income, in the year that is preceding the one in which the

tax assessment is being made, is higher than two average annual salaries.

(6) Trader organizing green market, on which whole sale and retail trade is carried out shall be obliged to submit Annual Report on the beneficiaries of points of sale on the green markets to the public revenue authority.

(7) Form and contents of form - annual report referred to in paragraph 6 of this Article shall be stipulated by the Minister of Finance.

(8) In the case where the public revenue authority assesses that the terms, under which the taxpayer has been granted the right for a lump-sum basis determined net income, have ceased, in the following year it will be obligatory for him to perform book keeping.

Article 31-a

(1) Taxpayer on the basis of income realized from agricultural activity, whose total income in the year, for which the tax is determined not to exceed Denar 1,300,000 shall be taxed according to lump-sum determined income.

(2) Taxpayer on the basis of income realized from agricultural activity in terms of paragraph 1 of this Article shall also mean the persons performing the agricultural activity as additional occupation.

(3) Right to lump-sum taxation shall be exercised on the basis of submitted request to the public revenue authority on the territory of the place of residence of the taxpayer up to the end of the year when the tax shall be determined at the latest.

(4) Form and contents of the request referred to in paragraph 3 of this Article shall be stipulated by the Minister of Finance.

(5) Basis for calculation of the tax shall be the difference between the realized total income (except subsidies) and the recognized standardized expenses, such as for the following:

Income (Denar)	Standardized expenses
up to 300.000	100%
from 300.001 to 1.300.00	80%

(6) Standardized expenses shall be determined in amount of 80% of the realized income for persons performing the agricultural activity as additional occupation.

(7) Determination of standardized expenses realized by performing agricultural activity on the common agricultural property shall be determined by applying the adequate standardized expense determined according to the total realized income of all members of the family agricultural economy.

4. Income from Property and Property Rights

Article 32

Income from property and property rights shall apply to incomes earned by the taxpayer through lease or sublease of land, residential or business premises, garages, leisure and recreational premises, equipment, transportation vehicles and other types of property.

Article 33

The taxpayer of incomes earned from property and property rights shall be a physical person that earns an income from property and property rights.

Article 34

(1) The net income shall be the base for computation of the tax, which is realized when the annual amount of the earned income in the taxable year is reduced by the expenses for maintenance and management, annual amortization and other expenses necessary in earning the income.

(2) The expenses referred to in paragraph 1 of this Article shall be acknowledged at 25% of the income.

(3) Instead of the standardized expenses referred to in paragraph 2 of this Article, the actual expenses incurred for realizing income shall be recognized to the tax payer referred to in Article 33 of this Law, at his request, if he can substantiate the matter with documents.

(4) If property is leased, the rental fee that is paid to the lessor shall be deducted from the rental fee paid to the taxpayer.

(5) Income from property and property rights shall include values of all duties and services to which the lessee committed himself, that is the sub-lessor for the account of the lessor.

Article 34-a

(1) When establishing the tax base of the income tax on property revenues realized by renting furnished flats and offices, the wearing out of the equipment (furniture etc.) shall also be regarded as an expense.

(2) The expenses referred to in paragraph 1 of this Article shall be recognized in the amount of up to 30% of the gross income, and if the taxpayer can substantiate with documents that he incurred greater expenses than the standardized, his actual expenses will be recognized.

Article 35

(1) If rent is paid several years in advance, the tax shall be paid annually for the number of years of the compensated rental fee, but not exceeding 5 years.

(2) The tax base for each year shall be the proportionate share of the rental fee, that has been reevaluated by the rate of retail price increase in accordance to the data provided by the State Statistics Bureau.

Article 36

If the registered incomes arising from property and property rights are smaller than the average monthly earnings, the public revenue authorities shall determine the feasible income through comparison of rental fees of similar sites leased under approximately equal conditions.

Article 37 deleted

5. Income from Copyrights and Industrial Property Rights

Article 38

Income from copyrights and industrial property rights shall refer to the compensation earned by the taxpayer through copyrights and industrial property rights.

Article 39

(1) The payer of the income tax for the income from copyrights and industrial property rights shall be a physical person that earns compensations through copyrights and industrial property rights.

(2) The payer of the income tax for the income from copyrights and industrial property rights shall be a physical person that is the recipient or bearer of the copyrights and industrial property rights.

Article 40

The base for computation of the income tax, referred to in Article 38 of this Law, shall apply to the net income that is estimated by withholding the necessary expenses from the gross earnings.

Article 41

(1) When determining the net income from copyrights and industrial property rights the following expenses shall be recognized:

- 1) 60% of the gross income for sculptures, tapestries, plastic art, art ceramics and stained glass;
- 2) 50% of the gross income for art photography, mural painting and three-dimensional painting in the following techniques: frescoes, graphics, mosaic, intarsia, enamel, intarsiated and enameled objects, costume design, fashion design and textile craftsmanship (woven textiles, printed textiles, etc);
- 3) 50% of the gross income for paintings, graphic arts, industrial design and production of models, small plastics, artistic scenographic designs, scientific, expert and publicist works, translations of literary works;
- 4) 30% of the gross income for performing art works in the field of classical music, ballet, opera, theatre and film, reciting, shooting films and preliminary sketches of tapestry and costume design;
- 5) 30% of the gross income for translations (literary translations excluded), lectures and similar intellectual activities;
- 6) 25% of the gross income for stage programs in the field of popular and folk music;
- 7) 25% of the gross income for other author works and works of industrial property that are not referred to in items 1 to 6 of this Article.

(2) At the taxpayer's request, his actual expenses, instead of the standardized ones, are recognized if he can substantiate them with documents.

Article 42

In determining the net income from sculptures, paintings, graphics, tapestries and other works from the applied arts, earned at exhibitions held outside the taxpayers place of residence, besides the expenses stipulated under Article 41 of this Law, the expenses for transportation of the works, the transport expenses, as well as the lodging costs during the exhibition, within the rate of the highest per diem costs determined by the appropriate regulations, shall also be deducted.

Article 43

(1) The following expenses will be acknowledged in determining the net income from patents and trademarks:

- 1) taxes and expenses paid for the protection of patents based on a certificate issued by the authorized agency for protection of patents;
- 2) expenses for the design and technical description of the patent and trademark, that are included in the application requesting protection of the patent and trademark from the authorized agency, according to the certificate of the qualified individual who provided the designs and technical descriptions. The organization registered to represent the authors will estimate the authenticity of these expenses; and
- 3) expenses for the design of the prototype necessary for the testing of the patent, that has been registered and protected. If the prototype is designed by an enterprise or establishment, the producer provides the receipt of the occurred expenses. If the prototype is designed by the inventor at his own expense, the actual costs will be acknowledged while the appropriate organization registered to represent the authors will estimate the authenticity of these expenses.

(2) All expenses are to be provided separately and documented by receipts, that are to be presented as evidence to the payer of the income.

Article 44

Only the compensations paid to the copyright agency and to the authorized individuals for sale or payment of income will be acknowledged as expenses of the taxpayer who is the recipient or bearer of copyrights.

Article 45

(1) When determining the net income, the incomes arising from copyrights and industrial property rights earned from work created over one year period, at the taxpayer's request, shall be divided into as many equal parts as the number of years spent in creating the work, but not exceeding five years.

(2) The proportional share of the net income shall be the base used for computation of the tax for each year.

Article 46

The taxpayer who is a resident of the country shall be exempt from income tax for incomes from copyrights and industrial property rights earned by a domestic legal entity or physical person based on the implementation of the industrial property rights.

6. Capital Revenues

Article 47

Capital revenues shall refer to the following:

- 1) dividends and other incomes realized through participation in the profit with legal entities and physical persons;
- 2) interests on loans given to physical persons and legal entities;
- 3) interests on bonds or other securities, and
- 4) interests on time savings deposits and other deposits.

Article 48

The taxpayer of an income earned from returns to capital shall be a physical person who earns an income stipulated under Article 47 of this Law.

Article 49

- (1) The base for the income tax on the revenues referred to in Article 47, item 1 of this Law shall represent an amount of the gross dividends, i.e. the incomes from profit participation allocated to the taxpayer.
- (2) The base for the income tax on the revenues referred to in Article 47, items 2, 3 and 4 of this Law shall represent the amount of the calculated interest.

7. Capital Gains

Article 50

- (1) Capital gains shall refer to the income realized by the taxpayer through sales of securities, share of capital and real estate.
- (2) Capital gains shall be the difference between the selling price of the securities, the share of capital and real estate referred to in paragraph 1 of this Article on one hand and the purchase price on the other.
- (3) If the difference referred to in paragraph 2 of this Article is negative, then capital loss is incurred.
- (4) The selling price referred to in paragraph 2 of this Article shall refer to the agreed price, that is, the price that the Public Revenue Office will establish if it estimates that the agreed price is lower than the market price.
- (5) The price, not including the sales tax on real estate and rights, shall be taken as agreed, that is, market price when selling.
- (6) The purchase price referred to in paragraph 2 of this Article shall be the price at which the taxpayer acquired his securities, his share of the capital or the real estate.
- (7) When selling the real estate, that the taxpayer acquired by himself, the market price according to which the property tax base is established shall be regarded as a purchase

price.

(8) The price that the taxpayer documents as really paid shall be considered purchase price of the securities sold or purchased on the Stock Exchange. If he fails to do that, the lowest identified transactions in the one-year period preceding the sale of securities shall be deemed as purchase price.

(9) In case of securities not listed on the stock market, the price that the taxpayer records as really paid shall be regarded as purchase price. If he fails to do that, its nominal value of the purchase price shall be considered as such.

Article 51

The taxpayer of the income tax on capital gains shall be any physical person realizing income as stipulated under Article 50, paragraph 2 of this Law.

Article 51-a

The base for the income tax on capital gains shall represent the difference between the selling price of securities, the share of capital and the real estate and purchase price.

Article 52

(1) The capital gains realized through sale of securities, share of capital and real estate shall be included in the tax base in the amount of up to 70% of the difference.

(2) In determining the base for computation of the tax on capital gains realised from a sale of real estate, besides the gains, the value of the investments and the investment maintenance expenses shall also be taken into consideration.

Article 52-a

(1) The capital loss from sales of securities shall be offset with the capital gains referred to in Article 52 of this Law.

(2) If capital loss occurs following the offset in paragraph 1 of this Article, the surplus shall be transferred to the capital gains of the next three years.

Article 53

The tax on capital gains shall not be paid on assets realized from the sale of the real estate, which the taxpayer sells after the end of the three-year period of the day when he acquired it.

8. Gains from games of chance and other prize games

Article 54

(1) The taxpayer of an income earned from games of chance and other prize games shall be a physical person who has realized gains from the mentioned games.

(2) Each single gain earned from games of chance and other prize games shall represent the tax base.

(3) If the gains from games of chance and other prize games consist of objects, the market value of the objects at the time of the gain will be considered as the tax base.

Article 55

(1) If the single gain does not exceed the amount of 10,000 denars realized in the country, the gains from games of chance and other prize games shall be exempt from taxation.

(2) If the single amount of the gain exceeds the amount stipulated in paragraph 1 of this Article, the tax shall be computed for the full amount of the gain.

9. Other income

Article 55-a

(1) Other income, in terms of this Law, shall refer to all income not considered as income realized by physical persons referred to in Article 3, items 1) to 8) of this Law, not tax exempt under the provisions in Article 6 of this Law, nor taxed on any other basis.

(2) Base for computation of income tax referred to in paragraph 1 of this Article shall be the net income determined by deducting the standardized expenses from the gross income in the amount of 35%.

(3) Other income, in terms of this Law, shall be considered the income realized by acquiring securities and equity share without return, should they not be taxed by Law on property taxes and basis for calculation of the tax shall be the market value on the day of the acquiring.

(4) Market value referred to in paragraph 3 of this Article shall mean value of the securities and capital share determined according to the data from the Macedonian Stock Exchange, should they be listed on the stock exchange, i.e. nominal value of the securities and capital share that are not listed on the stock exchange.

(5) PIT taxpayer regarding other income referred to in paragraph 3 of this Article shall be natural person that acquires securities and capital share.

PART FOUR

DETERMINATION, COMPUTATION AND COLLECTION OF PERSONAL INCOME TAX

1. Determination of the tax

Article 56 deleted

Article 57

(1) The public revenue authority shall administer the authorization and collection of the income tax, unless otherwise stipulated by this Law.

(2) The public revenue authority shall determine the income, based on the data provided in the taxpayers tax return, the taxpayers business records, the official figures obtained

by the authorities through control, based on other data and evidence obtained through the proceedings for determining the tax.

Article 58

- (1) The public revenue authority shall maintain the register of income taxpayers containing relevant data in determining the tax.
- (2) Taxpayers referred to in Article 31-a of this law shall also mandatory declare the data on both the members of the family agricultural economy and the common agricultural property.

Article 59

- (1) The taxpayers of income under Article 29 of this Law and the taxpayers of income from agricultural activities, who are taxed on the actual income, are obliged to maintain business records indicating all business alterations as stipulated by this Law.
- (2) Taxpayers of income from self-employed activity who pay taxes in lump-sum are not obliged to maintain business records.

Article 60

- (1) In addition to maintaining business records, taxpayers under Article 59 paragraph 1 of this Law are obliged to issue an invoice for each sale or to register the turnover with a fiscal device.
- (2) The Minister of Finance shall be empowered to impose maintenance of supplementary evidence for particular activities.

Article 61

- (1) The taxpayers of the income tax referred to in Article 29 of this Law are obliged to maintain business records according to the system of double-entry or single-entry book-keeping.
- (2) The accounting books following the system of single-entry book-keeping shall be:
 - 1) the income book
 - 2) the expenditure book;
 - 3) the book of fixed assets and minor inventory and reserves and
 - 4) book of cash, claims and liabilities.

Article 62

- (1) Taxpayers shall be obliged to maintain business records and other files efficiently, promptly and precisely.
- (2) Efficient, prompt and precise maintenance of business records shall apply to the following:
 - 1) if the taxpayers entire business operations can be ratified, classifying the business changes separately in chronological order in gross amount without offsetting;
 - 2) if the revenue entry is done on a daily basis or latest by the following day, and the cost entry is done within seven days of their occurrence;
 - 3) if the entry of each business change of assets, incomes and working expenses

is supported by credible book-keeping documentation, and
4) if an inventory of the assets, goods on stock, finished products, semi finished and external products, cash, debts and claims is conducted at the beginning and at the end of the year, and if the status is registered in the business records.

Article 63

Business records shall be closed after the conclusion of the business year when all changes in business have been registered.

Article 64

The taxpayer shall be obliged to keep all business records, files and other documents in the business premises. If the maintenance of business records is assigned to a registered financial/book-keeping service, the business records and documentation shall be kept on the premises of that service.

Article 65

The Minister of Finance shall enforce further regulations regarding the contents of the business records, the maintenance procedure and the accounting of the financial result.

Article 66

Business records, files and other documentation shall be kept for a minimum of five years from the final date of the business year they refer to, unless otherwise stipulated by law.

Article 67

(1) Taxpayers under Article 59 paragraph 1 of this Law shall compose an annual tax balance.

(2) The Minister of Finance shall enforce further regulations regarding the contents of the tax balance and the procedure of its construction.

2. Filing a Tax Return

Article 68

(1) The income taxpayer shall be obliged to file an annual tax return for the earned income, unless otherwise stipulated by this Law.

(2) The public revenue authority shall summon the taxpayers by public notice to file a tax return by December 31 each year at the latest.

Article 69

(1) PIT taxpayer shall be obliged to submit annual tax return by 15 March next year at the latest for the earned income following the end of the year for which the tax is determined.

(2) The taxpayer who earns income from self-employed activity and keeps business books shall be obliged to submit an annual tax return for the realized financial result and

tax balance in due course determined with paragraph 1 of this Article.

Article 70

(1) The taxpayer, who, during the year, realizes only a salary or pension or only an income from agricultural activities or only income from independent activity, shall not be obliged to submit an annual tax return.

(2) Notwithstanding paragraph 1 of this Article, the taxpayer earning personal income from diplomatic, i.e. consular representative offices of foreign countries, at representatives and officers of such representative offices having diplomatic immunity, and calculating and paying the tax himself/herself, shall be obliged to submit annual tax return.

Article 71

(1) The citizen, who during the year starts to earn an income from activities or through other means, that under this Law except the taxpayer referred to in Article 31-a of this law are subject to income tax, shall be obliged to file an advance payment tax return to the public revenue authority within 15 days from the date the activity or revenue generation commenced.

(2) In addition to the advance payment tax return, the citizen shall also be obliged to submit a written statement regarding related activities previously conducted inside or outside the community.

Article 72

The Minister of Finance shall enforce the form, content and procedures regarding the completion of the annual and the advance payment tax returns.

Article 73

(1) The taxpayer shall be obliged to file an annual tax return for the purpose of determining the income tax to the public revenue authorities for the territory of his place of residence.

(2) The taxpayer shall be obliged to file an advance payment tax return:

- 1) to the Public Revenue Office for personal incomes from independent activities on the territory where he/she is registered to conduct the activity, or if he/she is not registered, on the territory where the activity is conducted;
- 2) to the public revenue authority for incomes from property and property rights on the territory where the property is located; and
- 3) to the public revenue authority for capital gains and other incomes that are not subject to advance payment of tax after deduction on the territory of the taxpayer's place of residence.

Article 74

(1) The taxpayer non-resident shall file tax returns for each realized income subject to an income tax under a decision of the Public Revenue Office.

(2) The advance tax return referred to in paragraph 1 of this Article shall be submitted to the Public Revenue Office on the territory where the taxpayer realizes the income.

3. Computation of Advance Payment of Income Tax in the Course of the Year

a) Advance Payment of Tax after Deduction

Article 75

The determination and collection of the advance payment of the income tax after deduction shall apply to the following types of income:

- 1) personal incomes;
- 2) incomes from copyrights and industrial property rights;
- 3) revenues from capital;
- 4) incomes from property and property rights if the income payer maintains business records;
- 5) gains from games of chance and other prize games;
- 6) other incomes for which the income tax is not determined by a decision from the Public Revenue Office.

Article 76

(1) The advance payment of the income tax on the revenues in Article 75 of this Law shall be calculated by the employer of each taxpayer and for each separately paid income.

(2) Advance payment of income tax referred to in Article 75 of this Law shall be computed on the respectively determined tax base by applying the rate referred to in Article 12 of this Law.

(3) The Minister of Finance shall enforce more specific regulations regarding the computation and realization of the advance tax payments.

Article 77

(1) The employer referred to in Article 76 of this Law shall be obliged with each payment to provide a copy to the taxpayer of the tax advance computation and the paid contributions, as well as cumulative data after the expiration of the year, by February 15 the following year at the latest, for the fully paid advance.

(2) The employer shall be obliged to file an annual report for gross profit derived by the taxpayer to the public revenue authority of the computed and paid tax and contributions after deduction, and total paid net incomes, by February 15 of the following year at the latest.

(3) Payer purchasing agricultural products from natural persons not being proprietors shall be obliged to submit annual report on the paid revenues to the public revenue authority.

(4) Taxpayer for calculation and payment of personal income tax on the basis of salary, salary allowance and payment on the basis of business performance of the employer shall be obliged to carry out the calculation on monthly basis, separately for each taxpayer for payment for the respective month, and it shall submit the data on calculated salary or portion of salary, the salary allowance and the payment on the basis of business performance electronically to the public revenue authority by the 10th in the current month at the latest for the previous month in the form stipulated in the Rulebook on the Manner of Calculation and Payment of Social Insurance Contributions.

(5) The Minister of Finance shall enforce more specific regulations regarding the form, contents and procedures for completion of the annual report referred to in paragraph 2 of this Article and shall prescribe the form for the estimate referred to in paragraph 4 of this Article. Form and contents of (6) The form - annual report referred to in paragraph 3 of this Article shall be stipulated by the Minister of Finance.

Article 78 deleted

Article 79 deleted

Article 80 deleted

Article 81 deleted

Article 81-a deleted

b) Advance Payment of Tax by Decision

Article 82

(1) Advance payment of income tax, by decision of the public revenue authority, shall be paid on the following incomes:

- 1) incomes from self-employed activity except the revenues referred to in Article 31-a of this law;
- 2) capital gains and
- 3) other incomes not subject to advance payment of tax after deduction.

(2) Advance payment of income tax referred to paragraph 1 of this Article shall be computed at 10% rate.

Article 83 deleted

Article 83-a

The advance payment of the income tax for incomes from a self-employed activity shall be determined by a decision from the Public Revenue Office:

- 1) based on the data in the tax return, the tax balance, business records and other information relevant when determining the tax liability; and
- 2) based on the data in the tax return and the criteria referred to in Article 31 of this Law for the lump-sum net income.

Article 84

Advance payment of income tax for capital gains shall be determined by decision of the public revenue authority based on the data from the tax return, as stipulated in Article 52 of this Law.

Article 85

Advance payment of income tax for incomes that are not taxable after deduction shall be determined by decision of the public revenue authority, based on the data from the tax return, the standards under Article 36 of this Law and according to other information relevant in determining the tax liability.

Article 85-a

The advance payment of the income tax on incomes that are not taxable after deduction shall be determined by a decision from the Public Revenue Office, based on the data in the tax return or other information relevant in determining the tax liability.

Article 86

If the requirements in determining the advance payment of the income tax are considerably changed, the taxpayer can request revision of the advance payment, that is, the public revenue authority can determine revised advance payment concurring to the altered circumstances.

4. Computation of the Annual Income Tax

Article 87

The annual income tax shall be determined by decision of the public revenue authority based on the data from the tax return, business records and other information relevant in determining the tax liability.

Article 87-a

Physical person donating financial resources to a legal entity pursuant to the provisions in the Law on Donations and Sponsorship of Public Activities shall have the right to reduction of personal income tax set on the basis of its annual tax return ("PDD-GDP" Form), in the amount of 20% of the annual tax debt to the donor, but not more than Denar 24,000.

Article 88

(1) The taxpayer of taxes from self-employed activities, who is obliged to maintain business records in accordance with this Law, shall be required to draw the income through a giro-account at the performers of the payment operations.

(2) Taxpayers paying tax on performance of independent activity, not keeping business books shall be obliged to realize the income through transaction account.

Article 89

If the taxpayer fails to file a tax return and tax balance in the determined due course after a public notice or if the business records cannot serve as the base for determining the tax liability, the tax will be determined as follows:

- 1) based on the official figures of the earned income and of the operating expenses of the taxpayer, that are at disposal of the public revenue authority;
- 2) by comparison with taxpayers of equal or similar vocations through

comparative elements particularly the place where the activity is performed, the professional qualifications, age, equipment, number of employees, variety of products and services, as well as other circumstances and facts which are relevant in earning the income;

3) based on information by the public revenue authority by means of performed due diligence for the realized scope of work that is turnover;

4) by comparison with the average gross salaries of the employees of legal entities of equal or similar vocations, who perform the activity under approximately equal conditions; and

5) based on forensic expert findings and opinions.

Article 90

(1) The decision of the public revenue authority that determines the annual income tax referred to in Article 87 of this Law and the decision for advance payment of taxes referred to in Article 82 of this Law, shall primarily include:

1) the name, surname, address and tax number of the taxpayer;

2) the type of taxation;

3) the tax base;

4) the tax rate;

5) the determined reductions and exemptions;

6) the determined tax amount;

7) the number of the account to which the tax is paid according to the decision and the terms of payment;

8) referring to the legal repercussion of untimely tax payment; and

9) referring to the right to remedy based on the decision of the determined tax liability.

(2) Under paragraph 1 of this Article, the public revenue authority shall be obliged to bring a decision within 60 days from the date of receipt of the tax return at the latest.

(3) Public revenue authority shall be obliged to submit decision on determination of tax for taxpayers referred to in Article 31-a of this law up to 30th June at the latest in the year for the previous year.

Article 91 deleted

Article 92 deleted

Article 93 deleted

5. Special Procedure for Determining the Tax

Article 94 deleted

Article 94-a

When a person owns a property or has at its disposal resources bigger than the ones taxed, resulting from revenues to which no tax was calculated or was insufficiently calculated, the public revenue authority shall make a decision to calculate tax on this revenue.

Article 94-b deleted

Article 94-c deleted

Article 94-d

Basis for calculating the tax is the difference between the value of the property and the proven level of the resources for its acquiring.

Article 94-e

The tax on non-reported revenues shall be calculated at 70% rate.

6. Collection of Tax

a) Collection and Advance Payment of Tax

Article 95

(1) The payer of personal incomes and other incomes on which advance payment of tax is paid after deduction, shall be obliged to pay the withheld tax with every single payment.

(2) The Insurance undertaking shall be considered as paying entity in terms of paragraph 1 of this Article, that withholds the tax on insurance premium in accordance with management contract, and the copyright agency, i.e. the intermediary company shall be considered as paying entity of personal income, royalty and other type of revenues paid via the copyright agency or an intermediary company.

(3) Tax after deduction shall be calculated and paid according to the rate being valid on the day of payment of personal earnings, i.e. the revenues, except the tax on personal earnings on the basis of salary, salary allowance, pension and payment on the basis of business performance of the employer that shall be calculated and paid according to the rate and personal exemption being valid for the month, for which, the salary shall be calculated and paid, salary allowance, pension and payment on the basis of business performance of the employer.

Article 96 deleted

Article 97

Taxes determined by a decision from the Public Revenue Office shall be paid:

- 1) for incomes from self-employed activities except for the revenues referred to in Article 31-a, on a monthly basis by no later than 15th of each month for the previous month;
- 2) for incomes from property and property rights, on a monthly basis, by no later than 15th of each month for the previous month;
- 3) for capital gains and other incomes realized periodically, within 30 days of the date of determining the tax liability;
- 4) on the income from agricultural activity being taxed according to lump-sum

determined income within 30 days from the day of determining the liability.

Article 98 deleted

Article 99 deleted

Article 100

(1) Until the tax obligation is determined based on the annual bases and in annual lump-sums, the taxpayer shall be obliged to make an advance payment according to the decision on tax from the previous year.

(2) If the taxpayer's incomes notably increase or decrease, the public revenue authority, based on the audit of the business records, information on the taxpayers' income provided by the government agencies, enterprises and other legal entities regarding delivered goods and rendered services, and based on other credible data, will bring a decision for increased or decreased advance payment of tax.

Article 101 deleted

b) Collection of Annual Income Tax

Article 102

The taxpayer of income tax shall be obliged to pay the difference between the effected advance payment and the annual tax amount, within 30 days from the date of submitting the decision on tax liability.

Article 103

The taxpayer shall pay interest for the tax amounts that have not been settled within the regulated period.

Articles 104-133 are deleted

9. Guarantees

Article 134

The payer of income shall insure collection of advance payment of taxes paid after deduction.

Article 134-a

The taxpayer with his property shall be responsible for collection of advance payment of taxes with respect to self-employed activity, copyrights and rights of industrial property, capital, estate and property rights and capital gains.

Article 135 deleted

Article 136 deleted

Article 137

(1) The taxpayer, who is to sell machines, equipment and other items used in performing the activity or the business premises in full, shall be obliged to previously resolve his obligations for tax payment.

(2) If the new owner assumes the property referred to in paragraph 1 of this Article, and if the due tax has not been paid, he is to provide mutual guarantee of tax collection with the taxpayer, within the value of the assumed property.

Article 138

If several individuals earn incomes through a mutually performed activity, the enforced collection of tax, which pertains to a single taxpayer, can be conducted from the complete property used in performing the mutual activity.

Article 139

A person who rents or offers his residential or business premises free of charge to the proprietor of a traveling entertainment group or organizers of amusement shows, has joint responsibility with the taxpayer of all liabilities concerning the presented performance.

Article 140

(1) If the taxpayer deceases before the level of the tax liability has been determined, the tax liability will pass on to the successors.

(2) The determined liability will be collected from the successors, not exceeding the value of the inherited property.

Article 141 deleted

Article 141-a

The calculated tax on the payments based on pensions and disability benefits shall be ceded to the Pension and Disability Insurance Fund.

Article 142 deleted

Article 143 deleted

Article 143-a deleted

PART FIVE

OFFENCE AND PENALTY PROVISIONS

Article 143-a

(1) The person who is in the capacity of responsible person in the legal entity, when paying salaries and other revenues on which withholding tax is paid, fails to calculate and pay the tax to the respective account for the purpose of acquiring greater property benefit or value for himself/herself or for anyone else shall be punished for a crime with imprisonment of six months to five years and shall also be fined.

(2) If the amount of the obligation referred to in paragraph 1 of this Article is significant, the perpetrator will be imprisoned for at least four years and fined.

(3) If the deed referred to in paragraph 1 of this Article is committed by a legal entity, it shall be fined.

Article 144

(1) The taxpayer shall be fined by paying EUR 500 to EUR 1,000 in Denar equivalent for violation in the following instances:

1) if business records are not maintained or if they are maintained carelessly and inaccurately (Articles 59 paragraphs 1 and 2, 61 and 62);

2) if business records, files and other documents are not kept on the business premises (Article 64);

3) if business records, files and other documentation are not kept for a minimum of five years (Article 66);

4) if the tax balance has not been made, that is, if it has not been made within the set term and according to the determined procedure (Article 67);

5) if a tax return and tax balance is not filed within the set term (Articles 68, 69, 71 and 73);

6) if incomes are not drawn transaction account and a giro-account with the performers of payment operations (Article 88);

7) if the tax has not been computed and paid on personal incomes from abroad (Article 96).

(2) In addition to the fine for violation under items 3, 4, 8 and 9 of paragraph 1 of this Article, prohibition for performing the profession, activity or duty from one to two years shall be pronounced against the perpetrator.

(3) Taxpayer being fined at least three times in the course of the year for violations referred to in paragraph 1 of this Article shall be pronounced prohibition for performing the profession, activity or duty from three to five years.

Article 145

(1) The taxpayer legal entity – paying the income shall be fined by EUR 2,000 to EUR 3,000 in Denar equivalent for violation in the following instances:

1) if tax has not been computed and transferred to the appropriate account (Article 76 and 95);

2) if he fails to settle his duties referred to in Article 77;

3) if payment of delivered goods and rendered services is not effected through the transaction account and taxpayers account (Article 88);

(2) The responsible person at the legal entity shall also be fined with EUR 500 to 1,000 for the violations referred to in paragraph 1 of this Article.

Article 145-a

Fine in the amount of EUR 2,000 to 3,000 in Denar equivalent shall be imposed on the trader organizing green market, on which whole sale and retail trade is carried out if he fails to submit Annual Report on the beneficiaries of points of sale on the green markets to the public revenue authority.

Article 146 deleted

Article 147

The taxpayer, who on the basis of the business records, bills for delivered goods and rendered services, which he shall be obliged to register or in some other way determine declaration of salary, i.e., a smaller income than the actual amount, or that income has not been declared, and if the tax amount pertaining to the undeclared salary, i.e., income, is not subject to criminal charges for tax evasion, shall be fined for the violation committed of 100% of the amount of the tax pertaining to less declared income.

Article 147-a deleted

Article 148

The provision referred to in Article 47 item 4 of this Law referring to taxation of interest on time and other deposits shall be applied as of January 1st 2011 and the provisions of Articles 50, 51, 51-a, 52 and 53 of this Law that refer to taxation of capital gains from sale of securities, shall be applied as of January 1. 2006.

Article 149

(1) Provisions of the Law referring to taxation of income from agriculture according to cadastral income, shall not apply from the 1st January 2002, till the 31st December 2008 ("Official Gazette of the Republic of Macedonia", no. 44/2002)

(2) Provisions referred to in Articles 94-a, 94-b, 94-c, 94-d, 94-e shall start applying 6 months after the day this Law enters into force.

In the period until the application of the provisions in paragraph 1 of this Article, the persons referred to in Article 94-a can report taxable revenues on a special prescribed form.

(3) The Minister of Finance shall pass more detailed regulations on the format, the contents and manner of filling out the form referred to in paragraph 2 of this Article.

Article 150

The Legislative and Legal Committee of the Parliament of the Republic of Macedonia shall be authorized to set clear version of the Law on Personal Income Tax.

PART SIX

TRANSITIONAL AND FINAL PROVISIONS

Article 49

(Official Gazette, no. 139, 30.12.2006)

Notwithstanding Articles 2 and 27 of this Law, personal income tax rate in 2007 shall be 12%.

Article 30

(Official Gazette, no. 159/2008, 22.12.2008)

With regard to all unpaid salaries up to 31st December 2008 to be paid after the entering into force of this law, the calculation of the personal income tax shall be carried out in the form "PDD- MP".

Article 31

(Official Gazette, no. 159/2008, 22.12.2008)

With regard to all unpaid salaries up to the day of starting the application of this law, also including the salary for December 2008 to be paid after 1st January 2009, the rate and the personal exemption being valid for 2008 shall be applied.

Article 3

(Official Gazette, no. 20/2009, 16.02.2009)

Lump-sum taxation of taxpayer performing trade activity exclusively through points of sale on organized green markets pursuant to this law shall be applied until the accession of the Republic of Macedonia in the European Union.