

TAXATION WITH THE VALUE ADDED TAX

Taxpayer for the purpose of VAT

Taxpayer of the Value Added Tax (VAT) is a person who permanently or periodically performs an economic activity, regardless of the goals and outcomes of that activity.

Taxpayers of VAT can be legal entities and physical persons, as well as association of entities that realize income within the framework of their economic activity.

Taxpayer of VAT can also be legally independent entities who are closely associated in ownership, organization and management - associated VAT entities.

Mandatory registration for VAT

An obligation to register for the purpose of the Value Added Tax has the taxpayer that:

- in the previous calendar year made a total turnover higher than MKD1.000.000;
- during the calendar year makes a total turnover over MKD1.000.000;
- start to perform an economic activity, if they anticipate they will make a turnover over MKD1.000.000.

Voluntary registration for VAT

The taxpayer can register for VAT purposes on voluntary bases if:

- in the previous calendar year made a turnover less than MKD1.000.000 on an annual level;
- start to perform an economic activity, but due to the amount of the assumed turnover are not obliged to VAT registration, which means they anticipate future turnover less than MKD1.000.000.

The VAT registration is made by submitting an Application for Value Added Tax registration (form "DDV-01").

The persons who wishes to register as a associated VAT entities submits form "DDV-01/PL".

Subject to taxation, tax rate and basis for tax calculation

The taxation with Value Added Tax is made on the turnover of goods and services which is done with compensation in the country by the taxpayer in the framework of his economic activity and the import of goods.

VAT is calculated according to proportional tax rates, as follows: general tax rate of 18% and preferential tax rate of 5%.

Tax base for the Value Added Tax is the total amount of the received compensation, or the amount that should be received for the turnover, where the Value Added Tax is not included. To this compensation belongs everything that the recipient gives in order to receive the good or to use the service (VAT does not belong to the compensation).

- For turnover in the country - tax base is the total amount of the compensation received or the amount that should be received for the turnover, in which the VAT is not included.
- When taking goods which are part of the company's assets for the taxpayer's personal needs or of his employees, for the turnover of goods without compensation towards the owners of equities, members and their close persons, as well as withholding goods from the taxpayer by termination of the economic activity - the purchase price or if it does not exist, the cost at the moment of the turnover.
- When using goods that are part of the company's assets for the taxpayer's personal needs or of his employees, when providing services without compensation for taxpayer's personal needs and his employees or to the owners of equity, members and their close persons - the expenditures for the provided services.

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- When the compensation for the turnover of good or service consists completely or partially in the turnover of other good or service - the market price of the received good or received service.
 - For the turnover made by an auction - the final achieved price.
 - For the turnover of used goods (motor vehicles, art and collectibles and antiquities) - the difference between the sales and the purchase price, if for the transportation to the taxpayer the tax is not owed.
 - For importing goods - the tax base is the value of the imported good determined according to the customs regulations.

Tax periods for declaring and paying of tax

The period for which the VAT is calculated and paid is a tax period which depending on the turnover made, it might be:

- **calendar month** - in case the total turnover in the previous calendar year exceeded the amount of MKD25 million.
- **calendar quarter** - if the total turnover in the previous calendar year did not exceed the amount of MKD25 million.

Declaring of the tax owed or claimed by the taxpayer is made by submitting a VAT tax return (form "DDV-04").

The deadline for submitting the VAT return and for payment of the tax is the 25th in the month, after the expiration of the tax period for which the taxpayer is registered.

Taxpayers who are registered for VAT purposes are obligated to submit the VAT tax return electronically through <https://etax-fl.ujp.gov.mk>

Value Added Tax refund

If the previous tax in a certain tax period is higher than the amount of the tax which is calculated for the turnover, the difference is refunded to the taxpayer upon his request stated in the VAT tax return "DDV-04".

If the taxpayer does not make a VAT refund request, the difference is transferred as an advance payment in the next taxation period.

The deadline for tax refund is 30 days, after the day of submitting the tax return.

Tax exemptions and incentives

The tax exemptions and incentives for VAT may be:

- ✓ in the country without a right of deduction of the previous tax;
- ✓ in the country with a right of deduction of the previous tax;
- ✓ on imports;
- ✓ for special entities by VAT refund;
- ✓ for donations given in the public activities; and
- ✓ direct tax exemption on the turnover of goods and services for the purpose of implementation of projects funded by foreign donors and by IPA funds.

More Information!

The PRO web page www.ujp.gov.mk provides you with fast and easy access to the publications, tax information and forms.

For all questions and information regarding VAT, you can also contact us via e-mail: info@ujp.gov.mk