



Important economic events and amendments to the legal regulations in April 2003

- ❖ On April 1, 2003, **the implementation of the Law on Amendments to the Law on the Value Added Tax started**, according to which the general VAT rate of 19% was reduced to 18%, and a larger portion of the products taxed at the preferred rate of 5% will, from now on, be taxed at the general rate of 18% (“Official Gazette of the Republic of Macedonia” no. 21/2003).
- ❖ On April 1, 2003 the payment of **the third installment and interest on the bonds for old foreign exchange savings** commenced.
- ❖ On April 4, 2003, **the Republic of Macedonia officially became a member of the World Trade Organization (WTO)**, after the completion of all legal procedures provided for in the WTO rules according to which the membership will become official. The Agreement for Admission of the Republic of Macedonia to the WTO was signed in October 2002.
- ❖ On April 8, 2003, the **NBRM Council** adopted a Decision on further reduction of the NBRM interest rates, according to which the discount rate was reduced from 8% to 6.5% (“Official Gazette of the Republic of Macedonia” no. 27/2003, date of enforcement April 15, 2003), as well as a Decision according to which the CB bills volume tender auctions with an interest rate of 7% shall be applied as of April 11, 2003.
- ❖ On April 29, 2003, **the successor-countries** received the funds deposited by the former SFRY in the commercial banks seated in the USA. Thus total of US Dollar 17.8 million or 7.5% of the funds were transferred to the Republic of Macedonia.
- ❖ On April 30, 2003, the IMF Board of Directors extended **the Stand-by arrangement** to the Republic of Macedonia, agreed upon in February this year. The arrangement in the amount of US Dollar 27 million will be carried out within a period of 14 months. The approval of the arrangement reaffirms the support of the IMF to the Government macroeconomic policy.
- ❖ On April 16, 2003, the implementation of the **Law on Inducing the Employment** started (“Official Gazette of the Republic of Macedonia” no. 25/2003), which creates environment for inducing the employment by compensating the funds of the employer for the paid wage contributions (contributions for pension and disability insurance, health insurance and employment), for each new worker employed on permanent basis, for a period of 24 months since the employment. In order to exercise the right to compensation, the new worker should be: unemployed person registered in the Employment Bureau for at least one year, unemployed person who was made redundant due to economic, technological, structural or other similar changes or due to a bankruptcy and unemployed business-capable person, beneficiary of public welfare. The employer is required to keep the new worker employed on this basis at least twice longer than the period for which they used the right for compensation of the funds. The funds for enforcement of this Law in the amount of Denar 2 billion will be provided by the state budget, within the framework of the funds planned for implementation of the Program for increasing the employment and the flexibility on the labor market. The provisions of this Law will be in force until December 31, 2003.
- ❖ **New regulations:** Law on State Aid – the enforcement of this Law will start on January 1, 2004 and Law on Accounting of Non-profitable Organizations – with retroactive enforcement starting from January 1, 2003 (“Official Gazette of the Republic of Macedonia” no. 24/2003).