

PROCEDURES FOR REGISTERING DIFFERENT KINDS OF BUSINESSES

TYPES OF COMPANIES

In accordance with the Company Law, both Macedonian and foreign individuals or companies can establish the following types of business entities:

General Partnership – this is an association of two or more legal entities or individuals who are personally and jointly liable without limit to the creditors. This liability includes their entire property.

Limited Partnership – this is a partnership of two or more entities or individuals in which at least one of the partners shall be jointly liable without limit and with his entire property for the obligations of the company (“general partner”) and at least one partner (“limited partner”) who is liable for the obligations of the company up to its recorded contribution in the company.

Limited Liability Company (DOO or DOOEL) – this is a company in which the shareholders participate with one share each (basic contribution) in the company’s pre-determined basic capital. The basic contribution may differ in value, but the contribution cannot be in the form of labor or services. A minimum of 1 and a maximum of 50 shareholders can establish a limited liability company.

Joint-Stock Company (AD) – this is a company that has, by its Charter, a defined capital (basic capital) divided in equal parts (shares). Shareholders participate with one or more shares and their liabilities are secured with the entire capital of the company. A joint-stock company may be founded by one or more legal entities or individuals.

Limited Partnership by Stock – this is a company in which one or more general partners, who are liable jointly without limit for the company’s obligations, incorporate the basic capital. Limited partners have the status of stockholders and are not liable for the obligations of the company.

Sole Proprietors – individuals that conduct business operations are required to register as sole proprietors. The individual is fully and unlimitedly liable with all his assets to the creditors.

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Joint Stock Company - (AD)

The lowest nominal value of basic capital assets required for founding a joint stock company are as follows:

- €50,000 in MKD counter value - by a public invitation
- €25,000 in MKD counter value - without a public invitation
- The minimum nominal value of the share shall not be lower than €1 in MKD counter value

The deposit may not be contributed in the form of personal labor or services. For the purposes of the evaluation of non-monetary deposits, an evaluation report by an appraiser, chosen by the founders, from the list of appraisers determined by the court, should be enclosed in the statute. The money deposits shall be paid for, up to the moment of the entry of the company into trade register, amounting to at least one-quarter of their nominal value (values exceeding the nominal should be wholly paid in). The payment of the remainder shall be effected in one or more installments, in accordance with the share issuance decision, within a term that shall not exceed three years. If the contribution is partially paid as monetary contribution, and partially as non-monetary contribution, the portion paid as monetary contribution must be fully paid in prior to the registration.

The Company Law provides two procedures with respect to establishing a joint stock company:

- Simultaneous founding - when the founders themselves or jointly with other persons, undertake to acquire all the shares without a public invitation (simplified procedure similar to the procedure for the founding of a limited liability company).
- Successive founding - the joint stock company may be founded through subscription to all or to a certain number of shares on the basis of an announcement (this procedure is more complicated and is much longer (min.3 months) and is, in practice, little used).

Entry of the company into the trade register:

The managing entity of the joint stock company shall immediately submit the application for the entry of founding of a joint-stock company into the trade register. The following documents shall be also attached to the application:

- the founding deed, as well as the statute;
- the enactment on undertaking of shares and one copy of the prospectus on the basis of which the whole sum or part of the basic capital assets had been subscribed;
- the minutes of the founding assembly, the invitation to it and the list of participants;
- the statement of the nominated managing entity confirming that the payments for shares prescribed by law have been effected and that, upon the entry of the company into the trade register, the company may freely dispose of the payments and the non-money deposits and purchases at the time of founding. The receipt of a competent financial institution for the payments made in cash is also required;
- list of members of the board of directors, i.e. of the managing board and of the supervisory board. This should include their full names, occupation, place of residence and citizenship. Should this include foreign nationals, statements of the members of the company confirming acceptance of their membership would be required;
- license, if required in accordance with the law, and the appraiser's report.

The joint-stock company is considered founded once it has been registered in the trade register.

The company registration procedure is as follows:

Since January 1, 2006, the Central Registry has become the only body authorized to carry out the registration of a new local company or a branch office of a foreign company. At the same time it has implemented a One-Stop-Shop system through which the registration of a company can normally be completed within four hours (1-2 business days in practice). The One-Stop-Shop system undertakes all registration procedures with various state bodies (including the provision of a tax ID no.). Following registration, the company must perform the following:

- Activate the Bank Account;
- Registration with the Public Revenue Office to obtain a VAT number; and
- Only in case of foreign investment, registration of the foreign investment within the Central Registry.

Systems of management of a joint stock company

The management of a joint-stock company may be organized in accordance with a one-tier system (board of directors) or a two-tier system (separate management and supervisory boards).

- One-tier system

Board of directors: The board of directors is composed of non-executive and executive members (directors), numbering at least 3 (three) but not more than 15 (fifteen) members.

- Two-tier system

Management Board: The Management Board shall consist of at least 3 (three) and not more than 11 (eleven) members. The Supervisory Board shall nominate the members of the Managing Board. No single person may be a member of the Managing Board and a member of the Supervisory Board at the same time.

The President of the Management Board shall act as an agent and representative of the joint-stock company in relations with third parties. The statute of the company may authorize the Supervisory Board to allow one or more members of the Management Board bearing the title of General Manager(s), to act as agents of the company.

Supervisory Board: The Supervisory Board shall consist of at least 3 (three) and no more than 11 (eleven) members. The assembly of the company shall nominate the members of the Supervisory Board.

General Meeting (GM) of the Joint Stock Company (AD)

The shareholders shall exercise their rights in the joint-stock company, especially in relation to the adoption of annual balance sheets, the appointments and recalls of members of the company's board of directors or the supervisory board, etc.

The members of the Board of Directors i.e. of the Supervisory Board and the Management Board may participate in the GM without voting rights, unless they are shareholders.

Limited Liability Company - (DOO or DOOEL)

The Limited Liability Company is, in practice, the most common form of business entity. A single founder (i.e. one person) may establish a limited liability company. The company may have a maximum of 50 founders. The company's capital assets are deposited by the founders. The founders shall not be liable for the obligations of the limited liability company. The basic capital assets shall be at least €5,000 in MKD counter value, in either cash or assets. If the capital is invested in assets, a qualified appraiser must perform the appraisal. The amount of each separate deposit may not be less than €100 in MKD counter value.

Type of management

The company must have one or more managers, with limited or unlimited authority, according to the statutory deeds of the company. If the founder is a single person, the company is established with a Statement. If there are two or more investors, the company is established with an Agreement.

Documentation

When the founder is an individual foreign citizen, a photocopy of the founder's passport should be submitted. The photocopy has to be translated by an authorized translator. When the founder is a foreign firm, a photocopy of the court registration of that firm and photocopy of the firm's statute, duly notarized and translated by an authorized translator, should be submitted. The company must have a location based on the ownership title or contract for rental of the estate or business premises.

Name of the company

While foreign words can be included in the company's name, they must nevertheless be written in the Cyrillic script for the purposes of submission in the Trade Registry within the Central Registry.

Branch Office

A foreign company can establish a branch office in Macedonia if it is registered in the Trade Register of its domicile country. The branch can perform the same activities as the foreign-domiciled company. The branch may perform activities in the name, and on behalf of, the foreign-domiciled company, including use of its name and address. Consequently, the foreign-domiciled company would incur full liability over the branch operations. If a foreign-domiciled company establishes several branches in Macedonia, it must designate a main branch (central branch office) in the Trade Registry. The trade name of the other branches must include the trade name of the Macedonian central branch, as well as the reference numbers of the other branch offices, according to their order of entry in the register. A foreign sole proprietor has the right to establish only one branch. The foreign company or sole proprietor must apply to the Trade Register within the Central Register for registration.

The following documents must be included with the registration in the court trade register:

- An excerpt from the Registry in which the founder is entered, showing the content and date of entry;

- A copy of the Company Agreement or Charter certified by an authorized administrative body of the company's country of origin, as well as a certificate issued by the foreign authorities proving that the submitted Agreement or Charter is still in effect. If the laws of the company's country of origin do not require a written Agreement or Charter, a certificate proving the existence of the company, its interest holders and their liabilities, issued by the relevant diplomatic or consular office of Macedonia, must be submitted. This must include a list of persons to whom representation of the company in Macedonia has been entrusted, including their names, occupations, residential addresses and citizenship. Proof that these persons have been legally designated according to the Company Agreement or Charter, and the laws of the company's country of origin, must be attached to the list;
- A decision issued by the authorized body of the company establishing the branch;
- A certified copy of the company's credit rating issued by a relevant authority or chartered audit enterprise under the laws of its country of origin;
- A description of activities to be performed by the branch.

Liability in legal transactions

A foreign-domiciled company or sole proprietor shall be liable, with its entire assets, for the liabilities arising out of a branch's operations.

Where the person establishing the branch is registered in the country, in which it has maintained a main office, for less than two years preceding the date on which the application for establishment of a branch was filed, the founders of the foreign company, or the foreign sole proprietor, shall be held jointly and severally liable for a period of two years, following the date of establishment, for any liabilities which arise in respect of the activities.

Representatives

A foreign company shall appoint one or more representatives, for each branch office undertaking activities for the company in Macedonia. The representatives appointed with the Macedonian Central Branch Office shall act as representatives of the other branches.

Representative office

A representative office of a foreign company is not a legal entity. It is only permitted to undertake activities of a research or information-gathering nature. The registration of the representation offices is performed in the Register of representation offices of the foreign companies in Macedonia. The register is maintained within the Central Register.

Documents needed:

- Application containing the firm, the registered seat and the activities to be performed (from a list of limited activities that can be performed)
- Authorized copy, from the court registration, of the foreign company;
- Decision of the foreign company for opening/establishment of a representative office and decision for appointment of a manager or representative of the representative office
- Passport photocopy of the Manager of the representative office;
- A working program of the representative office;

- Notarized statement of the foreign company that assumes all the liabilities arising from the operations of the representative office as well as proof of paid registration fees. The Central Register decides within 5 days from the day of submission of the registration application.

Costs for registering a company

Procedure	Time to complete	Limited Liability Company	Joint-Stock Company	Other
Notarization of the company deeds and other documents	1 day	MKD 800 (€13)	MKD 1200 (€20)	MKD 800 (€13)
Registration with the Central Register	1 – 2 days	MKD 2399 (€39)	MKD 3852 (€63)	MKD 2452 (€40)
Making a company seal	1 day	MKD 800-2500 (€13 – 41)	MKD 800-2500 (€13 – 41)	MKD 800-2500 (€13 – 41)
Registering with the social security office	1 day	MKD 100 (€2)	MKD 100 (€2)	MKD 100 (€2)