



# Macedonia:

tax obligations for freelancers



***Why Macedonia? Because this country made a lot of effort to become investor-friendly which resulted in obtaining a high, 10th rank in Doing business report in 2019.***

## A small country, crowded with freelancers

North Macedonia, with a population of roughly 2,1 mln, is neither big nor a populous country. However, the indicator measuring the number of freelancers per 1000 citizens is the highest in the world. It equaled 3,41 (data from <https://analyticshelp.io/blog/global-internet-freelance-market-overview-2018/>, access: December 2018). And we're only talking about these remote employees who are registered on popular freelancing sites.

We consider a typical case of a regular individual who does not run their own business. He/she works for a foreign client and receives a transfer to the account in the agreed amount. In this situation, it is the freelancer who is responsible for settling taxes and (often) social security contributions. It's good to be aware of that to avoid getting into trouble with local fiscal authorities at the end of the year.

The discussed case also applies to people whose main occupation is working full-time at home, and side gigs are a way to earn extra income.

**Scope of work:** we talk about typical remote work, such as programming, graphics, copy-writing, translations, online customer service etc.

## Individual with no registered business, working remotely

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In this small country, the climate is especially favorable for people engaged in freelancing. Let's look at the table with the most important facts:

## Obligations & taxes when settling work in Macedonia

Key factors...	in Macedonian tax law
<ul style="list-style-type: none"><li>obligation to register a company</li></ul>	<ul style="list-style-type: none"><li>No obligation</li></ul>
<ul style="list-style-type: none"><li>income tax</li></ul>	<ul style="list-style-type: none"><li>10% up to 90 000 MKD / month (1.5k EUR)</li><li>18% on everything above 90 000 MKD</li><li>As of 1.1.2020 a flat rate of 10% is re-introduced</li></ul>
<ul style="list-style-type: none"><li>compulsory social security contributions</li></ul>	<ul style="list-style-type: none"><li>No compulsory contributions</li></ul>
<ul style="list-style-type: none"><li>tax-free allowance</li></ul>	<ul style="list-style-type: none"><li>None</li></ul>
<ul style="list-style-type: none"><li>obligation to register as a VAT payer</li></ul>	<ul style="list-style-type: none"><li>As of 1.1.2020 VAT registration is compulsory once revenues exceed 2min MKD per year (~32k EUR)</li></ul>
<ul style="list-style-type: none"><li>How often do you need to report income and account for?</li></ul>	<ul style="list-style-type: none"><li>Every money transfer must be submitted electronically through <a href="https://e-pdd.ujp.gov.mk">https://e-pdd.ujp.gov.mk</a> by the 10th of the following month.</li></ul>

If you're a Macedonian tax resident then the law will only oblige to pay 10% of tax on the income. Income is a transfer that you get to the bank account. There's no possibility to deduct any costs.

The whole income should be reported once a year to the tax authority.

## Only 10% income tax to be paid

## Retirement contributions are charged on income from abroad

The law does not require you to pay pension and health contributions. A Macedonian remote employee can therefore, work for foreign customers, paying merely 10% tax. Importantly, it is a completely legal way and it does not involve any other obligations. The Macedonian government is not bothered by the fact that such a person is completely outside the pension system and the state health service.

Macedonia seems to be an interesting country from the perspective of a freelancer.

## VAT registration requirement in Macedonia

Do you have a remote worker from Macedonia or are you thinking how to legally hire one? Maybe you need a freelancer who is able to translate from English to Macedonian? Consider Useme - with this service the whole HR process is completely non-engaging and thus simple and trouble-free for both sides.

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**[info@useme.eu](mailto:info@useme.eu)**.

In the case of North Macedonia, there's a requirement to register to the VAT after having reached 2 mln MDK of income (32k EUR). This is connected with the obligation to submit quarterly VAT reports. However, when working for a foreign client, the VAT will not be charged due to the fact that this is recognized as export of services. We are dealing here with a so-called reversed VAT charge.

## Are you encouraged to hire a Macedonian freelancer?