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SELA Regional News Q2 2022

The SELA regional newsletter features an overview of the most important regional legislative developments recently announced in the jurisdictions of SELA coverage.

Many of the changes recently implemented impact the regions ability to attract foreign investments and related to tax, customs and other investment incentives, illustrating just how strategically important the governing bodies of the region see foreign investment.

Local Touch – Regional Reach

Albania • Bosnia and Herzegovina • Bulgaria • Croatia • North Macedonia • Montenegro • Serbia • Slovenia



MAIN TAKEAWAYS

Albania

- New rules on profit margins for basic alimentary products and fuels
- Amendments to Law on copyright and neighbouring rights
- New rules for the treatment of energy imbalances
- New law on open data and re-use of public sector information

Bosnia & Herzegovina

- The Law on Amendments to the Law on Contributions in Republic of Srpska
- Law on geological research in Republic of Srpska
- Draft law on the use of renewable energy sources and efficient cogeneration in Federation of BH

Bulgaria

- The grounds for acquiring citizenship by making investments in the country are abolished
- Closure of the specialized courts
- Amendments to the state budget entered into force

Croatia

- Amendments to the Companies Act

Montenegro

- No notable legislative developments

North Macedonia

- New Law on the prevention of money laundering and financing of terrorism



Serbia

- Law on Amendments to the Companies Law - provisions with delayed effect that have come into force

Slovenia

- Amendments to the Agricultural Land Act
- Amended Decree on the tax treatment of reimbursement of costs and other income from employment



Albania

New rules on profit margins for basic alimentary products and fuels

To cope with the massive increase of consumer prices, the Albanian Government has approved a number of normative acts aiming to stabilize the prices of basic alimentary products and fuels. The approved instruments include:

- for basic alimentary products: normative act no. 9 dated 11.05.2022 (ratified by the Parliament with law no. 51/2022 of 09.06.2022), normative act no. 7 dated 18.03.2022 (ratified by the Parliament with law no. 41/2022 of 21.04.2022);
- for fuels: normative act no. 5 dated 12.03.2022 (ratified by the Parliament with law no. 39/2022 of 21.04.2022), normative act no. 8 dated 25.03.2022 (ratified by the Parliament with law no. 42/2022 of 21.04.2022);

These instruments create boards composed by members of public insertions and operators of the private sector, that are involved in the importation and trading of basic alimentary products and fuels, with the main competence to determine profit margins and make transparency in the cost structure of the relevant products.

WHO THE LAW APPLIES TO

The new rules apply to all entities involved in importation and trading of basic alimentary products and fuels in Albania.

HOW IT AFFECTS YOUR BUSINESS

The new rules require all the entities involved in importation and trading of basic alimentary products and fuels in Albania, to align their final prices for consumer products, to the determinations made by the relevant boards.

The relevant entities are exposed to fines applied by the inspection authorities in case of failure to comply with determinations made by the relevant boards.

Amendments to Law on copyright and neighboring rights

MAIN PROVISIONS OF THE LAW

On 14.04.2022, the Albanian parliament passed law no. 37/2022, approving a number of amendments to law no. 35/2016 on copyright and neighboring rights. The main amendments of the law deal with the following matters:

- definition and rules affecting “anonymous” works;
- rules on the use of copyrighted works by disabled persons;
- collective management agencies.

Based on these amendments, an anonymous work is defined as the artwork, for which, after conducting and documenting an exhaustive search in accordance with the requirements of the



law, none of the authors or co-authors have been identified or if the author or one or more co-authors have been identified, but their location is unknown.

Public libraries, educational institutions or museums, other entities that carry out museum activities, archives, film or audiovisual archival institutions and public broadcasters that are established in the Republic of Albania may freely see and reproduce these works, for the purposes of digitization, the possibility of making it available to the public, indexing, cataloging, preservation or restoration.

Authors of these works have the right to claim authorship and request fair compensation for such use.

Further, the approved amendments grant to natural persons and legal entities representing the interests of persons with disabilities, the right to use (i.e. adapt) copyrighted works in accordance with the law, without compensation and the authorization of the author or of the right holder, when they act without the purpose of economic gain, provided that credit is given to the author, where possible, and provided that only persons with disabilities have the opportunity to use and access these works, to the extent dictated by the specific disability.

This does not apply to works originally created specifically for the purpose of use by disabled persons, for which the normal copyright rules apply.

Finally, the approved amendments aim to reorganize the “Unique Window” for the collective management of the process of collection of tariffs related to the usage of artworks, organized an NGO, and all licensed collective

management agencies must be members of the Unique Window. The law also provides for new rules related to the suspension and revocation of licenses to collective management agencies breaching the legal requirements.

WHO THE LAW APPLIES TO

The law applies to authors, interpreters and users of artworks subject to the Albania law on copyright and neighbouring rights.

HOW IT AFFECTS YOUR BUSINESS

If you are a collective management agency, you must be a member of the Unique Window and comply with the new rules on collective management.

If you are a public library or other entity involved in museum or archiving activities, you may freely use “anonymous” works pursuant to the new rules.

If you are involved in the publication of works for destined for the use by disabled persons, you may freely use copyrighted works pursuant to the new rules.

New Rules for the treatment of energy imbalances

With decision no. 398 dated 09.06.2022, the Albanian Government approved new rules regarding the treatment of energy imbalances by “priority producers” of electric energy by renewable resources, as defined in law no. 7/2017. Up to now, priority producers enjoyed an exemption



from liabilities related to imbalance costs they created in the system.

MAIN PROVISIONS OF THE LAW

According to this new regulation, the priority producers of electricity shall be responsible for the costs of imbalance that they cause in the energy system, a principle in line with the provisions of the Albanian law and the Albanian Energy Regulatory Authority regulation.

Pursuant to this regulation, not later than 30/09/2022, priority producers are required to install a specific energy metering system with certain time intervals, and have the option to elect (i) be directly liable towards the TSO for the cost of energy imbalances they create, or (ii) become part of a balancing group, and transfer balancing responsibility to the group.

By default, priority producers will be part of a balancing group with the public company that off-takes the generated energy that pays the relevant feed-in tariff, who shall pass monthly to the group members the balancing costs determined in accordance with the new rules.

WHO THE LAW APPLIES TO

The new rules apply to all “priority producers” of electric energy by renewable resources, as defined in law no. 7/2017.

HOW IT AFFECTS YOUR BUSINESS

If you are a priority producer of electric energy, you must install the required metering system by 30/09/2022, and elect your balancing responsibility in accordance with the new rules.

New law on open data and the re-use of public sector information

On 31.03.2022, the Albanian parliament passed law no. 33/2022, on open data and the re-use of public sector information.

The purpose of this law is to create a legal basis for promoting the use of open data in the Republic of Albania and promoting innovation in the provision of products and services.

The new law aims to approximate the Albanian domestic legislation with the EU acquis, namely Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information.

MAIN PROVISIONS OF THE LAW

The new law determines the rules and procedures for the right to re-use open data for profit or non-profit purposes of documents held by public sector bodies or public enterprises in the Republic of Albania.

Article 3 of the law provides that the scope of the data and documents to which it applies, includes:

a) existing documents held by public sector bodies;

b) existing documents held by public enterprises:

i. that perform sectoral activities according to the law on public procurement in the provision of services of general interest in the water, energy, transport and postal services sectors;

ii. act as operators of public, road, air and sea transport services;



c) research data, such as: statistics, results of experiments, measurements, observations resulting from field work, survey results, interview recordings and images, including meta data (metadata), specifications and other digital objects in accordance with the provisions of the law.

The law excludes from its scope the documents and data:

- a) the provision of which is outside the scope of activity of the relevant public sector body;
- b) of public enterprises when they are designed beyond the scope of providing services of general interest or that are not subject to procurement rules according to public procurement legislation;
- c) for which third parties have intellectual property rights;
- d) that contain sensitive data, including those that are excluded due to:
 - i) protection of national security, defense or public safety;
 - ii) statistical confidentiality;
 - iii) confidentiality of commercial or professional data of companies/trade associations;
- e) whose access is excluded or limited due to the protection of critical infrastructure with sensitive data;
- f) whose access is limited according to the law on the right to information, including cases where citizens or legal entities must prove a special interest to access the documents;

g) as: logo, emblem or sign;

h) whose access is excluded or limited by the application of access rules for the purpose of personal data protection, as well as parts of documents containing personal data, the reuse of which is not in accordance with the protection legislation of personal data;

i) of the Albanian Public Radio and Television (RTSH) and its affiliated institutions within the framework of fulfilling the function of the public broadcasting service;

j) of cultural institutions, excluding from these institutions libraries, including university libraries, museums and archives;

k) of pre-university education institutions and higher education institutions;

l) that are owned by organizations that conduct scientific research and research funding organizations, including organizations established for the transfer of research results, except for those defined in letter "c" of Article 3 of the law.

WHO THE LAW APPLIES TO

The law applies to anyone interested to reuse existing documents of the public sector body for profit purposes or not, in accordance with the provisions of this law.

HOW IT AFFECTS YOUR BUSINESS

If you are in the data processing business, offers a framework on the access and re-use of public sector information.



Bosnia & Herzegovina

The Law on Amendments to the Law on Contributions in Republic of Srpska

MAIN PROVISIONS OF THE LAW

The Law on Amendments to the Law on Contributions prescribes the basis of contributions for persons who are employed by an employer based in the Republic of Srpska, registered in the Unified System of Registration, Control and Collection of Contributions and sent by that employer to work abroad, while the secondment lasts.

For the mentioned persons, the base for calculation of contributions is the lowest salary in the Republic, which is determined for the month for which the contributions are calculated).

WHO THE LAW APPLIES TO

The law refers to the employers.

HOW IT AFFECTS YOUR BUSINESS

It explains more clearly how employers act and has a stimulating effect on those workers who have lower salaries but also on others who are in other categories, as well as the reduction of unemployment rates, which should leave room for salary increases in other categories.

Law on geological research in Republic of Srpska

MAIN PROVISIONS OF THE LAW

The law foresees that the local communities on whose territory detailed geological research of mineral resources will be carried out will be included in the approval process, and they will give their opinion regarding the research of mineral resources in the requested locality.

In addition, the draft of the new law also defines that the applicant for the approval of detailed geological surveys is also required to provide proof of payment for the basic geological survey data, which served as a basis for the development of the detailed geological survey project. This fee is revenue of the Republic of Srpska budget.

Also, the novelty in this law compared to the current one is that instead of one license for carrying out detailed geological research, preparation and revision of geological documentation, expert supervision and keeping a record book of mineral reserves, three licenses will be issued. In this way, a gradation of jobs that can be performed with a particular license was made.

WHO THE LAW APPLIES TO

All companies engaged in geological research.

HOW IT AFFECTS YOUR BUSINESS



The Law explains in more detail certain institutes that were not previously defined by previous Law.

Draft law on the use of renewable energy sources and efficient cogeneration in Federation of BH

MAIN PROVISIONS OF THE LAW

The draft law establishes the types of plants according to technology and classification according to the power of plants, the continuation of the work of RESEC Operators according to the provisions of the new law, guarantees of origin for electricity produced from RESEC, then technological quotas and the scope of auctions, and incentive measures for the use of RES, the auction procedure, as well as transparency and informing the public. Also, guaranteed purchase prices and premiums, electricity purchase,

production for own needs, renewable energy communities, grid connection and balancing, plant construction, administrative supervision, regulatory supervision, and inspection, as well as punitive, transitional and final provisions were established.

WHO THE LAW APPLIES TO

The draft refers to the obligations and responsibilities of all participants in the new incentive system, as well as the introduction of new categories of participants who use renewable energy sources (prosumers and renewable energy communities).

HOW IT AFFECTS YOUR BUSINESS

If the Law is adopted, proposed amendments and introduction to new terms especially renewable energy communities as well as a favorable environment for domestic and foreign investors related to the safety of investments in the construction of RESEC plants.

Bulgaria

The grounds for acquiring citizenship by making investments in the country are abolished

MAIN PROVISIONS OF THE LAW

One of the methods for acquiring citizenship in Bulgaria allowed foreigners to acquire Bulgarian citizenship by

investing in the country. The Bulgarian Citizenship Amendment Act of May 2022 abolished this procedure. Within six months from the entry into force of the new regime, the State Agency for National Security will verify the existence of grounds for revoking Bulgarian citizenship already acquired on this basis. Some of the premises for this are the failure to maintain the investments made for acquiring Bulgarian citizenship or the failure to maintain the jobs created



by the investments. Proceedings which were pending before the law entered into force would be suspended.

WHO THE LAW APPLIES TO

Persons in the process of acquiring Bulgarian citizenship and persons who already acquired one by making investments in the country.

HOW IT AFFECTS YOUR BUSINESS

With the enforcement of the law, individuals who have not made or maintained their investments risk losing their Bulgarian citizenship.

Closure of the specialized courts

MAIN PROVISIONS OF THE LAW

After considerable discussions on the effectiveness of the Specialised Criminal Court, the Specialised Criminal Court of Appeal, the Specialised Public Prosecutor's Office and the Specialised Public Prosecutor's Office, amendments to the Judiciary Act repealed them. The judges of the specialised jurisdictions will be reappointed in another equivalent judicial authority. Cases falling under the jurisdiction of the former Specialized Courts will now be reassigned to the competent district and regional courts.

WHO THE LAW APPLIES TO

Persons operating in these institutions, along with persons whose cases are pending in the institutions concerned.

HOW IT AFFECTS YOUR BUSINESS

It is claimed that this is an important first step in the judicial reform in Bulgaria.

Amendments to the state budget entered into force

MAIN PROVISIONS OF THE LAW

Due to inflation, the prices of vital consumer goods have increased significantly. Measures to compensate the price of various types of motor fuel and natural gas came into force on 5 July 2022. The compensation will be in the amount of approx. EUR 0.13 per litre of fuel.

By 31 December 2022, the tax rate for hotels, and other places of accommodation is reduced to 9 per cent. Furthermore, the supply of books, textbooks, reference books and study kits, as well as catering services for takeaway food, the supply of food for infants or young children, baby hygiene items, the general tourist service, the use of sports facilities will also be taxed at 9%.

A zero-rate tax applies until 1 July 2023 to the supply of bread and flour.

The excise duty on liquefied petroleum gas (LPG) and natural gas is abolished until 30 June 2025.

WHO THE LAW APPLIES TO

Persons running gas stations, food stores, bookstores; hoteliers; restaurateurs; persons providing tourist service.

Persons managing households, parents, drivers.



HOW IT AFFECTS YOUR BUSINESS

The above-mentioned businesses can benefit from the compensation measures.

Croatia

Amendments to the Companies Act

MAIN PROVISIONS OF THE LAW

The amendment, among other, intends to harmonise the national company legislation with the EU law, in particular with the Directive 2019/1151 of 20 June 2019 as regards the use of digital tools and processes in company law.

For corporate practitioners the most significant amendments are related to de-merger (spin-offs), which now provide for joint and several liability of all companies participating in the de-merger for the obligations of the de-merging company incurred by the time of registration of the de-merger in the court register, whereas previously such liability was limited to the amount of assets that was acquired by the newco under the de-merger plan.

The amendment also provides i) for additional digitalization of certain formalities when incorporating a limited liability company, especially remotely, and ii) introduces the option to incorporate a branch office remotely.

Pre for appointment of company (and also branch office) officers are tightened since the additional criminal offences are included in the ban list and the ban applies to persons sanctioned for

corresponding offences in other states as well. The Croatian Ministry of Justice is obligated to establish a record of persons banned from being appointed as company officers, and the court must determine if that person is listed in the record.

The amendment now allows for maintaining of the business records upon liquidation by the liquidator or other professional safekeeping provider, whether in hard or electronic copy.

The interest rate related to compensation due within the squeeze out and the demerger is altered in order to be calculated in relation to the average interest rate on outstanding amounts of loans granted for a period exceeding one year to non-financial companies.

The amendments generally entered into force on 1 June 2022, while a certain provision shall become effective on 1 August 2023.

WHO THE LAW APPLIES TO

The amendments apply to all companies and branch offices incorporated in the Republic of Croatia as well as to its shareholders and officials.

HOW IT AFFECTS YOUR BUSINESS

The amendments introduce several changes which should facilitate easier



incorporation in Croatia but will also require more conscious appointment of company officials. The significant change in relation to the liability within

the de-merger procedure will likely affect further contemplations on corporate restructurings and spin-off practices.

Montenegro

There were no significant novelties in the second quarter of 2022.

North Macedonia

New Law on the prevention of money laundering and financing of terrorism

MAIN PROVISIONS OF THE LAW

In July 2022 Macedonian Assembly adopted the new Law on prevention of money laundering and financing of terrorism that entered into force on July 12th 2022, as further harmonization with the EU legislation.

The Law envisage:

- Regulation of the crypto-sphere from the aspect of the risk of money laundering and financing terrorism;
- Widened scope of subjects responsible for taking measures and actions to prevent money laundering and financing terrorism;
- Redefined approach to the registration of beneficial owners and the non-profit organizations.

WHO THE LAW APPLIES TO

The main novelties of the Law apply to the providers of services related to virtual assets, persons who trade or act as intermediaries in the trade in works of art, including art galleries or auction houses and foundations.

HOW IT AFFECTS YOUR BUSINESS

- Providers of services related to virtual assets, have obligation to inform the Financial Intelligence Office of their engagement in this activity within 30 days of adoption of the by-law and a period of 9 months to fully comply with the Law;
- Persons who trade or act as intermediaries in the trade in works of art, including art galleries or auction houses have a period of 9 months to fully comply with the Law;
- Foundations have obligation to enter data on their beneficial owners in the Central Registrar within 15 days;



- Legal entities whose securities are listed on an organized securities market have obligation to enter data on their

beneficial owners in the Central Registrar within 3 months.

Serbia

Law on Amendments to the Companies Law - provisions with delayed effect that have come into force

On 17 November 2021 the National Assembly of the Republic of Serbia adopted the Law on Amendments to the Companies Law (*Official Gazette of the RS, No. 109/2021 - hereinafter: the "Law"*), which entered into force on November 27, 2021, with the delayed application of certain provisions for business entities and competent state institutions to adapt to new legal solutions.

MAIN PROVISIONS OF THE LAW

Provisions that entered into force on 1 June 2022:

1. **Mandatory gender registration**

Gender is now part of mandatory registered data for both domestic and foreign natural persons.

2. **Additional basis for initiation of forced liquidation proceedings**

(1) In case the buyer of the bankrupt debtor, as a legal entity, does not pay the missing amount up to the amount of the minimum basic capital within six months from the date of suspension of the bankruptcy procedure, and

(2) In case the company does not register a new address within 30 days from the date of finality of the judgment ordering the deletion of the registered address of the registered office.

3. **Entrepreneur**

New reasons for the termination of an entrepreneur's activities by force of law:

- 3.1. in the case when the entrepreneur uses the address of the seat without the consent of the owner of the premises in which the seat is registered and does not register the new address of the seat,
- 3.2. in case of revocation of permit, license, approval, consent, etc. which are prescribed by a special law as a condition for the registration of the activities carried out by the entrepreneur, and the entrepreneur does not register the change of that activity,
- 3.3. in case the entrepreneur's business account has been blocked for more than two years continuously.

4. **Electronic invoicing**

Public sector entities will have the obligation to issue electronic invoices to private sector entities, while private sector entities will have the obligation to receive and store electronic invoices issued by either a public sector entity or a private sector entity.



HOW IT AFFECTS YOUR BUSINESS

Bearing in mind that the provisions of the Law are of an imperative character, these Amendments to the Law are

mandatory for all companies and entrepreneurs operating in the Republic of Serbia and businesses should be adjusted accordingly.

Slovenia

Amendments to the Agricultural Land Act

MAIN PROVISIONS OF THE LAW

On April 13, 2022 the Amendments to the Agricultural Land Act (ZKZ) (Official Gazette of Republic of Slovenia, No. 44/22) entered into force.

The newly added article (Article 3čb) defines a rule that permits the installation of greenhouses (if they are placed on the market as a product that meets the requirements of regulations governing general product safety and the method of production is directly linked to agricultural land) and other auxiliary agricultural and forestry equipment (for example support for hail or bird nets, fence for grazing livestock, rattle, wire fence ...) to the area of agricultural land, where auxiliary equipment may only be used for agricultural purposes.

There is also novelty when it comes to the obligation to pay compensation for changing the purpose of agricultural land. The amendment to the Act stipulates the obligation to pay compensation also for agricultural lands with a credit rating more than 35 (Article 3g), while in the old version of the Act,

compensation had to be paid only for lands with a credit rating of more than 50.

Another important novelty is the shortening of the deadline for accepting an offer to purchase agricultural land, forest or farm. With the amendment the deadline was shortened from the previous 30, to the current 15 days from the day when the offer was published on the notice board of the administrative unit (Article 20). Other provisions regarding the submission of the offer remain the same.

Additionally, the amendment introduces a new agricultural operation of unbundling of co-ownership on agricultural land (Article 98b) co-owned by the Republic of Slovenia and on which co-ownership has been established following final denationalisation proceedings.

WHO THE LAW APPLIES TO

It applies to farmers and other owners of agricultural land.

HOW IT AFFECTS YOUR BUSINESS

Amendments reduce some administrative burdens while they should also help improve the status of farmers.



Amended Decree on the tax treatment of reimbursement of costs and other income from employment

MAIN PROVISIONS OF THE LAW

In the Official Gazette of Republic of Slovenia an amended Decree on the tax treatment of reimbursement of costs and other income from employment was published on June 24, 2022 (No. 87/22). The Decree increases the threshold of the tax base of income from employment to EUR 0.21 (from EUR 0.18) per kilometer, for expense reimbursements for commuting to and from work, if the place of work is at least 1 kilometer away from the employee's usual place of residence. It also increases the tax base threshold to EUR 0.43 (from EUR 0.37) per kilometer, for the reimbursement of transportation costs for business trips.

It is important to note that employees entitled to reimbursement of expenses in the amount of public transport (as opposed to reimbursement of expenses in the amount of mileage), will not receive a higher reimbursement. They would be entitled to a higher reimbursement only if there would be an increase in the price of public transport or if there would be a change in the reimbursement method (e.g. mileage).

The amendments entered into force on July 1, 2022 and are meant to be a temporary measure due to a current increase in petrol prices.

WHO THE LAW APPLIES TO

It applies to employers and consequently to their employees that will be entitled to higher reimbursement.

HOW IT AFFECTS YOUR BUSINESS

Businesses will have to specifically assess the changed tax aspect in the next calculation of salaries.

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