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SELA Regional News Q1 2023

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 Law on Income Tax
- New Law on Renewable Resources
- Double Taxation Treaty with Finland
- New Draft Arbitration Law

Bosnia & Herzegovina

- Law on Amendments to the Law on Companies of Republic of Srpska
- Law on Amendments to the Law on Energy of Republic of Srpska
- Proposed changes of the Law on Amendments to the Law on Banks of Federation of Bosnia and Herzegovina

Bulgaria

- Protection of the persons reporting or publicly disclosing misconduct information on violations act
- Amendments to the Ordinances Regulating Domestic Business Trips and Business Trips Abroad Legislative
- Raising the VAT Mandatory Registration Threshold
- Simplifying the procedure and requirements for obtaining an EU Blue Card

Croatia

- Amendments to the Income Tax Act
- Amendments to the Trade Act
- Amendments to Anti-Money Laundering and Financing of Terrorism Act
- Expected amendments to Maritime Domain and Seaports Act

Montenegro

- The Law on Amendments to the Law on Preventing Illegal Business
- Rulebook on Method of Registration and Keeping the Register of Bankruptcy

North Macedonia

- Increasing of the minimal wage



- Free access to the labor market in the countries of the “Open Balkans” initiative

Serbia

- Proposal of the Amendments to the Law on the Use of Renewable Energy Sources

Slovenia

- New Protection of Reporting Persons Act
- New Prevention of Restriction of Competition Act
- Amendments of the Foreigners Act



Albania

New Law on Income Tax

On 30 March 2023, the Albanian Parliament approved law no. 29/2023 “On Income Tax”.

The aim of this law is to establish an effective legal framework for the declaration and payment of personal income tax, corporate tax and withholding tax by individuals and entities, with respect to their income from different sources, including employment, investment, business, inheritances, donations, and gambling winnings etc.

MAIN PROVISIONS OF THE LAW

Under the current legal framework (law no. 8438, dated 28 December 1998) businesses were taxed according to the expected annual revenues (simplified small business tax vs. profit tax) and not on the basis of the type of taxpayer.

One of the main novelties of the new law is the taxation of businesses only on the basis of the type of taxpayer (i.e. individual entrepreneurs – personal income tax vs. entity – corporate tax).

Under the new law on income tax, an Albanian resident taxpayer is:

a) the individual who meets at least one of the following:

- has a permanent home in Albania during the fiscal year;
- stays in Albania for a total of 183 days during the fiscal year;
- is an Albanian citizen who is employed by or performs official duties for the Republic of Albania, outside of the Albanian territory;
- has a shop, professional office, factory or another place of business in Albania, or the individual has an habitual place of residence in Albania, except if during a fiscal year the

individual has a permanent home outside of the Albanian territory and no permanent home in Albania;

- has the centre of vital interests in of Albania, which means the individual has important personal or economic connections with Albania.

b) the entity:

- that is established in Albania;
- whose management and control, at any time during a fiscal year, is exercised in Albania.

The management and control of an entity is deemed to be exercised in Albania if the meetings of the management board are held in Albania, or if at least two of the following conditions are met:

- decisions regarding the day-to-day management of the entity are taken in Albania;

- at least 50 percent of the board members are resident in Albania;

c) at least 50 percent of the capital or of the voting rights of the entity are controlled, directly or indirectly, by persons resident in Albania.

The definition of resident entity under the law excludes certain public entities of the Albania state, independent regulators, religious institutions, NGOs, entities exempted pursuant to international agreements ratified by the Parliament etc.

Permanent establishments of foreign entities are caught in the definition of entity subject to corporate tax.

The standard corporate taxation for entities remains unchanged at a rate of 15% on net profits, and 8% rate of dividend tax.

For individuals, while as from 01. January 2024 the nominal rate of personal income tax changes as follows, new personal and



business deductions will be possible, and the taxable base of income can be reduced:

- employment income – 13% for annual income up to 2,040,000 Lekë, or 23% for higher annual income; deductions applicable;
- business income – 15% for annual income up to 14 million Lekë, or 23% for higher annual income; deductions applicable;
- investment income – 8% for dividends and 15% of all other investment income; no deductions applicable;

It is to be noted that business income from professional services rendered by individuals to less than three clients, will be treated and taxed as employment income.

With the exception of taxpayers providing professional services, who, following to 01 January 2024, shall no longer

be entitled to benefit from the 0% tax rate, the new law on income tax tends to substantially keep the tax burden at the current level.

Other notable changes of the new income tax law include (without being limited to):

- rules of deductibility of interest expenses;
- rules of calculation of employment income tax;
- carry forward losses for 5 years starting from 2024 fiscal year;
- depreciation method to change from declining basis to linear basis for most assets.

WHO THE LAW APPLIES TO

The law applies to individuals and entities defined as Albanian residents for tax purposes, on their worldwide income.

Moreover, the law applies to non-Albanian tax residents, for the (i) worldwide income generated by their permanent establishment in Albania, as well as (ii) income defined as sourced in Albania.

HOW IT AFFECTS YOUR BUSINESS

The new law on income tax shall enter into force 15 days after its publication in the Albanian Official Gazette (no. 70, dated 2 May 2023). However, the new law on income tax shall start to be applied as from 01 January 2024.

The new law on income tax provides that upon its entry into force, these tax regimes established under the previous framework shall be applied as follows:

- the reduced (5%) tax rate for entities engaged in “agro tourism” shall continue to be applied until 31 December 2029;
- the existing tax exemption for “Hotel/Resort with four and five stars, special status”, shall continue to be applied, in accordance with the exemption terms provided under article 18 of the previous legal framework;
- the reduced (5%) tax rate for entities defined as agricultural cooperatives, shall continue to be applied until 31 December 2029;
- the reduced (5%) tax rate for entities engaged in software development activities shall be applied as from the entry into force of the new law, until 31 December 2025;
- the reduced (5%) tax rate for entities engaged in the automotive industry shall continue to be applied until 31 December 2029;
- the reduced (0%) tax rate for businesses with annual revenues up to 14 million Lekë, shall continue to be applied until 31 December 2029; with the exception of taxpayers providing professional services, who shall no longer benefit from such 0% tax rate;

Moreover, the new law provides for that an interim taxation on employment income shall be applied for the period between 01 June 2023 until 31 December 2023.



New Law on Renewable Resources

On 23 March 2023 the Albania Parliament approved a new law on the promotion of the use of energy from renewable resources. The new renewable energy law (no. 24/2023) was published in the Albanian Official Gazette no. 64 dated 14 April 2023, becoming effective 15 days after this publication.

The new law aims, between others, to: (i) promote the increase of use of energy generated from renewable resources, to ensure a sustainable development and compliance with the obligations under the Energy Community Treaty; (ii) reduce the imports of fossil fuel energy, the emission of greenhouse gases and protect the environment, pursuant to international commitments; (iii) promote regional integration in the development of renewable energy; (iv) increases the diversification of energy resources and the security of energy supply; (v) promote the development of rural and isolated areas by improving their energy supply; (vi) support the creation of renewable energy communities aiming to establish local generation capacities for the benefit of self-producers.

MAIN PROVISIONS OF THE LAW

The new law substitutes and repeals the existing Law no. 7/2017 having the same scope.

The previous legal framework (law no. 7/2017) provided for ambitious reforms on the renewable energy sector, such as the establishment of the energy exchange, the creation of the renewable energy fund, the substitution of the feed-in tariff scheme with the new mechanism of contract for difference (CfD), etc.

However, the reforms envisaged under law no. 7/2017 have not been fully implemented and at the time of writing, the Albanian energy exchange is only in testing phase, no CfD has

been awarded and the renewable energy fund is not established.

As such, the new law does not substantially diverge from the previous framework, and it aims to write into law the current practice that has been applied by the government in absence of the energy exchange and of a functional CfD mechanism.

However, the new law introduces some novelties, such as the regulation of renewable energy communities, rules on self-producers etc.

WHO THE LAW APPLIES TO

Law no. 24/2023 applies to anyone engaged in the sector of renewable energy. On the long term, the law will also indirectly affect consumers of electrical energy.

HOW IT AFFECTS YOUR BUSINESS

Law no. 24/2023 provides that the secondary legislation approved under the previous act (Law no. 7/2017) will remain into effect until new secondary legislation is approved on its basis. Therefore, there will be a transition period for the full implementation of the provision Law no. 24/2023, which is expected to be of at least 12 months.

Double Taxation Treaty with Finland

On 16 February 2023, the Albanian Parliament approved law no. 15/2023, which ratifies the treaty between Albania and Finland on the elimination of double taxation relating to income taxes and prevention and avoidance of tax evasion.

The treaty with Finland becomes the 45th double taxation avoidance treaty (DTT) ratified so far by Albania. In the near future, the government expects to start negotiations for the signature of additional DDTs with Portugal, Denmark, and Cyprus.



MAIN PROVISIONS OF THE LAW

Albania applies the OECD Model Tax Convention as basis for the negotiation of its DDTs. The DDT with Finland covers the Albanian income taxes, including corporate profits tax, personal income tax, and capital gains tax on the alienation of movable or immovable property, and the simplified profit tax for small businesses. On the side of Finland, it covers state income tax, corporate income tax, municipality tax, church tax, withholding tax on interest, and on non-resident income.

Specifics of the withholding tax rates under the DDT with Finland include:

Dividends: a) 5 percent of the gross amount of dividends, if the beneficial owner is a company (different from a partnership), which directly holds at least 25 percent of the capital of the paying company; b) 15 percent of the gross amount of dividends in all other cases.

Interest: 5 percent of the gross amount of paid interest;

Royalties: 5 percent of the gross amount of paid royalties.

WHO THE LAW APPLIES TO

The DTT with Finland shall apply to individuals and/or entities who are defined as tax residents of the Contracting States, respectively Albanian and Finland.

HOW IT AFFECTS YOUR BUSINESS

If you are an individual or entity who is a tax resident of Finland, you may avoid double taxation in Albania pursuant to the DDT. The credit method is the generally applied relief method for the elimination of double taxation.

New Draft Arbitration Law

The Albanian Government has proposed a new draft law on arbitration.

For a long period, arbitration in Albania has been governed mainly under the provisions of international treaties (e.g. New York Convention and European Convention on Commercial Arbitration) and by few provisions of the Albanian civil procedure code.

Once approved, the new act will provide for a meaningful and organic regulation of the resolution of disputes through domestic or international arbitration.

MAIN PROVISIONS OF THE LAW

The draft law aims to create the legal framework for the organization and development of arbitration procedures, as well as to guarantee the organization and development of arbitration procedures in a professional, qualitative, efficient and effective manner.

Amongst other matters, the draft provides for:

- scope and requirements for the arbitration agreement;
- rules on the role of courts in arbitration proceedings, including interim measures;
- organization and conduct of arbitration proceedings;
- conditions for arbiters and their appointment;
- jurisdiction of the arbitration panel;
- binding effects of the arbitration award;
- annulment of arbitration award;
- recognition and enforcement of international arbitration award.

WHO THE LAW APPLIES TO



Once approved, the new act will apply to anyone having entered into an arbitration agreement for a patrimonial claim or claim arising from a patrimonial relationship, except when the law prohibits the settlement of the dispute through arbitration.

Bosnia & Herzegovina

Law on Amendments to the Law on Companies of Republic of Srpska

MAIN PROVISIONS OF THE LAW

The adopted amendments to the Law on Companies change the provisions regarding the basic capital of a limited liability company, and the changes concern the situation when several persons establish a limited liability company, so the minimum financial share for each founder cannot be less than 1 BAM per founder.

The second change regarding the share capital refers to the case when the monetary part of the share capital of a limited liability company is equal to or greater than 5.000 BAM, at least half of that amount is paid into a temporary account until the registration of the company, and the rest is paid according to the deadlines for the payment of cash contributions that are determined by the Articles of Association, and no later than two years from the date of registration.

One of the novelties, the implementation of which will probably attract the most attention, is the provision regulating the possibility to register shares in a limited liability company in the Central Register of Securities. More significant changes have also been made to the provisions concerning the company's assembly, so in the case where the sole

HOW IT AFFECTS YOUR BUSINESS

Once approved, the new act will grant legal certainty for the resolution of disputes through arbitration.

member of the limited liability company is a legal entity, now the founding deed can determine the body of that legal entity that performs the function of the company's assembly, and if the founding deed does not contain such a provision it is assumed that it is the registered representative of that company. The amendments also refer to the distribution of dividends, and cross-border M&A transactions were also introduced, i.e. the merger/acquisition of at least two companies, of which at least one company is registered in the Republic of Srpska and at least one capital company is registered on the territory of a member state of the European Union or other countries.

Also, the minority shareholders' right to payment of monetary compensation and any price difference for purchased shares was extended from three to ten years.

Now there is no longer a need to draw up minutes from the Assembly, but only to enter the decision in the book of decisions.

WHO THE LAW APPLIES TO

Amendments are applied to all companies in Republic of Srpska.

HOW IT AFFECTS YOUR BUSINESS

The amendments to the Law regulate the existing provisions in more detail, but also introduce new institutes that will more significantly define business with the companies we cooperate with.



Law on Amendments to the Law on Energy of Republic of Srpska

MAIN PROVISIONS OF THE LAW

With the amendments to the Law on Energy, new terms and definitions were introduced such as qualified customer, end customer, etc.

Changes have been made in the part of the law that refers to the concept of energy activities and permits, as well as subjects of energy activities and the obligation to possess a license to perform activities in the territory of the Republic of Srpska.

The amendments to the Law additionally determined and specified the energy policy and energy development planning of the Republic of Srpska, which is harmonized with the existing Law on Renewable Energy Sources and Energy Efficiency. A significant change has been made in the area of jurisdiction for the adoption of the Energy Development Strategy, which, in accordance with the changes, is adopted by the Government of the Republic of Srpska, as well as the creation of the basis for the adoption of the Energy and Climate Plan of the Republic of Srpska, which foresees the obligation to adopt the Energy and Climate Plan of the Republic of Srpska within a year days from the entry into force of the Law.

One of the most interesting novelties in the Law is the issue of financing the Energy Regulatory Commission of the Republic of Srpska, in such a way that the issue of financing is harmonized with the laws in the field of renewable energy sources.

WHO THE LAW APPLIES TO

The Law applies to the energy sector.

HOW IT AFFECTS YOUR BUSINESS

The amendments will contribute to the interpretation of certain provisions of the law as well as a clearer insight into future energy plans in the Republic of Srpska.

Proposed changes of the Law on Amendments to the Law on Banks of Federation of Bosnia and Herzegovina

MAIN PROVISIONS OF THE LAW

At the proposal of the Federal Ministry of Finance, the Government of FBH established the Draft Law on Amendments and Supplements to the Law on Banks, which will be sent to the Parliament of FBiH for adoption under a shortened procedure.

The Ministry explained that the aim of this proposal is to further encourage credit activity, which could be achieved by raising the limit of banks' exposure to one person or a group of related persons for credit claims that are not secured by collateral from 5 percent to 15 percent. As explained by the Ministry, it should also contribute to the growth of private and public investments, as support for the economy and the public sector.

In proposed amendment to the law, it was also stated in the explanation, additionally enables banks which are members of international groups to exchange best practices and experiences of other members of the group, with the aim of improving operations. Considering that the amendment of this law is not complex and is of a smaller scope, it is proposed to adopt it according to an abbreviated procedure.

WHO THE LAW APPLIES TO

Law applies to the economy and public sector.

HOW IT AFFECTS YOUR BUSINESS



We expect more investments in the economic sector.

Bulgaria

Protection of the persons reporting or publicly disclosing misconduct information on violations act

MAIN PROVISIONS OF THE LAW

- The new act transposes the so-called EU Whistleblowing Directive
- Employers and government authorities are obliged to establish internal reporting channels;
- External reporting channel is also established on a state level topped by the Personal Data Protection Commission.
- Employees or other professionally engaged individuals reporting misconduct or publicly sharing information on violations are protected against any reprisals, including against dismissal.

WHO THE LAW APPLIES TO

Almost all state and municipal authorities

Employers (private companies) with headcount over 50 employees and employers with specific business activities (e.g. financial services) as listed explicitly in the law, regardless of the headcount.

HOW IT AFFECTS YOUR BUSINESS

In case your business is subject to this regulation, you should establish your internal channel for reporting of wrongdoings and

prepare and communicate with your employee's whistleblowing policy and procedure.

Amendments to the Ordinances Regulating Domestic Business Trips and Business Trips Abroad

MAIN PROVISIONS OF THE LAW

The updated regulations provide for awaited updates of the minimum per diems allowances and other business trips expenses. The new regulations also recognizes explicitly the issuance of electronic business trip order as valid form of this document and provide some specific rules with this regard.

WHO THE LAW APPLIES TO

Each employer regardless of whether in private or public sector. However, please note that for business trips in EU this regulation applies only if the trip is not related to provision of services under the meaning of the [Posting of Workers Directive](#).

HOW IT AFFECTS YOUR BUSINESS

Due to inflation rates and the fact that these Ordinances had not been updated for years, these amendments are well received including from tax perspective.



Raising the VAT Mandatory Registration Threshold

MAIN PROVISIONS OF THE LAW

As of 01 January 2023 the mandatory VAT registration threshold doubles to BGN 100,000 (circa EUR 50,000) turnover for the last 12 months.

WHO THE LAW APPLIES TO

Companies and self-employed persons.

HOW IT AFFECTS YOUR BUSINESS

With this threshold not updated for more than a decade and having in mind the inflation rates (especially for 2022) this amendment was much awaited and is well received.

Simplifying the procedure and requirements for obtaining an EU Blue Card

MAIN PROVISIONS OF THE LAW

The amendments aim to simplify the procedure and make it available for more employees. This includes, for example:

- Simplified procedure for proving that the employees are highly skilled;
- Online application procedure is to be available soon;
- Shorten terms for process of the applications;
- Longer period of validity of up to 5 years;
- Shorter period for mandatory work in Bulgaria upon receiving the Blue Card – 12 months, etc.

WHO THE LAW APPLIES TO

Highly skilled third-country nationals applying for permit to work and reside in Bulgaria.

HOW IT AFFECTS YOUR BUSINESS

With labor market permanently craving for highly-qualified employees, these amendment are supposed to give more opportunities to the employers and the local labor market.

Croatia

Amendments to the Income Tax Act

(New flexible rules regarding remuneration payment method)

MAIN PROVISIONS OF THE LAW

On 1 January 2023, new rules regarding remuneration payment method entered into force. Payment on giro account as the main method was removed from Art. 86 of the Income Tax Act.

Additionally, as of 1 June 2022, Revolut Bank UAB received Approval from the Croatian National Bank to operate as a credit institution



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in the Republic of Croatia and is authorized to provide payment services and services for opening and maintaining current and giro accounts.

Therefore, due to the amendments of the Income tax code and Approval of the Croatian National Bank employers and employees have more payment methods at their disposal.

WHO THE LAW APPLIES TO

The law applies to all persons whether legal or natural, public or private, who make payments to persons liable to income tax.

HOW IT AFFECTS YOUR BUSINESS

Amendments to the Income Tax Act and the obtained approval from the Croatian National Bank provide with more flexibility in business.

Amendments to the Trade Act

(Free time on Sundays)

MAIN PROVISIONS OF THE LAW

Amendments to the Trade Act will enter into force on 1 July 2023. In principle newly introduced Art. 57 of the Trade Act prohibits working on Sundays, however, it prescribes that business owners are allowed to independently designate 16 Sundays a year as working days.

Art. 57. of the new Commerce code also stipulates that businesses may independently allocate working hours from Monday to Saturday, however, they have the maximum of 90 working hours a week at their disposal.

WHO THE LAW APPLIES TO

The law applies mainly to subjects who are registered for buying and selling goods and/or providing services in stores.

HOW IT AFFECTS YOUR BUSINESS

Businesses who exceed abovementioned time limits may be charged with fines up to 39.810,00 EUR if they are a legal person and 9.290,00 EUR if they are natural persons.

Amendments to Anti-Money Laundering and Financing of Terrorism Act

(The AML threshold for reporting transactions is lowered)

MAIN PROVISIONS OF THE LAW

Until 1 January 2023, AML threshold for reporting transactions was HRK 200,000.00 / EUR 26,544.66.

Amended Art. 61 of the Anti-Money Laundering and Financing of Terrorism Act lowered the AML threshold to 10.000,00 EUR.

WHO THE LAW APPLIES TO

This law applies to credit institutions credit unions, Croatian Bank for Reconstruction and Development, Croatian post INC., payment institutions, companies who manage investment funds, companies authorized to provide investment services and perform investment activities, lawyers, law firms, and notary publics when dealing with financial transactions and others.

HOW IT AFFECTS YOUR BUSINESS

Any cash transaction in the amount of EUR 10,000.00 or more will be reported to the Office for Prevention of Money Laundering within 3 days from the day of transaction.



Expected amendments to Maritime Domain and Seaports Act

(Greater market valorisation of maritime assets)

MAIN PROVISIONS OF THE LAW

Key amendments will refer to:

- the procedure for granting concessions on maritime domain in order to comply with the Concessions Act
- introducing the institute of concession on demand of the investor
- introducing the duty of the concession grantor to carry out preliminary actions on

which the initiation of preparatory actions for granting a concession will depend

- the abolition of concession approvals and the introduction of permits issued by the representative body of the local government unit based on a public tender for a period of five years.

WHO THE LAW APPLIES TO

Amendments of the Maritime Domain and Seaports Act will namely apply to concession grantors and potential concession holders.

HOW IT AFFECTS YOUR BUSINESS

Proposed amendments should result with more investment opportunities and higher revenues from concessions.

Montenegro

The Law on Amendments to the Law on Preventing Illegal Business

MAIN PROVISIONS OF THE LAW

The Parliament of Montenegro adopted the Law on Amendments to the Law on Preventing Illegal Business (*Official Gazette of Montenegro no. 29/13 and 152/22*). The new provisions prescribe that legal entity and an entrepreneur cannot make loans to other companies, entrepreneurs, or individuals, if they do not pay their tax obligations in accordance with the Law. Another important novelty is that it is now forbidden to organize games of chance in a catering establishment where food and drinks are served, as well as

in any other establishment that is not registered for the economic activity of organizing games of chance.

WHO THE LAW APPLIES TO

The Law applies to all entities that are registered in the Business Registers Agency.

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 Montenegro and businesses should adjust their activities accordingly.



Rulebook on Method of Registration and Keeping the Register of Bankruptcy

MAIN PROVISIONS OF THE LAW

The Ministry of Economic Development and Tourism adopted Rulebook on Method of Registration and Keeping the Register of Bankruptcy (*Official Gazette of Montenegro, No. 028/23 of 10 March 2023*), This Rulebook prescribes a more detailed manner of entering and maintaining the Register of Bankruptcies.

In the event of a change of the data entered in the Register, the representative of the bankruptcy estate should submit the application within eight days from the date of the change, as well as the documentation on the basis of which these changes were made.

In case of deletion from the Register, the representative of the bankruptcy estate should submit the listed application of this rulebook as well as the decision of the competent court on the conclusion of the bankruptcy proceedings, a handwritten or electronically signed statement of the bankruptcy trustee given under material and criminal liability on the accuracy of the submitted data, completion of all affairs from

the decision on the conclusion of the bankruptcy proceedings, including the completion of the settlement of creditors in accordance with the law governing bankruptcy, if it is about funds obtained from the sale of the bankrupt debtor as a legal entity, as well as other assets, property and rights of the bankrupt debtor, which were not the subject of the sale of the bankrupt debtor as a legal entity.

WHO THE LAW APPLIES TO

The law applies to all bankrupt debtors

HOW IT AFFECTS YOUR BUSINESS

The amendments introduce several changes which should more closely and in detail regulate the manner of registering the bankruptcy estate, the manner of change of the data entered in the Register and the manner of deletion bankruptcy estate from the Register.

North Macedonia

Increasing of the minimal wage

MAIN PROVISIONS OF THE LAW

In March 2023 the Minister of Labor and Social Policy announced the amount of the Minimal Wage that shall be applied starting

with the wage for March 2023 and ending with the payment of the wage for February 2024.

The announcement for new minimal wage envisage:

-Increasing of the minimal wage to net amount of MKD 20.175 (ca EUR 330);

WHO THE LAW APPLIES TO



The minimal wage is guaranteed for all employees, except for self-employed persons.

HOW IT AFFECTS YOUR BUSINESS

The gross amount of the new minimal wage is MKD 29.739 (ca. EUR 485).

Free access to the labor market in countries of the “Open Balkans” initiative

MAIN PROVISIONS OF THE LAW

Enter text The Assembly of North Macedonia adopted The Law on the Ratification of the Agreement on Conditions for Free Access to the Labor Market in the Western Balkans and the Law on the Ratification of the Agreement on the Interconnection of Schemes for Electronic Identification of the Citizens of the Western Balkans which envisage:

1. Removing work permits and free access to the labor market for the citizens of North Macedonia, Serbia and Albania in the signatory states was created.

2. Access to electronic services on the national portals of the three countries through the creation of an electronic identification "Open Balkans" for realizing the possibility of access to the labor market in the signatory countries.

WHO THE LAW APPLIES TO

These rules apply to employers and citizens of the Republic of Albania, Republic of Serbia and Republic of North Macedonia.

HOW IT AFFECTS YOUR BUSINESS

Employers from the three countries will no longer need to obtain work permits and residence permits for employees coming from these countries, thus being relieved from all administrative barriers.

Serbia

Proposal of the Amendments to the Law on the Use of Renewable Energy Sources

MAIN PROVISIONS OF THE LAW

The Proposal of the Amendments to the Law on the Use of Renewable Energy Sources includes following changes:

(1) the guaranteed supplier assumes balance responsibility only for preferential electricity producers who are in the incentive system, while commercial projects must manage their own balance responsibility;

(2) privileged producers pay a fixed fee to the guaranteed supplier for each produced MWh, with mutual financial support compensation at the day-ahead market price depending on the direction of the imbalance that privileged producers create (if privileged producers produce less than planned, they pay the guaranteed supplier, if they produce more,



the guaranteed supplier pays preferential to the manufacturer).

(3) limitation of the connection to the variable distribution system renewable energy sources,

(4) the maximum offered price at the auction is determined by the Ministry of Energy,

(5) limitations to the installed capacity of prosumers' facilities, so that they are enabled to enjoy the right of priority access, be freed from balance responsibility and duty to provide auxiliary service.

WHO THE LAW APPLIES TO

The proposed change will apply to privileged energy producers who use renewable sources of energy.

HOW IT AFFECTS YOUR BUSINESS

The Amendments to the Law on the Use of Renewable Energy Sources aims to ensure fair competition on the market and implementation of auctions that will add new capacities from RES to energy system.

Slovenia

New Protection of Reporting Persons Act

MAIN PROVISIONS OF THE LAW

On 27 January 2023, the National Assembly adopted the Act on Protection of Reporting Persons - ZZPri, which establishes system mechanisms for reporting violations of applicable regulations and protecting whistleblowers. The law transposes Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law into the Slovenian legal system.

The law prohibits any retaliatory measures against the whistleblowers, and in particular mentions e.g. prohibitions on termination of the employment relationship, suspension of the contract and transfer to a lower position. At the same time, the law foresees a series of protective measures, among which are: prohibition of disclosure of the whistleblower's identity and confidentiality; exclusion of the whistleblower 's liability; judicial protection

and temporary provisions in case of retaliatory measures; free legal aid; compensation for unemployment and psychological support.

The company must establish a procedure for dealing with a report in such a way as to ensure the completeness, integrity and, above all, confidentiality of the information, while at the same time ensuring that unauthorized persons do not have access to the content of the report, the details of the whistleblower and the persons concerned by the report. The company must adopt an internal act describing the internal reporting procedure.

The establishment of the internal route for report is carried out by:

- specifying a special email address and phone number or other contact information for receiving reports;
- determining measures to prevent disclosure of the whistleblower's identity and
- appointing a confidant.

WHO THE LAW APPLIES TO



The new act protects a whistleblower who reports or publicly discloses information about violations obtained in his work environment. It contains new obligations for entities in the public and private sector with 50 or more employees. At the same time, regardless of the number of employees, internal reporting routes must also be established by ministries, administrative units, public agencies, the Court of Audit of the Republic of Slovenia, the Ombudsman, etc.

HOW IT AFFECTS YOUR BUSINESS

Companies with 250 or more employees have until 23 May 2023 to set up an internal whistleblowing channel, while companies with up to 249 employees must set up a whistleblowing channel until 17 December 2023.

The Act also stipulates an obligation to report to the Commission for the Prevention of Corruption (by March 1 of the current year for the previous year) on the number of received, anonymous and substantiated reports and on the number of considered retaliatory measures.

New Prevention of Restriction of Competition Act

MAIN PROVISIONS OF THE LAW

On 26 January 2023, the new Act on the Prevention of Restriction of Competition started to apply, after it entered into force in October 2022. It replaced the previous Act ZPOMK-1 from 2008 and brought an upgrade of some provisions to the Slovenian legal system, in accordance with Directive (EU) 2019/1 of the European Parliament and of the Council, of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to

ensure the proper functioning of the internal market.

The new Act introduces a uniform administrative procedure for determining violations of the rules of competition law and administrative sanctioning of companies and a new simplified procedure in which the Slovenian Competition Protection Agency will be able to assess individual concentrations in a simplified procedure, which should eliminate certain administrative and cost burdens.

The Act defines an administrative offense as an act of a company that violates the Act or Article 101 or 102 of the Treaty on the Functioning of the European Union and is subject to an administrative sanction, which is imposed in the form of a lump sum or a periodic payment. The maximum permissible sanction for an established violation is an amount equal to 10 percent of the company's annual turnover in the previous financial year.

The Agency now has the possibility, before issuing a decision to initiate proceedings, to address a request to each company, its shareholders, members of the management or supervisory bodies, persons employed by the undertaking and other persons for the provision of any information which may be relevant for the application of the new Act. The new Act has also harmonized the conditions for issuing an order for the search of premises and documents. It is also possible to search electronic devices.

WHO THE LAW APPLIES TO

This Act regulates restrictive practices, concentrations of undertakings, unfair competition, restrictive restraints of competition and measures to prevent restrictive practices and concentrations which substantially impede effective competition when they cause or are likely to cause effects in the territory of the

HOW IT AFFECTS YOUR BUSINESS



Republic of Slovenia, and lays down specific rules on damages for breaches of competition law and also sets out the competences of the Public Agency for the Protection of Competition of the Republic of Slovenia.

Amendments of the Foreigners Act

MAIN PROVISIONS OF THE LAW

At the end of March, the National Assembly adopted an amendment to the Foreigners Act, which mainly regulates certain administrative obstacles.

The amendment retained the provision that an A1 level Slovenian language exam is required for the extension of the residence permit for family members of foreign workers in Slovenia but postponed the date of entry into force of this provision to 1 November 2024.

The amendment regulates the possibilities of crossing the country border when a foreigner has submitted an application for the extension or further issue of a residence permit, which has not yet been decided, and in the meantime the foreigner has already left the territory of Slovenia. During the period of the decision on the application, they may enter Slovenia in accordance with the purpose for which the temporary residence permit will be issued.

The amendment abolishes the mandatory six-month periodic verification of whether the foreigner still meets the condition of sufficient means of subsistence after the residence permit has been issued.

WHO THE LAW APPLIES TO

The Act regulates the position of foreigners in Slovenia, determines the conditions and methods of entry, exit and their residence on the territory of Slovenia.

HOW IT AFFECTS YOUR BUSINESS

The amendment to the Act removes unnecessary administrative obstacles, which will simplify procedures for foreigners in Slovenia and also for their employers.



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