



sela
south east legal alliance

Q₃

SELA Regional News Q3 2024

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 • Cyprus • Greece • North Macedonia • Montenegro • Romania • Serbia • Slovenia



MAIN TAKEAWAYS

Albania

- Labor Code amended
- Changes to NBFIs licensing requirements
- Social Security Agreement with Italy is ratified
- Changes to tobacco products law

Bosnia & Herzegovina

- Regulation on the Criteria and Procedure for Awarding Public-Private Partnership Contracts in Federation of Bosnia and Herzegovina
Legislative change title 2
- Rulebook on the Production of Electricity for Own Needs in Federation of Bosnia and Herzegovina

Bulgaria

- New Introduction of the Euro in the Republic of Bulgaria Act
- Amendments in the Credit Institutions Act
- Amendments in the Accountancy Act
- New Ordinance on Entry in the Employment Register

Croatia

- Proposal of the Amendments to the Aliens Act
- New Accounting Act
- Proposal of the new Amendments to the Games of Chance Act

Cyprus

- Cyprus Parliament Passes EU Blue Card Legislation
- Declaration Of Beneficial Owners



Greece

- Dematerialised shares or bonds: a new reality in the world of sociétés anonymes
- Register of Disqualified Directors
- Reform of the law provisions relating to pledges
- Reclassification of Renewable Energy Projects

Montenegro

- New Amendments to the Employment Law
- Law on the Use of Energy from Renewable Sources

North Macedonia

- Amendments of the Law on organization and work of state administration bodies

Romania

- Emergency Government Ordinance 87/2024 on Fiscal Consolidation and Taxation Measures
- Tax Amnesty
- Implementation of the e-TVA legislation (OUG 70/2024)
- Increase in the minimum wage in Romania

Serbia

- New bylaw on Remuneration for Incentives for Preferential Producers of Electric Energy

Slovenia

- The Right to Disconnect (ZDR-1D)
- New Tax Reform Proposal
- Enforcement of EU Regulation 2023/988
- Act Amending the Excise Duty Act (ZTro-1D)



Albania

Labor Code amended

On 26.07.2024, the Albanian Parliament approved Law no. 91/2024 on certain amendments to the Albania Labor Code (approved by Law no. 7961/1995).

MAIN PROVISIONS OF THE LAW

Law no. 91/2024 amends certain provisions of the Labor Code related to the annual leave duration and minimal length of leave taken in a stretch.

More specifically, the new amendment changes the minimum requirement for annual leave, from the previous period of 4 calendar weeks for a full worked year, to 22 working days, for a full worked year.

As such, the annual leave duration is extended by 2 working days. However, these additional days can only be enjoyed after a full worked year – i.e. cannot be used for accrued leave regarding the current year.

Moreover, the new amendment also abolished the requirement that minimal length of leave taken in a stretch. Under the existing labor code provisions, the annual leave could not be taken for periods taken in a stretch, shorter than one week. The aim of this provision was to protect employees from the risk of wasting the annual leave by taking 1-2 days off several times during the year. However, the employees consistently demanded to be able to take few days off as annual leave, and therefore this requirement is now abolished.

As such, no minimal length of annual leave taken in a stretch applies, and employers and employees can arrange few days off as annual leave.

WHO THE LAW APPLIES TO

Law no. 91/2024 applies to both employers and employees in Albania.

HOW IT AFFECTS YOUR BUSINESS

The first change on the annual leave duration negatively impacts employers, as starting from next year, they shall be required to grant, at minimum, additional 2 paid working days as annual leave, which might potentially impact the productivity of the enterprise.

The second change is not expected to negatively affect businesses, as it aims to legalize a practice that is very common in Albania.

Changes to NBFIs licensing requirements

On 07.08.2024, the Bank of Albania (BoA) approved decision no. 42, for certain amendments to its regulation no. 1/2013, as amended, on the licensing of non-bank financial institutions.

MAIN PROVISIONS OF THE LAW

The above-mentioned decision of BoA makes several changes in the requirements that apply to the licensing of entities aiming to conduct financial activities a non-bank financial institution (NBFIs).

Among the several changes in the licensing requirements, the main one change relates to the legal form required conduct financial activities a NBFIs.

More specifically, with the exception of factoring and financial leasing activities, all NBFIs will be now required to be organized in the form of a joint stock company.

Under the previous licensing regime, NBFIs were free to choose the legal form, and most of them, due to the slender corporate structure, are currently organized as a limited liability company.



WHO THE LAW APPLIES TO

The new requirements on legal form apply to all existing and future NBFIs in Albania, excluding those conducting factoring and financial leasing activities. NB. Other changes to the licensing requirements apply to factoring and financial leasing activities.

HOW IT AFFECTS YOUR BUSINESS

The new requirements on legal form put an unnecessary structural and organizational burden for NBFIs, who up to now were mostly organized as a limited liability company.

NBFIs being licensed on or before the 1st of September 2024 (excluding those conducting factoring and financial leasing activities) must adapt their legal form and notify BoA by 31 March 2025, and by 31 December 2025, submit to BoA the necessary data and documentation for the approval of new members of the corporate bodies.

Social Security Agreement with Italy is ratified

On 16 May 2024, the Albanian Parliament approved Law no. 47/2024 for the ratification of the Social Security Agreement with the Republic of Italy. The agreement was also approved in July 2024 by the Foreign Affairs Commission of the Italian Chamber of Deputies, and is pending the completion of the legislative process for its ratification.

MAIN PROVISIONS OF THE LAW

The Social Security Agreement paves the way for the mutual recognition of social security contributions paid by Albanian citizens in Italy, as well as by Italian citizens working in Albania.

The agreement, once ratified by both parties, is expected to cover insurance for old age, disability and family pension (survivors),

insurance for sickness and maternity benefits, unemployment insurance.

Given the close economic relations between the two countries during the past 30 years, as well as the large community in Italia of Albania immigrants, the agreement solves a decades long problem faced by works across the two shores of the Adriatic.

WHO THE LAW APPLIES TO

The agreement, once ratified by both parties, will apply to workers having paid contributions in Italy, and in Albania respectively.

HOW IT AFFECTS YOUR BUSINESS

The agreement is not expected to negatively affect businesses.

Changes to tobacco products law

On 26.07.2024, the Albanian Parliament approved Law no. 92/2024 on certain changes to the tobacco products law (approved by Law no. 9636/2006)

MAIN PROVISIONS OF THE LAW

The approved Law makes several changes in the requirements that apply to the trade and marketing of tobacco products in Albania, aiming to further approximate the domestic legislation with the EU acquis – namely Directive 2014/40.

Among the several changes restricting the sale/marketing of tobacco products, notable changes relate to:

- ban on sale or supply of any product included in the definitions of the law, to persons younger than 18 years – the previous ban was limited to tobacco products,



- electronic cigarettes, shishas/hookahs;
- ban on the placing in the market of oral tobacco products.
- ban on the sale of any product included in the definitions of the law in the following premises/establishments: health institutions, in educational institutions; in sports institutions; automatic vending machines; through self-service; on the street by street vendors; through the postal service;

- stricter marketing rules any product included in the definitions of the law.

WHO THE LAW APPLIES TO

The law applies to all businesses engaged in the sale and or marketing of tobacco products in Albania.

HOW IT AFFECTS YOUR BUSINESS

If you are engaged in the sale and or marketing of tobacco products in Albania, this law puts significant restrictions to your business.

Bosnia & Herzegovina

Regulation on the Criteria and Procedure for Awarding Public-Private Partnership Contracts in Federation of Bosnia and Herzegovina

MAIN PROVISIONS OF THE LAW

This regulation prescribes the criteria and procedure for awarding a public-private partnership contract concluded for the purpose of implementing a public-private partnership project, as well as the transfer of this public-private partnership contract, within the provisions of the Public-Private Partnership Law.

WHO THE LAW APPLIES TO

For future investors.

HOW IT AFFECTS YOUR BUSINESS

We expect more investments.

Rulebook on the Production of Electricity for Own Needs in Federation of Bosnia and Herzegovina

MAIN PROVISIONS OF THE LAW

Rulebook prescribes the manner and conditions for acquiring the status of prosumers and prosumers acting jointly; actions of prosumers and prosumers acting jointly, actions of distribution system operators in the implementation of net metering and net calculation; application of limits on the installed power of power plants for own needs, individually and at the system



level; the application of net metering and net calculation and the procedure in the event of a change of supplier, the method of determining the value of energy and monetary credit, safety and technical requirements for power plant installations, record keeping and energy statistics.

WHO THE LAW APPLIES TO

Rulebook applies to prosumers and prosumers who act jointly.

Bulgaria

New Introduction of the Euro in the Republic of Bulgaria adopted

The Introduction of the Euro in the Republic of Bulgaria Act (the “**Act**”) defines the necessary measures at national level for the introduction of the euro in the Republic of Bulgaria and aims to facilitate the introduction of the euro and increase transparency and awareness of the euro adoption process in the country.

The act shall enter into force on the date specified in a Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria – *i.e.* whenever EU takes the political decision for allowing Bulgaria in the eurozone.

MAIN PROVISIONS OF THE LAW

- mandatory rules for performing currency conversion from BGN to EUR;
- Dual pricing of goods and services shall be in force for a period of 12 months commencing on the month after the adoption of the euro;

HOW IT AFFECTS YOUR BUSINESS

This opens opportunity to provide specialized services in regulatory compliance, contract drafting, and dispute resolution for prosumer communities and energy-sharing agreements.

- Banks and other financial institutions shall perform conversion of loans and deposits from BGN into EUR;
- One-month period of dual circulation of the BGN and EUR shall be in force from the date of introduction of the euro in Bulgaria - – *i.e.* whenever EU takes the political decision for allowing Bulgaria in the eurozone.

WHO THE LAW APPLIES TO

Authorities, banks and financial institutions, companies and other legal entities, individuals residing in the country.

HOW IT AFFECTS YOUR BUSINESS

Businesses should:

- adjust their cash balances to take account of the currency changeover;
- plan for dual pricing in BGN and EUR for a period of one year after the adoption of the euro;



- take into account the mandatory rules for performing currency conversion from BGN to EUR;
- be aware of the prohibition on price increases for goods and services, unless they can justify such increases with objective economic factors.

Amendments in the Credit Institutions Act

The amendments aim to adapt the Credit Institutions Act to the adoption of euro in the country.

The act shall enter into force on the date specified in a Decision of the Council of the European Union on the adoption of the euro by the Republic of Bulgaria, *i.e.* whenever EU takes the political decision for allowing Bulgaria in the eurozone.

MAIN PROVISIONS OF THE LAW

All monetary sums stipulated in BGN are adapted in EUR in the Credit Institutions Act.

The Bulgarian National Bank and the European Central Bank (ECB) are deemed as competent authorities under the relevant European legislation on prudential requirements and prudential supervision.

WHO THE LAW APPLIES TO

Authorities and credit institutions, companies, other legal entities, individuals residing in the country.

HOW IT AFFECTS YOUR BUSINESS

The amendment applies to all authorities, banks, companies and other legal entities, as well as individuals but note that it is a predominantly technical amendment.

Amendments in the Accountancy Act

Amendments introduced in the Accountancy Act.

MAIN PROVISIONS OF THE LAW

From the date of the EU decision on the adoption of the euro by Bulgaria thresholds for defining enterprises as micro, small, medium and large respectively are raised.

Small and medium-sized enterprises (in addition to large ones but excluding micro-enterprises) whose transferable securities are admitted to trading on a regulated market in a Member State of the European Union (public-interest entities), as well as for parent companies of large enterprise groups are obliged to prepare sustainability reports. Subsidiaries and branches of undertakings regulated under the laws of third countries will also prepare sustainability reports.

WHO THE LAW APPLIES TO

Small, medium and large sized enterprises.

HOW IT AFFECTS YOUR BUSINESS

The amendments are expected to significantly reduce the administrative burden on approximately 3,700 enterprises reclassified from small to micro-enterprises, as well as 350 medium-sized enterprises reclassified to small ones. These entities, in their majority, will benefit from simplified financial reporting requirements.

Ordinance on Entry in the Employment Register

New Ordinance adopted by the Council of Ministers.

MAIN PROVISIONS OF THE LAW



The Ordinance regulates the procedure, terms and manner of entry and storage of data in a newly established employment register, as well as access to it. The Ordinance is an element of the country's efforts to regulate and digitize entries concerning private and public sector employment in a single, central electronic register (the "**Employment Register**" or the "**ER**"), while abolishing in future the labour and official books.

WHO THE LAW APPLIES TO

Authorities, employers, employees.

HOW IT AFFECTS YOUR BUSINESS

From 1 June 2025 for private sector employees and 1 June 2026 for public sector

employees the labour (and respectively official) books will no longer be used as a document registering the most important facts from each employee's employment history; they are replaced with a personal electronic employment record for each employee; the personal electronic records in turn are entered into a centralized state Employment Register. Employers will register with the ER newly executed employment contracts, terminations of employment, certain amendments thereto, exhaustively listed facts on each employment relation etc.

The ER is established and maintained by the National Revenue Agency and it contains the unified electronic employment records of public and private sector employees.

Croatia

Proposal of the Amendments to the Aliens Act

MAIN PROVISIONS OF THE LAW

The Government has proposed amendments to the Aliens Act in order to transpose Directive (EU) 2021/1883 of the European Parliament and of the Council of 20 October 2021 on the conditions of entry and residence of third-country nationals for the purpose of highly qualified employment into the Croatian legal system.

The new amendments aim to contribute to attracting highly skilled labor, particularly in the ICT sector, including those who do not have formal educational qualifications but can prove their skills through work experience.

The reasons for the amendments also include creating a more efficient and flexible system for employing foreign workers, better regulation of conditions for employing foreign workers, as well as other changes aimed at retaining highly skilled labor that has completed their education in Croatia, long-term employed workers, family members of Croatian citizens, Croatian emigrants and their descendants.

In addition, the amendments aim to reduce administrative burdens and facilitate changes in occupations and employers. The proposal seeks to extend the validity of work permits from one to three years. Foreign workers will now have an allowed unemployment period of 60 days after their employment agreement expires or is terminated. If they do not find a new job within two months, their work permit will expire as well.

The law also introduces the obligation to prove competencies for occupations that are in short supply.



sela

south east legal alliance

The EU Blue Card, which is granted to highly skilled third-country nationals, will now be issued for a period of four years, in comparison with the previous two-year period.

WHO THE LAW APPLIES TO

Foreign workers – especially highly skilled workers, their employers, and the employment market in general.

HOW IT AFFECTS YOUR BUSINESS

Employers will now face stricter penalties for unreported work involving foreign workers. Additionally, foreign workers will have greater flexibility in changing employers, as they will no longer need to obtain new work permits when transitioning to a new job.

New Accounting Act

MAIN PROVISIONS OF THE LAW

The new Accounting Act entered into force in July 2024. The changes introduced are mostly a result of the implementation of the CSRD Directive and Commission Delegated Directive (EU) 2023/2775 in the Croatian legal system.

The most significant changes are in the areas of business classification and determining audit obligations. The business classification thresholds have been raised in order to reflect the inflation in the Eurozone.

To avoid disrupting the process of maintaining business records, which also serve as the basis for preparing annual financial statements, businesses whose fiscal year began before the new Act came into force, and ends after it has taken effect will be classified for that fiscal year as micro, small, medium, or large entrepreneurs according to the thresholds from the "old" Accounting Act.

Given that the scope of mandatory statutory audits in Croatia has been expanded to include businesses whose individual or consolidated data in the year preceding the statutory audit exceed the thresholds in at least two out of three criteria related to the total assets, net revenue, and average number of employees, the thresholds for determining mandatory statutory audit requirements have also been increased. As a result, it is expected that the number of entities required to undergo a statutory audit will decrease by approximately 350.

The introduction of electronic reporting is mandated in phases, with the goal of implementing machine- and human-readable financial reports, which will facilitate easier use of financial reports, simpler data analysis and transformation, and easier data comparison.

WHO THE LAW APPLIES TO

Companies, branches of foreign companies, credit unions, the Financial Agency, Croatian Bank for Reconstruction and Development, as well as other business entities.

HOW IT AFFECTS YOUR BUSINESS

Under the new thresholds, the business classification of your business entity could change, which can result in different obligations (such as the obligation of financial reports revision) being imposed/lifted. In addition, The new sustainability reporting replaces the previous non-financial reports. All large entrepreneurs, as well as small and medium-sized enterprises whose securities are listed on an EU-regulated market, are now required to prepare this report.

Proposal of the new Amendments to the Games of Chance Act



MAIN PROVISIONS OF THE LAW

The proposed amendments to the Games of Chance Act focus on two key areas: the regulation of new measures for socially responsible gambling and the restriction of advertising.

The measures for socially responsible gambling include the introduction of mandatory player identification in physical betting shops, the standardization of player exclusion procedures, the establishment of a register of excluded players, and the implementation of penalties, including the revocation of gambling licenses for failing to enforce socially responsible gambling measures.

Regarding advertising restrictions, these include limitations on online advertising, in audiovisual and radio programs, a ban on advertising gambling in print media and on publicly visible surfaces, as well as reducing the external visibility of gambling establishments.

The aim of these changes is to limit the availability of gambling and the

encouragement of participation in gambling through additional mechanisms of responsible gambling, which will also lead to a reduction in the incidence of gambling addiction and its negative consequences. In order to facilitate this, a registry of self-excluded players will be established and maintained by the Croatian Institute of Public Health. Players struggling with addiction will be able to register themselves in this system, which will prevent them from accessing gambling at any games of chance provider.

WHO THE LAW APPLIES TO

Games of chance providers, players, regulatory authorities (such as the Croatian Institute of Public Health), advertising and media companies.

HOW IT AFFECTS YOUR BUSINESS

Games of chance providers will now face more restrictions concerning their advertising possibilities, in addition to the imposition of new, socially focused obligations.

Cyprus

Cyprus Parliament Passes EU Blue Card Legislation

MAIN PROVISIONS OF THE LAW

The House of Representatives of the Republic of Cyprus approved the draft law for the implementation of the EU Blue Card Scheme on 11 July 2024, but the official legislation is expected to be issued later.

According to the draft legislation, in order for a non-EU national to apply for a Blue Card, the following will be required:

- A valid employment contract or binding offer of highly skilled employment for at least six months;
- Salary equal to the national minimum wage;
- Education: the new procedure specifies the term "highly qualified" with the possession of a university degree of at least three years' duration. Alternatively, professionals in the field of information and communication technology



sela

south east legal alliance

may have at least three years of relevant professional experience within the seven years preceding the application for a Blue Card;

- Must have health insurance.

WHO THE LAW APPLIES TO

This legislation applies to any person and/or highly skilled professional, including highly skilled non-EU workers.

HOW IT AFFECTS YOUR BUSINESS

This bill will improve the framework for the recruitment and maintenance of highly qualified professionals, promoting legal immigration and harmonising national legislation with the relevant directive.

It will have a positive impact on the economy by attracting investment as highly skilled workers come to Cyprus.

In addition, it is estimated that there will be an increase in public revenues as the Blue Card will attract investments from large IT and communication technology companies, transforming Cyprus into a hub of innovation and technology.

Declaration Of Beneficial Owners

MAIN PROVISIONS OF THE LAW

The Department of the Registrar of Companies and Intellectual Property (TEEDI) has announced the imposition of financial charges in respect of the beneficial ownership register.

As detailed in their announcement dated 17 May 2024, once a director is appointed to a company or a partner is appointed to a partnership, they must ensure that the beneficial owners of the company or partnership are properly declared in the Register of Beneficial Owners before taking up their positions. Failure to do so will result in financial penalties being imposed on the new directors or partners from the date they submit the beneficial ownership information.

WHO THE LAW APPLIES TO

The provisions of the Law apply to all legal entities registered in the Cyprus Companies Registry and/or to anyone interested in incorporating a company in Cyprus and commencing business and complying with the provisions of the Prevention and Suppression of Money Laundering Activities Law.

HOW IT AFFECTS YOUR BUSINESS

Following this announcement, it is the duty of new directors or partners to carry out due diligence to confirm that the beneficial owners of the company are properly declared in the Register of Beneficial Owners. New foreign businessmen, but not only, are expected to register companies in Cyprus as the law becomes more regulatory and transparent.



Greece

Dematerialised shares or bonds: a new reality in the world of sociétés anonymes

MAIN PROVISIONS OF THE LAW

Law 5113/2024 was published in the Government Gazette on June 21, 2024 (“**Law 5113**”), introducing *inter alia* innovative provisions relating to dematerialised shares or bonds of non-listed companies and subsequently amending Law 4548/2018 on sociétés anonymes (companies limited by shares).

In particular, Chapter C of Law 5113 provides for the issuance of dematerialised shares of non-listed companies; these may be issued or held, in a book-entry form, with a central securities depository (CSD) or a market infrastructure based on distributed ledger technology (DLT) or a settlement system.

This new option has subsequently amended the provisions of Law 4548/2018 relating to the acquisition of the shareholder’s status in cases where dematerialised shares are concerned, the transfer of dematerialised shares by way of special and universal succession, the registration of such transfer with the respective registries and the persons entitled to participate in the General Meetings of Shareholders.

Law 5113 also regulates the concept of dematerialised bonds, providing *inter alia* for the issuance of such bonds, the acquisition of the bondholder’s status, the proof of the bondholder’s capacity in cases where dematerialised bonds are being held as well

as for the duties and responsibilities of the bondholder’s representative.

WHO THE LAW APPLIES TO

Chapter C of Law 5113 applies to non-listed companies operating under the corporate form of a société anonyme.

HOW IT AFFECTS YOUR BUSINESS

Dematerialisation allows for quick and seamless transactions while offering greater protection.

Register of Disqualified Directors

MAIN PROVISIONS OF THE LAW

Law 5122/2024 transposes into Greek Law, *inter alia*, article 1 of Directive (EU) 2019/1151 as regards the use of digital tools and processes in company law and the disqualification of directors entered into force on July 19, 2024 (“**Law 5122**”).

In particular, articles 1-10 of Law 5122, supplementing the provisions of Law 4919/2022, introduce a special Register of Disqualified Directors where all individuals/directors who must be excluded from the management of corporate affairs of companies and branches are listed. The special Register of Disqualified Directors is maintained and administered by the General Commercial Registry.

Specifically, according to Law 5122, any individual (natural person) falling within the term “disqualified director”, namely any individual who is excluded from the



management of corporate affairs because they have been irrevocably convicted either in Greece or in another EU Member State for committing a crime (including bankruptcy procedure offences, participation in a criminal organisation, terrorist acts - terrorist organisation, bribery of a public official and of judicial officials, theft, embezzlement, robbery and other financial crimes, market abuse, infringement of the law provisions governing societies anonymes, smuggling, money laundering etc.), cannot be appointed as a director, liquidator and/or legal representative/proxy of companies or branches and, if appointed, such appointment shall be void.

The duration of a disqualification, which is imposed by a final court decision, depends on the gravity of the offence committed and ranges between five (5) and fifteen (15) years. Once the respective disqualification period lapses, the disqualified individual is automatically deleted from the Registry of Disqualified Directors.

Law 5122 also provides that monetary fines ranging from €20,000 to €500,000 are imposed to a disqualified director who proceeds to acts of management of corporate affairs, while monetary fines ranging from €50,000 to €1,000,000 are imposed to companies delegating the management of their corporate affairs to a disqualified director.

WHO THE LAW APPLIES TO

Law 5122 applies to all legal entities.

HOW IT AFFECTS YOUR BUSINESS

The establishment of the Registry of Disqualified Directors aims at ensuring transparency and protecting the interests of all persons interacting with companies or their branches against any fraudulent or abusive behaviour through the use of information exchanged between the EU Member States through various registers, including the "e-justice" platform.

Reform of the law provisions relating to pledges

MAIN PROVISIONS OF THE LAW

In an effort to address the long-standing gaps relating to the establishment and enforcement of pledges and to create a model for financial transactions in line with international and European best practices, Law 5123/2024 was published in the Government Gazette on July 19, 2024 (the "**Law 5123**"), providing *inter alia* a revised, unified, concise and modern regime for pledges and the establishment of a single central Electronic Pledge Registry (the "**Electronic Pledge Registry**") which shall enhance transparency and transaction security.

Law 5123 will come into force on the date of publication of the Hellenic Cadastre's decision for the commencement of operation of the Electronic Pledge Registry or on the 31st of December 2024, whichever comes first.

In particular, Law 5123 provides for the following types of pledges:

- **Pledge over rights and claims:** it is established by means of a private document bearing a certified date or of an electronic document and is registered with the Electronic Pledge Registry. Registration with the Electronic Pledge Registry is not required for a pledge established over claims arising out of bank accounts provided that the pledgee is the bank in which the relevant bank accounts are kept. Chapter B of Law 5123 also sets out the process for the notification of the pledge to the debtor, the effect of the pledge



as well as the rights of the pledgee.

- **Pledge over registered shares:** it is established by means of a private or electronic document and is registered with the Electronic Pledge Registry. Further, such pledge is registered in the shareholders' book and an annotation in the share certificates is made (*if in paper form*).
- **Pledge over other forms of participations in legal entities:** a pledge over corporate units of limited liability companies and private companies and/or over participations of joint ventures and partnerships is also established by means of a private or electronic document. The company's administrator must register the pledge with the partners' book; the pledge is also registered with the Electronic Pledge Registry by either the pledgor or the pledgee.
- **Notional pledge:** it is established on movable property without delivery of possession, by virtue of an agreement concluded between its owner and the borrower by means of a private or electronic document which is registered with the Electronic Pledge Registry by either party. Such pledge may also include more than one asset, groups of assets, or a group of non-constant assets (floating charge).
- **Pledge over securities:** it is established over securities or financial instruments other

than shares as well as over units of collective investment undertakings, in the same manner as these are transferred subject, however, to registration of the pledge with the Electronic Pledge Registry.

Further, the Electronic Pledge Registry will operate through the Single Digital Portal of the Public Administration (gov.gr) and will be established, administered and operated by the Hellenic Cadastre, while it will replace the Publication Registration Protocol and the pledge registration system of land registries as of the date of commencement of its operation. The existing records will remain valid for the acts already registered and will continue to be maintained by the competent public services.

A decision is awaited to be issued by the Board of Directors of the Hellenic Cadastre to specify, among others, the procedure for the submission of agreements to be registered with the Electronic Pledge Registry, the documents accompanying each application, the registration fees, the prerequisites for exercising the right of access and survey in the records of the Electronic Pledge Registry as well as the procedures for issuing certificates and extracts.

WHO THE LAW APPLIES TO

Law 5123 applies to all natural and legal persons involved in transactions and, indirectly, to third parties, who will benefit from the existence of a unified electronic pledge registry and the publicity thereon.

HOW IT AFFECTS YOUR BUSINESS

The Electronic Pledge Registry is a useful legal tool which will facilitate registration and survey procedures and satisfy the safety and transparency standards required in transactions.



Reclassification of Renewable Energy Projects

MAIN PROVISIONS OF THE LAW

After a series of ministerial decisions issued for the classification of public and private projects and activities to categories and subcategories in accordance with para 4 of article 1 of Law 4014/2011 and their partial annulment by virtue of the Council of State's decision number 1885/2023 that created uncertainty to a wide group of stakeholders licensed under these ministerial decisions, Ministerial Decision number 63951/4418 (the "**Reclassification Ministerial Decision**") was published in the Government Gazette on 03 July 2024, re-classifying the onshore wind power production and photovoltaic power production projects in compliance with the applicable criteria (i.e., size and design of the Renewable Energy Project (the "**RES Project**"), location of the RES Project, etc.). The reclassification is pictured in Table A of the Annex of the Reclassification Ministerial Decision.

Further, the Reclassification Ministerial Decision, aiming at ensuring a smooth transition to the new classification regime introduces several key provisions, including:

- **New RES Projects:** RES Projects for which an Environmental Impact Assessment ("**EIA**") or an environmental study for the amendment or renewal of the Approval of Environmental Terms ("**AET**") or an application for the issuance of Standardised Environmental Commitments ("**SEC**") was submitted prior to the enactment of the Reclassification Ministerial Decision, are subject to the provisions of the previous regime, unless the holder of such a RES Project decides otherwise through the submission of a relevant request.
- **Project Modifications and Existing Permits:** during the modification of projects features, for RES Projects which under the new regime are classified into "Category A" whereas under the old regime were classified into "Category B", the process for environmental licensing must be re-initiated and an AET has to be issued for the entire RES Project while the SEC already issued will remain in force until the issuance of the AET.
- As regards RES Projects which have received environmental licensing on the basis of the classification regime as in force at the time of submission of the relevant application, such environmental licensing remains in full force and effect irrespective of any changes to the classification.
- As regards RES Projects which were subject to SEC on the basis of ministerial decisions, the provisions of which were annulled, and which are now classified into "Category A", the environment licensing procedure must be re-initiated and an AET must be issued within a two-year time period.
- As regards RES Projects for which an AET was issued on the basis of ministerial decisions, the provisions of which were annulled, and which are now classified into "Category B", a SEC must be



issued within a two-year time period by submitting the relevant AET, EIA and legal opinions.

WHO THE LAW APPLIES TO

The Reclassification Ministerial Decision is applicable to any stakeholder of a RES Project for onshore wind power production and photovoltaic power production.

HOW IT AFFECTS YOUR BUSINESS

Stakeholders of RES Projects falling within the scope of the Reclassification Ministerial Decision may need to submit applications for the issuance of new licenses and comply with the formalities recently introduced.

Montenegro

Amendments to the Employment Law

On 31 July 2024, the Assembly of the Republic of Montenegro adopted the Law on Amendments to the Employment Law, which entered into force on 13 August 2024 and was published in the Official Gazette of Montenegro, issue number 077/24.

MAIN PROVISIONS OF THE LAW

The new Amendments have introduced the following changes:

- The amendments primarily relate to Article 38, which now states that if an employment contract for a fixed term or an employee transfer agreement is concluded in violation of Article 37 and Article 54, paragraphs 4, points 3 and 4 of this law, i.e. if the employee continues to work for the employer after the expiration of the term specified in the employment contract or transfer agreement, it is considered that the employee has established an indefinite

employment relationship. Previously, this provision only applied to cases where the fixed-term employment contract or employee transfer agreement was concluded in violation of paragraphs 2 and 9 of Article 37, or if the employer, with the same employee, concluded one or more fixed-term contracts where their duration, continuously or with interruptions, exceeded 24 months. It also applied if an employee with a fixed-term contract was denied certain rights related to work and employment that are otherwise granted to employees with indefinite contracts.

- A new Article 213a has been added, which addresses the relationship between the previous and the newly amended law. It specifies that for regulating employment relationships between an employer and an employee under a fixed-term contract concluded before the new law



came into effect, where the duration of the contract exceeds 12 months, the provisions of the law in force at the time the fixed-term contract was concluded will apply.

Similarly, for regulating employment relationships between an employer and an employee under multiple fixed-term contracts concluded before the new law came into effect, where the total duration exceeds 12 months, the provisions of the law in force at the time the first fixed-term contract was concluded will apply.

WHO THE LAW APPLIES TO

New Amendments to the Employment Law applies to various categories of employees and employers.

HOW IT AFFECTS YOUR BUSINESS

With the expanded scope of Article 38, if your business's fixed-term contracts or employee transfer agreements violate the specified legal provisions or if employees continue working beyond the contract term, they may be deemed to have indefinite employment status. The broader application of indefinite employment provisions increases legal risks and may affect employee relations.

Law on the Use of Energy from Renewable Sources

On 17 August 2024, Assembly of the Republic of Montenegro adopted the Law on the Use of Energy from Renewable Sources, which was published in the Official Gazette of Montenegro, issue no. 082/24.

MAIN PROVISIONS OF THE LAW

The first such law in Montenegro introduces a new framework to encourage investments in renewable energy, with the goals of reducing carbon dioxide emissions and increasing energy production from clean sources.

- One of the key provisions of the law involves the introduction of an auction system for renewable energy projects, which is expected to be implemented by 2025. These auctions will open the door to new investments in renewable energy, facilitating better integration of these sources into Montenegro's energy system.

WHO THE LAW APPLIES TO

This Law applies mostly to energy producers, investors, distributors, regulatory authorities, consumers, project developers, local governments, and environmental organizations involved in or affected by renewable energy projects and policies.

HOW IT AFFECTS YOUR BUSINESS

The Law on the Use of Energy from Renewable Sources establishes a comprehensive framework for promoting and regulating renewable energy. It defines the share of renewable energy, offers incentives for production, and outlines the process for obtaining preferential status as a producer. It also mandates issuing guarantees of origin for renewable energy, specifies the roles of buyers, producers, and renewable energy communities, and sets conditions for integrating renewable energy into heating, cooling, and transportation sectors. Additionally, it includes criteria for sustainability and emissions reduction, fosters regional cooperation, and addresses other important aspects of renewable energy utilization. These regulations can impact investment opportunities, operational strategies, compliance costs, and your



overall approach to integrating renewable energy into your business operations.

Further, the introduction of an auction system for renewable energy projects, expected to be implemented by 2025, will significantly affect businesses by creating new investment opportunities in the renewable energy sector. This system will allow you to compete for contracts, potentially securing funding and support for renewable energy projects. It will also facilitate better integration of renewable sources into Montenegro's energy grid, which could enhance your energy sourcing options and align your business with emerging sustainability trends. Overall, this change can lead to increased investment potential, strategic advantages in energy procurement, and a strengthened position in the renewable energy market.

North Macedonia

Amendments of the Law on organization and work of state administration bodies

MAIN PROVISIONS OF THE LAW

As a relevant change for businesses resulting from the amendments of this Law, is the significant institutional change that occurred in the energy sector with the establishment of the Ministry of Energy, Mining, and Mineral Resources. This new Ministry now assumes most of the responsibilities related to energy that was previously held by the Ministry of Economy. The transfer of these responsibilities is operationalized through amendments in the relevant laws, such as the Law on Energy.

Furthermore, the competences of the Energy Agency have been fully transferred to the new Ministry of Energy, Mining, and Mineral

Resources, leading to the dissolution of the Energy Agency. These changes centralize the governance of energy, mining, and mineral resources under one ministry, aiming for a more streamlined and focused approach to managing these critical sectors.

WHO THE LAW APPLIES TO

All entities operating within the energy sector, including companies involved in energy production, distribution, and supply, must now comply with the new regulations set by the Ministry of Energy, Mining, and Mineral Resources.

HOW IT AFFECTS YOUR BUSINESS

Businesses in the energy sector will need to comply with the new regulations and guidelines set by the Ministry of Energy, Mining, and Mineral Resources. This might involve adjusting to potential new reporting procedures, and compliance obligations.



sela

south east legal alliance

With the centralization of energy-related competences, businesses may experience more streamlined communication and faster decision-making processes, as all energy-related matters are now handled by one ministry.

The new ministry might introduce changes or updates to energy policies, which could impact business operations, particularly in terms of energy production, distribution, and sustainability initiatives.

The consolidation of energy management under one ministry could lead to new

opportunities for businesses to collaborate on large-scale energy projects.

Romania

Emergency Government Ordinance 87/2024 on Fiscal Consolidation and Taxation Measures

MAIN PROVISIONS OF THE LAW

Introduction of higher taxes on certain sectors, including banking, energy and large retailers.

Reduced public spending through caps on public sector wages and cuts to certain social benefits.

New compliance requirements for VAT and corporate tax reporting to tighten fiscal control.

Enhanced measures to combat tax evasion and increase revenue collection.

WHO THE LAW APPLIES TO

Businesses in various sectors, especially those with significant revenues such as energy companies, banks and large retail chains.

Public sector employees and recipients of certain social benefits.

HOW IT AFFECTS YOUR BUSINESS

Increased tax burden: Companies in affected sectors will face higher taxes, potentially reducing profitability.

Compliance costs: New reporting requirements could increase administrative burdens and costs for businesses.

Impact of spending cuts: Companies that rely on government contracts or serve public sector clients may see reduced demand as a result of spending cuts.

Tax Amnesty

MAIN PROVISIONS OF THE LAW

The proposed tax amnesty will allow eligible taxpayers to settle outstanding tax liabilities by paying the principal amount of the tax debt, with a 50% reduction in penalties and interest.

For those who choose to pay the full amount of outstanding taxes within a specified



timeframe, up to 100% of penalties and late payment interest may be waived.

The law includes provisions to restructure the remaining debt over a period of up to 5 years, depending on the taxpayer's financial situation.

WHO THE LAW APPLIES TO

Individuals and companies with outstanding tax liabilities incurred up to a certain date to be specified in the final version of the law (currently August 2024).

HOW IT AFFECTS YOUR BUSINESS

Significant savings: Businesses can benefit from a 50% reduction in penalties or a potential 100% waiver of penalties and interest, providing significant financial relief.

Improved cash flow: The ability to spread the remaining debt over up to 5 years offers greater flexibility in managing finances and ensuring business continuity.

Opportunity for compliance: This amnesty provides an incentive to settle past tax liabilities at a reduced cost, helping to prevent future legal issues and financial burdens.

Implementation of the e-TVA legislation (OUG 70/2024)

MAIN PROVISIONS OF THE LAW

OUG 70/2024 mandates the transition to an electronic VAT (e-TVA) system, requiring all VAT-registered businesses in Romania to submit their VAT returns through a centralised electronic platform.

The system introduces real-time reporting, allowing the tax authorities to track VAT transactions more efficiently and reduce cases of VAT fraud.

The Regulation also provides for automated cross-checking of VAT data, with the aim of improving the accuracy of VAT returns and streamlining the overall process.

WHO THE LAW APPLIES TO

All businesses in Romania registered for VAT, regardless of size or sector.

Businesses with a high volume of transactions or those previously flagged for VAT discrepancies will be particularly affected.

HOW IT AFFECTS YOUR BUSINESS

Mandatory compliance: All VAT returns must now be submitted electronically, requiring updates to accounting systems and procedures.

Operational efficiency: The new system is designed to reduce errors and processing times, potentially reducing the risk of penalties for VAT filing errors.

Increased oversight: Real-time reporting and automated checks can increase the scrutiny of VAT returns, requiring businesses to maintain accurate and timely records.

Increase in the minimum wage in Romania

MAIN PROVISIONS OF THE LAW

The Romanian government has introduced a legislative amendment to increase the national minimum wage. From July 2024, the minimum gross salary will increase from RON 3,300 to RON 3,700 per month. This change is part of ongoing efforts to improve living standards and reduce income inequality.

The law also includes provisions for gradual increases linked to inflation and economic performance, ensuring that the minimum wage keeps pace with the cost of living.



WHO THE LAW APPLIES TO

All workers in Romania, especially those earning the minimum wage.

Employers in all sectors, especially those in labour-intensive industries where a significant proportion of the workforce earns close to the minimum wage.

HOW IT AFFECTS YOUR BUSINESS

Increased labour costs: Businesses will face higher wage bills, particularly those employing large numbers of minimum wage earners. This may require adjustments to pricing, staffing or cost management strategies.

Impact on consumer spending: The increase in the minimum wage is likely to increase the disposable income of low-paid workers, potentially leading to higher consumer spending and benefiting sectors such as retail and services.

Compliance requirements: Employers will need to ensure they are compliant with the new wage laws.

This may require updates to payroll systems and employee contracts.

Serbia

New bylaw on Remuneration for Incentives for Preferential Producers of Electric Energy

The Government of Serbia adopted a new bylaw which aims to encourage and stimulate the producers of electric energy from renewable energy sources, which is applicable as of 15 June 2024 (hereinafter: "Bylaw").

MAIN PROVISIONS OF THE LAW

The new Bylaw has introduced:

- formulas for calculation and methods of payment and distribution of funds received as incentives, as well as means of generation of additional incentives.

- methods for distribution of funds received thorough negative market premiums.
- misdemeanor liability for suppliers and system operators, should they fail to deliver funds and appropriate data to the guaranteed supplier or fail to a deliver a bill of exchange, as well as fail to issue a receipt to the buyer.

WHO THE LAW APPLIES TO

The Bylaw applies to all preferential producers of electric energy, suppliers and guaranteed suppliers of electric energy and end buyers-customers.

HOW IT AFFECTS YOUR BUSINESS

The provisions of the latest Bylaw will additionally stimulate the growing production of electric energy from renewable sources by preferential producers.



Slovenia

The Right to Disconnect (ZDR-1D)

MAIN PROVISIONS OF THE LAW

A new amendment to the Employment Relationships Act (ZDR-1D) establishes a new right, which requires employers to provide employees with the right to be unavailable during justified absences from work. Above all, it provides workers with the right to disconnect from digital tools and not only physical unavailability.

The measures to be taken by the employer are governed by a collective agreement at the level of the activity. If the matter is not covered by such an agreement, it must be determined by a collective agreement at a narrower level or by an internal act of the employer.

Outside the specified hours, the worker is not obliged to be available and must not be subject to sanctions or other retaliatory measures.

It is up to the employer, how the right is exercised on a day-to-day basis. Examples of exercising the right to disconnect can include turning off email servers after work and turning them back on the next workday, regular reminders that the employee does not need to reply to emails during leave time, an automated answering machine for the message received if sent during a legitimate absence, prohibition of convening meetings outside reasonable working hours, etc.

Employers only have a few months left to implement the measures. The Act stipulates that these must be adopted within one year of the enactment, which means by November 16, 2024.

WHO THE LAW APPLIES TO

It applies to employers who need to prepare measures to enable employees their right to disconnect.

HOW IT AFFECTS YOUR BUSINESS

Employers must implement measures by November 16, 2024. If the appropriate measures are not implemented, employers may be liable to a fine.

New Tax Reform Proposal

MAIN PROVISIONS OF THE LAW

The Ministry of Finance has prepared the first package of laws to amend tax legislation, which the National Assembly of the Republic of Slovenia already adopted. The changes intend to make the system more financially sustainable while also contributing to Slovenia's international competitiveness.

One of the proposals relates to reducing the number of young people leaving the country to seek job opportunities elsewhere, especially intending to retain highly qualified staff. The law will apply to non-residents of Slovenia who have been abroad for at least five years to work or study and gain experience, or to foreign nationals newly employed in Slovenia. Both groups will receive a reduced tax treatment for the first five years.

Besides that, many measures relate to value-added tax, including in particular changes to the taxation of small businesses. For the general public, however, the more



sela

south east legal alliance

important change is the higher taxation of sugar-added beverages (including for example energy drinks), which will be subjected to the general tax base. This measure is not only aimed at increasing the revenue for the State budget but will be enforced primarily to improve public health, especially in children, which has been noted to have declined after the COVID-19 pandemic.

Furthermore, one of the proposals will also pursue a more sustainable environmental policy by allowing the unused part of the digital and green transition tax relief to be carried forward for the next five tax years.

WHO THE LAW APPLIES TO

If adopted, some changes will apply to entities while others will affect natural persons.

HOW IT AFFECTS YOUR BUSINESS

This mini tax reform aims to support a stimulating environment for businesses while strengthening the economy and added value.

Enforcement of EU regulation 2023/988

MAIN PROVISIONS OF THE LAW

A new law is currently being drafted, that would guarantee effective enforcement of EU Regulation 2023/988. The main goal of the law is to ensure consumer product safety and better operation of product recalls on safety grounds to protect consumers and their health and safety. The law would also provide consumers with the means to exercise their right to safe products and the competent market surveillance authorities with the appropriate instruments and measures.

Besides that, it primarily imposes the responsibility on the producers, while also focusing on purchasers and distributors. The safety regulations apply to medicines (human and veterinary), food, feed, live plants and animals, animal by-products, etc.

It focuses not only on internal sales but also on international ones (for example online sales). Any warning or safety information affixed to the product or packaging or included in an accompanying document must, in accordance with the Regulation, be in a language that can be easily understood by consumers, as determined by the Member State in which the product is made available on the market.

Depending on the seriousness of the offence, the offender may be sanctioned up to 40.000 euros.

WHO THE LAW APPLIES TO

It mainly aims to provide consumer protection while it also sets out obligations for producers, purchasers, and distributors.

HOW IT AFFECTS YOUR BUSINESS

Businesses will be obliged to comply with the new rules regarding product safety-related accidents.

Act Amending the Excise Duty Act (ZTro-1D)

MAIN PROVISIONS OF THE LAW

In June, a new amendment to the excise duty act entered into force, which among other things focuses a great deal on the distribution of tobacco and similar products.

Firstly, it changed the definition of tobacco products meant for inhalation without combustion. Electronic cigarettes are now defined as all devices intended for inhalation without combustion, by heating a liquid in a heating device (e.g. electronic water pipes).



Besides that, it added new products currently occurring on the global market, such that do not use tobacco but rather different herbs. As all devices listed above are comparable in the manner of use, they are now subjected to the same excise duty law.

The new amendment also introduced higher excise duties by two to four percent, depending on the product, with the highest rise recorded in heating tobacco and liquids for electronic cigarettes.

It also imposed stricter regulations on unprocessed tobacco and tobacco product manufacturing facilities. The production, processing, and storage of unprocessed tobacco are now only allowed in an excise warehouse licensed by the tax authority to a manufacturer of tobacco products or a person active in the business of handling unprocessed tobacco.

WHO THE LAW APPLIES TO

It applies to everyone required to pay excise duties.

HOW IT AFFECTS YOUR BUSINESS

Since the legislator is trying to introduce and strengthen control over tobacco and tobacco products manufacturing facilities,

manufacturers will have to comply with the new rules.

* The information contained herein is intended solely for informational purposes and is generally available to the public and from sources believed to be reliable. SELA does not guarantee the accuracy, completeness, or timeliness of the information and shall not be liable for any damages or costs in connection with the use of the content contained herein.