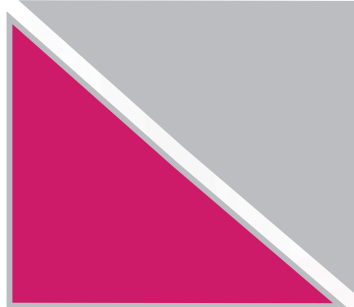


Republic of Macedonia  
PUBLIC REVENUE OFFICE

**2008**

ANNUAL REPORT

Republic of Macedonia  
Ministry of Finance  
PUBLIC REVENUE OFFICE



# **ANNUAL REPORT 2008**

March 2009

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# FOREWORD BY THE DIRECTOR GENERAL

Dear All,

*This Annual Report of the Public Revenue Office work for 2008, intended for the public, is realization of the basic principles of the PRO work. It means transparency and reporting of the achieved results. During the entire year we were working on realization of the strategies set, and now is the time for the professional and wider public to evaluate whether the results are relevant to the expectations.*

*In 2008 we continued the modernization in all fields initiated in the previous years. We worked intensively on creating the organizational image of the PRO and building of its administrative capacities.*

*2008 is year in which we have put a lot of efforts, resources, and our full potential to perform preparations to provide in 2009 realization of the greatest reforms of PRO in the last years. For that purpose we completed the PRO process of reorganization on the functional base and we decentralized the functions which have necessity of close contact with the taxpayers. Finally, 2008 was characterized with fulfillment of the long year's tendency of the PRO employees, to acquire the status of tax servants with which is refined their degree of responsibility in fulfilling the basic function of PRO in assessment and collection of revenues.*

*From 1st of January 2009 the principle of gross salary calculation was introduced in the Republic of Macedonia and the Public Revenue Office becomes competent for assessment, collection and control of the social contributions from salary which will start to be administered throughout all organizational units in the Country. Along with this activity we are institution which becomes also responsible for providing resources for the functioning of the State, since we provide 73% of the annual revenues planned in the Budget. Parallel with the implementation of the "integrated collection", beginning of 2009 also will be marked with start of leading misdemeanor procedures for performed misdemeanors in our competence for which during the 2008 we have provided legal base, organizational and staff's conditions.*

*This responsibility was an incentive for all employees, without increasing the all necessary resources, to be prepared in 2009 to act with the taxpayers.*

*While preparing for realization of the new tasks, we did not neglect our primary goal – we succeeded to realize the tax revenues in lower extend than the planned, but anyway for 11 percentages more than the realized in the previous year.*

*I consider that all this is a good base for further development and reinforcement of the administrative capacities of the Public Revenue Office, according to the European and world standards.*

Director General  
Goran Trajkovski

## LEGAL FRAMEWORK

The Act for establishment of the Public Revenue Office (PRO) in the Republic of Macedonia is the Law on Public Revenue Office (published in the Official Gazette of the Republic of Macedonia No.80, from 30 December 1993 and entered into force from 1 January 1994). With the adoption of this Law, the then-existing National Authority for Revenues and its branch authorities – Departments for Taxes and the Departments for Inspection, continue to work as Public Revenue Office with new scope, established by this Law. The new institution undertook the employees from the former Authority for Accounting of the Republic of Macedonia that performed activities related to audit.

The Law on the Public Revenue Office adopted in September 2005 along with the changes and amendments in July 2008, presents a legal framework which determines the scope, organization, the way of performing the work and administering, as well as competences and responsibilities in collection, evidence, processing and data protection in relation to the PRO work.

In order to increase the efficiency and effectiveness of working, and first of all to improve the taxpayers services, changes in the Law were made which provide PRO to abandon the territorial competence gradually and to pass on the functional position of the organizational units. New organization of the institution has been adopted with relevant acts, which supports decentralization of the taxpayer's services function and which will be realized starting in 2009 through the Regional Offices (Directorates), Branch Offices, but also with a network of Service Points and at the same time centralization of the receiving and processing of tax returns function, including enforced collection of tax debts through development of the Center for Returns Processing and the Center for Debt Collection.

The Public Revenue Office operatively implements the tax policy and collects taxes and other public fees on the basis of the Law on Tax Procedure and specific tax laws and international agreements in the tax area; it provides assistance to the taxpayers for complying their tax obligations; monitors and analyzes the functioning of the tax system and provides suggestions for its improvement; cooperates with tax authorities from other countries and provides international legal assistance in the tax matters.

The Law on Tax Procedure, adopted in January 2006 with the changes and amendments adopted in July 2007 and in July 2008, regulates the general tax law and the tax administrative procedure, procedures for tax assessment, audit procedures, procedures for public revenues collection, rights and obligations of the taxpayers, complaint procedures, the misdemeanor procedures and the misdemeanor provisions. For its implementation, multiple sub laws and operative instructions for the PRO functions have been adopted.

The said legal framework provides possibility for reinforcement of the administrative capacity for implementation of the legislation and for fight against tax evasion.

..... **OUR MISSION IS ...**

*Our mission is to provide high quality of taxpayers services and simplified tax procedures, in order to achieve timely and accurate tax compliance as well as fair and efficient collection of taxes and public duties.*

..... **OUR VISION IS ...**

*Increasing the administrative capacities and arising the quality standards of the tax administration should provide Public Revenue Office to be a model for professional organization in the public sector, as well as approximation to the EU practices and standards.*

# ORGANIZATION

PRO operates solely on the whole territory of the Republic of Macedonia, as a state administration body within the Ministry of Finance with a status of legal entity. It performs the work according to regional division and according to the taxpayer's size, through: General Directorate (HQ), six Regional Offices (Directorates), one Large Taxpayers Office and twentyfour Branch Offices.

The competence of the General Directorate refers to coordination, supervision and control of the work and implementation of the tax policy. In that sense, it provides professional assistance and training to the lower organizational structures and to the PRO functions, monitors the implementation of the international agreements and provides international legal assistance in the tax area, and proposes changes to the tax policy for tax system improvement including more efficient tax collection.

PRO's work is managed by the General Director.

For implementation of the competences in the General Directorate in 2008 there are three sector groups:

## SECTORS DIRECTLY RELATED TO DIRECTOR

- Sector for issues directly related to Director
- Sector for internal audit
- Sector for legal issues
- Sector for objections

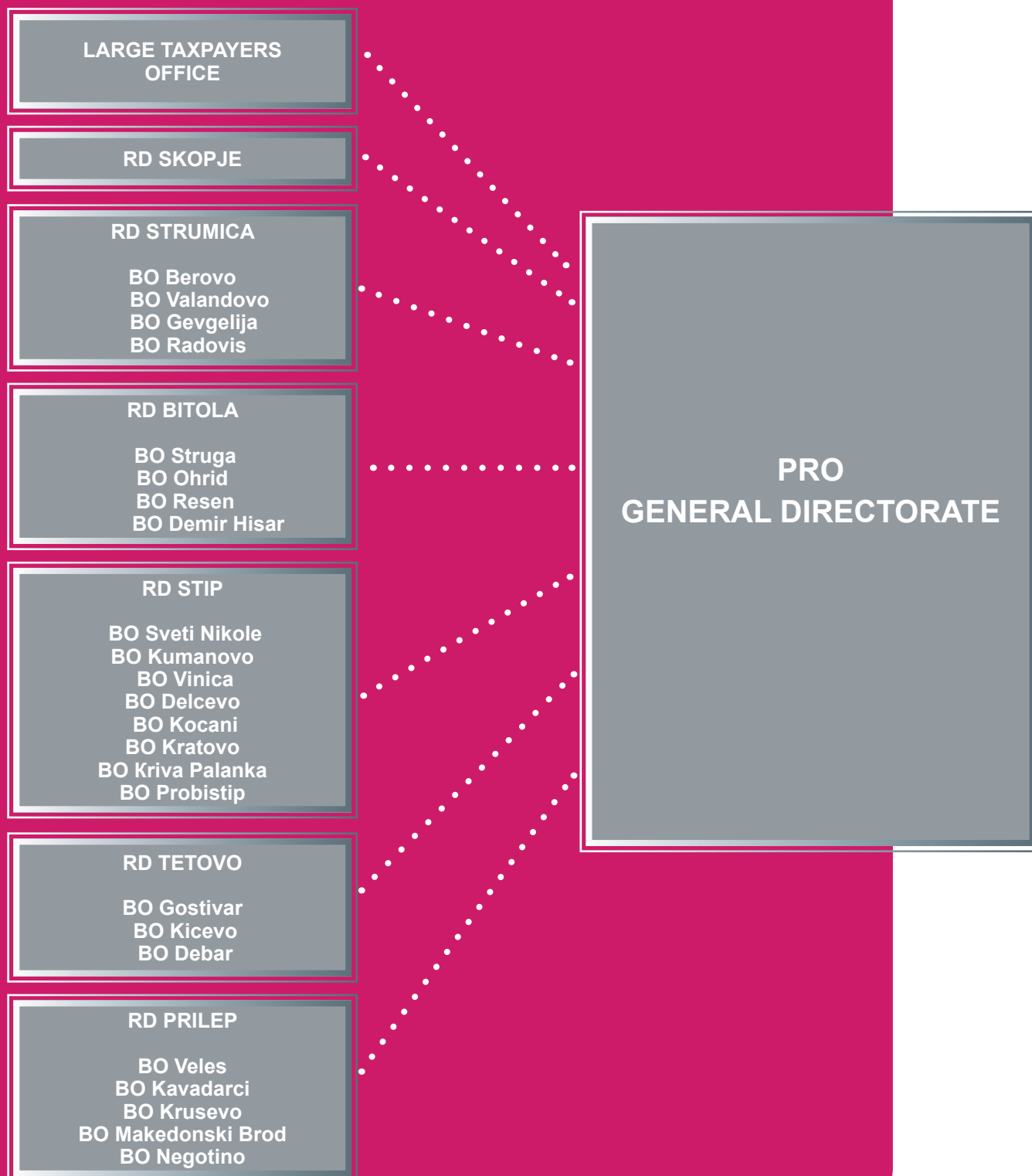
## SECTORS FOR SUPPORT

- Sector for managing with human resources and education
- Sector for information and communication technology
- Sector for budget and finances
- Sector for general issues

## SECTORS PER FUNCTION

- Sector for taxpayers services and taxes
- Sector for tax assessment and collection
- Sector for external audit
- Sector for enforced collection
- Sector for strategic planning and development, analysis and statistics

## THE ORGANIZATIONAL SCHEME OF THE PRO (in 2008):





# HUMAN RESOURCES

## CHARTER OF THE TAXPAYERS RIGHTS...

- \* Confidentiality and secrecy
- \* Professional and correct service
- \* Equal treatment of all taxpayers
- \* Payment of the real amount of tax
- \* Efficient operations
- \* Selection for audit according to established criteria
- \* Right on appeal and litigation

## CODE OF CONDUCT OF THE TAX SERVANTS

The Code of Conduct includes the rules of tax servant's behavior and it is very important instrument for strengthening and providing professional state service.

Along with the Code of Conduct, the behavior's standards of the employees are stipulated and it gives directions and instructions in resolving their ethical issues and quandaries.

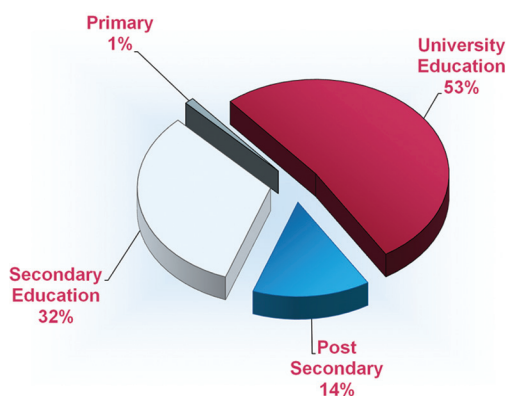
Total number of employees in the PRO is 1.254 (31.12.2008)

### Educational structure

- 52,3% - 656 with high education
- 14,3% - 179 with post – secondary education
- 32,3% - 405 with secondary education
- 1,1% - 14 with primary education

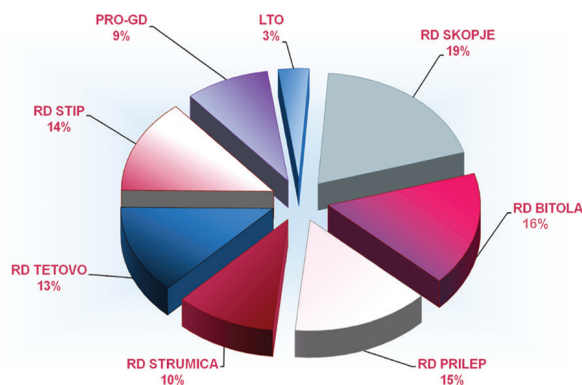
### Age structure

- 11,1% - of 20-34 years
- 34,1% - of 35-49 years
- 48,5% - of 50-59 years
- 6,4% - over 60 years



The unfavorable age structure of the employees, as well as relatively high percentage of high educated staff, in 2008 is improved with the employment of 51 people with university degree from different profiles (economists, lawyers, IT persons) which is established new quality of the structures.

### Structure of the employees by Regional Directorates



## Public over private interest

Tax collection is a work of public interest which requires from the tax servants to express their loyalty towards Constitution, Laws and ethical principles, and to put them over their private interests.

The tax servant is responsible for acting in accordance to the principle of equality and for providing fair treatment and services to the taxpayers, without privilege on the basis of ethnic belonging, political attitudes and nationality or according to other characteristics.

## Conflict of interests

The employee should not use his own official position to realize his own interest and he should avoid every possibility for arising conflict of interests.

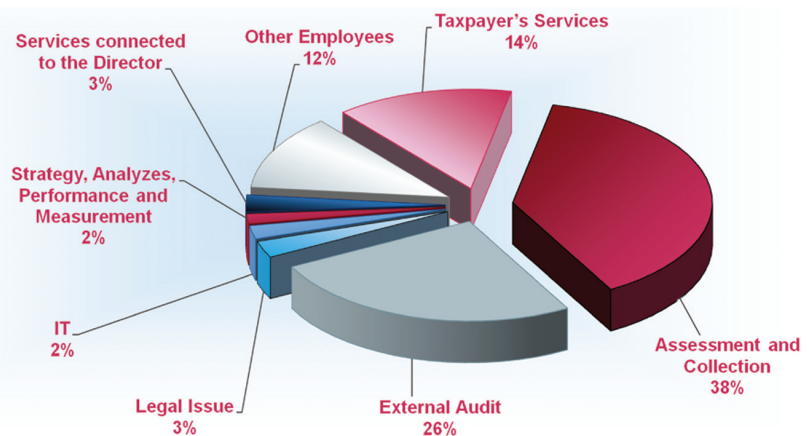
The public interest is wider social interest for general well being and progress of all citizens under equal conditions. It can be endangered if conflict appears and with the eventual predomination of the private interest.

## Transparency

Transparency means providing publicity and introducing practice of information and open communication about the Public Revenue Office work and operation.

## Staffing of the PRO functions with the human potential

Tax assessment and collection.....	484 employees
External audit.....	321 employees
Registration and taxpayers services.....	180 employees
Legal issues and objections.....	34 employees
Information and communication technology.....	27 employees
Strategic planning, analysis and performance measurement.....	20 employees
Services connected with Director.....	34 employees
Others.....	154 employees
<b>TOTAL.....</b>	<b>1 254</b>



## Recognition and awards of the employees

The most interest of the Public Revenue Office is human resources improvement from all aspects. The goal is to become a place which will be desirable for employment of the junior staff to which we will be able to promise opportunity for career, knowledge acquirement and skills, including their permanent promotion, acquisition of experience in the country and abroad for modern working processes, support in the work and friendly relations, stability and safety, economic satisfaction equal to the results.

The Day of the tax servants, St. Matthew - protector of the tax collectors, was celebrated with awarding of plaques for professionalism and efficiency for their work in 2008 to the employees in the Sector for strategic planning and development, analysis and statistics from the General Directorate and to the employees in the Regional Office Stip who in the last two years were dedicated on the realization of the programs of the Pilot project for promotion of the small and medium taxpayers.

Awards for expressed professionalism and efficiency in work in 2008 were awarded to 10 employees, 15 retired persons in 2008 for their life contributions.

At this celebration, the Regional Offices were allocated with 20 new, branded cars with the PRO logo.

# PRO FINANCING

## **Political neutrality**

*Political neutrality of the employees is their acting solely on the basis of professional circumstances of the case, and political objectivity of the institution means acting in a way which is not determined by the attitudes of any political party.*

## **Independence**

*The employee has to provide personal independence, and the employee is independent when he/she can make decision and perform official tasks by himself/ herself, to reject all kinds of influences, pressures, interventions, threats or indirect interference in the work that could bring into question the legality and objectivity in performing official duties.*

## **Skillfulness and Professionalism**

*The tax servant is expected to possess potential and ability to invest them in realization of the working activities and to follow and implement in regular basis what the everyday practice offers.*

## **Secrecy of data**

*The information which is object of work of the employees is considered to be a tax secret, and it is all information the disclosure of which could cause harmful effects and violation of the tax procedure confidentiality.*

**Financing** of the PRO is provided by:

- Budget of the Republic of Macedonia
- Revenues from agreements made for carrying out audit and collection of public fees
- 25% of the revenues are from identified and collected taxes and interests
- Other revenues determined by regulation

In 2008 PRO had revenues total of 803 million denars, out of which 451 million denars (56,14%) are from the Budget of the Republic of Macedonia, while 352 million denars (43,86%) are own realized revenues. The comparison with data referring to 2007 shows that in 2008 the total revenues are higher for 14,8% and that, in the structure of the financing sources the Budget participation is reduced i.e. the participation of the PRO own resources is increased for 5,17%.

The PRO own resources are realized as follows:

- 29,8% on the basis of transfer of resources from the previous years as a surplus of resources in the amount of 105 million denars
- 54,9% on the basis of tax revenues which, in accordance with the Law on PRO, the PRO has the right to use in the amount of 193 million denars
- 15,3% on the basis of untaxed revenues in the amount of 54 million denars

Total expenditures of PRO for 2008 are 645 million denars, out of which 69,92% are reimbursed by the resources from the Budget of the Republic of Macedonia and 30,08% or 194 million denars from its own resources. The difference between the amount of the revenues from its own resources and the expenditures paid from them in the amount of 158 million denars are carried forward in 2009.

Expenditures structure:

- salaries, rents and allowances with 422 million denars or 65,50%
- goods and services with 177 million denars or 27,50%
- capital expenditures with 27 million denars or 4,15%
- subsidies and transfers with 18 million denars or 2,86% and
- the rest with 1 million denars or 0,07%.

Capital expenditures in most part of 85,48% are financed by the Budget resources, especially in providing furniture, equipment, vehicles and machines - their share is 95,33%. Contrary to this, in the amount of the expenditures made for refurbishment of the buildings, 97,46% are provided by PRO own resources.

Considering the meaning of capital expenditures for the PRO development, the most part of those expenditures (24 million denars or 89,06%) refers to the supply of furniture, equipment, vehicles and machines, while the rest of (3 million denars or 10,63%) refers to buildings.

### **Prohibited activities**

*The tax servant should not perform any other activity that realizes profit and actions which are contrary to the legal and the ethical norms, no matter if they are performed in working hours or after.*

*The employee can be engaged only in cases when there is not conflict with his official duties, not bringing into question the performance of his working obligations, when it does not impact the honor of the authority and with written approval.*

### **Gifts and services**

*Receiving money, items and other services without allowance will bring the employee in subordinated or dependent position in relation to such donor. The employee should not receive gift or service which could influence on his professionalism.*

### **Breach of duty and authority**

*The tax servant should not use working time, authority, information and resources to provide privileges to taxpayers for allowance and property use for himself or for other person.*

### **Relations between the employees**

*The employee is obliged to behave on a way which promotes cooperation and good relation with colleagues, kindness, understanding and respect without prejudices.*

### **Effectiveness and Efficiency of working**

In 2007, with 1.231 employee, PRO collected 61.337 million denars from taxes, which presents realized tax income of 49. 8 million denars per employee.

In 2008 with 1.254 employees, the PRO collected 67.006 million denars from taxes, which presents realized tax income of 53.4 million denars per employee.

In 2008 in relation to 2007 the average tax income per employee in the PRO is increased for 7,23%.

In 2007 the total expenditures were in the amount of 594 million denars, which in relation to number of employees is expenditure per employee of 483 thousand denars. In 2008 the total expenditures were in the amount of 645 million denars, which in relation to the number of employees is expenditure per employee of 514 thousand denars.

The comparison shows that in 2008 in relation to 2007, the average expenditures level per employee in the PRO is increased for 6,42%.

The increased average expenditure per employee in 2008 in relation to 2007 can be relative if we take into consideration that the level of increase of the current expenditures and the salaries, rents and allowances is 10,1%, is actually higher than the growth of the average expenditure per employee, which is 8,1%. Besides this, it should be also taken into consideration that the amount of resources carried forward in 2009 is higher than the one carried forward in 2008 for 50,5%.

## PRO ON NATIONAL AND INTERNATIONAL PLAN

### PRO SYMBOLS AND FEATURES...

*The new PRO logo is two triangles the position of which reflect balance, such as balance between income and expenditures, as well as between PRO and the taxpayers.*

*The elements and forms, which are creating one integrity, are in total harmony, and the required balance is underlined with the grey color – on the one (up) triangle, while to the second – it appears as dynamic orientation of the red color.*

*The logo reflects stability and compactness of the institution, and the red color which dominates, presents its transparency and dynamic.*



*Your tax, your future!*



During 2008 all activities were reinforced between governmental institutions for their networking into unique system for electronic data exchange which are of great importance for performing work of their competence. Protocols are in place for cooperation, with defined packages for exchange and all technical characteristics by which they are implemented.

The experience from 2006 when for the first time one-stop-shop system was established for registration with the Central Register of the Republic of Macedonia is a precious source for further extension of such and similar links. The exchange with the Ministry of Finance is intensifying, with the social funds where one-stop-shop system was established for data, for employees and their employers and all data for the paid social contributions through which the funds will implement the rights of the insurees, with State Commission for Preventing Corruption and with the Customs. All of these links provide the primary cooperation and are adopted plans for their development in 2009.

Especially important is the cooperation with the Customs which provides flow of vital information in both ways, which provides the work of the essential functions, detection of the taxpayers risk and enrichment of the data basis of both institutions.

The Public Revenue Office is a source of important information also for the State Statistical Office of the Republic of Macedonia, especially the tax performances of the economic and the other entities necessary for creating the complete image for the actual conditions.

Also it is established cooperation with the Securities and Exchange Commission and the Central Securities Depository, with the Ministry of Interior Affairs and Ministry of Economy, especially regarding the control of the granted concessions and data related to allowances for them.

In relation to facilitation of the candidate's election process, for application for using the IPARD funds, inter institutional cooperation is agreed with the Agency for Financial Support in the agriculture and rural development.

The Public Revenue Office has legal competence for supervision of the local self government bodies' work regarding the implementation of the laws on taxation and legality of the applied procedures, but as an Institution which works on the tax problems for a long time in the state, at the same time provides assistance and support.

As a body under the umbrella of the Ministry of Finance, PRO regularly submits reports, information, analysis and statistics in order to inform about the results of the operative implementation of the laws and to provide timely and legitimate decisions for tax policy creation and revenues planning.

The organizational part of PRO obliged for International Cooperation, EU integrations and Projects, coordinates the PRO activities in the process of implementation of the NPAA national program for harmonizing with the law of the European Union, implementation of the projects supported by the international institutions and organizations, especially implementation processes of the “Modernization Project” financed with the grant from the Kingdom of Holland and technical support from IMF, as well as cooperation of the Macedonian tax administration with the tax administrations from other countries. In 2008, PRO cooperates with USAID – project for electronic tax services, UNDP – electronic accounting and GTZ – technical support in the process of legislative changes in accordance with EU Directives.

In October 2008, the Director of PRO took part on the General Assembly of the International Monetary Fund and the World Bank on which was presented the Modernization Project and PRO achievements for the duration of the technical support by the IMF. On that meeting was agreed the cooperation between PRO and IMF and the technical support to continue during one year.

Because of the similar problems and development conditions, it is especially important the cooperation with the countries from the region. In the 2007 the Director of the Public Revenue Office of the Republic of Macedonia was initiator for organizing the First Balkan Conference of the tax administrations which was held in Skopje. In 2008 was held the Second Balkan Conference of the tax administrations in Tirana-Republic of Albania, with which it becomes traditional meeting for exchange of experiences and knowledge from the areas related to administering with taxes and other public fees.

One of the basic priorities of the PRO is completely harmonizing with the practices of the tax administrations of the EU member countries. In that respect, of great importance is participation of the representatives from the PRO in the work of the Subcommittee for trade, industry and taxation in Brussels – Belgium.

The international cooperation and experience and knowledge exchange is one of the reasons in 2008 to be realized visits of the tax administrations of Bulgaria, Slovenia, Hungary, Turkey and Netherlands.

In November 2008, IT mission of DG TAXUD was guest in the Public Revenue Office, in front of which were presented the statuses of the current projects which are implementing in the PRO. The highest attention was paid to the resources in the IT Sector, realization of the projects and possibilities for implementation of VIES and EMCS systems of data exchange for the Value Added Tax and Excises with the central system of the European Union.

# WHAT IS THE PICTURES ABOUT US IN THE EYES OF THOSE WE EXIST FOR ...

In view of the fact that we accept the customer approach to taxpayers as a part of the program for developing of Regional Offices which administer small and medium taxpayers, in 2008 we continued following their opinion of our success.

In the period September - October 2008, an independent specialized company implemented a Survey about the level of taxpayer's satisfaction from the PRO work in various aspects:

- Standards in providing services
- Efficiency in the work
- Transparency in the procedures
- Informing
- Professional integrity of the staff

The Survey was implemented on a representative sample of 700 small and medium taxpayers all over the country which represent the attitude of our customers. The aim of the Survey was to help us build tax administration that is:

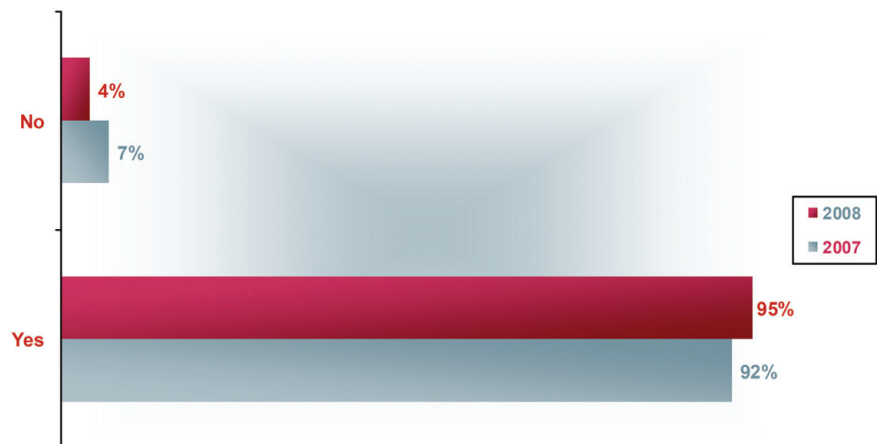
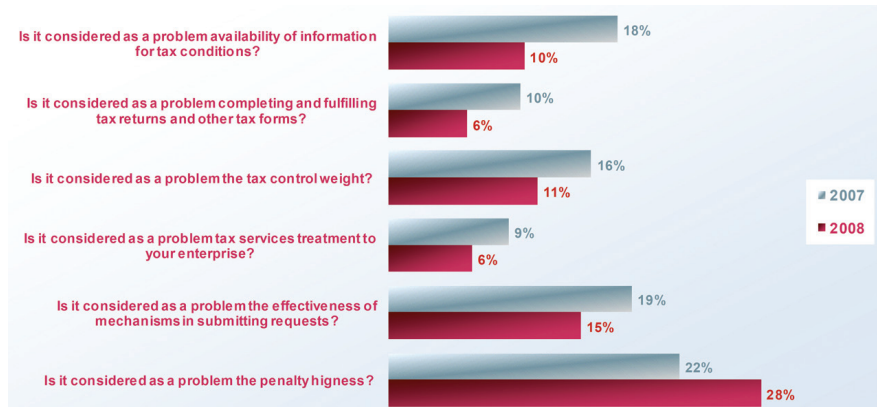
- Efficient
- Fair and
- Service oriented

Compared to the survey carried out last year, main mark is that this year the attitudes expressed by the taxpayers shows trend of mildly improvement of satisfaction from the PRO work and from the attitude towards them.

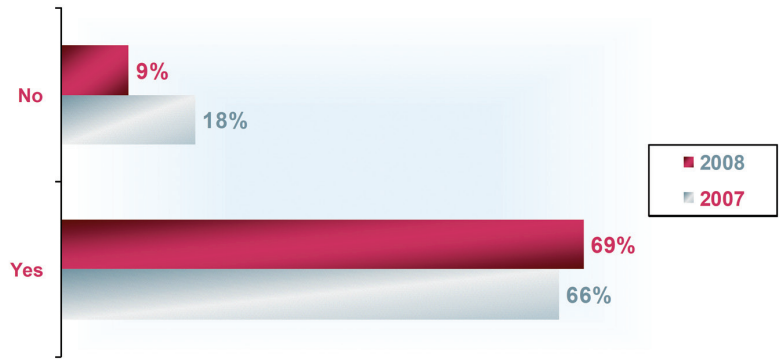
In order to identify the work areas of the tax administration out of which difficulties of the taxpayers come from, the following issues were raised to which the affirmative answers have shown improved working with taxpayers in 2008 in relation to 2007.

For the functioning on the area of taxpayer's information and education for the way and the procedures of realizing the tax policy, the responses to all questions speak distinctly.

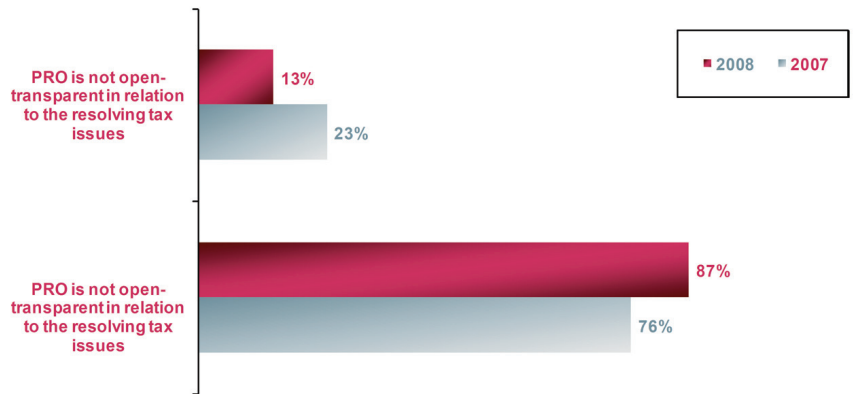
To the question whether auditors carried out the audit objectively, the taxpayers provided the following response:



To the question whether the PRO staff treat the customers professionally, culturally, respectfully and kindly, the taxpayers provided the following responses:

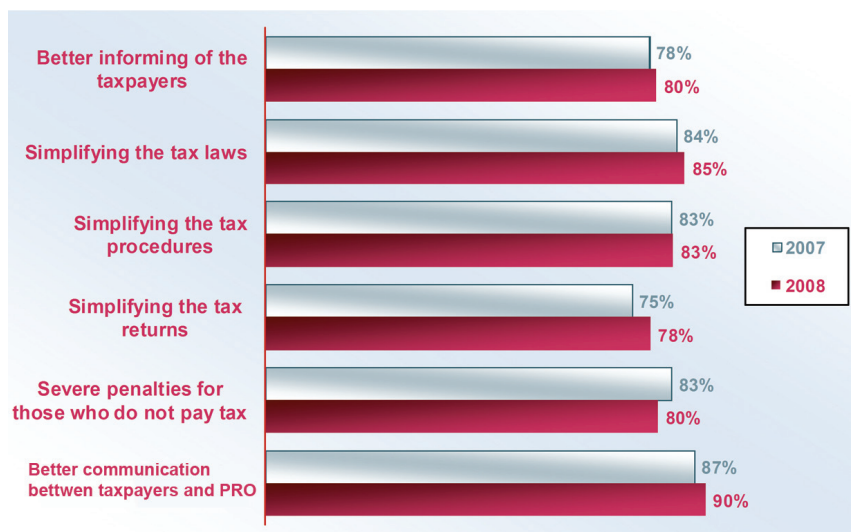


What is the professional integrity of PRO in the last 12 months?



Finally, according to the taxpayer's attitude and as a recommendation directed to PRO:

How can we increase the rate of voluntary tax compliance?





# HOW WE REALIZE THE STRATEGIES

## OUR STRATEGIC GOALS ARE...

*To strengthen the administrative capacities of the Public Revenue Office and to create an institution which is ready to fight against avoiding paying taxes according to the European standards, as well as to be prepared for equal membership in the European Union.*

*We are promoting the work with the small and medium taxpayers*

After the Large Taxpayers Office started working, basic priority in the PRO presents modernization of the work of the other organizational parts – Regional Offices and Branch Offices, which administer small and medium taxpayers. All projects referring to realization of the Strategy for taxpayers services, the Strategy for tax collection and the Strategy for external audit and application of the new methods for planning, election and audit procedures, find appropriate application in the work with small and medium taxpayers.

During 2008, in order to realize the Pilot Project for work with small and medium taxpayers in the Regional Office Stip, it has been provided material – technical conditions for better developing of the work processes – extending and adapting of the part of the office space with architectonic and arranging standards which will provide complete implementation of the client model of providing services, and it has been performed hardware's additional equipment. For efficient realization of the decentralized function of the taxpayer's services, it has been made reorganization of the human resources, their reallocation and education. The function taxpayer's services held many educative meetings with taxpayers, groups and their associations, as well as advisory meetings with the newly registered taxpayers. These methods of work as successful model are undertaken by the other Regional Offices.

*We are introducing system of central processing of tax returns*

The reallocation of the human resources in the Regional Offices, which work with small and medium taxpayers, is also provided because of the centralization of the tax returns processing for VAT and partly for the other taxes in the Center for returns processing, which is organizationally subordinated to the General Directorate. The goal of centralized processing of the tax returns is to economize resources, to reinforce and unify the criteria for processing and mistake's correction and to reallocate the staff to more essential processes. It has been created spatial, technical and organizational conditions for work of the Center for returns processing (CRP), but also in the upcoming period strategic interest will be its development in a way of processing of all kinds of tax returns and its additional equipment.

*We are introducing integrated information system*

The movement force of the whole development of the PRO is the new and modern information system. The process of introducing the new integrative information system starts by electing the performer of the international tender and by preparing the Study for information of the PRO business processes. The new IT system will comprise all business processes performed in the PRO. Also it has been supplied appropriate computer equipment. The new information system will be used in 2009.

In 2008, the PRO made all preparations for the biggest reform and extension of the competences. From 01.01.2009, the PRO starts administrating the integrated social contributions – contribution for mandatory pension and invalid insurance, contribution for mandatory health insurance and contribution for mandatory insurance in case of unemployment. The legal framework is provided by adoption of the Law on social insurance contributions and appropriate sub law Acts.

The system for integrated collection of the social contributions and the Personal Income Tax, actually is the one-stop-shop system for registration of the employers and their employees and for assessment, audit and collection of the contributions and the tax, by the gross salary system functioning. The system simplifies the process of salary taxation by submitting one return for all obligations to the PRO and one payment order electronically, as well as it sets the records to each employee for who are kept precise and complete records for the obligations status and their payment.

Until the end of 2008 it has been provided spatial, technical and staff conditions for work, upgrading of the software resolutions and employees' education. It has been prepared procedures for work with appropriate acts and it has been made harmonization of the registers and data undertaking from the social insurance funds. It has been built Client software and its distribution to the employers. It has been prepared educative materials for employers' education about the way of fulfilling the electronic forms, using the client's software, adopting the systems in electronic form and testing the flow of the processes through test front offices of the PRO. In order to provide complete functioning of the system, it has been trained the payment operations carriers.

Second important process started in 2008, which will be effective from 2009, is introducing the misdemeanor competence in the PRO, which means leading misdemeanor procedure and pronouncement of misdemeanor sanctions.

The legal framework of these activities is provided by the changes and amendments of the Law on Tax Procedure which provides adoption of procedures and creation of Commissions for leading misdemeanor procedures and appropriate education of the employees. By undertaking this competence from the courts it will increase the efficiency and effectiveness of the penal policy procedures, which arise from the illegal implementation of the tax policy.

*We are extending the functions and competences of PRO through undertaking the social contributions' administrating and introducing the misdemeanor competence*

*We are promoting the system of internal audit*

In the 2008 the system of internal audit is significantly promoted as independent, objective and consulting activity, which aim is to reduce of the key risks and their managing, as well as promotion of the system of internal audits with which is improving the work of the institution and realize its goal.

The internal audit works on the basis of program for auditing and in procedures applies international standards. It is adopted the Charter of internal audit in which is built-in the internal audit policy, as a document which regulates the process, and it is adopted Act for the procedures for preparing and auditing. It is performed stuffing and their appropriate permanent education.

As a part of the structure of the Ministry of Finance, the internal audit of the PRO in cooperation with the internal auditors from other institutions, besides the tasks in its own institution, performed audit of the regularity and functioning of the internal audits in the process of charging with public debt for 2008, audit of the transfer resources process for support of the social funds in the Ministry of Labor and Social Policy and participation in the internal audit of the process for retirement on the basis of age pension in the Fund for pension and invalid insurance. Along with this, the knowledge and capacities of internal audit of the PRO have been reinforced.

In 2008, special attention was paid to building of the systems for managing with the processes and measuring of the performance measurement, according to established standards of work. For that purpose it was built an information system through manager's reports, analysis, reports for realization of plans and statistics for measuring the realized standards of work in relation to the normative. The established system is a good base for further development of these activities.

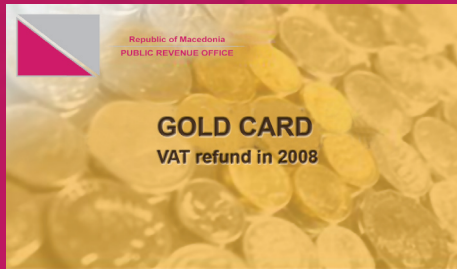
### ***To provide higher level of tax revenues in the Budget of the Republic of Macedonia in order to provide the state functions***

*Identification of non-registered taxpayers and including them in the legal tax system of the Republic of Macedonia*

The main goal and priority is to reduce the grey economy and to broaden the taxation base by including non-registered taxpayers who perform taxable activities in the legal tax system of the Republic of Macedonia.

During 2008 it has been implemented the plan and the procedural Acts for the way of detecting non registered taxpayers and it has been taken actions for detecting, registration and education of non registered taxpayer. The Brochure "How to protect and how to act against the grey economy" aims to inform the public, taxpayers and tax servants about the situations of illegal economy and the way that PRO works to prevent it. All that result in increasing the number of common audits with other competent audit authorities which achieve appropriate results.

*To strengthen the collection of tax debts*



*We are strengthening the capacities of the external audit by introducing modern methods and procedures*

In the struggle against avoiding tax payment, appropriate place takes the Strategy for collection and strengthening methods for debtmanaging. In the General Directorate of PRO it has been formed a Committee for debt collection which prepared an Action Plan for work at the end of 2008, in which the goals are defined as preconditions or direct activities for debt collection. This body was reported by the committees of Regional Offices and LTO, formed by their responsible persons and direct executors of necessity activities. The mark is that most of the targets set are achieved however, the fight against not paying taxes continues in 2009.


PRO acts with its own good example for respecting the laws and it promotes "Gold Card". For that purpose, it has been made selection of large taxpayers according to the defined criteria and it has been made a choice for its awarding. By awarding of this card, the PRO does not privilege for taxpaying or refunding, but it awards the taxpayers symbolically who are regular and consistent in complying tax obligations and applying electronic submission of tax returns.

Although the PRO promotes and stimulates voluntary tax payment as a primary way of collection, the external audit with its own mechanisms of functioning is concerned of raising the level of tax discipline and legal acting. In 2008 it was worked on increasing effectiveness and efficiency of the external audit and creating conditions for right choice of audit only the risk taxpayers.

To the end of 2007, 28 new risk criteria of Value Added Tax have been implemented and software integrated. At the beginning of 2008 along with the information from the third side, as well as limited usage of the method for random choice, the PRO selects the risk taxpayers which would be target for audit. This way of taxpayer's selection for audit provides objectivity in choice, rational use of resources, focus on risk category of taxpayers and increasing the taxpayer's satisfaction.

It has been introduced new audit methods of correspondence and office audit tested in RO Stip, their results are analyzed and as good practices they will be used in other Regional Offices. The audit has been promoted by application of "Tool Kit for Audit" – three year comparison analysis of the financial reports, tax returns and financial indicators. These tools will be used in preparing audit in order to determine the focus of audit, to use time rationally and to improve the audit effects.

During 2008 it has been implemented the program "Taxpayers characteristics", which provides the most important information for one taxpayer, thus all important information is gained quickly and efficiently for timely detecting risk taxpayers, founders, managers and participants in the fraud activities.



During 2008, in order to promote the skills for profit tax audit, it has been performed education of auditors from four Regional Offices, and the program continues implementing in 2009. The aim of these trainings is to improve the skills of the auditors to recognize the parameters in the financial reports, tax returns and other data and information which mutually do not correspond and which can lead to determine irregularities and illegality at particular taxpayer. Also during these trainings it was given possibility to the auditors to get acquainted with the way of working in this domain in other tax administrations.

During 2008 it has been commenced developing new method and technique for VAT audit, which is still in phase of upgrading and testing, and parallel it has been made preparations for developing of such type of method and technique of audit for other types of taxes.

The new audit methods and techniques are expected to provide unified and modern way of carrying out audit and improved quality and effects of audits. In order to implement these methods and techniques, it is necessary completely technical equipping of auditors that is in a phase of realization.

Besides above mentioned, in 2008 it was developed audit method for fight against corruption and non declaring taxes, money laundering and other punishable cases, and it was performed appropriate staff education.

At the same time, by introducing new methods and tools, it is worked on establishment and introducing the standards for measuring the quality of work and program for evaluation. The purpose of this model is to measure the application of introduced procedures for quality audit performing and variation from the average prescribed time for audit performing.

## *Improving taxpayers services*

*To raise the level of taxpayers awareness for their social role in the society*

Our goal is to increase the taxpayers and the whole population understanding about the tax system, taxes function and the need of them for every modern country.

In order to realize the goal, it has been implemented wide media activities for citizens' informing about the tax system and the need of paying taxes, and in that framework it has been published written materials, booklets, announcements etc.

It has been realized wide media campaign for submission of the Annual Tax Return and the Annual Report by the taxpayers, which results in increasing of the Personal Income Tax registration for the total income realized in 2007 which was higher in relation to the previous year.

During the whole 2008 it has been published articles for taxation of specific kinds of revenues and for specific taxes, announcements for concrete issues of taxation and thematic booklets.

*To train and encourage the taxpayers to comply their tax obligations voluntarily and legally without PRO intervention*



*To provide high level of e-services developing*



In order to increase the transparency of working and creating unity with the work practice in the creation of the work procedures and tax policy implementation, it has been created Advisory Board of taxpayers of the Republic of Macedonia and it has been prepared the Regulation for its work.

Our aim is to develop partner relations with all taxpayers. It is very important to educate the taxpayers which will provide voluntary complying of their tax obligations, for that purpose a Strategy for taxpayers services has been adopted and implemented. In order to provide correct application of the laws, it has been provided opinions by raised questions (written, by phone, by e-mail) and it has been realized direct meetings with the taxpayers, as well as more educative meetings with authorized accountants who support the tax working of many taxpayers.

In 2008, all activities about starting with the work of the PRO Contact Center for providing taxpayers services are taking to the end. For that purpose there were made employments and staff education, updating of the knowledge base according to the new changes in the legislative regulations, equipping the space and installing the equipment. The Contact Center will start with work at the beginning of 2009.

The electronic services, as an opportunity for fast, secure and economically the most favorable communication of the taxpayers with the PRO, in 2008 they are upgrading and developing. The electronic submission of tax returns is technically provided for all taxpayers administrated in the LTO, but also for small and medium taxpayers from the other Regional Offices. This possibility still is not wide accepted however, by introducing the integrated IT system in 2009, the PRO will insist on its application.

Preparing the biggest reform in the last years, by introducing the one-stop-shop system for integrated collection of the social contributions from salary and the Personal Income Tax, the PRO made the preparations for electronic submission of the integrated returns. The client software provides all data from the returns to be declared per employee, provides their fast electronic checking and approves payment by electronic order. The method is very sophisticated and the PRO hopes that it will satisfy the planned necessities.

It is created and put in use the new PRO web-site, which presents the new face of PRO. [www.ujp.gov.mk](http://www.ujp.gov.mk) provides all data about PRO, it is updated every moment, provides many announcements, information, contacts, data... The taxpayers can find the responses to their requests, they can read texts related to taxation on different topics, they can find all forms necessary for communication with the PRO and instructions for their fulfilling, explanations about PRO acting procedures...

### *Systematically directed education for the tax problems and work processes*

Taking into consideration the human potential, our goal is to provide PRO to become desirable working place for people with high potentials. For that purpose, it has been prepared the Program for establishing the directions for development of human resources, where the focus is on staff education about the tax problems, work processes and procedures and in general for providing the necessary professional integrity and professional knowledge of the employees.

During the year, the PRO employees took part in many seminars, workshops, forums and study visits abroad, which resulted in learning and gaining experiences from modern tax administrations. It is especially important the participation in the workshops, forums and thematic working groups organized by IOTA, study visits of the tax administrations in the Kingdom of Holland, Finland, Norway, Turkey, Bulgaria, Slovenia, Czech, Hungary and Germany. Representatives from PRO participated in seminars for organized crime, money laundering, participated in the meetings of the Subcommittee for industry, trade and taxation in Brussels etc.

The internal auditors participated in the workshop for determining risks, irregularities and concept building for supporting the decentralized managing with the help for the Republic of Macedonia. It has been performed training for internal audit, especially for audit on the projects financed by the IPA funds and on the process of public supplies.

### *Appropriate fair and motivated awarding*

In 2008, along with the appropriate changes and amendments of the Law on PRO, besides reorganization of the PRO, the employees have a status of "tax servants". The new organization provides higher staff and financial independence of the institution, and the new status of the employees provides professional originality and new system of labor evaluation and its awarding. For that purpose, it has been formed Commission for awards and recognitions of the employees.

### *Employees' integrity defined in the Code of Conduct*

It has been adopted Code of Conduct of the tax servants, for the principles of professionalism and legality in work and responsibility for their disrespect. For realizing the Code, appropriate educations for the employees were organized. Within the framework of the activities related to the employees' integrity, of great importance is the work of the internal audit for which it has been adopted Draft Instruction.

In order to see the satisfaction of the PRO employees about the kind, way and volume of the measures for modernization implemented in PRO, as well as information and participation of the employees in such activities, it was made a Survey between representative numbers of employees. Although the results of the Survey were positive, recommendations appeared for further information improving and engaging the employees in such processes.

*Avoiding double taxation and no taxation*

In the part of international agreements application for avoiding double taxation, specific accent is put on realization of the tax obligations from the withhold tax for foreign legal entities. On the PRO web site, all changes in relation to the agreements for avoiding double taxation, as well as harmonized opinions and responses to raised questions by the taxpayers are published. Regularly, the agreements' ratifications are followed and the same are published on the web-site.

*Data exchange for tax frauds*

In order to prevent tax frauds and financial crime, in international frameworks has been performed data exchange with the tax administrations from other countries. The PRO sent seven requests for data to foreign tax administrations and got answer for all of them, and from the foreign tax administrations received nine requests and regarding those the PRO conducted five procedures.



# RESULTS ACHIEVED IN 2008

## THE WORK OF THE PRO FUNCTIONS

### IN NUMBERS...

#### REGISTRATION AND TAXPAYERS SERVICES

Registration and taxpayers services present a function, which at the moment is developed through the process of wide decentralization. The goal is through this function, the PRO to provide information, education, assistance and directions to the last taxpayer in the country, to encourage them to comply their tax obligations voluntarily and to declare the taxes.

**By providing better services in a form of precise and on time information and education, we are working on creation of socially aware taxpayers who understand the tax system and the tax functions.**

**The registration and taxpayers services function is performed by 180 employees.**

There are conditions this number in 2009 to be increased in accordance with the new PRO organization and the process of decentralization. Staffed, the function will be able:

- To put in function the Contact Center, for which during the whole 2008 were performed all necessary preparations: staff employment, updating the knowledge base, spatial and technical conditions...The Contact Center will provided any kind of services to the taxpayers, as well as telephone and electronic contacts with the taxpayers from whole country.
- To provide services to the taxpayers through the Service Points, which will be open continuously in all municipalities on the territory of the Republic of Macedonia.
- To start realizing the Project-Industrial Partnership with selected economic industry, for which it was performed appropriate preparations in 2008. The goal of the Project is to increase the level of the taxpayer's adherence to the legal obligations and to increase the voluntary tax payment, by undertaking different informative, educative and audit activities and providing statistics data base.

Although the function has insufficient number of employees, the clear vision of goals set, contributes to achieve higher results.

It is especially high the number of the working meetings organized with the taxpayers or with their associations on disputable topics or on novelties, which arise from the changes in the tax laws or introducing new laws such as regulations for integrated collection of the Personal Income Tax and the social contributions, introducing the total Income Tax for small and medium taxpayers, taxation of agriculturists, taxi drivers, attorneys and other professions.

The advisory and informative visits of small taxpayers are of a great importance, especially visits of those who start working and have need of more advices and information for the tax procedures.

In 2008, significant numbers of seminars were organized. The seminars organized in the bigger cities of the country were of a great importance referring to the integrated collection of the social contributions and the Personal Income Tax, and over 3000 employers took part.

#### CONTACTS WITH TAXPAYERS

In written form	4.123
Telephone	39.250
E-mail	1.044

#### EDUCATIONAL PROGRAMS

Seminars	98
Working meetings with taxpayers in the RD/LTO	9.795
Advisory and informative visits of the taxpayers	3.261

PRO in 2008 administrates with 133.570 taxpayers, registered in legal form: as legal entities or as sole proprietors, performers of some professions which provide legal and other intellectual services, craftsmen or other self employed.

In 2008, significantly is increased the number of taxpayers who registered their total annual income, who during the year they paid the tax after deduction or paid it in advance, or in some cases they did not pay it at all. For that purpose, the PRO for 120.396 citizens – taxpayers assessed annual Personal Income Tax.

<b>In 2008 the Public Revenue Office administrates with 133 570 taxpayers with:</b>	
• Status of legal entities	<b>112.564</b>
• Status of sole proprietors	<b>21.006</b>
New registered taxpayers - [growth 2008/07 4,6 %]	
• Legal entities	11.469
• <b>Sole proprietors</b>	<b>2.564</b>
Deregistered taxpayers - [growth 2008/07 10,7 %]	
• Legal entities	4.209
• <b>Sole proprietors</b>	<b>1.858</b>
Number of taxpayers/citizens- [growth 2008/07 619 %]	
• 2008	120.396
• 2007	19.447
In 2008, the number of citizens – taxpayers of Personal Income Tax from totally realized annual income, the PRO performed assessment of the annual tax obligation by voluntary submitted returns or by official duty, are 120 396. In 2007, tax assessments were performed by 19 447 voluntary and official returns.	
<b>Specific tax registrations</b>	
<b>On 31.12.2008 are registered for the VAT purposes</b>	<b>35.302</b>
• New registered VAT taxpayers	4.957
• Deregistered VAT taxpayers	2.650
<b>Registered taxpayers for Total Income Tax</b>	<b>23.562</b>
<b>According to the Law on cash payments registration, in the period 2002-2008, PRO fiscalized:</b>	
• Taxpayers	<b>60.785</b>
• Cash-registers that are put in use (total)	<b>81.100</b>

## RETURNS PROCESSING, TAX ASSESSMENT AND COLLECTION PROCEDURES

**The function of tax assessment and collection is done by 484 employees, 147 of which are employed in the field of Enforced Collection**

The speed and efficiency in the process of receiving and processing tax returns data, as well as the accuracy and good timing, are pre-conditions for performing the following functions: tax assessment and collection. The basic goal is obtaining the maximum number of taxpayers and high level of voluntary tax compliance. In order to achieve this, in 2008 intensifies the processes for centralized processing of tax returns from all Regional Offices in one Center. By the end of the year, in the Center for processing returns (CPR) located in Skopje have been processed all VAT-returns from all Regional Offices, as well as the monthly and annual returns for Profit Tax, total Income Tax and Personal Income Tax of salaries, for the Regional Office Skopje, which has the most number of taxpayers. This way it is provided reallocation of the employees to much more essential activities in the process of tax assessment.

Submission of returns for integrated collection of social contributions and Personal Income Tax is enabled to be performed in electronic form or media, which will improve the processing of returns in PRO and will raise the work standards.

The electronic receiving of tax returns is performed in the Large Taxpayers Office, where all types of tax returns for all taxpayers are enabled to be submitted electronically. This possibility exists also for small and medium taxpayers, but the practice is still in the process of development. In 2008, in the Large Taxpayers Office the following tax returns were received, such as:

- Tax return for VAT..... 1.181
- Monthly Tax Balance for Profit Tax ..... 973
- Monthly calculation for the salary payer ..... 1.134
- Annual Tax Balance for Profit Tax ..... 177

The PRO has received and processed the following tax returns:

• Tax returns for VAT.....	142.736
• Excise returns for mineral oils.....	231
• Excise returns for alcohol and alcoholic beverages.....	32
• Monthly Tax Balance for Profit Tax.....	233.274
• Annual Tax Balance for Profit Tax *.....	58.628
• Annual Tax Balance for Total Income Tax.....	23.566
• Monthly calculations for the salary payer.....	536.872
• Annual tax return for Personal Income Tax (citizens).....	77.014
• Annual Tax Balance for Personal Income Tax.....	10.270
• Annual report for the income payer.....	38.738
• Advance payment tax returns for	
-property and property rights income.....	6.015
-capital gain income.....	16.121

\*In the number of processed Annual Tax Balances for Profit Tax it is included the returns submitted by taxpayers for Annual Total Income Tax, who were obliged to submit after adopting the Decision of the Constitutional Court of RM for provisions revoking of Annual Total Income Tax for application for 2007.

The basic principle for tax assessment, according to the existing tax legislation, is the principle of self registration and self assessment. However, in some cases, it foresees the tax assessment to be done by PRO by adopting tax decision, and that are the cases when it is stipulated by law not to be done self taxation, when besides self taxation it has to be adopted tax decision, when for the taxpayer it is assessed total or partially tax free, when the request for tax assessment has been rejected, or whenever there is a variation from self taxation of the taxpayer. In 2008, the PRO prepared decisions for tax assessment:

#### Prepared decisions for tax assessed

• Annual lump-sum tax assessed.....	1.961
• Annual income of natural persons.....	118.396
• Income from self-employment.....	13.703
• Income from property and property rights.....	7.351
• Sign-in and sign-off.....	1.327
• Capital gain income.....	7.492
• Decisions for collection of court fees.....	5.941

*The improved taxpayers services, the transparency of the PRO work and the media involvement, have increased the level of awareness of the taxpayers for their role in the society and their right and obligations in the field of taxation.*

*2008 will be remembered as a year of the big leap in the field of registration of the annual income of the citizens of the Republic of Macedonia, because it has been achieved higher results in registration and assessment of the annual Personal Income Tax compared with the previous years. 38.738 salary payers have submitted their annual reports for the realized income payments by types and by recipients. It has been submitted 77.014 tax returns by the citizens with overall gross income of 41.088.982.213 denars. For the citizens who obtain their income from different sources, voluntarily or by PRO assessment, it has been prepared 118.396 decisions and the overall gross income made in 2007 of 50.592.411.861 denars and annual tax liability of 4.117.750.152 denars.*

*During 2007, the citizens paid in advance 3.883.686.241 denars, and for additional payment the rest is 234.063.911 denars.*

Regional Directorates	Decisions		Total	Total gross income assessed in decisions	Total PIT assessed in decisions
	Voluntary	Officially			
Skopje	45.536	14.458	59.994	32.824.534.563	2.692.184.697
Bitola	7.513	11.640	19.153	7.529.255.977	633.764.864
Prilep	5.627	11.576	17.203	3.600.978.348	275.174.737
Strumica	4.370	2.741	7.111	1.973.141.340	154.635.262
Tetovo	3.442	859	4.301	2.077.924.497	165.425.718
Stip	8.877	1.757	10.634	2.586.577.136	196.564.874
<b>Total</b>	<b>75.365</b>	<b>43.031</b>	<b>118.396</b>	<b>50.592.411.861</b>	<b>4.117.750.152</b>

In cases where there is no voluntary tax payment, various procedures for collection are implemented. According to the debt condition and the possibilities of the debtor – the collection of tax debts is by off-setting of surplus, deferring in proceedings with the secured guarantees, foreclose and collection of property and other measures foreseen by the Law on Tax Procedure, or temporary writing-off of tax.

PRO identifies the “debt arrears”, it informs the taxpayers for the amount of the tax debt and it uses the instruments left on disposal in order to make debt collection, without interfering in the economic existence of the taxpayer.

### Collection procedures in the PRO

• <b>Off-setting of surplus and incorrectly taxes paid</b>	
Procedures for off-setting of surplus tax paid against the tax debt.....	2.391
[increase 2008/07 for 48,6%]	
Procedures for reallocation of surplus tax and incorrectly paid taxes.....	7.163
[decrease 2008/07 for 10%]	
• <b>Cessions-Payments with cessions</b> .....	1.196
[decrease 2008/07 for 18%]	
• <b>Reprogram-Deferred payment</b>	
Carried out procedures for all types of taxes.....	324
[increase 2008/07 for 75%]	
• <b>Temporary writing-off of taxes</b>	
Procedures in cases when the collection fails or the collection costs disproportional with the tax debt .....	758
• <b>Warnings</b>	
Warnings issued for debt collection and other auxiliary duties .....	22.867
[decrease 2008/07 for 0,2%]	
Upon which payments were made.....	4.319
[increase 2008/07 for 233%]	
• <b>Enforced collection</b>	
Procedures for bending over the debtor's cash.....	6.356
[increase 2008/07 for 14%]	
Procedures for collection from movable and non-movable assets.....	104
[increase 2008/07 for 86%]	
Procedures for collection from debtors that have liabilities to the debtor.....	72
[decrease 2008/07 for 44%]	
Procedures for collection from personal income.....	59
[increase 2008/07 – in 2007 there were only 2 procedures]	
• <b>Collection of court fees</b>	
Procedures for collection of court fees on the court request.....	4.791
Procedures for enforced collection of court fees on the court request.....	1.150

According to the official documentation and on the request of the taxpayers and other institutions, the PRO in 2008 realized the following activities:

• <b>Tax clearance certificates</b> .....	199.251
for legal entities.....	15.072
for sole proprietors.....	3.591
for natural persons.....	180.588
• <b>Conclusions for unpaid taxes</b> .....	2.699
for legal entities .....	2.550
or sole proprietors .....	147
for natural persons.....	2
• <b>Procedures for refund of surplus and incorrectly paid taxes</b> .....	4.807
[increase 2008/07 for 495 %]	
• <b>Requests for collection of court fees</b> .....	15.557
[increase 2008/07 for 24 %]	

In 2008, the Public Revenue Office, in accordance with the authorizations invested by the Law on Corruption Prevention and the Law on Personal Income Tax, implemented procedures for additional tax assessment when the income is partially or totally undeclared and not taxed.

### Special procedures for additional tax assessment

• <b>Procedures for examination of the assets and wealth status</b> of appointed or elected official, as well as other official and responsible person in a public enterprise, public institution or other legal entity that includes state capital	
Number of initiated procedures .....	20
Number of stopped procedures with a conclusion.....	2
Number of completed procedures with a decision.....	5
Number of collected procedures with a decision.....	3
Tax assessed.....	10.376.523 denars
• <b>Procedure for tax assessment when a person has assets or has funds higher than the income taxed on which there was no tax has been assessed or incompletely assessed</b>	
Number of initiated procedures.....	121
Number of stopped procedures with a conclusion .....	39
Number of completed procedures with a decision .....	74
Number of collected procedures with a decision .....	10+4 partially
Tax assessed.....	953.988.579 denars

## EXTERNAL AUDIT PROCEDURES

*The external audit function is performed by 321 employees, 227 of which are tax auditors*

In 2008, the external audit focused its efforts in promoting the methods, techniques and tools necessary for risk oriented audit and performed an intensive education of the employees for their application, as well as introducing quality standards for performance measurement, which is expected to produce higher results in future.

### AUDITS PERFORMED

audits performed in 2008.....	17.707
audits performed in 2007.....	19.977
[decrease 2008/07 for 11%]	
with irregularities.....	5.446 or 31%
without irregularities.....	12.261 or 69%

### RESULTS ACHIEVED

Irregularities identified in 2008.....	3.145.558.161 den.
Irregularities identified in 2007.....	3.696.876.273 den.
[decrease 2008/07 for 15%]	
Taxes collected following audit in 2008.....	773.490.231 den.
Taxes collected following audit in 2007.....	586.076.380 den.
[increase 2008/07 for 32%]	
Total collected public fees by audit in 2008.....	774.272.920 den.
Total collected public fees by audit in 2007.....	588.745.844 den.
[increase 2008/07 for 31,5%]	

The audits of implementing fiscalization and application of cash registers are one of the methods for audit of the realized turnover and tax liabilities in the field of predominant cash payment. These are also a very efficient method for preventing and decreasing the existence of gray economy. Although in 2008 there were less than in 2007, they have efficiently done their function...

### AUDITS PERFORMED in the process of implementing FISCALIZATION

With the audit it is concluded that the taxpayers:

Use cash register.....	3.782
Do not use cash register.....	1.213
Do not have cash register.....	311

### MEASURES UNDERTAKEN

Invitation for mandate penalties-legal entities.....	1.113
Invitation for mandate penalties-natural persons.....	.808
Invitation for mandate penalties-responsible persons.....	.361
Misdemeanor procedures initiated.....	.529
<b>Businesses closed.....</b>	<b>1.233</b>

## OTHER PRO ACTIVITIES

### *The function of legal activities and objections is performed by 34 employees*

The Public Revenue Office acts according to the official duty by submitted objections, and after entering into force the Law on Changes and Amendments of the Law on Tax Procedure from 27.07.2008, the PRO will act by taxpayer's appeals. The legal experts in the PRO submit requests for initiating misdemeanor procedure and criminal procedures against the unconscious taxpayers and perform other legal activities, such as legal representation of the PRO in front of the courts and involvement in the bankruptcy and administrative-accounting legal disputes. In 2008, 193 criminal returns, 17.546 requests for initiating misdemeanor procedures, and 492 representations in front of the courts were submitted.

#### **Procedures by objection:**

In 2008, the PRO received 1.291 objections by first degree decisions and prepared 957 decisions by objections. Taxpayers revoked 24 objections. Against the decisions for objection, 615 appeals were submitted, 303 of which were resolved.

<b>Number of submitted objections.....</b>	<b>1.291</b>
<b>Number of decisions by objection.....</b>	<b>957</b>
<b>Number of submitted appeals against decisions by objection.....</b>	<b>615</b>
<b>Number of appeals resolved.....</b>	<b>303</b>

#### **Procedures by appeal**

In 2008, in the PRO 1.077 appeals were submitted against the decisions of the PRO. 105 of them were resolved in the PRO and 972 appeals were submitted to the Ministry of Finance.

<b>Number of appeals received in PRO.....</b>	<b>1.077</b>
<b>Number of appeals resolved in PRO.....</b>	<b>105</b>
<b>Number of appeals submitted to the MoF.....</b>	<b>972</b>

*We are working on realization of the PRO mission for collection of taxes and other public fees, in order to provide state functioning and realization of all programs towards improvement of the social standard and infrastructure, providing educational and cultural development of the young generations, providing ecologically healthy environment for living and working, and providing social security of the population, especially the most endangered, peaceful and secure future for all...*

Along with the Budget of the Republic of Macedonia for 2008, a net Basic Budget has been planned as a part of the Central Budget in the amount of 89.397.520.000 denars, out of which the tax income that the PRO administrated, were planned in the amount of 63.377.000.000 denars.

In July 2008, a Rebalance of the Budget was made, by which the net Basic Budget as a part of the Central Budget was planned in the amount of 98.980.645.000 denars. One of the reasons for re-evidence was the increased realization of all types of tax income.

In the first half of the year, collection of taxes administrated by the PRO has been made in the amount of 33.455.726.496 denars, which presents increasing for 10,21% of the planned 30.357.000.000 denars. Within this framework, the realized income from the Profit Tax in relation to the planned, increased for 61,62%, the income from the Personal Income Tax increased 5,70%, the income from the VAT increased for 5,46% and the income from the Excises increased for 1,16%.

With the rebalance, the tax income administrating by the PRO was planed in the amount of 70.198.645.000 denars, i.e. the plan for the amount of the tax income increased for 10,76%.

The amounts of the planned income for every type of tax were increased differently, depending on the predictions for their realization: essential increasing of the plan for Profit Tax for 71,3%, Personal Income Tax for 6,83%, VAT for 6,49% and Excises for 1,11%.

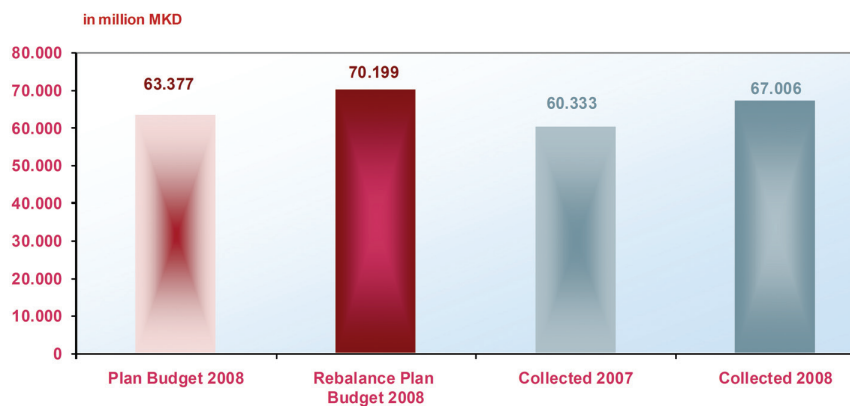
The increasing trend of the planned and realized tax income is present in all previous years. The amounts of the income planned in each and every year compared to the previous year for the period 2003-2008 are higher, in 2003 was 43.986 million denars and reached a level in the amount of 70.199 million denars in 2008. In this regard, the intensity of growth is different each year, and that intensity is the highest in 2008, when in relation to 2007 it was planned growth of the income of 20%. The amount of total realized tax income for 2008 in the Budget of RM is 67.006 million denars, which is in the same time the highest amount of tax income ever been recorded.

*In 2008 the PRO realized total tax income of 67.006.188.224 denars. This amount is lower for:*

*▼ 4,6% in relation to the re-balanced Budget-plan of 70.199.000.000 denars and higher for*

*▲ 5,73% in relation to the first Budget-plan for 2008 of 63.377.000.000 denars and for*

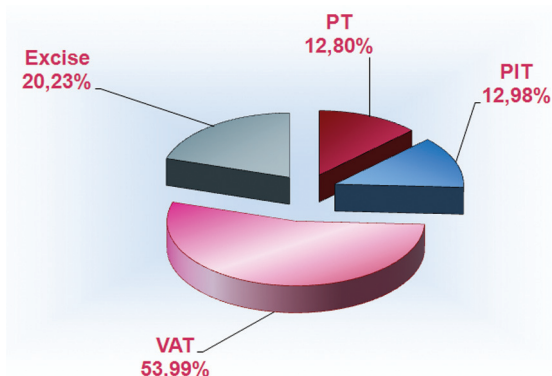
*▲ 11,1% in relation to the realized tax income in 2007 in the amount of 60.333.226.455 denars*





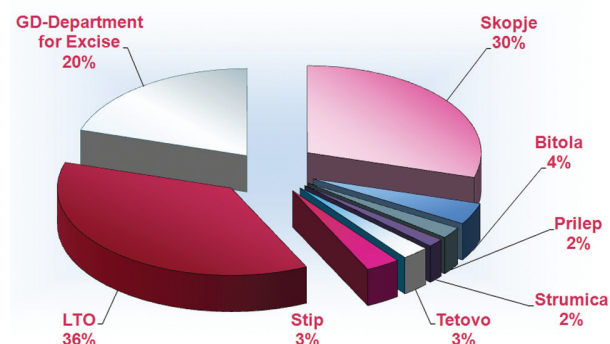
In the tax structure, as well as in the structure for the past few years, the most important is the contribution of the taxes for cost - VAT and Excise.

Value Added Tax	53,99%
Excise	20,23%
Personal Income Tax	12,98%
Profit Tax	12,80%



The reallocation of the tax income in accordance to the organizational structure of the PRO and the location of their realization is the following:

Large Taxpayers Office.....	36%
RO Skopje.....	30%
Department for Excise.....	20%
RO Bitola.....	4%
RD Stip.....	3%
RO Tetovo.....	3%
RO Prilep.....	2%
RO Strumica.....	2%



The fundamental PRO mission to support and strengthen the voluntarily compliance and payment of taxes by the taxpayers without intervention from the PRO, is in high level accomplished in 2008, which can be seen from the structure of total taxes collection. These accomplishments are as a result of the new strategies for tax collections, activities raised from the strategies for taxpayers services and the increased transparency and public of the PRO work.

COLLECTION STRUCTURE		- in denars	
<b>Total collected net tax income</b>	<b>67.006.188.225</b>	<b>100,00%</b>	
Voluntarily payment	61.359.139.311	91,57%	
Income from audit 75%	580.104.359	0,87%	
Collection of Personal Income Tax by PRO decisions	760.734.463	1,13%	
Collection with off-setting and relocating	919.807.916	1,37%	
Collection with Cessions	127.976.844	0,19%	
Collection with deferred payment	97.892.638	0,15%	
Collection by warning	1.281.675.000	1,91%	
Enforced collection	1.734.675.000	2,59%	
Collection by Special procedures	144.182.695	0,22%	
Income from audit 25% for the PRO	193.368.634		
Voluntarily payment for other users	897.353.855		
<b>Total collected gross tax income</b>	<b>68.096.910.713</b>		

## PROFIT TAX (PT)

The collection of Profit Tax has reached its higher level in 2008 compared to the previous periods and also compared to the fluctuation of the other types of taxes. That is a result of the positive movements of all parameters that determine the basis for taxation and the number of taxpayers in 2007. The Tax Balances in 2007 expressed:

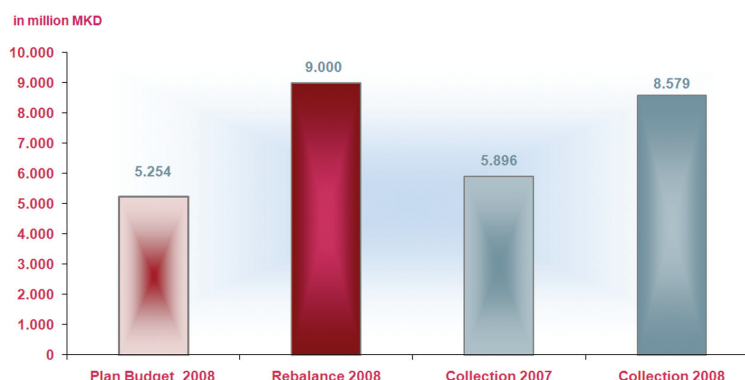
- Increasing of the realized profit of the working for 74,5% and decrease of the losses for 28,4% in comparison to 2006.
- The tax reliefs which are used to decrease the tax basis show a decrease for 83,3% in comparison to 2006.
- Increasing of the tax basis for 78,9% which caused increase in the taxes, besides the application of the decreased tax rate of 12%, from 15% which was used in 2006.

**In 2008 a total income of 8.579.019.887 denars from the profit tax is realized and the same is higher for:**

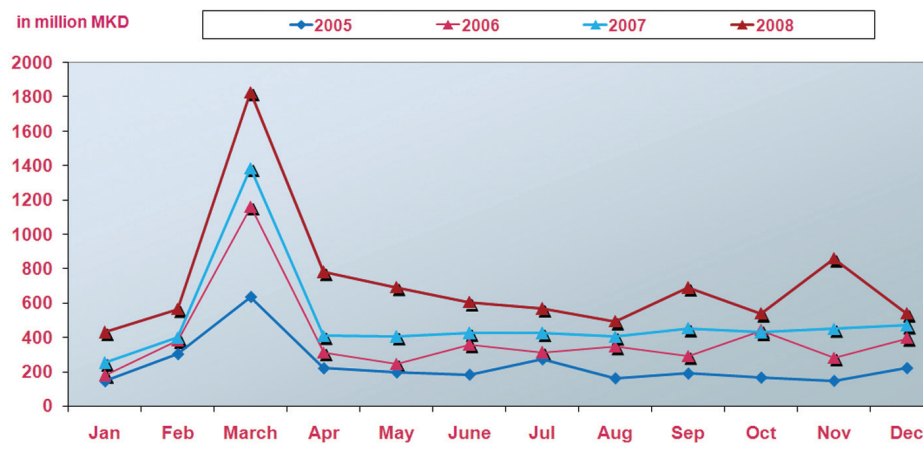
**▲ 63,29% in relation to the first budget plan of 5.254.000.000 denars**

**▲ 45,5% in relation to the achieved in 2007 of 5.896.448.147 denars**

**▼ and lower for 4,7% in relation to the rebalanced budget plan of 9.000.000.000 denars**



**In 2008, in each and every month there are higher income collected in relation to the same month of the previous years.**



### The structure of collected profit tax by types of taxes:

COLLECTED PROFIT TAX	8.579.019.887	100%
Monthly advance payments of PT	5.241.509.438	61,10%
Additional payments by tax balance for 2007	2.245.147.382	26,17%
Withhold tax for foreign legal entities	915.130.416	10,67%
Annual tax of total income	94.427.274	1,10%
Interests	82.805.378	0,96%

## PERSONAL INCOME TAX (PIT)

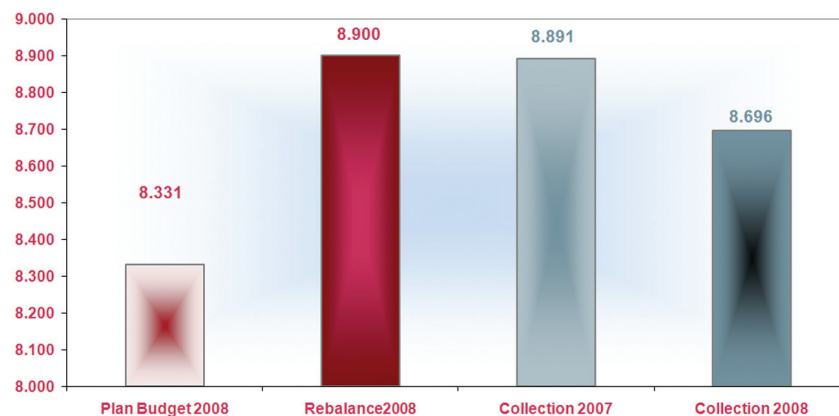
In 2008 is realized total income from the Personal Income Tax in amount of 8.695.853.233 denars and it is higher for:

▲ 4,38% in relation to the first budget plan of 8.331.000.000 denars

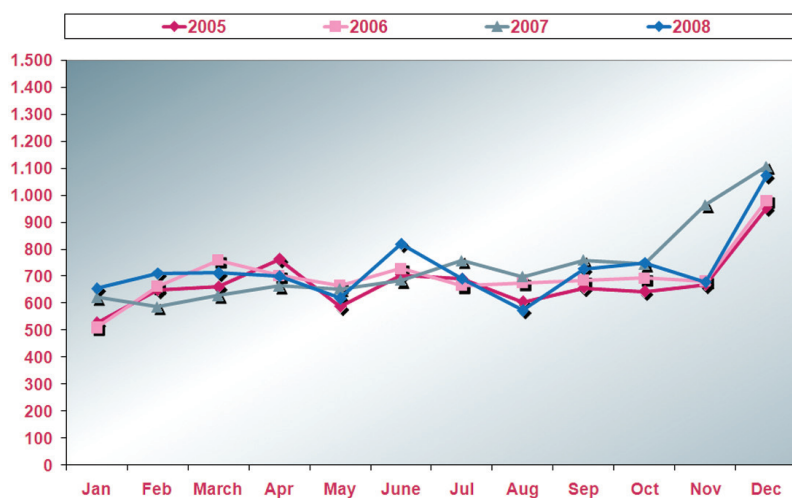
▼ lower for 2,29% in relation to rebalanced budget plan of 8.900.000.000 denars

▼ for 2,19% in relation to realized in 2007 in amount of 8.890.911.002 denars

in million MKD



Dynamic of the realized income on the basis of the Personal Income Tax by months is in the frameworks of the usual, but with outstanding amplitudes in separated months.



In the income's structure, the highest is the participation of the salary tax and other personal income with 78,80%.

Condition of this revenues is more important if it is taken into consideration the fact that are realized in the conditions of reduced tax rate of 12% to 10% because of the introduced flat tax.

COLLECTED PERSONAL INCOME TAX	8.695.853.233	100%
Salaries and other personal income	6.851.936.175	78,80%
Income from agriculture and foresting	2.881.612	0,03%
Income from self-employed activity	80.179.060	0,92%
Income from property and property rights	260.524.922	3,00%
Copy rights and rights from industrial property	215.978.793	2,48%
Income from capital	429.490.924	4,94%
Income from capital gains	336.976.014	3,88%
Income from Games of chance	22.524.373	0,26%
Other income	129.801.788	1,49%
Additional payments by annual decisions	162.955.483	1,87%
Untaxed income	144.182.695	1,66%
Interest	58.421.398	0,67%

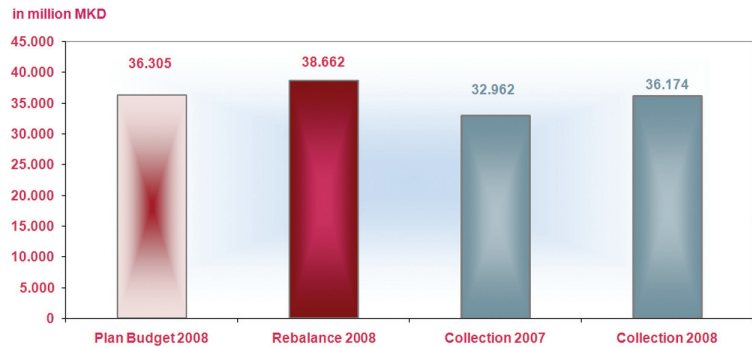
## VALUE ADDED TAX (VAT)

In 2008 is realized total income of the Value Added Tax in amount of 36.173.734.423 denars and the same is higher for:

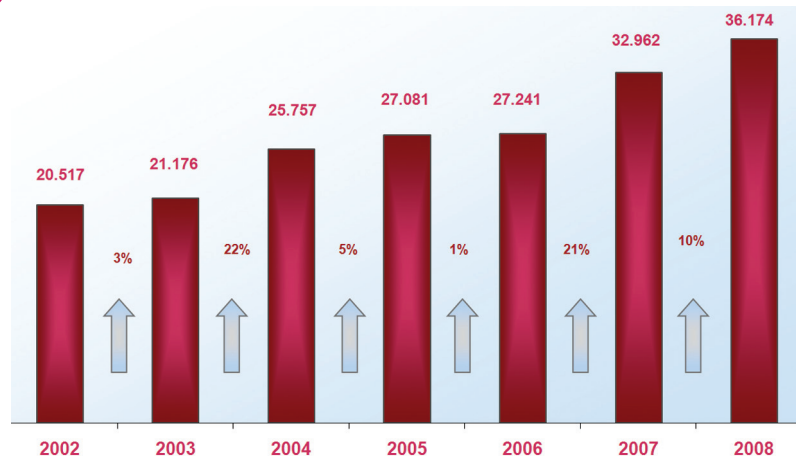
▲ 9,74% in relation to the realized income in 2007 in amount of 32.962.052.790 denars

▼ lower for 0.64% in relation to the first budget plan of 36.305.000.000 denars and

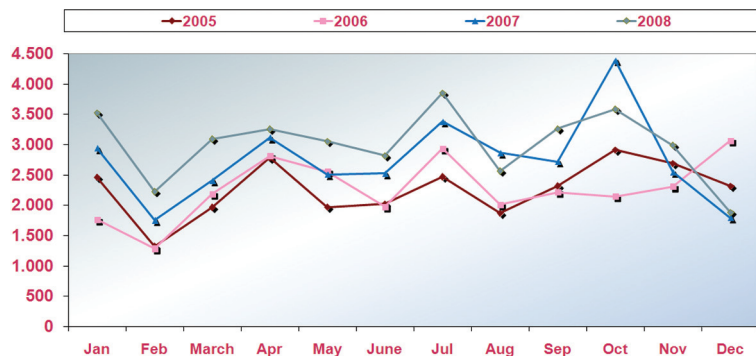
▼ lower for 6.44% in relation to the rebalanced budget plan in amount of 38.661.645.000 denars



The realized amount of income on the basis of VAT in 2008 presents trend extension of permanent realization of higher income in every following, in relation to the previous year.



In 2008 dynamic of the realized income of VAT per months is in frameworks of usual, with exception of the last two months of the year when was noticed more strict reduction.

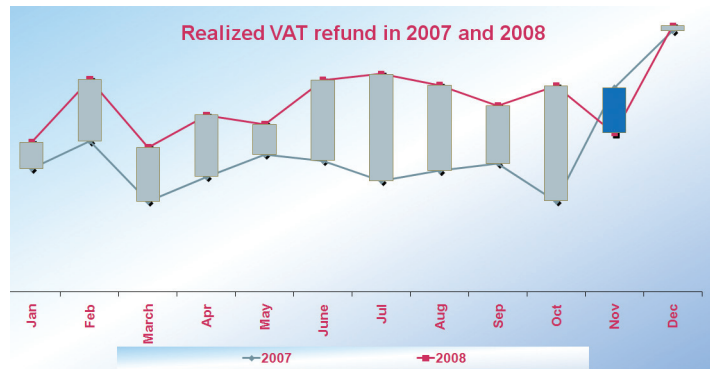


### Structure of the total VAT income:

	2008	2007	index 08/07
Realized VAT of import	43.408.806.095	34.453.793.230	126,0
Realized VAT of turnover in the country	16.355.823.572	15.369.556.026	106,4
Realized VAT of donations	196.170.557	197.216.252	99,5
Interest	235.069.857	317.511.288	74,0
VAT refund	- 24.022.135.658	- 17.376.024.006	138,2
<b>TOTAL REALIZED VAT</b>	<b>36.173.734.423</b>	<b>32.962.052.789</b>	<b>109,74</b>

*In 2008 the highest VAT refund is realized, since the introduction of this kind of tax – 24.022.135.658 denars*

- 66,4% of VAT income
- 38% higher from 2007
- 2.001.844.638 denars average monthly refund amount



*In 2008 growth is registered of all parameters which are of importance for the amount of the VAT*

TURNOVER, ENTRY TURNOVER AND CALCULATED VAT (in million denars)			
	2006	2007	2008
Taxed turnover	480.601	558.833	653.899
Total turnover	633.006	755.759	864.149
Import and entry turnover in the country	480.485	574.170	689.151
Calculated VAT on the turnover	75.731	86.761	99.166

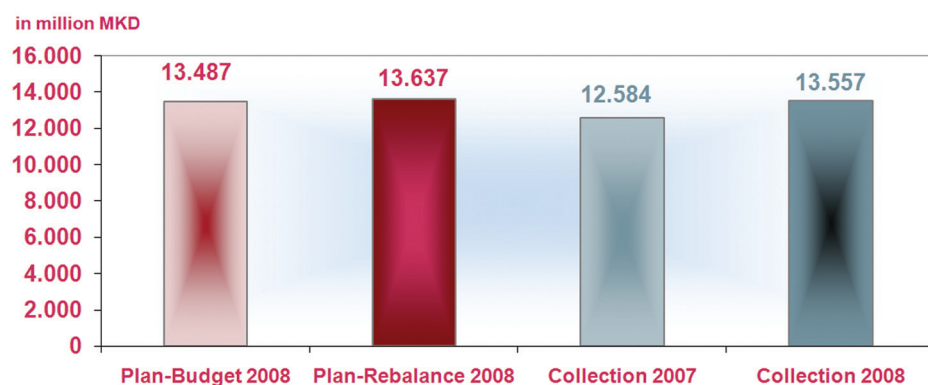
## EXCISES

*In 2008 it was realized total income from Excises in the amount of 13.557.380.189 denars which is higher for:*

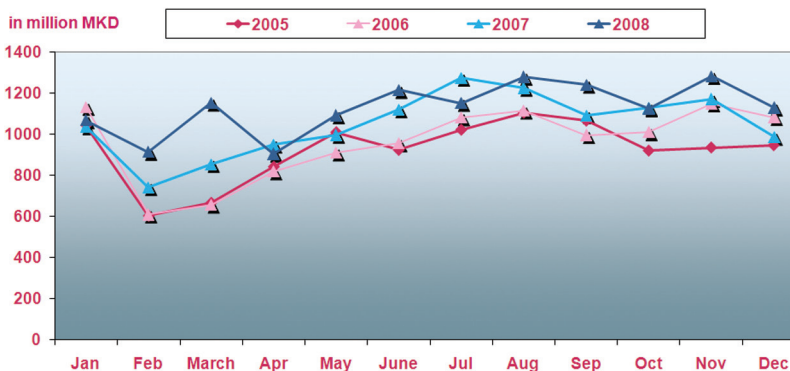
*▲ 7,74% in relation to income realized in 2007 in the amount of 12.583.801.655 denars*

*▲ higher for 0,52% in relation to the first Budget Plan in the amount of 13.487.000.000 denars and*

*▼ lower for 0,58% in relation to the rebalanced Budget Plan in the amount of 13.637.000.000 denars*



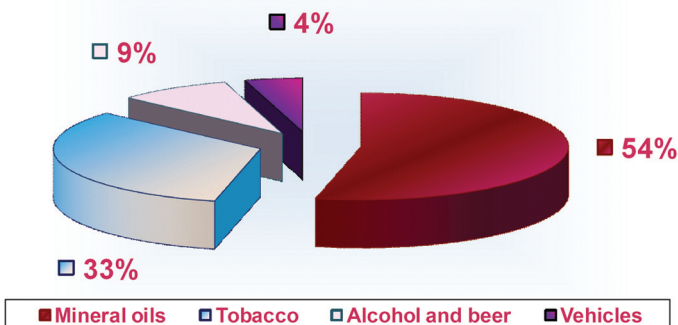
In 2008, the dynamic of the income realized per months is on a higher level in relation to the appropriate months in the past years, with the exception of January and July when it was below the level of the same months in 2006 and 2007.



In the total income from Excises, the particular excise goods take part with:

Mineral oils.....54%  
 Tobacco goods .....33%  
 Alcohol .....9%  
 Passenger vehicles.....4%

Structure of the revenues per sort of excise goods in 2008

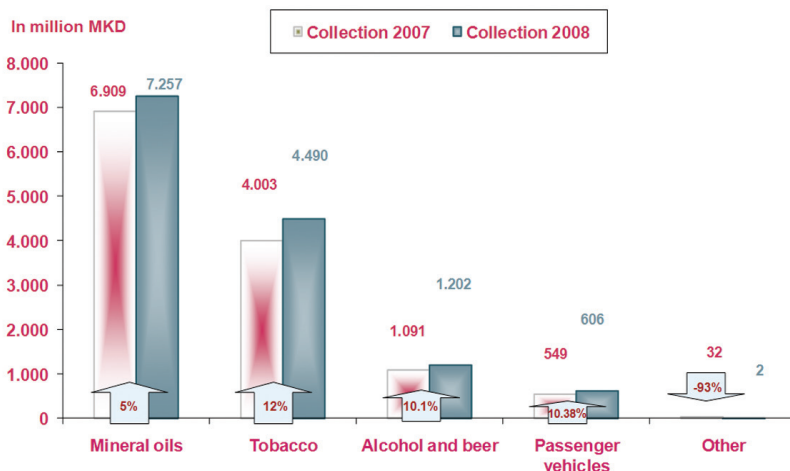


Lower income in relation to the projected amounts of income are realized on the Excise of mineral oils and passenger vehicles.

Regarding the structure participation of mineral oils, exactly the lower realization of this kind of excise goods has an impact on the level of realizing income from Excises of total level, in relation to the planned.

In 2008 in relation to 2007, by types of excise goods the income are exceeded:

Mineral oils.....5,04%  
 Tobacco goods.....12,16%  
 Alcohol.....10,11%  
 Passenger vehicles.....10,42%





STATISTICS



STATISTICS

**STATISTICS**



## REGISTRATION OF TAXPAYERS

Regional Directorate/LTO	TAXPAYERS REGISTERED				
	2007	New in 2008	Deregistered in 2008	2008	2008/2007
RD Skopje	50.793	4.651	1.746	53.698	105.72
RD Bitola	17.251	1.977	1.124	18.104	104.94
RD Prilep	12.921	1.729	666	13.984	108.23
RD Strumica	10.434	1.404	608	11.230	107.63
RD Tetovo	15.775	1.919	640	17.054	108.11
RD Stip	18.297	2.309	1.281	19.325	105.62
LTO	133	44	2	175	131.58
<b>Total</b>	<b>125.604</b>	<b>14.033</b>	<b>6.067</b>	<b>133.570</b>	<b>106.34</b>

Regional Directorate/LTO	LEGAL ENTITIES REGISTERED				
	2007	New in 2008	Deregistered in 2008	2008	2008/2007
RD Skopje	44.106	4.286	1.335	47.057	106.69
RD Bitola	15.359	1.746	974	16.131	105.03
RD Prilep	10.440	1.249	373	11.316	108.39
RD Strumica	9.001	1.113	426	9.688	107.63
RD Tetovo	11.302	1.346	295	12.353	109.30
RD Stip	14.963	1.685	804	15.844	105.89
LTO	133	44		175	131.58
<b>Total</b>	<b>105.304</b>	<b>11.469</b>	<b>4.209</b>	<b>112.564</b>	<b>106.89</b>

Regional Directorate	SOLE PROPRIETORS REGISTERED				
	2007	New in 2008	Deregistered in 2008	2008	2008/2007
RD Skopje	6.687	365	411	6.641	99.31
RD Bitola	1.892	231	150	1.973	104.28
RD Prilep	2.481	480	293	2.668	107.54
RD Strumica	1.433	291	182	1.542	107.61
RD Tetovo	4.473	573	345	4.701	105.10
RD Stip	3.334	624	477	3.481	104.41
<b>Total</b>	<b>20.300</b>	<b>2.564</b>	<b>1.858</b>	<b>21.006</b>	<b>103.48</b>

Regional Directorate/LTO	VAT TAXPAYERS REGISTERED				
	2007	New in 2008	Deregistered in 2008	2008	2008/2007
RD Skopje	14.276	1.967	1.004	15.239	106.75
RD Bitola	4.766	762	684	4.844	101.64
RD Prilep	3.686	609	134	4.161	112.89
RD Strumica	2.915	515	182	3.248	111.42
RD Tetovo	2.917	376	285	3.008	103.12
RD Stip	4.315	686	360	4.641	107.56
LTO	120	42	1	161	134.17
<b>Total</b>	<b>32.995</b>	<b>4.957</b>	<b>2.650</b>	<b>35.302</b>	<b>106.99</b>

Regional Directorate/LTO	CASH REGISTER MACHINES REGISTERED				
	Number of cash registers 31.12.2007	Active 2002-2008	Deregistered 2002-2008	Number of cash registers 31.12.2008	2008/2007
RD Skopje	22.500	21.307	5.522	26.829	119,24
RD Bitola	10.170	10.284	2.305	12.589	123,79
RD Prilep	7.492	8.041	1.628	9.669	129,06
RD Strumica	6.117	6.348	1.415	7.763	126,91
RD Tetovo	7.264	7.556	970	8.526	117,37
RD Stip	9.789	10.166	2.533	12.699	129,73
LTO	1.758	2.659	366	3.025	172,07
<b>Total</b>	<b>65.090</b>	<b>66.361</b>	<b>14.739</b>	<b>81.100</b>	<b>124,60</b>

Regional Directorate/LTO	NUMBER OF TAXPAYERS WHO HAVE REGISTERED CASH REGISTERS				
	Number of taxpayers who have cash registers 31.12.2007	Active 2002-2008	Deregistered 2002-2008	Number of taxpayers who have cash registers 31.12.2008	2008/2007
RD Skopje	17.471	17.984	2.155	20.139	115,27
RD Bitola	8.128	8.686	1.175	9.861	121,32
RD Prilep	6.073	6.599	759	7.358	121,16
RD Strumica	4.987	5.275	773	6.048	121,28
RD Tetovo	6.270	6.546	614	7.160	114,19
RD Stip	8.075	8.635	1.449	10.084	124,88
LTO	117	132	3	135	115,38
<b>Total</b>	<b>51.121</b>	<b>53.857</b>	<b>6.928</b>	<b>60.785</b>	<b>118,90</b>

## TAXPAYERS SERVICES

EDUCATION INFORMATION AND ASSISTANCE – NUMBER OF CASES								
Taxpayers services	Skopje	Bitola	Prilep	Strumica	Tetovo	Stip	LTO	Total
<b>Telephone contacts</b>	7.105	13.801	4.045	6.286	1.790	4.659	1.564	<b>39.250</b>
<b>Correspondences</b>	202	1.787	55	1.291	172	202	414	<b>4.123</b>
<b>Face to face communication</b>	4.790	2.085	240	4.416	326	1.156	43	<b>13.056</b>

NUMBER OF AUDITS PERFORMED WITH OR WITHOUT IRREGULARITIES							
RD/LTO	Irregularities	VAT	PIT	Profit Tax	Excise	Other audits	Total
SKOPJE	Without	589	110	167	9	1.382	2.257
	With	402	149	127	1	351	1.030
	<b>Total</b>	<b>991</b>	<b>259</b>	<b>294</b>	<b>10</b>	<b>1.733</b>	<b>3.287</b>
BITOLA	Without	548	400	87	1	1.062	2.098
	With	382	168	169	3	298	1.020
	<b>Total</b>	<b>930</b>	<b>568</b>	<b>256</b>	<b>4</b>	<b>1.360</b>	<b>3.118</b>
PRILEP	Without	678	280	63	6	1.142	2.169
	With	252	113	49	3	185	602
	<b>Total</b>	<b>930</b>	<b>393</b>	<b>112</b>	<b>9</b>	<b>1.327</b>	<b>2.771</b>
STRUMICA	Without	1.203	338	92	15	938	2.586
	With	425	84	268	0	206	983
	<b>Total</b>	<b>1.628</b>	<b>422</b>	<b>360</b>	<b>15</b>	<b>1.144</b>	<b>3.569</b>
TETOVO	Without	240	190	55	0	752	1.237
	With	310	65	49	0	101	525
	<b>Total</b>	<b>550</b>	<b>255</b>	<b>104</b>	<b>0</b>	<b>853</b>	<b>1.762</b>
STIP	Without	370	281	62	35	1.025	1.773
	With	324	133	148	11	618	1.234
	<b>Total</b>	<b>694</b>	<b>414</b>	<b>210</b>	<b>46</b>	<b>1.643</b>	<b>3.007</b>
LTO	Without	33	32	11	8	57	141
	With	8	12	12	0	20	52
	<b>Total</b>	<b>41</b>	<b>44</b>	<b>23</b>	<b>8</b>	<b>77</b>	<b>193</b>
<b>Total</b>	Without	3.661	1.631	537	74	6.358	12.261
	With	2.103	724	822	18	1.779	5.446
	<b>Total</b>	<b>5.764</b>	<b>2.355</b>	<b>1.359</b>	<b>92</b>	<b>8.137</b>	<b>17.707</b>

**IRREGULARITIES IDENTIFIED IN RELATION TO PUBLIC REVENUES DURING EXTERNAL AUDIT**

- in denars

Types of taxes	Surplus declared	Less declared	Interest calculated	Total (3+4)
1	2	3	4	5
Value Added Tax	-3.463.203	1.118.097.829	18.429.018	1.136.526.847
Personal Income Tax	0	564.064.221	178.204.719	742.268.940
Profit Tax	-2.186.245	675.231.385	102.316.592	777.547.977
Excise	0	171.318.817	81.742.581	253.061.398
Other revenues	-16.813	195.612.133	40.540.866	236.152.999
<b>Total</b>	<b>-5.666.261</b>	<b>2.724.324.385</b>	<b>421.233.776</b>	<b>3.145.558.161</b>

**IRREGULARITIES IDENTIFIED PER REGIONAL DIRECTORATES IN 2008**

- in denars

Types of taxes	Skopje	Bitola	Prilep	Strumica	Tetovo	Stip	LTO	Total
VAT	522.130.350	218.930.696	64.032.003	46.994.373	112.253.346	114.253.224	57.932.855	1.136.526.847
PIT	156.842.607	285.642.534	39.863.456	31.194.546	9.143.707	52.443.133	167.138.957	742.268.940
Profit	156.164.173	312.345.705	48.568.779	68.949.323	16.466.580	120.602.800	54.450.617	777.547.977
Excise	1.910	251.163.376	1.888.789	0	0	7.323	0	253.061.398
Other	80.328.682	23.601.713	5.861.755	23.972.904	2.295.500	44.195.996	55.896.449	236.152.999
<b>Total</b>	<b>915.467.722</b>	<b>1.091.684.024</b>	<b>160.214.782</b>	<b>171.111.146</b>	<b>140.159.133</b>	<b>331.502.476</b>	<b>335.418.878</b>	<b>3.145.558.161</b>
Index	29,10	34,71	5,09	5,44	4,46	10,54	10,66	100,00

**OTHER PRO ACTIVITIES**
**PROCEDURE PER OBJECTIONS**

DESCRIPTION	Submitted objections	Decisions per objection	Appeals against decisions	Resolved appeals
Legal entities	821	602	491	262
Sole proprietors	151	135	56	23
Natural persons	319	220	68	18
<b>Total</b>	<b>1.291</b>	<b>957</b>	<b>615</b>	<b>303</b>

**PROCEDURE PER OBJECTIONS IN RD**

DESCRIPTION	Submitted objections	Decisions per objection	Appeals against decisions	Resolved appeals
Skopje	464	240	160	72
Bitola	185	160	72	48
Prilep	189	189	74	74
Strumica	93	85	33	7
Tetovo	126	84	116	54
Stip	190	160	139	42
LTO	44	39	21	6
<b>Total</b>	<b>1.291</b>	<b>957</b>	<b>615</b>	<b>303</b>

PROCEDURE PER APPEALS			
DESCRIPTION	Appeals accepted	Resolved appeals in PRO	Appeals submitted to MoF
Legal entities	621	60	561
Sole proprietors	117	22	95
Natural persons	339	23	316
<b>Total</b>	<b>1.077</b>	<b>105</b>	<b>972</b>

PROCEDURE PER APPEALS IN RD			
DESCRIPTION	Appeals accepted	Resolved appeals in PRO	Appeals submitted to MoF
Skopje	458	3	455
Bitola	107	26	81
Prilep	114	9	105
Strumica	119	50	69
Tetovo	105	13	92
Stip	170	4	166
LTO	4	0	4
<b>Total</b>	<b>1.077</b>	<b>105</b>	<b>972</b>

REQUESTS FOR INITIATING MISDEMEANOR AND CRIMINAL PROCEDURE		
RD/LTO	Misdemeanor procedures	Criminal procedures
Skopje	16.649	37
Bitola	168	21
Prilep	183	21
Strumica	85	12
Tetovo	263	46
Stip	179	52
LTO	19	4
<b>Total</b>	<b>17.546</b>	<b>193</b>

## TAX REVENUES PLANNED AND REALIZED IN 2008

TAX REVENUES PLANNED IN 2008 ON TOTAL LEVEL			
		- in denars	- structure in %
Description	Budget Plan 2008	Rebalance Budget Plan 2008	Rebalance/Plan
<b>Total revenues</b>	<b>89.397.520.000</b>	<b>98.980.645.000</b>	<b>110,72</b>
<b>Tax revenues (Profit Tax, PIT, VAT and Excise)</b>	<b>63.377.000.000</b>	<b>70.198.645.000</b>	<b>110,76</b>
Income Taxes – profit and capital gains	13.585.000.000	17.900.000.000	131,76
Personal Income Tax	8.331.000.000	8.900.000.000	106,83
Profit Tax	5.254.000.000	9.000.000.000	171,30
<b>Local Taxes on goods and services</b>	<b>49.792.000.000</b>	<b>52.298.645.000</b>	<b>105,03</b>
VAT	36.305.000.000	38.661.645.000	106,49
Excises	13.487.000.000	13.637.000.000	101,11
Taxes of international trade	7.420.000.000	7.420.000.000	0,00
Fees for usage or licenses for doing business	2.174.000.000	2.300.000.000	105,80
Non-taxed revenues	9.317.520.000	9.499.000.000	101,95
Other categories	7.109.000.000	9.563.000.000	134,52

TAX REVENUES REALIZED IN 2008							
- in denars							
TAX REVENUES	PLAN I	PLAN REBALANCE	REALIZED 2008	REALIZED 2007	Index real/plan.I	Index real/plan.R	Index 2008/2007
1	2	3	4	5	6 (4:2)	7 (4:3)	8 (4:5)
PT	5.254.000.000	9.000.000.000	8.579.019.887	5.896.448.147	163,29	95,32	145,49
PIT	8.331.000.000	8.900.000.000	8.695.853.233	8.890.911.002	104,38	97,71	97,81
VAT	36.305.000.000	38.661.645.000	36.173.734.423	32.962.052.790	99,64	93,56	109,74
Excises	13.487.000.000	13.637.000.000	13.557.380.189	12.583.801.655	100,52	99,42	107,74
TFT	/	/	200.492	12.862	/	/	1.558,79
<b>Total</b>	<b>63.377.000.000</b>	<b>70.198.645.000</b>	<b>67.006.188.224</b>	<b>60.333.226.455</b>	<b>105,73</b>	<b>95,45</b>	<b>111,06</b>

TAX REVENUES REALIZED IN 2008 PER SORT OF TAXES				
- million denars				
Directorate	Total	Personal Income Tax	Profit Tax	VAT and DPPU
Skopje	19.829	4.092	2.733	13.004
Bitola	2.683	735	422	1.525
Prilep	1.397	405	247	745
Strumica	1.011	329	303	379
Tetovo	1.697	396	143	1.158
Stip	2.129	645	408	1.076
LTO	24.702	2.093	4.323	18.286
GD – Excise Department	<b>13.557</b>	/	/	/
<b>Total</b>	<b>67.006</b>	<b>8.696</b>	<b>8.579</b>	<b>36.174</b>

## PROFIT TAX (PT)

### REVENUES REALIZED FROM PROFIT TAX PER MONTHS, PER YEAR IN THE PERIOD 2004-2008

- in million denars

Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	140	300	518	178	152	175	195	175	152	146	129	100	2.362
2005	145	302	633	220	196	183	272	162	189	166	147	221	2.836
2006	180	383	1.162	312	244	359	314	346	290	442	282	396	4.710
2007	252	397	1.385	407	405	425	424	403	451	430	449	468	5.896
2008	431	564	1.827	780	692	603	567	492	689	538	858	538	8.579
Plan 2008	431	564	1.827	780	692	603	790	662	629	749	555	718	9.000
Index real/plan							71,77	74,32	109,54	71,83	154,59	74,93	95,32

### REVENUES REALIZED PER TYPE OF PROFIT TAX BETWEEN 2008 AND 2007

- in denars

Profit Tax	2008	2007	Index 2008/2007
Monthly advance payments	5.241.509.437	3.813.875.656	137,43
Tax Balances	2.245.147.382	1.499.281.651	149,75
Interest	82.805.378	45.614.266	181,53
Withholding Tax	915.130.415	537.676.573	170,20
Total Income Tax	94.427.274	0	/
<b>Total</b>	<b>8.579.019.887</b>	<b>5.896.448.147</b>	<b>145,49</b>

## PERSONAL INCOME TAX (PIT)

REVENUES REALIZED FROM PIT PER MONTHS, PER YEAR IN THE PERIOD 2004-2008													- in million denars
Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	505	576	657	715	581	627	714	572	644	603	614	899	7.707
2005	527	648	660	762	586	704	690	605	656	642	667	952	8.099
2006	511	662	760	703	666	729	666	676	684	693	683	981	8.414
2007	623	589	631	665	655	686	760	699	761	747	966	1.109	8.891
2008	654	710	711	699	617	818	689	573	726	749	678	1.072	8.696
Plan 2008	654	710	711	699	617	818	757	692	733	733	727	1.049	8.900
Index real/plan							91,02	82,80	99,05	102,18	93,26	102,19	97,71

AMOUNTS AND RELATION OF REVENUES REALIZED, PER TYPE OF INCOME BETWEEN 2008 AND 2007 ГОДИНА				- in denars
Type of Income Tax	2007	2008	2008/2007	
Income tax from salaries and other personal revenues	6.744.545.642	6.851.936.175	101,59	
Income tax from agriculture and forestry revenues	2.448.592	2.881.6120	117,68	
Income tax from independent activity revenues	81.542.211	80.179.059	98,33	
Income tax from property and property rights revenues	196.843.282	260.524.922	132,35	
Income tax from copyrights and from industrial property	192.205.820	215.978.792	112,37	
Income tax from capital revenues	422.294.890	429.490.924	101,70	
Income tax from capital gains revenues	544.201.696	336.976.013	61,92	
Income tax from games of chance and prize games revenues	21.232.080	22.524.373	106,09	
Income tax from other revenues	339.088.636	129.801.787	38,28	
Income tax assessed by annual decision	255.513.694	162.955.482	63,78	
Interest for lately paying PIT	52.492.317	58.421.397	111,30	
Income tax from untaxed or not complete revenues taxed	38.502.139	144.182.694	374,48	
<b>Total Personal Income Tax</b>	<b>8.890.911.001</b>	<b>8.695.853.233</b>	<b>97,81</b>	

NUMBER OF SUBMITTED PIT-ATR				
Regional Directorate	ATR for 2004	ATR for 2005	ATR for 2006	ATR for 2007
Skopje	4.495	6.141	15.157	45.643
Bitola	1.752	2.747	1.462	7.741
Prilep	1.375	1.428	964	6.725
Strumica	830	901	442	4.420
Tetovo	540	1.779	493	3.513
Stip	1.250	1.834	929	8.972
<b>Total</b>	<b>10.242</b>	<b>14.830</b>	<b>19.447</b>	<b>77.014</b>



TOTAL ASSESSMENT OF GROSS INCOME AND TAX OBLIGATIONS						
RD	RETURNS ASSESSED			GROSS INCOME (in denars)		
	Voluntary	Officials	Total	Per voluntary returns	Per official returns	Total assessed
Skopje	45.595	14.492	60.087	28.936.530.760	3.978.080.703	32.914.611.463
Bitola	7.728	11.943	19.671	5.082.349.115	2.522.448.170	7.604.797.285
Prillep	6.693	11.640	18.333	2.344.098.549	1.711.591.899	4.055.690.448
Strumica	4.387	2.806	7.193	1.540.634.988	462.774.821	2.003.409.809
Tetovo	3.451	889	4.340	1.842.668.120	245.413.560	2.088.081.680
Stip	8.970	1.802	10.772	2.192.968.054	426.734.371	2.619.702.425
<b>Total</b>	<b>76.824</b>	<b>43.572</b>	<b>120.396</b>	<b>41.939.249.586</b>	<b>9.347.043.524</b>	<b>51.286.293.110</b>

DECISIONS PREPARED PER VOLUNTARY AND OFFICIAL TAX RETURNS AND ASSESSED GROSS INCOME AND TAX OBLIGATION						- in denars
Regional Directorates	Decisions per voluntary returns	Decisions per official returns	Total	Total gross income assessed in decisions	Total PIT assessed in decisions	
Skopje	45.536	14.458	59.994	32.824.534.563	2.692.184.697	
Bitola	7.513	11.640	19.153	7.529.255.977	633.764.864	
Prilep	5.627	11.576	17.203	3.600.978.348	275.174.737	
Strumica	4.370	2.741	7.111	1.973.141.340	154.635.262	
Tetovo	3.442	859	4.301	2.077.924.497	165.425.718	
Stip	8.877	1.757	10.634	2.586.577.136	196.564.874	
<b>Total</b>	<b>75.365</b>	<b>43.031</b>	<b>118.396</b>	<b>50.592.411.861</b>	<b>4.117.750.152</b>	

### ANNUAL TAX BALANCE FOR SOLE PROPRIETORS (PIT-TB)

VOLUNTARY SUBMITTED AND ASSESSED PIT-TB							- in denars
Regional Directorates	Submitted PIT-TB	Tax base registered	Reducing of tax base	Tax obligation	Reducing of tax calculated	Annual tax obligation calculated	
Skopje	3.621	709.681.105	86.494.260	77.162.790	13.948.520	63.214.270	
Bitola	730	136.533.339	19.056.644	15.312.665	1.898.920	13.413.745	
Prilep	1.449	128.005.332	26.743.358	13.275.209	3.561.651	9.760.767	
Strumica	812	83.917.355	19.621.524	8.189.620	976.793	7.212.827	
Tetovo	2.021	158.333.395	51.430.939	14.799.935	1.245.968	13.556.860	
Stip	1.637	189.964.612	43.877.642	18.383.871	7.111.788	11.268.807	
<b>Total</b>	<b>10.270</b>	<b>1.406.435.138</b>	<b>247.224.367</b>	<b>147.124.090</b>	<b>28.743.640</b>	<b>118.427.276</b>	

<b>PREPARED OFFICIALLY PIT-TB</b>							- in denars
Regional Directorates	Official PIT-TB	Tax base registered	Reducing of tax base	Tax obligation	Reducing of PIT	Annual tax obligation calculated	
Skopje	1.945	224.123.025	65.249.682	19.064.614	254.039	18.810.575	
Bitola	170	12.842.413	4.871.887	952.045	-	952.045	
Prilep	543	44.370.643	17.412.710	3.127.026	91.334	3.035.692	
Strumica	132	11.246.254	4.194.194	846.238	69.733	776.505	
Tetovo	1.397	148.394.040	47.167.267	12.228.881	101.871	12.127.010	
Stip	715	39.755.753	17.029.356	2.727.210	355.040	2.372.170	
<b>Total</b>	<b>4.902</b>	<b>480.732.128</b>	<b>155.925.096</b>	<b>38.946.014</b>	<b>872.017</b>	<b>38.073.997</b>	

<b>DECISIONS ISSUED FOR ANNUAL TAX BALANCE</b>						- in denars
Regional Directorates	Decisions per Voluntary PIT-TB	Decisions per official PIT-TB	Total	Tax base	Annual tax obligation calculated	
Skopje	3.260	1.810	5.070	1.038.421.600	88.415.698	
Bitola	620	143	763	178.375.146	17.772.467	
Prilep	1.218	498	1.716	216.363.032	15.225.444	
Strumica	690	124	814	110.715.237	8.432.193	
Tetovo	1.959	1.346	3.305	416.005.785	34.101.552	
Stip	1.528	507	2.035	269.922.462	15.570.181	
<b>Total</b>	<b>9.275</b>	<b>4.428</b>	<b>13.703</b>	<b>2.229.803.262</b>	<b>179.517.535</b>	

## VALUE ADDED TAX (VAT)

### REVENUES REALIZED FROM VAT PER MONTHS, PER YEAR IN THE PERIOD 2004-2008

- in million denars

Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	2.161	1.926	2.016	2.401	2.231	1.846	2.004	1.892	2.129	2.377	2.180	2.594	25.757
2005	2.460	1.320	1.965	2.779	1.968	2.020	2.468	1.868	2.316	2.913	2.689	2.315	27.081
2006	1.760	1.284	2.185	2.812	2.555	1.975	2.931	2.009	2.215	2.145	2.305	3.065	27.241
2007	2.940	1.756	2.410	3.116	2.510	2.524	3.381	2.866	2.721	4.392	2.549	1.797	32.962
2008	3.529	2.231	3.097	3.263	3.061	2.822	3.858	2.571	3.268	3.592	2.995	1.887	36.174
Plan 2008	3.529	2.231	3.097	3.263	3.061	2.822	3.834	2.719	3.221	3.616	3.437	3.832	38.662
Index real/plan							100,63	94,56	101,46	99,34	87,14	49,24	93,56

### REVENUES COLLECTED FROM VAT (WITHOUT DPPU) FOR THE PERIOD, JANUARY-DECEMBER 2008

- in denars

Period	VAT by import	VAT turnover in the country	VAT donations	Interest	VAT refund	Total
January	2.899.152.516	2.144.680.835	17.777.013	27.143.014	-1.559.276.592	3.529.476.786
February	3.306.111.987	1.113.938.803	10.999.955	14.316.717	-2.214.373.193	2.230.994.268
March	3.621.524.694	940.000.145	16.617.156	26.526.141	-1.507.838.332	3.096.829.803
April	3.490.342.968	1.591.559.912	8.960.460	14.618.927	-1.843.130.481	3.262.351.786
May	3.763.648.796	1.020.763.458	10.952.084	14.558.701	-1.748.743.531	3.061.179.508
June	3.958.339.365	1.039.690.837	16.243.438	15.935.613	-2.207.953.876	2.822.255.377
July	4.251.085.668	1.848.581.416	20.888.046	7.845.953	-2.270.000.897	3.858.400.186
August	3.512.279.279	1.185.445.339	6.559.880	20.101.895	-2.153.648.552	2.570.737.840
September	4.020.207.148	1.147.570.097	17.002.261	23.112.342	-1.940.243.635	3.267.648.212
October	3.801.434.489	1.906.586.435	13.264.937	18.538.417	-2.148.243.037	3.591.581.241
November	3.435.108.250	1.178.722.989	17.219.898	20.682.052	-1.656.443.797	2.995.289.392
December	3.349.570.935	1.238.283.309	39.685.433	31.690.089	-2.772.239.739	1.886.990.027
<b>Total</b>	<b>43.408.806.095</b>	<b>16.355.823.572</b>	<b>196.170.557</b>	<b>235.069.857</b>	<b>-24.022.135.658</b>	<b>36.173.734.423</b>

### AMOUNTS FOR VAT REFUNDS OF SPECIFIC ENETITIES IN 2008

- in denars

Period	Embassies	International organization, NATO	Taxpayers without seat	Unprofitable organizations	Total
January	4.478.873	910.474	0	18.300	5.407.647
February	25.913.452	5.439.487	0	0	31.352.939
March	14.585.782	4.603.372	3.781.415	0	22.970.569
April	13.638.536	4.694.474	258.409	0	18.591.419
May	22.449.982	2.853.698	0	0	25.303.680
June	10.551.127	3.298.623	385.430	0	14.235.180
July	63.069.112	2.204.758	125.847	0	65.399.717
August	6.024.414	2.708.387	0	22.778	8.755.579
September	9.136.328	4.581.939	0	0	13.718.267
October	16.149.110	6.823.778	6.325.279	0	29.298.167
November	9.364.437	3.440.975	0	0	12.805.412
December	12.871.945	3.912.417	3.117.833	0	19.902.195
<b>Total</b>	<b>208.233.098</b>	<b>45.472.382</b>	<b>13.994.213</b>	<b>41.078</b>	<b>267.740.771</b>

## EXCISES

REVENUES FROM EXCISES, PER MONTHS IN THE PERIOD 2004-2008													- in million denars
Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	885	634	830	718	922	817	926	1.104	944	926	888	742	10.336
2005	1.044	605	668	843	1.010	924	1.022	1.105	1.066	921	936	947	11.091
2006	1.132	609	656	818	910	955	1.081	1.114	995	1.009	1.149	1.083	11.511
2007	1.039	741	854	949	997	1.121	1.276	1.227	1.092	1.129	1.173	986	12.584
2008	1.068	914	1.153	905	1.092	1.215	1.152	1.279	1.241	1.126	1.284	1.128	13.557
Plan 2008	1.068	914	1.153	905	1.092	1.215	1.280	1.387	914	1.206	1.289	1.214	13.637
Index real/plan							90,00	92,21	135,78	93,37	99,61	92,92	99,41

REVENUES FROM EXCISES ON MINERAL OILS, PER MONTHS IN THE PERIOD 2004-2008													- in million denars
Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	599	428	499	503	603	504	562	742	586	580	560	483	6.649
2005	594	465	398	508	581	528	615	659	658	546	542	535	6.629
2006	591	448	424	504	561	517	577	655	622	536	631	615	6.681
2007	524	450	501	537	527	621	599	712	649	609	626	554	6.909
2008	540	512	539	506	631	650	575	705	709	584	698	608	7.257
Plan 2008	540	512	539	506	631	650	664	743	535	681	738	684	7.423
Index real/plan							86,60	94,89	132,52	85,76	94,58	88,89	97,76

REVENUES FROM EXCISES ON TOBACCO GOODS, PER MONTHS IN THE PERIOD 2004-2008													- in million denars
Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	203	161	275	119	196	206	249	230	236	254	245	192	2.566
2005	353	74	201	229	287	265	266	278	269	262	293	315	3.092
2006	428	96	141	214	211	300	356	292	232	349	4.145	364	3.397
2007	377	203	263	284	313	359	501	334	299	388	383	299	4.003
2008	389	298	502	264	284	394	392	388	352	395	432	400	4.490
Plan 2008	389	298	502	264	284	394	416	408	259	379	411	409	4.413
Index real/plan							94,23	95,10	135,91	104,22	105,11	97,80	101,74

REVENUES FROM EXCISES ON ALCOHOLIC BEVERAGES AND BEER, PER MONTHS IN THE PERIOD 2004-2008													- in million denars
Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	83	45	55	74	123	107	115	131	121	93	83	67	1.097
2005	89	49	46	76	112	96	112	143	107	88	67	67	1.052
2006	93	38	45	67	97	91	108	128	112	88	69	72	1.008
2007	86	48	54	78	109	95	121	143	109	83	84	81	1.091
2008	94	59	60	82	117	118	133	148	130	87	89	85	1.202
Plan 2008	94	59	60	82	117	118	134	171	89	99	90	71	1.184
Index real/plan							99,25	86,55	146,07	87,88	98,89	119,72	101,52

**REVENUES FROM EXCISES ON PASSENGER VEHICLES,  
PER MONTHS IN THE PERIOD 2004-2008**

- in million denars

Period	Jan	Feb	March	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
2004	0	0	1	22	0	0	0	1	0	0	0	0	24
2005	8	17	23	30	30	35	29	24	32	25	34	31	318
2006	20	27	46	33	41	47	39	40	29	36	36	31	425
2007	52	40	36	50	48	46	55	38	35	49	80	52	581
2008	45	45	52	53	60	53	52	38	50	60	65	35	608
Plan 2008	45	45	52	53	60	53	66	65	31	47	50	50	617
Index real/plan							78,79	58,46	161,29	127,66	130,00	70,00	98,54

**EXCISE AMOUNTS FOR REFUND TO SPECIAL ENTITIES,  
PER MONTHS FOR 2008**

- in million denars

Period	Embassies	International organization, NATO	Taxpayers without seat	Unprofitable organizations	Total
January	628.017	30.350	0	0	658.367
February	1.374.256	261.169	0	0	1.635.425
March	574.867	604.277	0	0	1.179.144
April	605.618	29.141	0	0	634.759
May	666.108	555.411	0	0	1.221.519
June	1.363.619	578.732	0	0	1.942.351
July	1.523.991	630.054	0	0	2.154.045
August	410.818	78.534	0	0	489.352
September	542.204	325.634	0	0	867.838
October	2.809.519	706.251	0	0	3.515.770
November	662.743	157.852	0	0	820.595
December	526.173	186.255	0	0	712.428
<b>Total</b>	<b>11.687.933</b>	<b>4.143.660</b>	<b>0</b>	<b>0</b>	<b>15.831.593</b>

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