

Review of Recent Amendments to Macedonia's Company Law



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Macedonia's 2004 Company Law is based on the EU Acquis and on commercial law in other central European countries. It regulates the operation of sole proprietors and companies according to their form. Each entrepreneur – whether local or foreign, individual or legal entity – is free to determine the form in which to organize their business. The Law also regulates partner or shareholder liability, the process of transforming a company from one form to another, changes in company status or termination procedures, among other issues related to company operation. Various amendments to the Company Law were adopted in July 2008, reflecting country's

commitment to ease the initiation and conduct of businesses operating here. These amendments include those for:

- Business startup simplification;
- Annual reporting requirements;
- Increases in controls on conflicts of interest;
- Procedures for covering company losses;
- Measures in anticipation of EU accession; and
- Expediting company liquidations.

The business startup procedure – which has already been successfully simplified over the years – became additionally efficient by further reducing the amount of documentation required to obtain certification by a public notary. It also further reduced company establishment costs, particularly with respect to the two most common company forms in the country: limited liability and stock companies.

A pioneering step forward was the permission given to authorized entities to submit data to the Central Registry in electronic form. Though not yet in practice, electronic data submission would allow faster (even online) reporting on such data.

These amendments also specify the contents of company Annual Reports. Specifically, annual

reporting must provide far more information on particularly large transactions and those concluded with company insiders. Such detail must include transaction amounts, their approval process, the other party's identity and address, as well as data on the value of any company assets not reflected in the balance sheet presented in accordance with international accounting and financial reporting standards. In fact, all financial reporting must now be presented according to these standards.

The amended law also specifies that the company's shareholder assembly may no longer pre-approve transactions with interested parties that may be realized by the company in the future, during the normal course of company operation. Further, the interested party is liable for any damages caused to the company, shareholders and other management or

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supervisory body members that were not directly involved in the transaction.

Amendments also determine the process by which company losses may be covered, specifically with: