

North Macedonia

Legal Environment for Philanthropy in Europe 2025

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I. Legal framework for foundations

- 1. Does the jurisdiction recognise a basic legal definition of a foundation? (please describe) What different legal types of foundations exist (autonomous organisations with legal personality, non-autonomous without legal personality, civil law, public law, church law, corporate foundations, enterprise foundations, party political foundations, family foundations, foundations of banking origin as a specific type, companies limited by liability, trusts)? Does your jurisdiction recognise other types of philanthropic organisations?**

Foundations are regulated by the Law on Associations and Foundations (LAF). The legal definition is as follows: “A foundation shall be a legal entity, established for the purpose of acquiring and governing of property and assets, in accordance with this Law” (27, LAF). There is no other law in which other legal types of foundations are prescribed.

- 2. If your jurisdiction provides for different laws for different foundations/philanthropic organisations, please indicate this here, and then specify under further relevant questions whether a different answer applies to these types of foundations/philanthropic organisations.**

N/A.

- 3. What purposes can foundations legally pursue?¹**

- Only public-benefit
 Both public- and private-benefit

Foundations can pursue a variety of purposes. There are just a few limitations defined in the LAF. First, according to Article 4, paragraph 2, establishment of the organisations (foundations and associations) shall be forbidden if the programme and its actions are directed towards: the violent destruction of the constitutional order of the Republic of North Macedonia; encouragement and incitement to military aggression or stirring of ethnic, racial or religious hatred or intolerance; undertaking terrorism-related activities; undertaking activities that are against the Constitution or the law; or violating the freedoms and rights of other people. The second limitation is related to the not-for-profit principle. This means that foundations cannot be established for the purpose of profit generation, with the exception of activities that are related to the goals determined by the foundation’s statutes. The limitation is related to non-partisan activity. Namely, foundations cannot perform activities of a political party, i.e. they cannot provide direct or indirect financing to a specific political party to influence elections.

- 4. What are the requirements for the setting up of a foundation (procedure, registration, approval)? What application documents are required? Are there any other specific criteria for registration?**

The foundation shall be established with a pool of assets amounting to the value of at least €10,000 (in MKD according to the average exchange rates of the National Bank of the Republic of North Macedonia), in the form of money, securities or other assets on the day of filing the act for entry in the Registry. A foundation shall be established with a founding act or via a last will expressed in a testament or legacy. Foundations should be registered in the Central Register of North Macedonia. The entry in the registry shall be done by filing an

¹ This question focuses only on public-benefit foundations (see the definition in the [glossary](#) developed for this project).

application within 30 days of passing the founding act. The application shall be filed by the representative of the foundation. For the entry in the Registry the foundation shall file: the founding act; the statutes; the programme of activities; the decision on election of governing bodies and data about the members of the bodies; the decision on the election of a legal representative along with personal data; a report of the establishment; and a statement verified by a notary public and signed by the legal representative that confirms that the activities pursued are in accordance with the law and the conditions for entry have been met.

5. Is state approval required? (approval by a state supervisory authority with/without discretion)

- Approval by a state authority with discretion
- Approval by a state authority without discretion
- Approval by a court
- Notarisation by a notary public

No. There is no need for additional approval by a state authority. If the foundation bears the name of a historical or other well-known person, an opinion from the Advisory Committee on the use of the name is required.

6. Are foundations required to register?

a) If foundations must register, in what kind of register?

- Company register
- Foundation register at national level (under the Registry of other legal entities)
- Foundation register at the regional/county level
- Beneficial ownership register
- Any other public register (other than a foundation/charity one)

b) If foundations are registered, what information is kept in the register?

The registry shall include: full name of the foundation and its abbreviated name, if such name exists; seat; founding act; date of establishment; name, surname and unique identification number of the citizen registering the foundation and the unique identification number of the founders; date of adoption, and amendments and additions to the statutes; foreseen time for which the organisation is to be established; goals and activities; name, surname and unique identification number of the representative by law; data on foundation units (affiliates, offices, etc.); data on the status as public-benefit organisation; data on statutory changes; data pertaining to bankruptcy and liquidation; note on initiation of procedure for ban of operations; termination of operations; the initial pool of assets; and number and date of the decision for entry, change of data, and decision for deleting the records from the registry.

The beneficial ownership register includes information on the beneficial owner as described in Section VI, Q 4.

c) If foundations are registered, is the register publicly available?

- Yes, all information publicly accessible
- Yes, some information publicly accessible
- Yes, accessible upon request
- No

7. Is a minimum founding capital/endowment required?

- No
- Yes, amount: €10,000

8. Is the foundation required to maintain these assets or any other specified asset level throughout its lifetime? Are spend-down foundations allowed?

There is no requirement for maintaining the founding capital or other specific asset level.

9. What governance requirements are set out in the law? Is it a one-tier or two-tier foundation governance model?

a) Is it mandatory to have a:

- Supervisory board
- Governing board

A foundation that has received public-benefit organisation status shall also have a supervisory body.

b) What are the requirements concerning board members? Is a minimum/maximum number of board members specified? Does the law regulate the appointment of board members and their resignation/removal, or can this be addressed in the statutes/bylaws?

There is no limitation regarding the number of board members. The founder shall appoint the board of the foundation during the process of establishment, unless otherwise stated in the founding act or the statutes. All other issues should be prescribed in the statutes.

c) What are the duties and what are the rights of board members, as specified by national legislation or case law?

The board of the foundation shall: Adopt the statutes, programme and other acts; adopt an annual working report and financial report and publish them on its website; submit a financial report to the competent body of the state administration (i.e. the body of the municipalities) in cases when it utilises funds from the Budget of the Republic of North Macedonia i.e. the budgets of the local self-government units; decide on changing the goal of the foundation; decide on the internal organisation and organisational forms of the foundation; elect and dismiss members of the bodies; decide on the statutory changes of the foundation; decide on the termination of the foundation; and perform other matters in accordance with the statutes and the acts of the foundation.

The board of the foundation shall have all of the above stipulated rights unless the founder has retained these rights with the founding act or the statutes of the foundation.

Additionally, the members of the bodies of the organisations (including board members of the foundation) may be held personally responsible and in an unlimited way for their obligations towards the organisation (foundation); for abusing the funds of the organisation (foundation); for achieving goals that are forbidden for them as individuals; or for abusing the organisation (foundation) as a legal entity to inflict harm to their creditors. They also shall be jointly liable for any damage inflicted to the foundation caused by their work, if it is caused as a result of serious negligence or with an intention of causing damage, except in the cases when they have stated their opinion during the decision-making process and this is recorded in the minutes, or they did not participate in the decision-making.

- d) What are the rights of founders during the lifetime of the foundation? Can fundamental decisions, such as change of purpose, be made at the discretion of the founder? What are the legal requirements in such circumstances?

The founder has the right to make decisions on amending of the goal, the name, the manner of amending and supplementing the statutes, and termination of the foundation. Also, as it is presented above, the founder with the founding act or the statutes of the foundation can retain the rights that usually are perceived as competences of the board.

- e) Can the board or the founder amend the statutes including the purpose of the foundation? If yes, please indicate any particularities. What is the relationship between the powers of the founders, the statutes of the foundation and the power of the board members?

The board and the founder can decide on amending the statutes including the purpose of the foundation. As stipulated in the law, the board has these rights unless the founder has retained these rights with the founding act or the statute of the foundation.

- f) What are the rights of third parties (e.g. right of information)?

The foundation is obligated to publish annual reports of their work and the annual financial report on their website or make it available to the public in another appropriate manner no later than 30 April of the year following the year in question.

- g) What rules are in place to ensure against conflict of interest? What is the legal definition of a conflict of interest under your legislation? How is self-dealing prohibited?

Mandatory obligations that regulate conflict of interest are not prescribed in the law. Foundations on a voluntary basis can regulate conflict of interest in their statutes. Nevertheless, the provisions on conflict of interest are mandatory for foundations when applying for public-benefit status.

The Law on prevention of corruption and conflict of interest provides the following definition: "Conflict of interests means a situation where the official has a private interest which impacts or can impact on the impartial performance of his/her public authorisation or duties."

The official who is a member of a foundation must not abuse the information and the data at their disposal while performing their duties, nor gain advantage for themselves or for closely affiliated persons while performing their activities within the framework of the foundation. The legal entity in which the official has/had a supervisory role cannot give donations or sponsorships to legal entities in which the official or member of their family has an interest.

- h) Can staff (director and/or officers) participate in decision-making? How and to what extent?

There are no specific provisions for this issue, with the exception of Article 78 from the LAF which regulates non-compatibility of functions in public-benefit organisations. According to this article the members of the supervisory body shall not be members of other bodies, whose work is subject to their supervision. Employees of the organisation (including foundations) shall not be members of the supervisory body. But it should be clear that this rule refers only to the organisations (foundations) with public-benefit status.

10. What is the liability of the foundation and its organs? What is the general standard of diligence for board members? (e.g. duty of obedience, duty of care/prudence, duty of loyalty)? In what type of rule are these criteria established: fiscal, administrative, civil, commercial? Is there a solid case law, if any, regarding the duty of due diligence? Does your country differentiate between voluntary (unpaid) and paid board members? Who is allowed to bring a complaint about breaches of such duties: the other members of the board, the founder/s, the public authorities? If a complaint is brought, which authority has competence in such cases: administrative, tax authority, only the judiciary power (attorney general) or beneficiaries/general public?

The results of most of the above-mentioned cases will depend on the internal procedure in the foundation. The LAF only prescribes that the request for compensation of damages shall be filed by the body defined by the statutes or the highest-ranking body, if the statutes have not designated a body.

The LAF articles related to use of the assets of the organisation stipulate that the members of the foundation's bodies are obliged to govern and work with care and in line with the principles of good governance in the interest of the organisation above their personal interests.

Does your country differentiate between voluntary (unpaid) and paid board members?

The work in the bodies of the foundation, according to the law, shall be voluntary, while the members of the bodies may receive compensation for travel costs and daily allowances, as well as compensation for the activities in the bodies of the organisation in accordance with law.

Who can claim responsibility for breaches of such duties: the other members of the board, the founder/s, the public authorities. In which case who: administrative, tax-authority, only the judiciary power (Attorney General) or beneficiaries/general public?

The organisation claims responsibility for its obligation with all its assets and property.

The members of the foundation's bodies are liable personally, without limitations for their duties towards the organisation, for misuse of the assets, for achieving objectives which for them as individuals are forbidden or for misuse of the organisation to inflict damage on their creditors.

Members of the foundation's bodies and their representatives are jointly responsible for the damage inflicted upon the organisation as a result of gross negligence except in the cases where they have stated their opposed opinion in the decision-making. The request for damage compensation is claimed by the body assigned in the statutes or the highest body of the foundation (if the statutes do not have specific assigned responsibilities related to damage claims).

11. Who can represent a foundation towards third parties? Is this specified in law or is it up to the statutes of the organisation? Do the director and officers have powers of representation based on legislation?

The director of the foundation is authorised for its representation. It is specified in the LAF, Article 36, paragraph 2: "The foundation may have one or several directors, authorised for representation of the foundation, elected in a manner determined by the statutes."

12. Are purpose-related/unrelated economic activities allowed? If so, are there other types of limitations on economic activities (related/unrelated)?

Yes, foundations may perform profit-generating activities, if the activities are related to the goals determined by the statutes. If profit has been generated from the operations of organisations, it has to be used for fulfilment of the goals determined by the statutes. The generated profit cannot be allocated among the founders, members, members of bodies, directors, employees, or any other person associated with them. There is no limit on the amount gained through economic activities. Hypothetically, the annual incomes of the foundation could be gained 100% through economic activities.

13. Is there any legal/fiscal framework for grantmakers to be able to fund legal entities that are conducting economic activities in addition to their public-utility activities? If any, what are the limitations for funding those kinds of legal entities?

There are no limitations for funding entities that conduct economic activities.

14. Are foundations permitted to be major shareholders in a company? Are there any limitations to voting rights? Is this considered as an economic activity? Are foundations allowed to engage in active ownership of companies that they own (for example through board representation, informal strategy discussions or the right to be consulted on key issues such as CEO succession)?

Yes, they can be a major shareholder in a company. The laws do not prescribe limitations on engagement in ownership.

15. Are there any rules/limitations in civil and/or tax law regarding foundations' asset management (only secure investments/bonds/investments with a certain return)? What, if any, types of investment are prohibited? Are there any limitations on mission-related investments?

No. According to the LAF, foundations shall obtain the sources of financing from membership fees, founding deposits, charitable contributions, donations, gifts (in the form of money, goods, property rights), wills, legates, income-generating activities, rents and leases, as well as income from investments, dividends, interests, loans and other incomes in accordance with the law and the statutes.

All regulation in terms of investment that apply to for-profit entities is applicable as well to foundations.

16. Are foundations legally allowed to allocate grant funds towards furthering their public-benefit purpose/programmes which (can) also generate income – impact investing? (recoverable grants; low interest loans; equities)

Yes.

17. Are there any limitations (in civil law/tax law) to political party related or general lobby/advocacy activities?

Foundations cannot perform activities of a political party, i.e. they cannot provide direct or indirect financing to a specific political party to influence elections. The existing law on lobbying does not cover the advocacy/lobbying activities of foundations: Drafting of a new law was initiated but the process is on hold due to advocacy efforts of the CSOs.

18. What are the requirements for an amendment of statutes/amendment of foundations' purpose?

The manner of adoption, amendments and additions to the statutes shall be regulated by the statutes of the foundation.

19. What are requirements with regard to reporting, accountability, auditing?

- a) What type(s) of report must be produced?
- Annual financial report/financial accounts
 - Annual activity report
 - Public-benefit/activity report
 - Tax report/tax return
 - Other reports e.g. on 1% schemes
 - Reports on governance changes (e.g. new board members)
 - Report on conflict of interest (self-dealing and conflict of interest breach cases)
- b) Must all/any of the reports produced by the foundation be submitted to supervisory authorities? If so, to which authorities (e.g. foundation authority, tax authority)?

Annual narrative and financial reports shall be approved by the foundation board. With the exception of public-benefit organisations (foundations) there is no obligation for submission of the reports to some state bodies. An exception is the annual balance that shall be provided to the Public Revenue Office and Central Register of North Macedonia.

- c) Are the reports checked/reviewed? By whom (supervisory/tax authorities)?

The annual financial statement shall be submitted to the Public Revenue Office.

- d) Do any or all of the reports and/or accounts of foundations need to be made publicly available? If so, which reports and where (website, upon request)?

The financial report shall be published on the foundation's website or other appropriate channel.

- e) Is external audit required by law for all foundations?

A foundations with public-benefit status whose annual budget is above €20,000 shall be obligated to conduct an independent annual auditing of its financial operations, while if their budget is above €100,000 it is necessary to perform auditing in accordance with international accounting standards.

- f) By whom should audits be undertaken? Do requirements/guidelines exist regarding international and national auditing agencies and standards?

It should be an independent auditing agency, either national or international that have licence for auditing.

20. Supervision: Which authority, what measures?

- a) What type of body is the supervisory authority? (multiple answers possible)
- A public administrative body
 - A public independent body
 - A combination of a governmental body and a court

- A court
- A public administrative body and an independent body
- A tax authority
- Other

b) Does the supervisory body review reports?

- Yes
- No

Only for foundations with PBO status.

c) Are foundations subject to inspection?

- Yes
- No - not specifically. Inspection oversight of foundations is the same as for any other private legal entity.

d) Is approval from the authority required for certain decisions of the governing board?

- Yes, formal approval is needed
- Yes, needs just to be informed
- No

If yes, please specify which type of decisions:

e) Is it mandatory to have a state supervisory official on the governing board?

- Yes
- No
- Can a government official be appointed to the governing board by a state authority, if so please mention:

f) What enforcement measures are in place (including compliance measures and sanctions for non-compliance) concerning registrations, governance, reporting, and public-benefit status?

The LAF stipulates misdemeanour provisions in relation to the registration (failing to submit request to the registry in the given timeframe), reporting (failing to publicise reports or submit them to the authority for PBOs) and audit (in case of PBO).

21. When and how does a foundation dissolve?

The foundation shall cease to exist if: A decision is adopted on termination of the foundation in accordance with the statutes; if double the time stipulated for holding a session of the highest body determined by the statutes passes without a session being held; the annual balance sheet has not been submitted for two consecutive years, in accordance with the law; expiration of the duration of the existence of the foundation determined by the statutes, if the foundation was established for a definite period of time; statutory change stipulating a termination; decision adopted by a competent court; or bankruptcy and enforced liquidation.

22. Is there a maximum that can be spent on office/administration costs in civil law and/or tax law? If yes, what is the amount?

No. There are no limitations to any costs.

23. Does civil and/or tax law require a foundation to spend a certain percentage of its overall assets within a certain period of time (e.g. within the next financial year)? In particular, can a foundation accumulate these expenses over a period of time (and if so, what kind of authorisation is required to do so)?

No. There are no requirements related to spending a portion of the assets.

24. Under what conditions does the civil law in your country recognise a foreign foundation? Do they have to register? Does your law recognise the concept of trusts?

Foreign foundations are regulated by the Law on Associations and Foundations. Foreign foundations (or all foreign entities regulated by the LAF) may be active in the Republic of North Macedonia through an affiliation, office or another organisational type of foreign organisation that have their seat in the territory of the Republic of North Macedonia.

A foreign foundation shall be established with a founding act of the foreign organisation in the Republic of North Macedonia. The act shall contain: Name and seat of the foreign foundation establishing an organisational type; goal of the foreign foundation and the goal of the organisational type of the foreign organisation; and name and seat of the organisational type of the foreign organisation. The founding act shall be signed by an authorised person of the foreign foundation and verified by a notary public.

25. Does the law in your country allow a foundation to conduct (some or all) activities (grantmaking, operating, asset administration, fundraising) abroad? Is there any limitation?

Yes, all foundations are allowed to conduct activities abroad. There is no limitation.

26. Does the law in your country impose any restrictions on ability to receive donations from abroad? If so, please describe.

No. There are no restrictions in this regard.

27. Does the civil law in your country allow the transfer of the seat of a foundation (in the EU) and/or cross-border mergers?

In general the LAF allows acquisition, merger and division of the foundation. It does not have specific provisions on cross-border mergers and transferring the seat of the foundation abroad. In practice, it might become an issue of the Registry i.e. if the seat of the foundation is no longer in North Macedonia they might be considered as a foreign organisation.

II. Tax treatment of foundations

1. What are the requirements to receive tax exemptions?

- Pursuing public-benefit purposes - in the case of tax exemptions on donations and sponsorships, according to the law on donations and sponsorships in the public activities
- Non-distribution constraint - i.e. to be registered under the Law on Associations and Foundations
- Being resident in the country
- Other

In line with the revisions in the Law on Profit Tax from 2018, the foundations registered in accordance with the Law on Associations and Foundations, shall not be obligated to pay tax on profits, according to the following provisions. The following shall be considered non-taxable revenues regarding the organisations referred to in paragraph (1) of this Article: revenues from membership fees, charitable contributions, donations, grants, gifts (in money, goods, property rights), wills, legates, revenues from dividends from trade companies established with the funds of the association, and revenues from the Budget of the Republic, the budgets of the units of local self-government, and the Budget of the City of Skopje.

The foundations that generate revenues from performing an economic activity within the framework of their not-for-profit activity, for the purpose of avoiding unfair competition against the entities whose profit generated from performance of an economic activity is taxable, shall be obliged to calculate and pay tax on the total revenue, provided that the total annual revenue generated from the economic activity exceeds MKD 1,000,000 (~€16,000). The tax on the total revenue from the economic activity shall be calculated and paid in the amount of 1% of the generated total revenues from an economic activity in the calendar year, for the amount that exceeds MKD 1,000,000 (~€16,000).

The revisions in the Law on Personal Income Tax from 2017 stipulate that the income tax shall not be paid for compensations for the costs for accommodation, food and transport for individuals participating in events organised within the activities of an organisation founded in accordance with the LAF, defined on the basis of documents pertaining to the costs incurred.

According to the Law on Donations and Sponsorships, tax benefits are related to the corporate and individual donations and sponsorships for the public-benefit project implemented by foundations (CSOs). In addition, VAT exemption is possible on the goods and services purchased with donations under this law.

2. What are reporting/proof requirements to claim tax exemptions? What does the foundation have to submit to the authorities (statutes, financial reports, activity reports, other)?

There are no specific reporting requirements on the personal income tax and the profit tax exemptions beyond the regular accounting and annual tax report (as part of the annual financial statement) for foundations. The exemptions on donations and sponsorships are subject to separate administrative procedures requiring confirmation (from the Ministry of Justice) that the project is for public benefit, and it should be repeated for each project/single donation and sponsorship.

The giver and recipient of the donation and sponsorship shall be obliged to prepare a report (one-page form) on the given and accepted donation and sponsorship, containing the following data: name of the donor and beneficiary; name of the end user; description of the

subject of the donation and sponsorship enabling their identification by indicating the amount, value and other features; final use of the subject of the donation and sponsorship and other data.

The report and complete documentation are submitted to the Public Revenue Office within 30 days after fulfilment of the agreement and with the annual financial statement (in practice it is mostly submitted with the annual financial statement). The donation and sponsorship agreement, as well as any other documentation related to the donation and sponsorship must be preserved for at least five years after the calendar year when the agreement has been fulfilled.

There is a separate procedure on the VAT exemption under the Law on Donations and Sponsorships within the Ministry of Finance with indirect mechanism of tax return.

3. Is specific reporting required for the use of public funds (grants received from public bodies/state/municipality/etc.)?

In general no. Each Ministry or other relevant institution that provides funds for CSOs (including foundations) can prescribe their own reporting requirements. On the other hand, according to the LAF, the public-benefit organisation (associations and foundations) shall be obligated once a year to submit narrative and financial reports, approved by the body determined by the statutes, for adoption to be submitted to the Government of the Republic of North Macedonia, no later than 30 April of the current year for its work in the preceding year.

The form and content of the reports are prescribed by the Minister of Finance. But, since the public-benefit status is not functional yet, there are no cases that can confirm how this regulation is applied in practice.

4. Is there an obligation to report to public authorities on donors and beneficiaries? If so, to which authority and what type of information?

The only obligation is related to the donations and sponsorships that received tax incentives in line with the Law on Donations and Sponsorships in the public activities as described above. This reporting format contains information on the donor and the final beneficiaries and is submitted for each donation/sponsorship that was tax exempt.

5. Is there a statutory definition of what a public-benefit purpose (charitable purpose) is in the civil law (foundation law, trust law) of your country? If yes, please give us the definition. If so, is the determining definition that subsequently links to tax benefits?

Yes, the public-benefit status or organisations with public-benefit status are defined in the Law on Associations and Foundations. The definition is as follows: "The organisations may obtain the status of public-benefit organisations if they perform public-benefit activities, implement programs and projects on central and/or local level, independently or in cooperation with state administration bodies and municipal bodies, the bodies of the municipalities in the City of Skopje and the City of Skopje, as well as if they use the financial resources for realisation of activities. (Article 73, LAF)".

Several different public-benefit activities are mentioned in the LAF, such as: Development of democracy, civil society, and human rights; help and protection of persons with physical or mental disabilities, persons with developmental disabilities and persons with special needs; protection of children and youth; protection of marginalised persons and their social inclusion; protection from drug abuse, sexually transmitted diseases, juvenile delinquency, alcoholism, prostitution and human trafficking; health, health promotion and medical care; art, culture, and protection of cultural heritage; amateur sport; etc.

6. Is there a statutory definition of what a public-benefit purpose is in the tax law of your country? If yes, please give us the definition.

No, not in the main tax laws, but there is a definition in the Law on Donations and Sponsorships in public activities. The definition is as follows: “Public interest (benefit) means support or promotion of activities in the fields of human and citizen’s rights protection, cultural promotion, ethics, education, science, development of information society and transfer of electronic data, sport, environmental protection, social and humanitarian activities, civil society development, promotion of blood donation, promotion of international cooperation and other activities determined by law.”

7. Please indicate whether the following purposes would or would not be accepted for tax privileges in your country (noting that the tax status often depends on additional requirements):

Public-benefit purpose	Accepted in tax law (for tax privileges)			
	Yes	Probably yes	Probably no	No
Arts, culture or historical preservation	X			
Environmental protection	X			
Civil or human rights	X			
Elimination of discrimination based on gender, race, ethnicity, religion, disability, sexual orientation or any other legally prescribed form of discrimination	X			
Social welfare, including prevention or relief of poverty	X			
Humanitarian or disaster relief	X			
Development aid and development cooperation			X (even though the Law on Donations and Sponsorships includes promotion of international cooperation as public benefit)	
Assistance to refugees or immigrants	X			
Protection of, and support for,	X			

children, youth or elderly				
Assistance to, or protection of, people with disabilities	x			
Protection of animals	x			
Science, research and innovation		x Science and education are included on the PBO list but not explicitly research and innovation.		
Education and training	x			
European and international understanding (e.g. exchange programmes/ other activities aimed at building bridges between nations)			x (even though the Law on Donations and Sponsorships includes promotion of international cooperation)	
Health, well- being and medical care	x			
Consumer protection	x			
Assistance to, or protection of, vulnerable and disadvantaged persons	x			
Amateur sports	x			
Infrastructure support for public-benefit purpose organisations	x			
Party political activity				x
Advocacy	x Advocacy as an activity is not specifically defined but rather the areas of work of the organisation are, thus if the advocacy is in the PBO defined areas			

	they would be eligible.			
Advancement of religion				X
<i>Other – please list other purposes accepted in tax law for tax privileges in your country</i>	Development of democracy and civil society, protection of children and youth, protection from addictions, STDs, human trafficking and sex work, protection of cultural heritage, local and sustainable development, development of ethics and morals, advancement of philanthropy and volunteering. The Law on Donations and Sponsorships also includes development of information society and transfer of electronic data.			

Comment: all marked purposes in the table are already prescribed in the Law on Associations and Foundations. The problem is that the public-benefit status is not yet functional.

8. Support of “the public at large”

- a) Do the activities of a foundation with public-benefit status for tax purposes generally have to benefit “the public at large”?

If we have in mind the organisations (foundations) with public-benefit status there is some provision in the LAF related to “the public at large”. According to the LAF, activities and actions of the PBOs should be directed at the general public and the interests of the community. However, the PBO status is not actively used as public-benefit organisations (foundations) do not receive any additional tax and customs benefits in accordance with the law beyond those that apply to all CSOs, including foundations. The Law on Donations and Sponsorships regarding public activity does not condition benefiting the public at large.

- b) If yes, can a foundation with public-benefit status for tax purposes support a closed circle in a sense that beneficiaries can be identified based on legal or family affiliations?

As there is no special tax treatment of foundations with public-benefit status (different from any registered foundation), there are no additional limitations beyond the non-distribution constraint (see question 9a).

In the case of dissolution/termination of the operations of the foundation, the remaining assets after the obligations are settled shall be used in the manner determined by the

foundation's statutes. In cases where the statute does not determine the receiver of assets, which remain after settling the obligations, these assets shall be transferred to the municipality, the municipalities in the City of Skopje and the City of Skopje, in which the seat of the foundation is located. In case of dissolution of operations of the public-benefit foundation, the assets shall be transferred to another public-benefit organisation with a same or similar goal or to the municipality, in which the seat of the organisation is located, which should be decided by the provider of the funds.

9. Non-distribution constraint

- a) Does a foundation with public-benefit status for tax purposes generally have to follow a “non-distribution constraint” which forbids any financial support of the foundation board, staff, etc.?

There is a general rule that the funds of the foundations cannot be paid to its members, founders, members of bodies, representatives, employees or persons associated with them, except in cases when a member of the foundation is a beneficiary of the services provided by the foundations in accordance with goals determined by the statutes and programme of the foundation.

- b) What happens with the foundation's assets in case of dissolution? Can the assets revert to private ownership, or do they have to stay in the public-benefit sphere?

In case of dissolution/termination of the operations of the foundation, the remaining assets after the obligations are settled shall be used in the manner determined by the statutes. In cases when the statutes do not determine the receiver of assets, which remain after settling the obligations, these assets shall be transferred to the municipality, the municipalities in the City of Skopje and the City of Skopje, in which the seat of the foundation is located. In case of dissolution of operations of the public-benefit foundation, the assets shall be transferred to another public-benefit organisation with a same or similar goal or to the municipality, in which the seat of the organisation is located, which should be decided by the provider of the funds.

10. “Altruistic” element

- a) Is remuneration of board members allowed in **civil law** and in **tax law**? If remuneration is allowed, are there any limits in **civil law** and/or in **tax law**?

There is a provision in the LAF which says that the work in the bodies of the foundation, according to the law, shall be voluntary, while the members of the bodies of the organisations may receive compensation for travel costs and daily allowances, as well as compensation for the activities in the bodies of the organisation in accordance with law.

- b) Does **tax law** allow a donor/funder to receive some type of benefit in return for a donation? (e.g. postcards, free tickets for a concert)

There is no specific provision on this issue, but probably yes (since there is no misdemeanour provision if the donor/funder receives some benefit in return for a donation).

- c) Is there a maximum amount that can be spent on office/administration costs in **civil law** and in **tax law**? If yes, how are “administration costs” defined? Please indicate which of the following types of expenditures would/would not be considered as “administration costs”:

No, there is no limitation on the office/administrative costs.

- Personnel costs (staff salaries/payroll costs)
- Board remuneration
- Costs of external audit
- Other legal/accounting costs
- General office overheads (rent/mortgage payments, utilities, office materials, computers, telecommunications, postage)
- Insurance
- Publicity and promotion of the foundation (e.g. website, printed promotional materials)
- Asset administration costs
- In the case of an operating foundation – costs related to programmes/institutions run by the foundation
- Costs related to fundraising

11. Hybrid structures (elements of private benefit in public-benefit foundations)

- a) Does the **civil law** of your country accept the following provisions/activities of a public-benefit foundation?

	Yes	Probably yes	Unclear	Probably no	No
The founder restricts the use of the endowment by specifying that the foundation is required to maintain the founder, their spouse and descendants.			x		
The founder retains a beneficial reversionary interest in the capital of a property or other asset for their own continuing use.					x
The gift consists only of the <i>freehold reversion</i> (residuary interest) in a residence that is subject to an existing lease (for a term of years, or even for life) in favour of the founder (or another member of their family) as tenant.			x		
A foundation distributes a (small) part of its income to the founder or their family.					x

- b) Does the **tax law** of your country accept the following provisions/activities of a tax-exempt foundation?

	Yes	Probably yes	Unclear	Probably no	No
The founder restricts the use of the endowment by specifying that the foundation is required to maintain the founder, their spouse and descendants.			x		
The founder retains a beneficial <i>reversionary</i> interest in the capital of a property or other asset to retain for their own continuing use.					x

The gift consists only of the <i>freehold reversion</i> (residuary interest) in a residence that is subject to an existing lease (for a term of years, or even for life) in favour of the founder (or another member of their family) as tenant.				X	
A foundation distributes a (small) part of its income to the founder or their family.					X

12. Distributions and timely disbursement

a) Are foundations allowed to spend down their endowment?

Yes.

b) Are they allowed to be set up for a limited period of time only? If so, is there a minimum length of time for which the foundation must exist?

Yes. There is no minimum length of time.

c) Does the **civil law** and/or **tax law** of your country require a foundation to spend its income (or a certain amount of the income) within a certain period of time, e.g. within the next financial year? If yes, is there a specific amount/percentage of the income that must be spent within this time? Which resources would be considered as income? E.g. would donations/contributions designated for building up the endowment be included in/excluded from the income to be spent? What expenditures would count towards the disbursement of income (e.g. would administration costs be included/excluded?)?

No.

d) Does the **civil law** and/or **tax law** of your country require a foundation to spend a percentage of its overall assets in the form of a “pay-out rule”?

Example: Does the **civil law** of your country require the following of a public-benefit foundation?

	Yes	Probably yes	Unclear	Probably no	No
A foundation accumulates its income for 5 years, only in the 6 th year are there distributions for the public-benefit purpose of the foundation.				X	

Comment: The answer is probably “No”, just because of one provision in the LAF, which says that the public-benefit status (among the other things) shall be terminated if the foundation with its operations failed to reflect the public-benefit for which the status was granted. Thus, if for five years there are no public-benefit activities, and at the same time the organisation is obliged to provide annual reports, probably the Commission for public-benefit status can pass a decision on termination of the public-benefit status.

Example: Does the **tax law** of your country require the following of a public-benefit foundation?

	Yes	Probably yes	Unclear	Probably no	No
A foundation accumulates its income for 5 years, only in the 6 th year are there distributions for the public-benefit purpose of the foundation.	x				

Comment: There is no provision in the tax law that prohibits such activity.

13. Are activities abroad in another country compatible with the public-benefit tax status?

Yes. Furthermore, the Law on Donations and Sponsorships allows tax incentives when recipients are foreign non-profit entities for benefiting the public interest in another country in cases of natural and humanitarian emergencies and disasters.

14. Can public-benefit organisations with a tax-exempt status also support/give grants to for-profit organisations (such as a small green start-up)?

Yes.

15. Corporate income tax treatment. How are the following types of income treated for corporate income tax purposes? Are they taxable or exempt?

- a) Grants and donations – exempt from taxation
- b) Investment income (asset administration)
 - Interest from fixed rate bonds – would be treated as economic activity taxable when economic activities income is above ~ €16,000
 - Equities – dividends from companies that the foundation has established are tax exempt
 - Income from leasing of a property that belongs to the foundation – would be treated as economic activity taxable when economic activities income is above ~ €16,000
- c) Economic activities (related/unrelated)

According to the LAF, the foundations can perform mission-related economic activities stated in the statutes of the organisation (for unrelated economic activities they would have to establish a commercial legal entity). The income from economic activities is subject to taxation if above ~ €16,000. In that case, the tax rate is 1% on the amount above the ~ €16,000 threshold.

- Income from running a hospital/museum/opera
- Income from producing/selling books (e.g. art books sold by a cultural foundation)
- Income from running a bookshop inside a museum/opera run by the foundation
- Income from running a café in the hospital/museum run by the foundation
- Income from selling merchandise (activity not related to the pursuance of the public-benefit purpose)
- Income from intellectual property (e.g. royalties and licence fees)

- d) Income deriving from grant expenditure towards public-benefit purpose/programme activities (such as loans, guarantees, equities)?

Dividends from shares in a company are tax exempt for the foundation. The rest would be considered as economic activities and subject to taxation.

- e) Is major shareholding in a business undertaking considered as an economic activity and taxed accordingly?

To have shares in a company is considered as investing activity, not as direct economic activity of the foundation. Thus, the foundation is not obliged to pay any kind of tax on such incomes.

16. Are capital gains subject to tax? If so, are they liable to corporate income tax or to a separate tax?

There is no tax on capital gains for legal persons. For physical persons there is a personal tax on capital gains.

17. Does any kind of value added tax (VAT) refund scheme for the irrecoverable VAT costs of public-benefit foundations exist in your country?

Yes. There is a procedure for VAT refund. It is applicable for the projects that have received confirmation as being of public benefit according to the Law on Donations and Sponsorships in Public Activities, as well as projects funded by international (governmental or intergovernmental) institutions that have agreements with the Government (such institutions are: all EU instruments for funding; funds for development agencies such USAID, SDC, SIDA, etc.).

18. Is capital tax levied on the value of assets, where applicable?

There is no capital tax.

There is a property tax payable to municipalities where the property is located.

19. Are there taxes on the transfer/sale of assets by foundations?

There is no special treatment for the transfer of assets by foundations stipulated in corporate tax law. Transfer/sale of property would be subject to property tax.

20. Are there any other taxes to which public-benefit foundations are subject to (e.g. real property tax)?

In general, foundations shall pay real property tax. But according to the Law on Donations and Sponsorships, a donation that is given for the purposes of public benefit shall be exempted from property tax in the following five years, after the year it has been donated. Also, the donation shall be exempted from the inheritance and gift tax in cases where the giver transfers the right to usufruct and use to the beneficiary.

21. Can a foreign foundation (EU and other) get the same tax benefits as a national foundation according to the wording of the tax law in your country? If yes, under what conditions? If they have to fulfil exactly the same requirements as locally based public-benefit foundations, please refer to above but indicate which documents need to be provided and translated:

Yes, foreign foundations registered in the country according to the LAF, can get the same tax benefits as national foundations. In that case, the statutes and the financial reports will be produced in the local language.

On the other hand, according to the Law on Donations and Sponsorships, the beneficiary of a donation may also be a foreign non-profitable legal entity (including foundations) directed towards satisfying the public interest of another country in case of natural disasters and humanitarian catastrophes. This means that some foundations which operate in a foreign country could be a beneficiary even when they are not registered in North Macedonia as a foreign organisation according to the LAF. If a foreign foundation donates to public purposes in North Macedonia (confirmed by the Ministry of Justice in line with the procedure), they can request a confirmation document from the Public Revenue Office to use for tax benefits in the country of the foreign foundation.

- Statutes (translation required?)
- Last annual financial report (translation required?)
- Documents providing evidence for certain tax law requirements e.g. that income was actually spent for public-benefit purposes, which may not be required by the organisation's country of seat but are required according to the legislation of the country from which tax benefits are sought? - Agreement for donation or sponsorship, confirmation from the Ministry of Justice if the foreign foundation wants to obtain a document from the PRO that they have donated for public purposes in North Macedonia.
- Other

22. Does your country have signed bi-lateral tax treaties, which provide for reciprocal tax treatment of public-benefit organisations? If so, with which countries?

Yes. Such treaties are signed with the EU countries, Switzerland, Norway, Western Balkan and Eastern European countries (incl. Russia) as well as other countries such as China, India, Azerbaijan, Kazakhstan, Turkey, MENA region etc.

23. Does your country apply withholding tax to the income from local investments held by domestic and/or foreign-based foundations? If so, can domestic or foreign-based foundations reclaim all or part of the withholding tax under domestic law?

Yes. Foundations (as any other legal entity which is the subject of the Profit Tax Law) are required to withhold and pay tax on the profits/income paid to a foreign entity.

The withholding of tax shall apply to the following incomes, regardless of whether the income is paid in the Republic of North Macedonia or abroad: Income from interest paid by a resident; income from interest paid by a non-resident with a permanent business unit in the Republic of North Macedonia, if the permanent business unit pays the interest; income from royalties paid by a resident; income from royalties paid by a non-resident with a permanent business unit in the Republic of North Macedonia, if the permanent business unit pays the royalties; income from entertainment or sports activities carried out in the Republic of North Macedonia; income from rendering management, consulting, financial services, and services related to research and development, if the income is paid by a resident or by a permanent business unit in the Republic of North Macedonia; etc.

As an exception to the above-mentioned incomes, the tax shall not be withheld for the following incomes: Transfer of part of the profit of a permanent business unit of a foreign legal entity in the Republic of North Macedonia, for which profit tax has been previously paid; income from interest from debt instruments issued and/or guaranteed by the Government of the Republic of North Macedonia, the National Bank of the Republic of North Macedonia, and banks or other financial institutions acting as representatives of the Government of the Republic of North Macedonia; income from interest on deposits of a bank located in the Republic of North Macedonia, and income generated from intermediation or consulting with government securities on international financial markets.

III. Tax treatment of donors

1. Is there a system of tax credit or tax deduction or other mechanisms such as tax allocation systems or matching grants?

For individual donors i.e. on the personal income tax – tax credit.

For corporate and other legal entity donors i.e. on the profit tax – tax deduction.

Until 1 January 2024 donations to national sports federations and clubs enjoyed a tax credit system which was cancelled with the latest revisions of the Profit Tax Law from September 2023.

2. Tax treatment of individual donors

- a) What tax relief is provided for individual donors? Is there a minimum and/or a ceiling to a contribution on which tax incentives can be claimed?

Individual who donates funds to a legal entity in accordance with the provisions of the Law on Donations and Sponsorships, and based on a donation agreement, shall be entitled to a decrease in the determined, but not paid personal income tax or return of the paid personal income tax determined on the basis of the individual's annual tax return (Form "PDD – GDP") in the amount of the donation, but not more than 20% of the donor's annual tax debt, with a ceiling of ~ €390 (MKD 24,000). There is no required minimum contribution.

- b) Which assets qualify for tax deductibility (e.g. cash, real estate, in kind or other)?

Tax benefits can be utilised for financial donations.

3. Tax treatment of corporate donors

- a) What tax relief is provided for corporate donors? Is there a minimum and/or a ceiling to a contribution on which tax incentives can be claimed?

The Law on Donations and Sponsorships in public activities states that the donation or sponsorship is considered as an eligible expense i.e. deducted from the tax base up to 5% of annual turnover for donations and up to 3% of the annual turnover for sponsorships pertaining to the administrative procedure prescribed by the law. If the foundation is a national sports federation or sports club, the corporate donors receive a deduction from the profit tax up to 50%. There is no required minimum contribution.

In addition, the donation of goods and services under the same law can receive a VAT reimbursement.

- b) Which assets qualify for tax deductibility (e.g. cash, real estate, in kind, or other)?

Tax benefits can be utilised for financial means, all kinds of goods and services as well as legacies and other transferrable assets.

4. Tax treatment of donations to non-resident public-benefit foundations: Do donors get the same tax incentive?

The Law on Donations and Sponsorships allows tax incentives when recipients are foreign non-profit entities for benefiting the public interest in another country in cases of natural and humanitarian emergencies and disasters.

5. Other frameworks such as percentage law systems, whereby the donating taxpayer may assign part of the tax due to a public-benefit organisation?

No.

6. What are the requirements that the donor must fulfil and/or what is the information they must provide in order to claim tax benefits? What information must donors provide to their tax authority in order to receive tax incentives for their donation (e.g. submitting details on the organisation they support: statutes, annual financial report, documents providing evidence for certain tax law requirements, for instance to show that income was actually spent for public-benefit purposes)?

Both individual and corporate donors first need to obtain a document from the Ministry of Justice confirming that the donation/sponsorship is in a public interest activity (based on submitted contract and additional information if requested).

Individuals: For the purpose of exercising the tax incentive, individual donors shall attach to their annual tax return a copy of the donation agreement, a copy of the decision adopted by the Ministry of Justice confirming the public interest of the donation, a written certificate for the donation received, as well as a proof for the payment of the funds.

Corporate donors: For the purpose of exercising the tax incentive, the legal entity donor (for example, companies, corporations, etc.) shall attach a copy of the donation agreement; a copy of the decision adopted by the Ministry of Justice confirming the public interest of the donation; a written certificate for the donation received; as well as a proof of the funds paid.

As an exception, if the recipient is a foundation with PBO status, the basis can be the proof of the funds donated to a separate bank account for this purpose. There is no information that this provision is used in practice.

7. Are there any different or additional requirements to be fulfilled when a donor is giving to a foreign-based foundation? What information must donors to foreign-based organisations provide in order to receive tax incentives for their donation (e.g. statutes, annual financial report, documents providing evidence for certain tax law requirements, for instance to show that income was actually spent for public-benefit purposes)? Are translations of documents required?

If the foreign-based foundation is registered as a foreign organisation in North Macedonia according to the Law on Associations and Foundations, then the same rules and incentives apply as for any other Macedonian organisation.

In the case of a foreign-based foundation operating abroad, the Law on Donations and Sponsorships in public activities allows tax incentives for not-for-profit organisations that work in the public interest in cases of natural and humanitarian disasters and catastrophes. In that case, the donor needs to undergo the same procedure as for domestic donations. This includes requesting a written decision from the Ministry of Justice that the particular donation is of public interest, signing a donation agreement, and confirmation from the recipient that they have received the donation (the form prescribed with a law). Even though the law doesn't require it, the designated ministry usually requires a document of registration and possibly the organisation's statutes. It is not clear whether translation is needed; in practice translation in English would probably be sufficient. No additional documents are requested.

The law allows that in certain cases when the donation agreement cannot be signed that the document of payment of the donation would be considered as a document of proof. The law doesn't exclude foreign-based foundations from these provisions; however, it is not clear whether in practice this applies for them as well.

8. Do donors get tax incentives when donations are done via specific tools such as:

- Requesting money in public (street, door-to-door)
- Via TV and radio campaigns
- Via sms
- Crowdfunding

Do they have to follow any kind of particular process? If so, which one?

In principle they can receive tax incentives in all of the above-mentioned cases, however they need to undergo the administrative procedure and have the complete documentation, thus it is difficult to use in practice. Sms donations are exempt from VAT.

IV. Tax treatment of beneficiaries

(i.e. those receiving a grant or other benefit from a foundation)

1. Individuals: Are individual beneficiaries of grants required to pay taxes or are the grants tax exempt?

According to the Law on Donations and Sponsorships, the donors cannot receive tax incentives when the direct beneficiaries of the donations are individuals. On the other hand, according to the Law on Personal Income Tax, the income tax shall not be payable on income generated on the following grounds: scholarships and credits granted by foundations to pupils and students; financial aid for medical treatment documented with invoices and medical documentation; and donations generated through special designated telephone numbers for humanitarian purposes.

2. Legal entities: Is there any legal/fiscal framework for beneficiaries conducting economic activities so that they can be eligible for foundation funding? Are there any limitations on the economic activities of the beneficiaries?

There is no taxation on grants for legal entities (for example CSOs) regardless of whether they perform economic activities.

3. Are there any different or additional requirements that must be fulfilled by a beneficiary receiving funding from abroad?

No.

V. Gift and inheritance tax

- 1. Does gift and inheritance tax/transfer tax exist in your country and, if yes, who has to pay the tax in the case of a donation/legacy to a public-benefit organisation (the donor or the recipient organisation)?**

Inheritance/transfer tax is regulated with the Property Tax Law. In case of donation it stipulates an obligation for the recipient to pay the tax. However, such obligation could be exempted if the donation is provided according to the Law on Donations and Sponsorships in public activities.

- 2. What are the tax rates? Is there a preferential system for public-benefit organisations (PBOs)? Which PBOs qualify? Is there a difference according to the region or the legal status of the PBO?**

Tax rates range from 4% - 5%. Liability is determined by the municipalities. There is no other preferential system for PBOs unless the exemption provided for in the Law on Donations and Sponsorships in public activities (already mentioned). Donations should be primarily related to the public interest. There are no limitations in terms of region or legal status of the PBO.

- 3. Is there a threshold (non-taxable amount) from gift and inheritance tax for donations/legacies to public-benefit organisations?**

There is no threshold in general for anyone.

- 4. Is there a legal part of the estate that is reserved for certain protected heirs and which a donor cannot give to third parties?**

No, there are no protected heirs. The donor decides regarding the estate.

- 5. What is the tax treatment (inheritance and gift tax) of legacies to non-resident public-benefit foundations?**

A non-resident PBO is also liable to inheritance/gift tax for the real estate inherited or received as a gift on the territory of North Macedonia.

VI. Trends and developments

- 1. Are there current discussions about the question of whether cross-border activities of foundations or other non-profit organisations and their donors are protected by the fundamental freedoms of the EC Treaty? Have there been any changes to your country's legislation, resulting from the [Persche](#), [Stauffer](#), [Missionswerk](#) or other relevant ECJ judgments, or are changes being discussed? Any changes being discussed with regard to the free movement of trust structures resulting from the [Panayi Trust](#) and [Olsen and Others](#) cases?**

In 2024 in the ongoing process for revising the Law on Donations and Sponsorships, the issue of expanding the areas/public-benefit activities beyond disaster relief was raised. The initial draft revised text includes PBOs from the EU as recipients based on the principle of reciprocity to be applied upon accession of North Macedonia to the EU. The revisions are still in process and have not been adopted yet (scheduled for adoption in Government's plans in 2026).

- 2. Has the fight against terrorism and financial crime led to the introduction in recent years of new laws/rules affecting the foundation sector (e.g. implementation of EU Anti Money Laundering Directive, or reactions to recommendations of the Financial Action Task Force)? Has it for example become more difficult to:**

- Set up a public-benefit foundation
- Obtain permission to transfer funds across borders
- If able to transfer of funds across borders, has the process become more burdensome administratively
- Open a new bank account
- Maintain a bank account
- Fund certain activities
- Fund certain regions/countries
- Fund certain organisations (please explain the reason - foreign funding restriction?)
- Report to authorities/deal with administration
- Other

Organisations including foundations have reported burdensome administrative and due diligence procedures in dealings with commercial banks in opening bank accounts, maintaining bank accounts, and transactions abroad.

- 3. Does the national law consider foundations as obliged entities as defined by the Anti-Money Laundering Directive?**

No.

- 4. Does the national law define/specify who is considered as a beneficial owner (BO) of a foundation?**

Yes, the Law on Prevention of Money Laundering and Financing of Terrorism addresses this. According to the law, the beneficial owners of foundations (Article 22, paragraph 3) are defined similarly to those of trusts i.e. through the following roles:

- 1) Settlor (founder)
- 2) Trustee

- 3) Protector (if any defined in the statutes)
- 4) Beneficiaries or group of beneficiaries if they can be determined in the statutes
- 5) Other persons who have control over the foundation

The Official Guidance prepared by the Financial Intelligence Office in mid-2022 allows the foundations when submitting information on the beneficial owner/s in the designated BO Registry to choose which of the above categories apply.

However, in practice foundations have faced requirements by the banks to submit information on founders, board members etc. and have created barriers and administrative hurdles for the foundations leading to de-risking.

5. Does your country have a specific register for BO of legal entities/foundations or does the foundation/company/association register serve as a BO register?

There is a specific BO Register under the Central Registry of North Macedonia. All foundations are required to register.

6. Are there any other recent trends or developments affecting the legal and fiscal environment for public-benefit foundations in your country such as one or more of the following?

- a) Law revision in the pipeline

The Law on Donations and Sponsorships is under revision, potentially to be adopted in 2026. The process of revision of the Law on Associations and Foundations has been initiated but due to the elections in 2024, the process has been paused. It is expected that the process of revisions will continue in 2025. The need for revising the Law on Accounting for NPOs has been identified, although the law is not yet in the pipeline for revisions.

- b) Discussion about the role of supervisory authorities (civil law, charity regulator, tax authority) and collaboration among them? Decentralisation or centralisation of supervisory structures? Use of watchdog/rating agencies?

The first national risk assessment of the NPO sector for financing terrorism, developed in cooperation with CSOs, was adopted by the Government in 2022. It determined that only 13% of NPOs are at low to medium risk of being abused for terrorist financing. The risk assessment led to an improved country rating on FATF Recommendation 8 to "largely compliant". The Financial Intelligence Office (FIO) is advocating for introducing certain supervisory roles for the CSOs; however no specific proposals have been outlined.

- c) Tendency towards more transparency requirements?

The existing Law on Associations and Foundations requires that foundations publicise their annual reports on their websites or otherwise. The concern of some institutions (such as FIO) was that no institution is responsible for reviewing those reports, or whether they have even been submitted.

- d) Tendency towards more self-regulation? Self-regulation replacing hard law regulation?

Self-regulation mechanisms are increasingly being recognised. Examples include the CSO Trust Mark (self-regulated certification mechanism) operated by Association Konekt and the Ethical Code of the CSO sector coordinated by the Macedonian Center for International Cooperation. Commercial banks are particularly interested in mechanisms such as the CSO Trust Mark which could simplify their client due diligence process.

- e) Tendency to use alternative forms to classic public-benefit foundations
- f) Other?

The new EU Directive on AML/CFT will create challenges for CSOs in general, including foundations, in terms of BO, fundraising, operating and using crowdfunding platforms and crypto currencies, etc. The adoption and draft proposals of foreign agent laws in the region as well as in the EU could have a spillover effect in North Macedonia and would be a significant challenge for the functioning of foundations.

7. Public fundraising: Are there any specific laws that regulate fundraising, and do they affect foundations?

No.

VII. Further information

Useful contacts

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- [Law on Donations and Sponsorships in Public Activities](#) (Macedonian)

- [Law on Prevention of Money Laundering and Financing of Terrorism](#) (English, also available in Macedonian)
- [Law on Personal Income Tax](#) (Macedonian)
- [Law on Profit Tax](#) (Macedonian)
- [Law on Property Tax](#) (Macedonian)
- [Law on Value Added Tax](#) (Macedonian)

VIII. About

About Philea

Our vision is for philanthropy to use its full potential to co-shape and support a pluralistic, just and resilient society that centres people and planet. To achieve this, our mission is to enable, encourage and empower the philanthropic community to build a better today and tomorrow.

We nurture a diverse and inclusive ecosystem of foundations, philanthropic organisations and networks in over 30 countries that work for the common good. With individual and national-level infrastructure organisations as members, we unite over 7,500 public-benefit foundations that seek to improve life for people and communities in Europe and around the world.

We galvanise collective action and amplify the voice of European philanthropy. Together we:

→ **Co-create knowledge and learn** from effective practices

→ **Collaborate** around current and emerging issues

→ **Promote enabling environments** for doing good

In all we do, we are committed to enhancing trust, collaboration, transparency, innovation, inclusion and diversity.

philea.eu

Policy and advocacy at Philea

Philea champions the interests of its members vis-à-vis the EU and multilateral organisations. Through [our policy and advocacy work](#), we strive towards an enabling operating environment for European philanthropy by monitoring and analysing policy and regulatory trends at national, European, and international level, and engaging around this agenda with policymakers and other stakeholders. We position philanthropy as a key actor on societal issues and facilitate strategic engagement and collaboration opportunities, including public-private partnerships.

About this project

This country profile is part of a [larger analysis project](#), ongoing since 2002, which includes regularly updated profiles on the legal and fiscal landscape for philanthropy in some 40 countries across the wider Europe; and a comparative overview of the profiles compiled in our “Comparative Highlights of Foundation Laws”.

Legal Affairs Committee

Philea’s [Legal Affairs Committee](#) consists of legal and public affairs experts from Philea members, composed of both national associations and foundations, across Europe. The members of the LAC advise on Philea’s policy and advocacy work.

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