

Pursuant to Article 19 b of the Law on Regional Development ("Official Gazette of Montenegro" 20/11 and 20/15), the Government of Montenegro at the session of _____2016 adopted the following

DECREE ON BUSINESS ZONES

Subject Article 1

This Decree shall govern the conditions for the creation of business zones, classification according to the strategic interest, establishment, planning and management, improvement of infrastructure in business zones and other issues relevant to the operation of business zones.

Use of Gender-Sensitive Language Article 2

Terms used in this Decree for natural persons in the masculine gender shall include the same terms in feminine gender.

Classification of Business Zones Article 3

According to the strategic interest, business zones will be divided into:

- 1) Business zones of strategic interest, and
- 2) Business zones of local interest.

Business zones of strategic interest may be founded at sites that meet the following requirements:

- 1) The local government unit in whose jurisdiction the business zone is located shall have more than 20,000 inhabitants;
- 2) The site shall not cover less than 10ha;
- 3) The site shall be in accordance with the use specified by spatial planning documents;
- 4) Property issues related to the site shall be resolved.

Business zones of local interest may be founded at sites that meet the following requirements:

- 1) The site shall be in accordance with the use specified by spatial planning documents;
- 2) Property issues related to the site shall be resolved.

Business Zone Founder and Location Article 4

Business zone founder may be the State or local government unit.

Business zone site may be owned by the State, local government unit or private owner.

Establishing Business Zones of Strategic Interest

Article5

Business zone of strategic interest shall be established by the Government of Montenegro (hereinafter: The Government), independently or in cooperation with the other founder.

Mutual rights and responsibilities of the Government and the other founder of the business zone shall be regulated by the Foundation Agreement.

The Government, at the proposal of the state administration body responsible for the economy (hereinafter: the Ministry) shall identify the site where a business zone of strategic interest shall be established and adopt a decision on the establishment.

A decision on the establishment of a business zone of strategic interest shall especially include:

- 1) Information on the site;
- 2) Information on the other founder of the business zone, when the Government establishes the business zone with the other founder;
- 3) Management method, in accordance with this Decree;
- 4) Method of financing infrastructure development at the business zone site;
- 5) Activities that may be carried out in the business zone;
- 6) Exemptions that may be granted to the business zone user;
- 7) Mutual rights and responsibilities of the founders and owners, if the site or part of the business zone site is privately owned.

The decision on the establishment of a business zone of strategic interest shall be taken after prior comments of the body responsible for state aid control.

The decision on the establishment of a business zone of strategic interest shall be published in the Official Gazette of Montenegro and on the website of the Ministry.

The Government and the local government unit in whose jurisdiction the business zone of strategic interest is located may conclude a cooperation agreement governing mutual rights and responsibilities with regard to the establishment and operation of the business zone.

Establishing Business Zones of Local Interest

Article6

Business zones of local interest shall be established by local government units, independently or in cooperation with the other founder, after prior consent of the Ministry.

Mutual rights and responsibilities of the local government unit and the other founder shall be regulated by the Foundation Agreement.

Local government unit, with the consent of the Ministry, shall identify the location for establishing a business zone of local interest and adopt a decision on its foundation.

The decision on the establishment of a business zone of local interest shall especially include:

- 1) Information on the site;

- 2) Information on the other founder of the business zone, when the Government establishes the business zone with the other founder;
- 3) Management method, in accordance with this Decree;
- 4) Method of financing infrastructure development at the business zone site;
- 5) Activities that may be carried out in the business zone;
- 6) Exemptions that may be granted to the business zone user;
- 7) Mutual rights and responsibilities of the founders and owners, if the site or part of the business zone site is privately owned.

The decision on the establishment of a business zone of local interest shall be taken after prior comments of the body responsible for state aid control.

The decision on the establishment of business zones of local interest shall be published in “the Official Gazette of Montenegro – Municipal Regulations” and on the website of the Ministry.

Business Zone Designation Article7

The founder of the business zone shall, within two years from the date of the decision on the business zone establishment, provide for the business zone organization in accordance with this Decree and proclaim the business zone open for investment.

Upon adoption of the decision on designation, the site shall acquire the status of a business zone.

Managing Business Zones of Strategic interest Article8

Business zone of strategic interest shall be managed by a company founded by the Government.

Managing Business Zones of Local Interest Article9

Business zone of local interest shall be managed by a manager or company.

Manager shall be appointed by the local government unit.

Company shall be established by the local government unit.

Manager of a business zone of local interest shall submit a report on the business zone operations to the Ministry every six months from the date of the business zone designation, in accordance with Article 7 of the Decree.

Business Zone Organization Article10

Business zone organization shall include drafting a development plan and equipping the business zone with infrastructure.

Development Plan Article11

The business zone development plan shall in particular include both the existing and planned layout of:

- 1) Surface area of the land and other real estate available to business zone users;
- 2) Infrastructure within the business zone;
- 3) Unoccupied areas and their use;
- 4) Green and common areas.

Development plan shall be in accordance with the planning document identifying the location of the business zone.

Development plan shall be adopted by the business zone founder on the proposal of the business zone manager.

Business Zone Infrastructure Development Article12

Business zone infrastructure development shall include the construction of transport, water supply, sewage, power supply and telecommunications infrastructure within the business zone site, in accordance with the spatial planning documents and development plan.

Infrastructure development may be delegated to the business zone user by the business zone founder or manager, under the contract on doing business in the business zone, in accordance with special regulations governing state aid.

Infrastructure developed within the business zone site shall be owned by the State, in accordance with the law.

Business Zone User Article13

Business zone user may be a company, other legal entity or entrepreneur who carries out the activity in a business zone and benefits from exemptions in accordance with this Decree.

The business zone user shall sign a contract on doing business in the business zone with the business zone founder or manager.

The founder or manager may allow the performance of business operations in the business zone to the user who:

- 1) Is registered in the Central Registry of Companies;
- 2) Is not in bankruptcy or liquidation, except for reorganization in accordance with the law governing bankruptcy of economic operators;

- 3) Has not been convicted of a criminal offense committed in the exercise of economic activity;
- 4) Has settled all liabilities arising from taxes, duties and contributions;
- 5) Is not in difficulty in accordance with the rules on state aid;
- 6) Is not obliged to refund the received state aid.

The conditions for business operations of the business zone users shall be established under the contract on doing business in the business zone.

Selection of Business Zone Users **Article 14**

Business zone users shall be selected on the basis of a public call, implemented by the business zone manager.

The conditions and procedure for implementing the public call referred to in paragraph 1 of this Article shall be defined by the business zone manager.

Exemptions **Article 15**

For persons employed in the business zone, the business zone user shall not pay:

- 1) Contributions on wages for mandatory social insurance (contribution for pension and disability insurance, contributions for health insurance, contributions for unemployment insurance) and contributions to the Labor Fund, and
- 2) Personal income tax.

The amount of exemptions referred to in paragraph 1 of this Article shall not exceed the maximum allowable aid intensity of 60% for medium-sized and 70% for small enterprises, in accordance with the regulations governing state aid.

Business zone user may use exemptions referred to in paragraph 1 of this Article, for no longer than five years from the date of employment of a person in the business zone.

For an employee referred to in paragraph 1 item 1 of this Article, the business zone user shall calculate, withhold and pay from the employee's salary contributions for pension and disability insurance at a rate of 15.0%, contributions for health insurance at the rate of 8.5% and contributions for unemployment insurance at rate of 0.5%, when the wages are paid.

The basis for the calculation of the contributions referred to in paragraph 1 of this Article shall be the gross wages.

The tax under paragraph 1 point 2 of this Article shall be accrued, deducted and withheld by the business zone user.

The accrued income surtax shall be paid by the business zone user.

In addition to the exemptions referred to in paragraph 1 of this Article, the business zone user shall be entitled to other benefits in accordance with the law and specific regulations

governing state aid, provided that the total shall not exceed the maximum allowable amount of exemptions, in accordance with paragraph 2 of this Article.

Method of Payment of Contributions

Article 16

Contributions referred to in Article 15(1) of this Decree shall be paid to the single account of personal income tax and contributions for compulsory social insurance number 820-30000-74.

Form IOPPD (Code 042) shall be used for reporting the accrued and paid salaries and wages of employees.

The report referred to in paragraph 2 of this Article shall be submitted by the business zone user to the competent tax authority by the 15th day of the current month, for all payments of salaries and wages made in the previous month.

Register of Business Zones

Article 17

Business Zones shall be registered in the Register of Business Zones kept and updated by the Ministry.

Business zone manager shall apply to the Ministry for registration.

Register of business zones shall in particular include:

- 1) Name and seat of the business zone;
- 2) Name of the business zone founder and manager;
- 3) Information about the sites identified for business zones of strategic and local interest;
- 4) Information on infrastructure development in the business zone;
- 5) Name, surname and address, or the name and seat of business zone users;
- 6) Information on the activities performed by users of business zones;
- 7) Information on available exemptions in the business zone.

Register of Business Zones shall be kept in electronic form and published on the website of the Ministry.

Harmonization of Business Operations

Article 18

Founders of business zones that had been in operation before the entry into force of this Decree shall, within six months from the date of entry into force of this Decree, harmonize business zone operations in accordance with this Decree.

Where the Founder fails to act in accordance with paragraph 1 of this Article, the business zone shall lose its status and the right to use exemptions in accordance with Article 15 of this Decree shall be terminated.

Termination of Validity

Article 19

On the effective date of this Decree, the Decree on business zones ("Official Gazette of Montenegro" 55/15) and the provision of Article 2(2) of the Decree on subsidies for the employment of particular categories of unemployed persons ("Official Gazette of Montenegro" 80/15) shall be repealed.

Entry into Force Article 20

This Decree shall enter into force on the eighth day of its publication in the "Official Gazette of Montenegro".

Number:
Podgorica,

GOVERNMENT OF MONTENEGRO

**President,
Milo Djukanovic**