

Registering Property Survey – Macedonia, FYR

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Dear Ms. Ljubica Ruben,

We would like to thank you for your contribution. Your expertise in the field of Registering Property in Macedonia, FYR is essential to the success of the *Doing Business* report, an annual publication of the World Bank and the IFC that benchmarks business regulations in 183 economies worldwide. The Registering Property indicator is one of the 11 indicators of the *Doing Business* report.

The latest edition of the report, *Doing Business 2012: Doing Business in a More Transparent World* launched on October 20, 2011 and received a record number of 4,432 media citations within one month of publication, including coverage from all major global, regional and local media outlets such as TV, print, broadcast and web.

Without your contribution the *Doing Business* project would not be able to disseminate regulatory best practices to the governments worldwide that read our report with interest every year. Since its inception in 2004, *Doing Business* has informed more than 300 reforms around the world, making it easier for small and medium sized firms to do business.

For *Doing Business 2013*, we are honored to be able to count on your expertise:

- Please review the assumptions of the case study before updating last year's information in the survey
- Please describe in detail any reform that has affected the process of Registering Property since June 1, 2011
- Please make sure to update your name and address, so we can mail you a complimentary copy of the report

Please kindly return the survey to dbproperty@worldbank.org. We thank you again for your invaluable contribution to the work of the World Bank Group.



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	Last Name Ruben []	
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[title] [first name] [last name]	[firm] [position] [profession]	[]	[phone] [mobile]	[street] [state/province] [city/country]
[title] [first name] [last name]	[firm] [position] [profession]	[]	[phone] [mobile]	[street] [state/province] [city/country]
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Paperless Option for Complimentary Report and Certificate – If you wish to conserve paper and resources:

Please *e-mail* me an electronic copy of the report and my certificate of appreciation, instead of mailing me a paper copy.

1. Case Study Assumptions

Please always refer to these assumptions and definitions when describing the *Registering Property* process: You are selling a commercial warehouse, which is registered at the Agency for Real Estate Cadastre in Skopje.

Case Study Assumptions	
Parties	<ul style="list-style-type: none"> The Buyer and Seller are local limited liability companies located in Skopje They are owned by private nationals (with no foreign or state ownership) and perform general commercial activities.
Property	<ul style="list-style-type: none"> The property consists of land and a 2-story building (warehouse): the land area is 557.4 square meters (6,000 square feet), and the warehouse has a total area of 929 square meters (10,000 square feet). The value of the property is MKD 10,061,959 (equivalent to USD 226,000) (equal to 50 times income per capita). The property is registered in the Agency for Real Estate Cadastre; it is free of title disputes and has no mortgages attached to it. The seller company owned the property for the last 10 years.
Transaction	<ul style="list-style-type: none"> The Seller Company has accepted the Buyer Company's offer to purchase the property. The parties will undertake every procedure that is officially required or needed in practice to transfer the ownership of the property.
Definitions Used	
Procedure	<ul style="list-style-type: none"> Is an interaction of the buyer or the seller, their agents or the property with external parties, including government agencies, inspectors, notaries and lawyers. Procedures that take place simultaneously are marked with an asterisk (*).
Time	<ul style="list-style-type: none"> Is measured in calendar days. The minimum time for a procedure is 1 day.
Cost	<ul style="list-style-type: none"> Only reflects official fees and taxes and excludes bribes. VAT should not be included in the Cost.

2.Reform Update

Please update us on the following:

2.1 Has there been an administrative or legal change since June 1, 2011 that affects the requirements or the process to transfer a property? Yes No

If YES:

- 2.1.1. Please indicate the name and date of the law or regulation: []
- 2.1.2. Please attach a copy or indicate the link to the law or regulation if possible: []
- 2.1.3. Please describe the reform: []
- 2.1.4. Has this reform has simplified or complicated your daily work related to property transfers? Please explain: []

2.2 Last year Doing Business recorded the following “future administrative/legal reform project” that is expected to have an impact on the property transfer process:

There are several ongoing projects, supported by various international organizations, which are aimed at building efficient real estate cadastre and registration system and strenghtening the capacities of the Agency for Real Estate Cadastre (AREC). These projects could impact the time for registration.

These current projects are as follows:

1. Strenghtening the capacities for implementation of the AREC strategic plan 2009-2012, supported by Swedish international development agency (Sida). The project started in November 2009 and is planned to be completed till December 2012. The main components of the project are:

- Introduction of e-Cadastre. The Agency for Real Estate Cadastre in Skopje implemented a new electronic system for registration of real estate (e-Cadastre). It started as a pilot project but as of June 1, 2010, the system is fully operational. This system converts all entries from the old registration system into a new, complex system of e-Cadastre, which will allow an easier exchange of data with other partner institutions as well as additional features which will be included in the system in future.

- business procedures

- management

- human resources development

2. Transformation of the State Coordinate System into Global Coordinate System, supported by the Japan International Cooperation Agency (JICA). JICA has sent international expert from Geographic Surveying Institute to Macedonia in order to advice and to help AREC in defining the optimal model for transformation of the State Coordinate System into Global Coordinate System.

3. Supporting the AREC in the process of digital map production, business development and IT strategy. This project is a joint program between the Duch Cadastre and the Agency for Real Estate Cadastre of Macedonia, and it started in September 2009 with scheduled finalization in May 2010. Through exchange of knowledge and experience the Duch experts shall assist AREC in the following areas: digitalization, business development and management of the IT sector.

3. Previously paid to the Public Revenue Authority, the payment of this tax moved from the Revenue Authority to the Municipalities in 2005. According to the Law on Property Taxes (Official Gazette of RoM, No. 61, dated September 13th 2004), the tax rates are determined by each Municipality, and the Municipality administration is authorized to determine and collect the property taxes as per the location of the real property. The Mayor should pass and deliver the

decision for the amount of property tax within 30 days from the day when the taxpayer submitted the application

We were informed by the time for the Municipality provides the tax assessment withing 3 working days. Is that accurate?

- 2.2.1. Please update us on the status of this initiative. Is it now in place? Yes No
- 2.2.2. If YES, since when? []
- 2.2.3. If applicable, has this reform has simplified or complicated your daily work related to property transfers? Please explain: []

2.3 Are you aware of any reform (in practice or in laws and regulations) related to the process of transferring and registering a property that is:

- **2.3.1 Ongoing and/or planned to be adopted BEFORE June 1, 2012?** Yes No
If YES, please describe: [There is an ongoing project "E-Cadastre" regarding the implementation of electronic cadastre on all of the territory of the Republic of Macedonia. This reform will decrease the expences and the waiting ours in the departments of the cadastre. At the end of October 2011 this project has been implemented in 14 municipalities. As planned the electronic cadastre should be fully implemented by June 2012 in every municipality.]
- **2.3.2 Ongoing and/or planned to be adopted AFTER June 1, 2012?** Yes No
If YES, please describe: []

2.4 How many properties have you transferred in the last year? [23]

3. Procedure List for Transferring and Registering Property

- ❖ Please update the data for property transfers between two domestic companies taking into account the assumptions of the case study presented in section 1.
- ❖ **Please describe any change to the data in detail** and indicate since when the change took effect. We ask you to specify if the changes you make are because:
 - a) The data were erroneous (“**correction**”), or
 - b) There has been a change to the property transfer process after June 1, 2011, due to a change in practice or in law, (“**reform**”).

3.1 Data update

Procedure 1	Obtain a non-encumbrance certificate on the property
Time	Time last year: 1 day
	Time update: (calendar days)
Cost	Cost last year: MKD 125 (Title deed) + MKD 50 (Tax stamp for the copy of the title deed)
	Cost update:
Agency	Agency last year: Agency for Real Estate Cadastre
	Agency update:
Procedure Details	<p>Details: With the introduction of Law on Real Estate Cadastre on March 23, 2008, the information on encumbrances over land and property has moved from the First Instance Courts to the Cadastre Registry’s public book. Thus, parties check for encumbrances over the land and property and obtain a non-encumbrance certificate from the Real Estate Cadastre at the same time when they obtain a copy of the title deed.</p> <p>The seller should obtain a Title Deed from the Department of Cadastre and registration of real estate before the starting of the transaction formally. In the above case the seller as a company should provide a copy of its registration papers with the evidence that the General Manager is authorized to sign the agreement and a verified paper form of the signature before a notary public. This form will be used as evidence before the lawyer and later before the notary public who will verify the sale agreement.</p>
	Your comments: Copy of registration papers and signature form are required also on the Buyer’s side.
	Changes

Procedure 2	Assessment and payment of sale tax on real estate
Time	Time last year: 3 weeks
	Time update: 30 days (calendar days)
Cost	Cost last year: MKD 300 (administration fee) + 3% of property value
	Cost update: MKD 300 (administrative fee) + 2% - 4% of property value
Agency	Agency last year: Municipality

	Agency update:
Procedure Details	<p>Details: Tax liability incurs on the date of conclusion of the agreement for transfer of ownership. The base of tax on sales of real estate is the market value of the real estate at the moment of the tax liability.</p> <p>Previously paid to the Public Revenue Authority, the payment of this tax moved from the Revenue Authority to the Municipalities in 2005. According to the Law on Property Taxes (Official Gazette of RoM, No. 61, dated September 13th 2004), the tax rates are determined by each Municipality, and the Municipality administration is authorized to determine and collect the property taxes as per the location of the real property. The Mayor should pass and deliver the decision for the amount of property tax within 30 days from the day when the taxpayer submitted the application.</p> <p>The rate of tax on sale of real estate is proportional and equals 3% of the determined market value of the property. If the two parties are companies registered for VAT, the seller will pay 18% VAT on the determined purchase price from which an amount of 3% paid sales tax shall be deducted. The Law does not provide such provision.</p> <p>Your comments: According to the Law on Property Taxes (Official Gazette of RM No. 61, dated September 14, 2004) the tax rate on sale of real estate is proportional and amounts between 2% and 4%. The deadline for the procedure is one month according to the article 221 paragraph 1 from the Law on General Administrative Procedure (Official Gazette of RM No. 38, dated May 26, 2005).</p>
Changes	<p>If you made changes to last year's information, please indicate whether this is a Correction <input checked="" type="checkbox"/> or a Reform <input type="checkbox"/></p> <p>Please explain the changes and provide the legal basis when applicable: See the explanation above</p>

Procedure 3	Notary prepares the contract in form of Notary Act and also verifies it
Time	<p>Time last year: 1 day</p> <p>Time update: (calendar days)</p>
Cost	<p>Cost last year: sale/purchase agreement according to the new notary fee that is on force:</p> <ul style="list-style-type: none"> -if the property value is up to MKD 100,000 the fee is MKD 800, -if the property value is from MKD 100,001 up to MKD 200,000 the fee is MKD 1,200, -if the property value is from MKD 200,001 up to MKD 300,000 the fee is MKD 2,000, -if the property value is from MKD 300,001 up to MKD 3,000,000 the fee is MKD 2,000, and additional MKD 100 for every MKD 10,000 , but it shall not exceed MKD 8,000 . <p>This fee applies if the Notary prepares the contract in form of Notary Act and also verifies it.</p> <p>In case if the sale contract is prepared by Attorney at Law and the Notary Public only verifies the contract (makes Solemnization-confirmation of the contract) the fee is 20 % of the above amounts.</p> <p>The changes in the fee are due to a reform of the Tariff for the Notary services dated from 22.01.2011</p> <p>However, according to Article 17 of the Notary Tariff Act the notary fee is 50% of the fee stipulated in Article 12.</p> <p>Cost update: Correction of the solemnization costs, instead 20% it is 50%. According to the Notary Tariff (Official Gazett No. 19/2011 dated January 1, 2011), Article 11, the notary fee for preparing of sale/purchase agreement is consistent with the</p>

	<p>abovementioned. In addition, if the property value is from MKD 3.000.001,00 up to MKD 5.000.000,00 the notary fee is MKD 10.000,00; if the property value is from MKD 5.000.001,00 up to MKD 9.000.000,00 the fee is MKD 12.000,00; if the property value is from MKD 9.000.001,00 up to MKD 20.000.000,00 the fee is MKD 20.000,00; if the property value is from MKD 20.000.001,00 up to MKD 60.000.000,00 the fee is MKD 30.000,00; if the property value exceeds MKD 60.000.000,00 the fee is MKD 60.000,00; if the property value can not be determined, the notary fee will be according to the value determined by the party, but not less than MKD 800,00.</p>
Agency	Agency last year: Public Notary
	Agency update:
Procedure Details	<p>Details: The notary prepares and notarizes the sale contract agreement. As the Seller is a Company, it must produce a certificate showing that the Company has not initiated the bankruptcy procedure. This certificate has to be presented to the notary for the preparation and notarization of the sale contract. The buying company must issue a Decision for buying the warehouse, signed by the Company's Manager. This Decision will be used by the Notary Public for the drafting and notarization of the sale agreement.</p> <p>According to the Law on Notary Public, a notary public is obliged to submit these documents to the Cadastre in order to inform the Cadastre about the change in ownership. The selling company must provide a certificate showing that it has not initiated the bankruptcy procedure and the buying company must show a document signed by the Director of the company to show the decision to buy the warehouse.</p>
	<p>Your comments: The Notary public submits to the Cadastre the Notary Act, which is accompanied not only with the documents stipulated above, but also other mandatory enclosures to the Notary Act (Excerpts from the Central Register for both, the Seller and the Buyer, Title Deed etc.)</p>
Changes	<p>If you made changes to last year's information, please indicate whether this is a Correction <input checked="" type="checkbox"/> or a Reform <input type="checkbox"/></p>
	<p>Please explain the changes and provide the legal basis when applicable: See the explanation above</p>

Procedure 4 Apply for registration into the Cadastral Office	
Time	Time last year: 5 - 20 days
	Time update: 1-3 (calendar days)
Cost	Cost last year: MKD 250 (for change of ownership) + MKD 125 (for the new title deed) + MKD 50 (administrative tax)
	Cost update:
Agency	Agency last year: The Real Estate Cadastre
	Agency update:
Procedure Details	<p>Details: Parties submit a request for changing the title to the Cadastral Office. A lawyer or the buyer obtains from the Cadastre a new Title Deed in which the new owner will be registered. Ownership right over real estate is established at the moment of registration of that right in the Public Book at the Cadastre, though in practice documentation would be required to resell or use the property to obtain a loan.</p>

	The documentation shall include: the sale contract approved by public notary (obtained in Procedure 5).
	Your comments:
Changes	<p>If you made changes to last year's information, please indicate whether this is a Correction <input checked="" type="checkbox"/> or a Reform <input type="checkbox"/></p> <p>Please explain the changes and provide the legal basis when applicable: According to the Article 172 from the Law on real estate cadastre (Official Gazette No. 40, dated 26 March, 2008), also available as an official information published on the web site of the Agency for real estate Cadastre of Republic of Macedonia (http://www.katastar.gov.mk/en/Default.aspx).</p>

3.2 Additional procedures in the registering property process

- ❖ Please specify any new or existing procedures that have not been included in the above list.

Procedure	[]
Time	[]
Cost	[]
Agency	[]
Comments	[]
Is this additional procedure a Correction <input type="checkbox"/> or a Reform <input type="checkbox"/> ?	
Since when has this procedure been in place? Please cite the legal basis and wherever possible provide us with a copy of the legal text []	
Please indicate the sequence of this new procedure (for example: between procedures 2 and 3) or describe when it takes place: []	
Can this procedure take place simultaneously with another procedure? If so, which one(s)? []	

Procedure	[]
Time	[]
Cost	[]
Agency	[]
Comments	[]
Is this additional procedure a Correction <input type="checkbox"/> or a Reform <input type="checkbox"/> ?	
Since when has this procedure been in place? Please cite the legal basis and wherever possible provide us with a copy of the legal text []	
Please indicate the sequence of this new procedure (for example: between procedures 2 and 3) or describe when it takes place: []	
Can this procedure take place simultaneously with another procedure? If so, which one(s)? []	

4. Research Questions

The following questions are part of the research *Doing Business* conducts. The answers to these questions will not be included in the *Doing Business* indicators or rankings.

4.1 How does Agency for Real Estate Cadastre make the <u>currently applicable</u> fee schedule for property registration available? (multiple answers can apply)	
<input type="checkbox"/> Only upon request from agency's employee	
<input type="checkbox"/> Published in laws/decrees/regulation/gazette	Please indicate name and date of law/decrees/gazette: []
<input type="checkbox"/> Brochures, boards or other public notices at the agency's office (for pickup without prior appointment)	
<input checked="" type="checkbox"/> Online	Please indicate the website address: [http://www.katastar.gov.mk/mk/Page.aspx?Id=125]
<input checked="" type="checkbox"/> Other	Please describe: [the currently applicable fee schedule for property registration can also be send by mail (katastar.skopje@katstar.gov.mk)]
4.2 Does the Agency for Real Estate Cadastre offer expedited procedures for an official fee? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If YES, please provide:	
➤ The cost: []	
➤ The time: []	
➤ The legal basis, if applicable: []	
4.3 Completion of registration by the Agency for Real Estate Cadastre	
4.3.1 Does the Agency for Real Estate Cadastre have a legally set time limit to complete registration? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
a) If YES:	
➤ Please provide the time limit [1-3 days], and the legal basis, if applicable: [According to the Article 172 from the Law on real estate cadastre (Official Gazette No. 40, dated 26 March, 2008), also available as an official information published on the web site of the Agency for real estate Cadastre of Republic of Macedonia (http://www.katastar.gov.mk/en/Default.aspx), the time limit for change of data for real estate registered in the real estate cadastre depends weather a geodetic elaborate is required for the change. If elaborate is required the change is implemented in time limit no longer than 3 days and if an elaborate is not required the change is implemented in one day.]	
➤ Is the time limit respected? Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/> , it usually takes []	
b) Do you think the legal time limit is an effective tool to have the Registry complete registration within a reasonable time? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If NO, please explain why: []	
4.3.2 Can parties track the status of a registration request at the Agency for Real Estate Cadastre? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
a) If YES, how? (multiple answers can apply)	
<input checked="" type="checkbox"/> On website	Please indicate the website address: [www.katastar.gov.mk]
<input checked="" type="checkbox"/> Phone call	Please indicate number: [080080800]
<input type="checkbox"/> Email	Please indicate contact information: []
<input type="checkbox"/> Text message	Please indicate contact information: []
<input type="checkbox"/> Other	Please explain: []
b) If YES, is tracking option available an effective tool to have the Registry complete registration in a reasonable time? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Please explain why: []	
4.3.3 Does the Agency for Real Estate Cadastre inform the parties, or their notaries or lawyers, of the completion of registration? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

a) If NO , please explain how the parties know that registration has been completed: []	
b) If YES , how? (multiple answers can apply)	
<input checked="" type="checkbox"/> A notice is mailed or faxed	If possible, please indicate contact information: []
<input type="checkbox"/> Phone call	If possible, please indicate contact information: []
<input type="checkbox"/> Email	If possible please indicate contact information: []
<input type="checkbox"/> Text message	If possible please indicate contact information: []
<input type="checkbox"/> Other	Please explain: []
Additional comments: []	

Referrals

Please help us expand our list of contributors by referring us to other experts who can answer the Registering Property survey.

First name	Last name	Position	Firm	Address	Phone	E-mail
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]
[]	[]	[]	[]	[]	[]	[]

Thank you very much for completing the survey!

We sincerely appreciate your contribution to the *Doing Business* project.

The results will appear in *Doing Business 2013* and on our website: <http://www.doingbusiness.org>.

Your work will be gratefully acknowledged in both.