



NORTH MACEDONIA PAYROLL GUIDE 2024

1. Applicable Laws

North Macedonia's labor laws and procedures are regulated with the Labour Relations Law (Official Gazette No 62/05, 106/08, 161/08, 114/09, 130/09, 50/10, 52/10, 124/10, 47/11, 11/12, 39/12 and subsequent changes), the Collective Agreements (concluded on a national level), other legal acts and the Individual Employment Contract concluded between the employer and the employee.

2. Social Insurance Foundation

All gross salaries are subject to social insurance and tax deductions, deductible from the employee's gross salary but payable by the employer on their behalf.

As of this writing, the social insurance deductions from the gross salary are calculated based on the following percentages:

- a) Contribution for Pension and Disability Insurance: 18.8% of the gross salary
- b) Contribution for Health Insurance Fund: 7.5% of the gross salary
- c) Contribution for Unemployment Fund: 1.2% of the gross salary
- d) Contribution for Disability: 0.5% of the gross salary

The employer is obligated to pay all contributions and taxes concurrently with the payment of net salaries. Currently, there is a ceiling for the gross salary on which social security contributions are calculated in amount equal to 16 national average gross salaries. For 2024, the monthly national gross salary to be used for the purpose of calculating the max threshold for payment of contributions is MKD 57,609.

3. Personal Income Tax

Personal income taxes are levied on the salary amount remaining after the above social insurance deductions are calculated, less a fixed amount portion of the salary (currently MKD 9,540) which remains untaxed. The personal income tax rate is flat at 10%.

4. Employment Procedure

For an employment relationship to be established, the first step that must be taken is the publication of the vacancy by the employer (through daily newspapers or using the national employment agency publication mechanisms or private HR-specialized agencies). The employment officially commences with the conclusion of a written employment contract between the employer and the employee.

The employment contract (which can be concluded for a predetermined duration- up to three years - or an indefinite period) must be always kept at the work premises and must specify certain employment aspects, such as the employment commencement date, location, duration, full vs. part-time, working hours, salaries and benefits, vacation leave allowances and other details the employer requests, provided that they are in accordance with the Labour Law.

Should provisions of the individual employment contract be in breach of the Labour Law, they are rendered invalid.

The Employer must also register the employee for social insurance and in the health fund and provide the employee with a copy of the registration document.

5. Protection of Employment

Holidays: Employees are entitled to anywhere between 20 and 26 working days of vacation leave annually (depending on performance, years in service and employment contract terms).

A first-time employee gains the right to this vacation leave after six months of completed service. Prior to the completion of six months in service, the new employee is granted the right to two days of leave for every month spent in the company. The leave of absence can be split into two separate leave periods. However, the employer must grant the employee at least 12 of the 20-26 days of leave within the calendar year. The remaining days of the leave for that year must be used before June 30 of the following calendar year.

Employees are permitted additional seven days leave from work during the calendar year with compensated pay, in instances and under conditions determined by the collective agreement, particularly in cases of marriage, death of a close family member, for professional or other kinds of examinations for the requirements of the employer.

Illness: There is no annual limit on the number of sick days an employee can take. In case of an employee's inability to work due to illness or injury, the employer is entitled to pay salary remuneration for the first 30 days of illness.

The level of remuneration due to the employee on sick leave depends on the duration of the leave:

1-15 days duration = 70% of average salary in the last twelve months; and 16+ days duration = 90% of average salary in the last twelvemonths. After 30 days, the reimbursement is paid by the health insurance fund. If the employee is sick again within the first three days of the expiry of the previous sick leave, the employer is entitled to request from the first-instance medical committee confirmation of the new sick leave, or an extension of the expired previous sick leave. Approved sick leave, while on annual leave, is not computed in the annual leave.

Maternity: Maternity leave amounts to nine months of continuous work leave during pregnancy, birth and maternity and one year leave for the birth of more than one child (twins, triplets etc). Expecting mothers may begin the maternity leave as early as 45 days before delivery. New mothers can return to the place of work before the end of the full maternity leave only upon their own consent. Female employees who have adopted a child are entitled to a leave until the child is nine months old.

Compensations during the maternity leave are covered by the State Fund for Health and Insurance, provided that all social contributions have been regularly paid by the employer prior to the maternity leave.

The employer cannot (during the employee's pregnancy and maternity leave), under any circumstances, terminate the employment contract. In addition, pregnant women and women with children younger than one year may not be asked to work hours longer than those defined in the employment contract. Women with children between the ages of one and three may only be asked to work overtime upon their written consent.

6. Payroll Calculation Procedure

Each month, after the employer completes the necessary salary and social contributions/taxes payments, the employee is given a pay slip (outlining the gross salary and all deductions paid from it). In North Macedonia, all payments (net, contributions, personal tax) are made concurrently on the basis of an encrypted single payment order (salary declaration) for all employees at the same time.

7. Termination of Employment

When an infinite duration agreement is signed between the employer and the employee, the employer has the right to terminate the employment (providing a written notice of at least 30 days) only when there are justifiable grounds for terminations. Justifiable grounds include:

- The employee not fulfilling working obligations/duties (even after a written warning);
- The employee violating the work discipline/order (even after written warning);
- The employee disregarding employer's working hours;
- The employee fails to request leave of absence or notify about sick leave or misuses sick leave;
- The employee is in breach of confidentiality agreement; and
- Economic, technological or structural transformations of the employer's organization.

The employment may not be terminated during any type of approved leave (sick, maternity, annual vacation).

Employees may terminate employment at any time provided that they submit a written notice of at least one month.

In cases of a defined duration employment contract, the employer can unilaterally terminate the employment before the end of the determined time period only in very specific cases. Should the employee be willing to continue working past the agreement expiry date, an infinite employment agreement is concluded.

8. Contact details

Address: Naum Naumovski Borce 50, 2-31, 1000, Skopje, North Macedonia

Tel: +389 2 24 00 225

E-mail: skopje@eurofast.eu