

3. OPERATIONAL COSTS

3.1 UTILITIES

3.1.1. Water

The water charges for residential use are:

- 14.83 mkd (0.24 EUR) /m³ + 5% VAT (incl. sewerage) and
- 8.71 mkd (0.14 EUR) /m³ + 5% VAT (without sewerage).

The water charges for industrial use are:

- 33.23 mkd (0.54 EUR) /m³ + 5% VAT (incl. sewerage) and
- 23.55 mkd (0.38 EUR) /m³ + 5% VAT (without sewerage).

3.1.2. Electricity

The electricity prices for residential use are:

- 2.2455 mkd (0.0365 EUR) /kwh + VAT 18% (expensive tariff) and
- 1.1187 mkd (0.0182 EUR) /kwh + VAT 18% (cheap tariff).

The electricity price for industrial use (VAT 18% not included):

- 3.73 mkd (0.0606 EUR) /kwh + 18%VAT

3.1.3. Heating

The prices for heating of residential space (VAT 18% not included):

- 23.50 mkd (0.38 EUR) / m², if payment is on 12 annual rates
- 47.00 mkd (0.76 EUR) / m², if payment is on 6 annual rates

Price for heating business premises (VAT 18% not included):

- 3,530,763.82 mkd (57,411 EUR) / MegaWatt / Lump sum payment per year

3.1.4. Fuel oil

Extra light diesel (EL): 24 mkd (0.39 EUR)

Fuel oil: 11.39 mkd (0.19 EUR)

3.1.5. Gasoline

The costs of gasoline generally range between 0.55 – 0.85 EUR, depending on the type of gasoline.

Unleaded gasoline BMB 95	48.00 mkd (0.78 EUR)
Gasoline (Regular) MB 86	49.50 mkd (0.80 EUR)
Gasoline (Super) MB 98	51.00 mkd (0.83 EUR)
Diesel D1	34.50 mkd (0.56 EUR)
Diesel D2	34.00 mkd (0.55 EUR)

3.2 TELECOMMUNICATIONS

3.2.1. Fixed telephone

The price for local calls is 1.38 mkd (0,02 EUR) per unit. (One unit lasts 3 minutes in expensive tariff rate and 6 minutes in cheap tariff rate).

Expensive tariff rate is charged both on working days and weekends from 06.00 AM to 06.00 PM. Cheap tariff rate is charged on working days and weekends from 06.00 PM to 06.00 AM.

National calls prices are: 2.76 mkd (0.04 EUR) / per minute in expensive tariff rate, and 1.38 mkd (0.02 EUR) / per minute in cheap tariff rate. The prices for traffic toward the mobile telephone network are: 14 mkd (0.22 EUR) / per minute in expensive tariff rate, and 7 mkd (0.11 EUR) / per minute in cheap tariff rate. VAT 18% is not included.

International phone call charges

With regards to the international traffic, the call price per minute toward the countries in the world is determined on the basis of the zone where the respective country is included. The price for the first zone is 16 mkd (0.26 EUR) per minute and for the eighth zone (most expensive one) is 60 mkd (0.97 EUR) per minute. VAT 18% is not included.

3.2.2. Mobile telephone

There are two mobile operators in Macedonia: Mobimak and Cosmofon. Below is the pricelist for post-paid mobile users both for Mobimak and Cosmofon. Prices are in mkd (EUR), VAT 18% is not included.

MOBIMAK						COSMOFON
Post-Paid	Mobi Chat	Mobi Contact	Mobi Pro	Mobi Pro 2	Mobi Elite	CosmoClassic
Monthly subscription fee in mkd (EUR)	600 (9.8) (included 30 minutes in cheap tariff)	400 (6.5)	810 (13.2)	2,000 (32.5)	999 (16.2) (included 20 SMS messages)	375 (6.1)
Normal tariff – prices in mkd (EUR) / 1 minute						
Towards same network	30 (0.48)	28 (0.45)	16 (0.26)	12 (0.19)	14 (0.23)	21.6 (0.35)
Towards other mobile network	36 (0.58)	34 (0.55)	20 (0.32)	16 (0.26)	18 (0.29)	21.6 (0.35)
Towards fixed network	31 (0.50)	29 (0.47)	17 (0.28)	13 (0.21)	15 (0.24)	21.6 (0.35)
Cheap tariff – prices in mkd (EUR) / 1 minute						
Towards same network	9 (0.15)	12 (0.19)	8 (0.13)	6 (0.10)	8 (0.13)	21.6 (0.35)
Towards other mobile network	15 (0.24)	15 (0.24)	10 (0.16)	8 (0.13)	10 (0.16)	21.6 (0.35)
Towards fixed network	14 (0.23)	14 (0.23)	9 (0.15)	7 (0.11)	9 (0.15)	21.6 (0.35)
International traffic call prices for mobile phone / minute in different zones (1/2/3/4/5/6/7/8 zone)						

Normal tariff	30 / 42 / 51 / 66 / 72 / 87 / 99 / 117 mkd (0.5/0.7/0.8/1.1/1.2/1.4/1.6/1.9 EUR)		37.6/41.6/50.6/59.6/64.6/76.6/81.6/81.6 (0.61/0.68/0.82/0.97/1.05/1.24/1.33/1.33)
Cheap tariff	27 / 39 / 48 / 63 / 69 / 84 / 96 / 114 mkd (0.4/0.6/0.8/1.1/1.1/1.4/1.6/1.85 EUR)		37.6/41.6/50.6/59.6/64.6/76.6/81.6/81.6 (0.61/0.68/0.82/0.97/1.05/1.24/1.33/1.33)
<u>Tariff interval</u>	20 sec.		20 seconds interval, than by second
SMS message	5/4 (0.08/0.06)	5 (0.08)	4,9 (0.08)
Verbal mail	0		9,6 (0.16)
Account check	5 (0.08)		0
Info centre	3 (0.05)		3,6 (0.06)

There is a difference between mobile phone network providers regarding the tariff interval of 20 seconds. At Mobimak, for each tariff interval of 20 seconds, you should pay additional 6 mkd (0.10 EUR) to the provider. For example, the price for a 20 seconds talk is 6 mkd (0.10 EUR), and both for a 20,1 sec. and a 39.9 sec. talk, the price is the same: 12 mkd (0.19 EUR).

At Cosmofon, for example, if you pay 6 mkd (0.10 EUR) for a 20 sec. talk, than for a 20.1 sec. talk you will pay 6.3 mkd, and for a 39.0 seconds you will pay 12 mkd. There is a tariff scale at Cosmofon, i.e. CosmoClassic. The price is decreasing from 0.36 – 0.21 mkd/second. The more you talk, the less you pay. The prices are (VAT 18% not included):

Calls from Cosmofon to Cosmofon, to Mobimak and to Macedonian Telecom	Time of talk	Price mkd/min	Price EUR/min
	0-60 min/month	21.6	0.35
	61-120 min/month	18	0.29
	121-180 min/month	14.4	0.23
	180+ min/month	12.6	0.20

3.2.3. Internet

The market for data communications including Internet access providers is fully liberalized. The number of Internet users in the country is increasing rapidly. The tariff for using Internet is 0.35 mkd (from 00 to 06 AM), 0.80 mkd (from 6 PM to 00) and 1.60 mkd (from 06 AM to 06 PM); or (0.005 / 0.013 / 0.026 EUR) per minute. VAT 18 % not included.

3.3 MARKETING AND ADVERTISEMENT

3.3.1. Newspaper

Newspaper	Black and white print (prices in EUR, VAT 18% not included)
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	1 / 1 inside page	1 / 2 inside page	1 / 4 inside page	1 cm ² 1 st page	1 cm ² last page	1 cm ² inside page
Dnevnik	350	200	120	1.2	0.6	0.5
Utrinski vesnik	320	180	105	1.3	0.8	0.4
Vest	280	150	80			
Makedonija denes	300	155	80			0.3
Denes	150	80				
Kapital	250	130	70			0.5
Nova Makedonija	666	333	167			0.5
Vecer	410	205	103			0.5
Flaka	246	123	67			0.45
Fakti	250	150	80	1.2	0.60	0.40

3.3.2. Television

Macedonian National Television - MTV: prices vary from 400 – 1,500 mkd (6.5 – 24 EUR) / sec (VAT 18% not included). The prices of advertising in the evenings are more expensive:

- From 6 PM – 8 PM, the price between programs is 1,000 mkd (16 EUR) / sec; the advertising that cuts those programs is more expensive: 1,200 mkd (19.50 EUR) / sec.
- From 8 PM – 11 PM, the price between programs is 1,200 mkd (19.50 EUR) / sec, the advertising that cuts the programs (from 8-11 PM) is 1,400 mkd (22.50 EUR) / sec.
- The price in the prime time (News at 8 PM) is 1,500 mkd (24 EUR) / sec.

SITEL: prices vary from 12 – 25 EUR / second (VAT 18% not included)

- The price for advertising in the prime time (inside News at 9 PM) is 25 EUR / second
- The price for advertising between programs and in the marketing blocks before the beginning of news, films, etc. is 12 EUR / second
- The price of advertising that cuts the series is 15 EUR / second

A1: The prices (VAT 18% not included) of advertising in the period from 6 PM to 10.30 PM vary from 15 – 30 EUR / second

- In the advertising block before the beginning of news or film, the price is 15 EUR / second
- The price of advertising that cuts the serials vary, it can be 15, 20 or 25 EUR / second, depending on their rating

The prices in other periods of the day (until 6 PM) vary from 2-5 EUR / sec.)

TELMA: The prices (VAT 18% not included) of advertising before and after the news is 3 EUR/ second, advertising immediately after the beginning of the news costs 10 EUR / second, and during the news is 6 EUR / second.

The prices in regular marketing blocks in working days vary from:

- 2 EUR / sec. in period 1 (from 7 AM to 4 PM)
- 2.5 EUR / sec. in period 2 (from 4 PM to 8 PM)
- 3 EUR / sec. in period 3 (from 8 PM to 1 AM)

The price in regular marketing blocks on weekend days are 3 EUR / sec. in all periods.

The prices of advertising that cuts film programs in working days vary from:

- 2.5 EUR / sec. in period 1 (from 7 AM to 4 PM)
- 3 EUR / sec. in period 2 (from 4 PM to 8 PM)
- 3.5 EUR / sec. in period 3 (from 8 PM to 1 AM)

The price of advertising that cuts film programs on weekend days is 4 EUR / sec. in all periods.

The prices of advertising during information programs is 3 EUR / sec.; during sport events in the sport program on weekends is 15 EUR / second.

The price of advertising that cuts the serial at 8 PM is 10 EUR / second.

3.3.3. Radio

ANTENNA 5 RADIO: prices (VAT 18% not included) for 3 months advertising:

1. the prices for short advertising jingles and speaker's announcements in working days vary from 795 – 1,955 EUR, depending on the term and rating of the radio program (for example, night program, from 6PM - 10 PM is most expensive),
2. the prices for spots that last exactly 10 seconds vary from 755 – 1,995 EUR, depending on the radio program and number of repeating;
3. prices for advertising on weekend radio programs vary from 520 – 1,137 EUR,
4. for spots that last longer than 10 seconds: 50 mkd (0.8 EUR) / second.

CITY RADIO prices (VAT 18% not included):

- Each hour (from 6.30 AM to midnight), there are advertising blocks that last 5 minutes. Price in these blocks is 0.5 EUR / second
- Prices for advertising in radio programs (for 1 week, from Monday to Friday) are 1,000 EUR – 1,250 EUR
- Prices for advertising in radio programs on weekend (for 1 month) are 200 EUR – 1,000 EUR

MACEDONIAN RADIO (First channel) prices (VAT 18% not included):

- The price of spot , message, announcement: 50 mkd (0.81 EUR) / second
- Commercial presentation that lasts up to 3 minutes: 1.850 mkd (30 EUR). Each additional minute costs plus 400 mkd (6.5 EUR)
- One broadcast of slogan or jingle costs 1.500 mkd (24 EUR)
- The price for advertising in most attractive radio programs vary from 100-280 mkd (1.6 – 4.5 EUR) / second

The prices for advertising in the second and third channel of Macedonian Radio are 20% lower.

MEGA TOP FM 98.1 RADIO

Prices (VAT 18% not included) for advertising depend on the period of the day: from 7AM-8PM is 20 mkd (0.32 EUR) / second, and from 8 PM – midnight is: 15 mkd (0.24 EUR) / second.

Monthly price for advertising spots that last up to 10 seconds, from Monday-Friday, in the period from 7 AM – 8 PM vary from 900 – 1,600 EUR, depending on the rating of the radio program and number of repeating.

Monthly price for sponsoring programs vary from 1,000 – 3,000 EUR, depending on the rating on the program.

3.3.4. Web page design

The price of Web page design depends on the amount of content present to Web page; it may vary from 500 – 5,000 EUR.

The price can also be implied in working hours (MT Net):

- ❖ Web page design – 500 mkd (8 EUR) / working hour
- ❖ Web page update – 250 mkd (4 EUR) / working hour

3.4 LABOR COSTS

The average monthly net-wage paid per worker for August 2003 was 11,961 mkd (194 EUR). There is no defined minimum wage limit in Macedonia. However, minimum base wages do exist for determination of payment of taxes and social contributions.

These minimum base wages vary from industry to industry, are adjusted on a monthly basis, and are publicly announced in the “Official Gazette of the Republic of Macedonia”.

While the salaries of the employees in the ministries and other state institutions are limited or even can be frozen, there are no limitations for the salaries of the employees in the private sector.

Average monthly net-wage paid by sectors of activities, for August 2003, are:

Sector	Average monthly net-wage in mkd (EUR)
1. Agriculture (in general)	8,642 (140.50)
2. Industry (in general)	11,860 (193)
- Food and beverages production	14,538 (236)
- Tobacco processing industry	12,034 (196)
- Textile and textile products manufacturing	5,391 (88)
- Wood and wood products manufacturing	7,840 (127)
- Publishing, printing and reproducing of recorded media	13,300 (216)
- Chemical and chemical products industry	19,436 (316)
- Manufacturing of office machinery and computers	11,822 (192)
- Manufacturing of radio, TV, communication equipment and apparatus	7,796 (127)
- Manufacturing of motor vehicles, trailers and semi-trailers	9,443 (153)

- Construction	9,046 (147)
3. Services (in general)	13,611 (221)
- Hotels and restaurants	9,305 (151)
- Transport, storage and communications	14,349 (233)
- Post and telecommunications	19,711 (320)
- Financial intermediation, except insurance and pension funds	23,133 (376)
- Insurance, reinsurance and pension funds except compulsory social security	26,725 (434)
- Real estate activities	16,400 (267)
- Computers and related activities	14,343 (233)
- Public administration and defence, compulsory social security	13,148 (214)
- Education	11,545 (188)
- Health and social work	11,987 (195)

3.5 SOCIAL SECURITY

Social security and other obligatory payments should be paid by an employer in the Republic of Macedonia. The amounts should be calculated as a percentage of gross employee salaries before deduction of personal income tax and are payable out of the gross employee salary amount.

Social security and other obligatory payments should be made to the following organizations:

No.	Institution	Percentage
1.	Pension and Disability Insurance Fund	21.20 %
2.	Health Insurance Fund	9.20 %
3.	Employment Fund	1.60 %
4.	Health Insurance Fund (payroll contribution for professional sickness)	0.50 %
5.	Chamber of Commerce of the Republic of Macedonia	0.12%
6.	Chamber of Commerce of the city of Skopje	0.07 %

When considering total obligatory payments, the personal income tax (15% and 18% of gross salary) must be regarded.

3.6 OVERTIME PAYMENTS

The overtime payment is regulated by Law on labor relations. The employee has the right to be paid for his/her overtime payment, when the work is:

- On holidays
- On night shifts
- Longer than 40 hours per week

The amount paid for overtime work is stipulated with the Collective contract (Trade Union Agreement) and is different in various sectors (branches).

There is a practice in some institutions (eg. in health institutions), where the employees receive day-offs instead of payment for their overtime work.

3.7 RENT

Rent prices depend on various factors: location, quality of the building, the year of construction, if the buildings are empty, partially or fully equipped with furniture, etc.

3.7.1. Residential rent prices

The price for renting empty apartments is 2 - 3 EUR/m² per month.

The price for renting fully equipped apartments is:

- Apartment of 40m² – 50m² : 3 - 5 EUR/m² per month,
- Apartment of 50m² – 60m² : 5 – 8 EUR/m² per month,
- Apartment of 80m² – 100m² : 6 – 8 EUR/m² per month
- Apartment of 120m² – 160m² : 6 – 10 EUR/m² per month

The price for renting houses is: 8 - 10 EUR/m² per month

3.7.2. Office rent prices

The office rent prices vary from 5 - 35 EUR/m² per month.

3.7.3. Industrial buildings rent prices

The price for renting industrial buildings is: 2 - 6 EUR/m² per month.

3.8 SERVICES

3.8.1. Legal services

Registration of domestic company – 185 EUR; registration of sole proprietorship – 150 EUR; registration of foreign and joint companies – 300 EUR; registration of association – 250 EUR;

3.8.2. Accounting services

The prices for accounting services (VAT 18% not included) are:

- Small companies 50 EUR / month, or 650 EUR / year (50 x 13 = 650)
- Middle companies 150 EUR / month; or 1,950 EUR / year (150 x 13 = 1,950)
- Large companies with several activities 250 EUR / month; or 3,250 EUR / year (250 x 13 = 3,250)

The monthly amount is multiplied with 13 (12 for current accounting services through the year, and 1 for preparing annual balance sheet).

3.8.3. Auditing

The prices of auditing vary depending on the size of the company, complexity of internal organization, etc.

1) *Macedonian Audit Center* prices for auditing services:
small companies - from 2,500 to 3,000 EUR;
middle companies - from 3,000 – 6,000, max 7,000 EUR;
large companies – from 10,000; 15,000 up to 50,000 EUR

2) *Grant Thornton* prices for auditing services:
sole proprietorship companies - from 1,000 – 1,500 EUR;
small companies - from 1,000 to 5,000 EUR;
middle companies – from 5,000; 10,000, max 15,000 EUR;
large companies – around 50,000 EUR, but the amount may be higher (actually, upper limit is hard to set).

3) *KPMG* prices for auditing services:
small companies – from 7,000 – 12,000 EUR
middle companies – from 13,000 – 25,000 EUR
large companies – over 25,000 EUR

The price range is wide, because there are differences between companies, which belong to the same group.

3.8.4. Translation

The pricelist of Translator's Association of the Republic of Macedonia

- 1) Translation of 1 page of written text (approx. 1,700 characters):
 - from Macedonian to foreign language: 520 – 650 mkd (8.5 to 10.5 EUR)
 - from foreign to Macedonian language: 400 - 520 mkd (6.5 to 8.5 EUR) The prices vary according to the difficulty of the text.
- 2) Consecutive translation: 15 EUR / hour, not more than 7 hours / day, or 105 EUR daily.
- 3) Simultaneous translation: 20 EUR / hour, not more than 7 hours / day, or 140 EUR daily.