

IMPORTANT EVENTS

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IMPORTANT EVENTS IN 2022

JANUARY

The Government adopted the Economic Reform Program for the period 2022-2024.

The specific excise duty on cigarettes and fine-cut tobacco increased from 37 euros to 40.5 euros per thousand pieces, while the proportional excise duty was reduced from 29% to 27.5% of their retail price, and the excise duty on fine-cut tobacco increased from 45 euros to 50 euros per kilogram of that product.

The European Bank for Reconstruction and Development provided additional support to small and medium-sized enterprises in Montenegro through a new credit line of 4 million euros to Lovćen Bank.

FEBRUARY

The Government adopted the Agricultural Budget for 2022 in the amount of 50.88 million euros, of which 35.91 million euros are allocated from the national budget, and the remaining funds should be provided from donations (8.20 million euros) and loans (6.77 million euros).

The Airports of Montenegro concluded an agreement with EPCG on the rescheduling of debts for electricity that have not been paid since 2019, which amounts to over half a million euros, which means that in the next six years, the Airports of Montenegro should pay EPCG the instalments in the amount of 7.2 thousand euros with a regular monthly bill.

At the proposal of the Ministry of Economic Development, the Government adopted three programs to support the economy, in the total amount of 5.2 million euros, which goal is to improve the operations of micro, small and medium-sized enterprises, artisans and as large as possible contribution to the development of the manufacturing industry.

Montenegro was ranked 103rd out of a total of 177 countries on the list of global economic freedoms published by the American *Heritage Foundation*.

MARCH

The Central Bank of Montenegro made a decision to allocate the net profit (amount of 3.4 million euros) of the supreme monetary institution for the past year to the budget of Montenegro (50 percent) and general reserves (50 percent).

The Government established the Emergency Procurement Plan, the Draft Law on Temporary Measures to Limit the Prices of Products of Special Importance for People's Life and Health and other temporary economic measures in response to the situation in Ukraine.

The European Investment Bank provided a grant of 400,000 euros for technical support to the Investment and Development Fund, in order to strengthen its capacities for providing support to the economy.

The Government adopted the Economic Recovery Platform of Montenegro for 2021-2026, and the financial plan for its implementation amounts to 4.35 billion euros.

The Government adopted the Tourism Development Strategy of Montenegro for the period 2021-2025.

The Government approved the Draft Law on the Credit and Guarantee Fund, the establishment of which should provide a long-term benefit for the growth and development of the Montenegrin economy.

APRIL

The Government adopted the Program of Incentive Measures in the area of tourism for the current year, which allocated 400,000 euros through four support measures, the aim of which is to improve the quality of the tourist offer while improving marketing activities in order to attract tourists from new markets, and in the direction of generating higher revenues in tourism, extension of the tourist season, increase in occupancy of accommodation facilities, consumption and employment.

The European Central Bank made a decision to extend the deadline for the use of the EUREP line to the Central Bank of Montenegro until 15 January 2023, which enables Montenegro to, in case of need, at short notice, provide funds to support systemic liquidity in the amount of up to 250 million euros.

MAY

The Parliament of Montenegro adopted the Law Amending the Budget Law of Montenegro for this year, i.e. "technical revision", which is conditioned by the new Regulation on the organisation of work of the new Government, i.e. the change in the number of ministries and spending units.

The Parliament adopted the Law Amending the Law on Excise Duties, which stipulates the reduction of excise duties on fuel by up to 50 percent for a period of three months, as well as the Law Amending the Law on Value Added Tax, which temporarily abolishes VAT on flour and edible oil, and reduces VAT on salt from 21% to 7%.

JUNE

The Parliament adopted the Law Amending the Law on Value Added Tax, which abolishes VAT on bread, as well as the Law Amending the Law on Excise Duties, which abolishes the excise duties on plastic used as packaging in the food and beverage industry.

The bank guarantee for the acquisition of economic citizenship was lowered from 2.5 million euros to 1 million euros.

The Government passed a decision by which the maximum amount of the margin in wholesale will be limited to 5% for wheat flour type 400 and 500, sugar, oil and salt, while the amount of 7% is indicated for food in retail sale.

Montenegro was awarded an additional 1.2 million euros in grants for the preparation and implementation of new infrastructure projects, which represents the continuation of the EU support in the context of the implementation of the Economic and Investment Plan for the Western Balkans.

JULY

The Government adopted the Macroeconomic and Fiscal Policy Guidelines for the period 2022-2025, which identify the need for additional funds of around 150 million euros, which were not planned under the Budget Law for 2022.

Representatives of the EIB Global and the Montenegrin Investment and Development Fund signed a loan agreement worth 50 million euros for climate-friendly and energy efficient investments by local small and medium-sized enterprises.

The Parliament adopted amendments to the Law on Pension and Disability Insurance, which stipulate that the minimum pension shall be 270 euros as of 1 January 2023.

AUGUST

The Government passed a Decision amending the Decision on the reduction of the amount of excise duty for the sale of unleaded gasoline and gas oils, which extends the reduction of the amount of excise duty by 50% until 30 September 2022.

The Government adopted the Decision Supplementing the Decision on Temporary Measures for Limiting the Prices of Products of Special Importance for People's Life and Health, which limits the selling price of pellet to a maximum of 269 euros per ton at the manufacturer and 320 euros in retail trade.

SEPTEMBER

The Government adopted the Law Amending the Law on the Budget of Montenegro for 2022, and the Amended Decision on Montenegro's indebtedness.

The Government extended the validity of the Decision on reducing the amount of excise duty on the sale of unleaded gasoline and gas oils until 1 November 2022.

The Parliament adopted the Law Amending the Payment System Law that transposes the EU Directive on Payment Systems (PSD2), i.e. the revised Payment Services Directive, whose main goal is to encourage innovation and support a growing competition and transparency in the field of payment services.

The Government adopted the Information on the disposal of shares, as well as the purchase of shares by the majority owner of the Crnogorski elektroprenosni sistem AD Podgorica (Electric Transmission System of Montenegro), for which funds had been provided from the current budget reserves.

OCTOBER

The Government adopted changes to the Agricultural Budget for this year, which allocated an additional 4.22 million euros from the Budget. These funds are intended for solving road and water infrastructure (700,000 euros), implementation of measures in rural development in the part of procuring dedicated machinery and purebred milk cows (1.2 million euros), payment of old-age benefits due to alignment with the lowest pension received in Montenegro (1.95 million euros) and to support general services in agriculture (370 thousand euros).

The Government adopted the Information on the Implementation of Centralised Public Procurement, which states that public procurement centralisation aims to reduce procurement costs for standardised goods, services and works, improve the public procurement system efficiency and strengthen competitiveness.

Montenegro became the 39th country to join the European Patent Organisation.

The Central Bank became a member of the *Network for Greening the Financial System* (NGFS).

The Government passed the Decision amending the Decision on the reduction of the amount of excise duty for the sale of unleaded gasoline and gas oils, which determined a reduction of the amount of excise duty by 40% from 8 November to 6 December 2022 and by 25% from 6 December to 3 January.

NOVEMBER

The Government approved the proposed Law Amending the Law on Personal Income Tax, which prescribes a new source of income (other income), tax exemption for digital nomads and users of incentive measures for research and innovation development, changes in tax exemption on paying the personal income tax, and a safeguard in case of abuse in the transfer of shares in a legal entity.

The Government adopted the Information on the proposal of the Council of Europe Development Bank (CEB) to increase its capital, whereby Montenegro's participation would be determined following the percentage of the current involvement in the capital (0.12%), i.e. the total increase of Montenegro's capital in CEB in would amount to 5.11 million euros, of which the amount of paid-in capital would amount to 1.44 million or 28.44%.

The Government signed two credit arrangements: with Universal Capital Bank of 10 million euros (at an annual interest rate of 5.5% and with a repayment term of five years) and with Erste Bank of 6 million euros (at an annual interest rate of 3.99% plus 6M EURIBOR and with a repayment period of five years), while 36 million euros were provided through the issuance of government bills through two auctions, to provide part of the missing funds for financing the Budget for 2022 and creating a fiscal reserve.

DECEMBER

The Parliament passed the 2023 Budget Law, which is projected at some 2.85 billion euros.

Representatives of the Railway Infrastructure and the EBRD signed a loan agreement worth 11 million euros for the implementation of the project of procuring machinery for railway maintenance and new

equipment for the auxiliary train. At the same time, the state of Montenegro and the EBRD signed a state guarantee for the needs of this credit arrangement for the same amount.

The Government established the Proposed Amendments to the Law on Value Added Tax, which relate to the taxation of natural gas and electricity and energy for heating or cooling, services in the international road transport of passengers in Montenegro provided by foreign persons who do not have a registered office or permanent business unit, permanent or temporary residence in Montenegro, and the introduction of a new tax category - taxation of the turnover of investment gold.

The European Union provided Montenegro with grants worth 30 million euros to support the energy sector.

The Government adopted the proposal of the Decision Amending the Decision on reducing the amount of excise duty for the sale of unleaded gasoline and gas oils, which proposes a 15% reduction from 4 January to 27 February.

The CBCG participated in the drafting of the Draft Amendments to the Law on the Resolution of Credit Institutions to harmonise it with relevant EU directives, inter alia the BRRD II Directive, which should create the conditions for additional strengthening of the capacity to cover losses and recapitalisation of those institutions to minimise the negative impact of possible rehabilitation on the stability of the financial system and public finance.

EPCG bought the assets of Steelmill from the Turkish company Tosçelik. The value of the contract was 20 million euros, of which 15 million euros was secured by funds of which the state bought 3,340,757 shares of EPCG in September at an auction in the process of disposal of its own shares or 28.27% of the amount planned for disposal.

The Government adopted the Information on the payment of one-time assistance to pensioners in Montenegro, where some 17 million euros will be allocated for 119.51 thousand pensioners. One-time assistance to pensioners amounts to 200 euros for those pensioners who receive a pension up to the average pension, i.e. 100 euros for those pensioners whose pension amount ranges from the average pension to the amount of the minimum salary, and 50 euros for pensioners whose pension is in the interval from the minimum salary up to the amount of the consumer basket, i.e. up to 793 euros.

The Government approved the Proposal for Amendments to the Hydrocarbons Tax Act, which states the connection of transfer prices in connection with *upstream* operations with the prescribed norms governing the taxation of legal entities' profits, prescribing the types of collateral and deadlines for the delivery of collateral for the reinvestment of funds.

The Government signed a credit arrangement with Crnogorska Komercijalna Banka worth 50 million euros (at an annual interest rate of 7.5% and with a repayment period of five years), and it secured 3 million euros through the issuance of government bills, which is aimed at securing part of the missing funds for financing the Budget for 2022 and creating a fiscal reserve.