

GUIDE
**HOW TO START
E-COMMERCE
BUSINESS
IN N. MACEDONIA?**
ecommerce4all.eu

2022

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ABOUT THE PLATFORM

e-commerce4all.eu

The e-commerce4all.eu platform is a resource and information center on key e-commerce aspects for all CEFTA markets (Albania, Bosnia and Herzegovina, N. Macedonia, Moldova, Montenegro, Serbia, and Kosovo*). The web platform consists of relevant e-commerce data and resources, including basic e-commerce data, interactive graphs, and data on CEFTA e-commerce market development, as well as data on key aspects of doing business in e-commerce.

The data on key aspects of doing business in e-commerce is structured in five modules: e-commerce data, regulation, payment, delivery, and e-commerce success stories in all CEFTA markets. Each of these modules will contain relevant market-specific information, tutorials, manuals, topic-related documents, and video presentations, except for the first module “e-commerce data” which is meant to present the state of e-commerce in all CEFTA markets through statistics and data on the development of the e-commerce markets (interactive graphs of the state of e-commerce in each market and comparisons of e.g. customers, payment cards, digital skills, UNCTAD B2C e-commerce readiness index and other relevant Eurostat data). All data is presented in both the local language of each of the CEFTA markets and in English.

The platform is supported by the Open Regional Fund for South – East Europe – Foreign Trade project, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ).

*This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.



STEPS FOR ESTABLISHING AN E-COMMERCE COMPANY





In order to start functioning and conduct electronic commerce, the e-merchant must first register as a trading company (legal entity) in the Central Registry.

Those companies that are already registered in the Central Registry and operate as "offline" merchants, but want to expand the way of selling goods and services, do not need to re-register or supplement the registration. The Electronic Commerce Law prohibits a certain state or other authority from requiring a special permission or approval from a merchant who wants to engage in Internet commerce.

Just like establishing an offline company, registering an e-commerce company is no different. These are the steps you need to take to turn your idea into a business.

STEP 1: RESEARCH

In order for a small business to be successful, it must fulfill a need or offer something that the market wants. There are several ways you can identify this need, and some of the questions you should answer include:

-  Is there a need for your products / services?
-  Who needs it?
-  What is the competition like? Are there other companies offering similar products or services in the same market?
-  How will your business fit into the market?

STEP 2: CREATE A BUSINESS PLAN

A business plan is a plan that will guide your business from the start-up phase to business growth. The good news is that there are different types of business plans for different types of businesses.

STEP 3: PLAN YOUR FINANCES

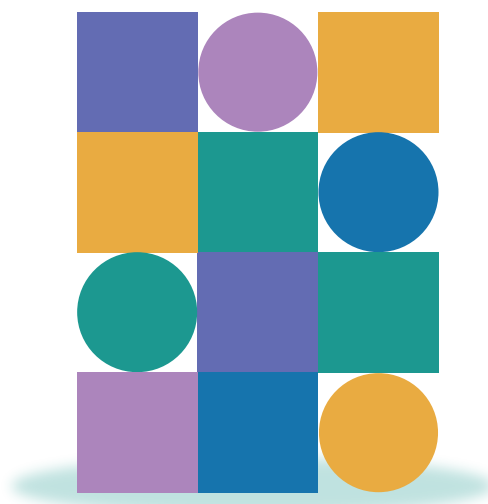
Create a table of what would be one-time start-up costs for your business (licenses and permits, equipment, insurance, market research, inventory, trademarking, etc.), as well as those expenses that are necessary to be able to operate your business for at least 12 months (rent, utilities, marketing and advertising, production, materials, travel expenses, employee salaries, own salary, etc.). These numbers would represent the initial investment that you would need to start your own business.

STEP 4: ESTABLISHMENT OF THE E-COMMERCE COMPANY

4.1 Company name

This is the first and quite significant step. Before starting anything, you must have an idea of what your company would be called. Once you have come up with the name, on the website of the Central Registry of the RNM (CRNM), you can check whether that name is free or not and you have the opportunity to make a reservation of the chosen name. If it is free - you move on to the next stage of this step, and if it is not - look for a name that has not yet been registered in CRNM. It is important to note that the name of the company is not and does not have to be directly linked to the name of your store, that is, your e-store is allowed to have another name that is not identical to the name of the legal entity that you will register.

If the original name of the Company is used as it is in its current standing, it must be highlighted on your e-store and at the headquarters. If a different name is used than the name of the company, the name of the company and the name of your e-store must be highlighted.



4.2 Founding Contribution

In accordance with the Commercial Companies Law (CCL), in order to establish a limited liability company (LLC - a company founded by one person and LTD - a company founded by several people), it is necessary to make a deposit of EUR 5.000,000. That contribution can be monetary or non-monetary. You can enter the monetary contribution immediately upon the establishment of the company, and you can enter it additionally, but not later than one year after the establishment of the company. For a non-monetary contribution, an authorized assessor performs an assessment of objects that you invest in the company (e.g., computer, telephone, printer, etc.), and prepares an assessment report for the establishment of the trading company.

In accordance with the Law on Amendments and Supplements to the Commercial Companies Law (published in the Official Gazette on 16.09.2021), there is a possibility to establish a Simple Limited Liability Company which can be established if the company has a maximum of 3 founders as natural persons, one of whom the founders must be a manager (a third party cannot be a manager). The smallest amount of the basic capital of the simplified company with limited liability is 1 euro in denar equivalent according to the average exchange rate of the National Bank of the Republic of North Macedonia on the day of payment, unless the founders have agreed that it should be at the day of signing the founding act of the company. The smallest nominal amount of the business share is 10 cents in denar equivalent according to the average exchange rate of the National Bank of the Republic of North Macedonia on the day of payment, unless the founders have agreed that it will be at the day of signing the founding act of the company. The basic capital and the business share in the company must be expressed as a whole number in euros. For this type of companies, there is an obligation for the company to have a mandatory reserve that must be entered and is 1/4 of the company's profit stated in the annual reports reduced by the amount of the loss from the previous year.

4.3 Statement/Agreement on the establishment of the Company and other necessary documentation

If an LLC is founded, in that case, a "Statement of the Establishment of the Company" is drawn up, and when an LTD is founded, in that case, an "Establishment Agreement" is drawn up. The statement, i.e., the Establishment Agreement, should contain the following data:

- The Company's company and registered office;
- The subject of the Company's operations;
- Name and surname, PIN, number on an identity card, i.e. passport number if the founder is a foreign natural person or another identity document valid in his country and his citizenship, place of residence, i.e. the company, headquarters, CIN if the partner is a legal entity;

- The amount of the basic capital (deposit) and the amount of the contribution of each partner separately, and if the contribution is non-monetary - an accurate description and designation of its value;
- The method and time of payment of cash deposits that are not paid in full;
- The name and surname of the manager, of the members of the supervisory board, i.e. of the controller, if the company has a supervisory authority, PIN, occupation, passport number, i.e. the number of the identity card for a foreign natural person or of another valid identity document in his country and his nationality, as well as his place of residence;
- Representation of the company;
- The rights and obligations that the partners have towards the company, in addition to paying their contributions, as well as the rights and obligations that the company has towards the founders;
- The method and criteria of distribution of the profit and the method of covering the loss;
- The management of the company and
- Termination of the Company.

Apart from the Establishment Act, other supporting decisions are prepared in accordance with the CCL, for which a registration agent authorized by the CRNM will help you or you have the right to request technical assistance from the authorities in the CRNM.

With the application for the establishment of the Company, the Bank in which you want to have the Company's account is indicated and the completed CS form is submitted.

4.4 Subsidiary

If you plan to conduct the activity of your company outside the place where your company is registered, you need to organize a subsidiary. You can organize the subsidiary immediately with the registration of the company, if you would start working with it immediately. But it can be registered at any time during the duration of the company.

4.5 Registration Procedure

After preparation of the complete documentation for the registration of the Company (establishment agreement, decision to appoint a manager and other decisions according to CCL), the procedure is started, which is conducted electronically by the registration agent authorized by CRNM.

STEP 5: THE COMPANY HAS BEEN ESTABLISHED

Upon receiving a Decision by the CRNM, the Company is considered registered from the day of receipt of the application in the CRNM.

5.1. Registration of beneficial owner

After the establishment of the company, it is necessary to register the real owner in the Central Registry. The deadline is 8 days from the day of establishment and within this deadline electronic payment of the calculated fee is paid according to the Tariff of the Central Registry, while after the expiration of the 8 days fines follow which are in high amounts, which is why you must pay attention to compliance on this deadline.

5.2. Opening a bank account

After the establishment of the Company, i.e. obtaining a decision from the CRNM for the establishment of the company, the CS form of the Notary is certified by the manager, who is also the signatory of the account, in which are stated the name of the company, the headquarters, the first and last name, PIN and a handwritten signature from the manager.

After that, it is necessary to visit the selected bank in order to sign the documentation for opening an account. The basic documents that you need to take are the Decision - current status, certified CS form by a Notary and manager's ID card, who is an authorized signatory of the account of the legal entity (who is required to be personally present at the time of opening the account in order to be properly identified by the bank). If there are several signatories, all of them should have a certified CS form and be personally present at the bank.

The bank prepares a set of documents that are necessary for opening the account, namely:

- Request for opening an account;
- Account agreement;
- Signed card;
- Applications and identity cards for all natural persons who will be authorized;
- Application for the legal entity;
- AML and FATCA form.

5.3 Stamps

After receiving the decision, we proceed to making stamps for the company.

STEP 6: SELECTION AND DEVELOPMENT OF A SOFTWARE SOLUTION

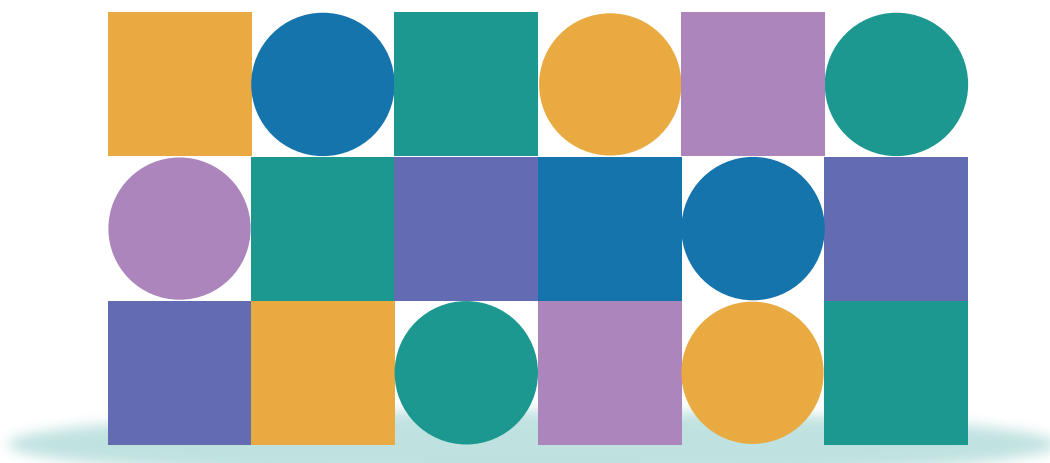
In order for e-commerce to exist at all, it is necessary to use a web-based software application through which will be enabled user registration, product search and ordering, and connection to a payment gateway. Regardless of whether you decide to create a completely new software solution or use some of the ready-made "open source" possibilities such as Wordpress or Magento or join one of the local online markets (Marketplaces), in parallel with the registration of the legal entity you can browse the options and request offers for building and developing your e-store, in order to save time and be able to launch your business as soon as possible.

STEP 7: INTEGRATING A PAYMENT PROCESSOR

After you will develop your software solution, you need to submit a request to your bank for the implementation of a virtual POS terminal on your e-store.

The bank checks and evaluates the potential e-merchant in order to promptly prevent fake and frivolous clients from opening a web store, and if everything is all right, the bank and the e-merchant conclude a contract, in which mutual rights and obligations are more precisely regulated. The entire procedure for checking and concluding contracts is controlled by international card organizations in order to ensure a high level of security when performing e-transactions.

The received documentation for integration of a payment processor, you deliver to the IT person who creates your e-store in order to achieve successful implementation.



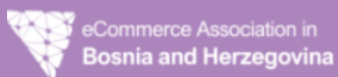
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REGIONAL PLATFORM

Project implementator



Project partners



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