

Business activity in Montenegro - legal forms

According to the Companies Law, following types of business activities are possible in Montenegro::

1. Entrepreneur;
2. Partnership Society;
3. Limited partnership;
4. Limited Liability Company (LLC);
5. Joint Stock Company;
6. Part of a foreign society.

START YOUR BUSINESS IN JUST A FEW STEPS

Business establishment / Starting a business

Foreign legal entities and individuals have the right to establish a business company in Montenegro under the same conditions as domestic entities

The most common forms of economic activity in Montenegro are:

- Entrepreneur;
- Limited Liability Company (LLC);
- Stock company.

All legal regulations related to establishment, business and tax system are compliant with European standards with benefits for foreign investors.

The deadline for registration at the Commercial Court is 4 days, while other obligations (statistics - registration number, registration in the tax records, opening a bank account, registration in the customs records) are completed in a 3 days maximum.

a. Registration for entrepreneurs

The registration of an entrepreneur is done by submitting a registration statement in the Central Registry of Business Entities, which issues him a Registration Certificate. The Registration Certificate does not represent an approval of eligibility for doing business. Approval of eligibility for doing business is issued by the competent authority of the Local Self-Government Unit (LGU).

The decision on the registration of entrepreneurs is issued by the Central Registry of Business Entities, within 1 - 5 business days from the submission of the application.

Entrepreneur Registration - Documentation Required:

- Copy of ID card or passport;
- Payment slip of the administrative fee for registration (10 €) to the Tax Administration bank account, number: 832-3161017-60;

- Payment slip of an administrative fee (12 €) for the publication of advertisements in the Official Gazette of Montenegro, on the bank account: 520-941100-57;
- Completed PS-01 a registration form (form can be downloaded from Central Registry of Business Entities website).

Collected and certified documentation is submitted to the Central Registry of Business Entities, Vaka Djurovica Street 20, 81000 Podgorica, phone number: +382 (0) 20 230 858, e-mail: crps@t-com.me, work time with clients 08:00 - 12:30.

Fulfillment of other conditions for legitimate business of an entrepreneur after receiving registration certificate:

Making of stamp (fabrication cost is from 10-35 €);

- Opening a bank account with a commercial bank (this service is free of charge at most banks).

Depending on the form of organization, the following documentation is submitted for opening an account:

- OP form (certified signature of authorized representatives);
- request to open a bank account, which is obtained from a bank;
- decision on registration from Central Registry of Business Entities;
- copy of the founding act (contract or founding decision);
- deposit agreement with the bank (concluded with the bank);
- card of deposited signatures and application form (obtained from the bank);
- ID card copies of authorized persons in the company;
- decisions on completed tax registration (Tax Identification Number);
- stamp of the entrepreneur.

- Registration at the competent authority depending on the chosen activity (performing certain activities may require obtaining certain work permits);

- Registration of employees in Tax Administration.

The following documents should be submitted to the local tax office:

- completed JPR form with Appendix B;
- decision on registration of entrepreneurs from the Central Registry of the Tax Administration;
- copy of the entrepreneur's identity card or passport, if the entrepreneur is a foreigner;
- stamp of the entrepreneur.

b. Establishment of a limited liability company

The process of establishing a limited liability company (LLC) is defined in the Law on Business Organisations.

When registering an LLC, it is necessary to download and submit the following to the Central Registry of Business Entities:

- Step 1. Develop Articles of Incorporation of the company, download an example of articles of incorporation for a single-member company (if the company is founded by one founder);
- Step 1.1. Download an example of Articles of Incorporation for a multi-member company (if the company is established by several founders);
- Step 2. Draw up a Decision on the establishment of the company (if the company is established by one founder), download an example of the Decision on the Establishment;
- Step 2.1. Develop an incorporation agreement (if the company is established by several founders), download an example of the incorporation agreement;
- Step 3. Pay 00 euro into the account of the Tax Administration, account number: 832-3161-26, payment purpose: registration of LLC.;
- Step 4. Pay 00 euro into the account of the Official Gazette of MNE, account number: 520-941100-57, payment purpose: registration of LLC. Payment slip example on the website of CRBE;
- Step 5. Certify the decision/agreement in 2 copies at the court, or by a notary;
- Step 6. Extract from the Central Depository Agency. When taking over the extract, it is needed to submit a copy of the identity card of the founder or a certified copy of the passport if the founder is a foreigner and a payment slip in the amount of €2.93 paid to the bank account of CDA: 510-8092-14, payment purpose: extract fee. Payment slip example on the website of CRBE;
- Step 7. A copy of the identity card (if the founder is a Montenegrin national) or a certified copy of passport (if the founder is a foreign national). Certify at the court or by a notary;
- Step 8. Fill in the application of the company to start registration, download the registration form – PS 01; Tariff number – if the company wants to import and export products, when filling in the PS-01 form, it is necessary to mark the column numbered 15.4. Customs Register on the back page, in order for the company to be registered at the Customs Administration, on the occasion of which a tariff number is received;
- Step 9.0. If the company wants to apply for registration of taxpayers for value added tax (VAT), the PR VAT – 1 form will be filled in and submitted together with other documents required for setting up a businesses;
- Step 9.1. If the company wants to apply for registration into the register of excise duty payers, the AKC – P form will be filled in and submitted together with other documents required for setting up a businesses;
- Step 10: Submit the collected and certified documents (Articles of Incorporation, certified decisions/agreements in 2 copies, CDA's decision, copy of the ID or certified passport in 2 copies, payment slips and the application for registration, form pr pdv-1/akc-p) to the Central

Registry of Tax Administration, Marka Miljanova 54, 81000 Podgorica, Tel: +382 (0) 20 230 858, e-mail: crps@t-com.me, working hours 08:30 – 12:00;

When submitting documents, a certificate will be issued including the number of the decision, to be presented together with an identification document on the occasion of collecting the certificate of registration, seven days from the date of filing the application.

After obtaining the company registration certificate, it is necessary to do the following:

- make a stamp;
- open a bank account;
- register workers at the Tax Administration.

The incorporation agreement states the founding stake (which may be in cash, goods and rights), as well as the percentage ratio of the founders in the management and distribution of profits. The founding stake for the establishment of an LLC is at least €1.00.

c. Establishment of a joint-stock company

The process of establishing a joint-stock company (JSC) is defined in the Law on Business Organisations. When registering a joint-stock company, it is necessary to download and submit the following to the Central Registry of Business Entities:

- Step 1. Develop Articles of Incorporation of the company, download articles of incorporation for a joint-stock company;
- Step 2. Develop a founding act of the joint stock company and certify it at the court, or by a notary. Download an example on the incorporation agreement of the joint-stock company;
- Step 3. Develop a decision on the appointment of the Board of Directors, auditors, secretary and executive director;
- Step 4. Take out a decision of the Securities Commission (minimum founding stake is €25,000.00);
- Step 5. Pay to the account of the Tax Administration 50.00 euro, bank account: 832-3161-26;
- Step 6. Pay to the account of the Official Gazette of MNE 12.00 euro, bank account: 520-941100-57;
- Step 7. Fill in the registration form PS01, download an example of the PS01 form;
- Step 8. Submit the collected and certified documents (Articles of Incorporation, certified decisions/agreements in 2 copies, certified copies of the ID or passport, application for registration in 2 copies, decision of the Securities Commission, founding act, payment slips) to the Central Registry of the Commercial Court, Marka Miljanova 54, 81000 Podgorica, Tel: +382 (0) 20 230 858, e-mail: crps@t-com.me, working hours 08:30 – 12:00;

The process of establishing a joint-stock company (JSC) is defined in the Law on Business Organisations. When registering a joint-stock company, it is necessary to download and submit the following to the Central Registry of Business Entities:

When submitting documents, a certificate will be issued including the number of the decision, to be presented on the occasion of collecting the certificate of registration, seven days from the date of filing the application.

After obtaining the company registration certificate, it is necessary to do the following:

- make a seal;
- open a bank account;
- register workers at the Tax Administration.

Note:

If the company wants to apply for registration as a payer of value added tax (VAT), the PR PDV-1 form will be filled in, and then submitted together with other documents required for registration;

If the company wants to apply for entry into the register of excise duty payers, the AKC-P form will be filled in, and then submitted together with other documents required for registration.

The founding stake for the establishment of a JSC is at least €25,000.00 and these funds are deposited by the founders with a commercial bank until the establishment of the company. After establishment of the company the funds are used for the company's operations.

A limited liability company can be transformed into a joint-stock company.

Central Registry of Business Entities (www.crps.me)

Department of Public Revenues (<http://www.poreskauprava.gov.me/uprava>)

Registration of farmers

- Step 1. Application with the basic data (which deals, address and phone number)
- Step 2. Photocopy of ID card or birth certificate;
- Step 3. deed (proof that the applicant is the owner, co-owner, lessee or concessionary agricultural land, or that is in the home community with the holder of assets)
- Step 4. The belief that the applicant engaged in agriculture as a primary or main occupation (taken to the municipal service for agriculture);
- Step 5. The certificate of the home community (if deed follows someone from the home community) or a contract for the use of agricultural land (if the farmer tenant or user);
- Step 6. Listing of work experience at home and personal number (issued by the regional unit of the Republic Fund for Pension and Disability Insurance).

Taxes and contributions for farmers

Ministry of Agriculture and Rural Development after entry in the Register of farmers farmers, submitted to the Fund for Pension and Disability Insurance Fund of Montenegro report or termination of insurance.

All changes made in connection with the compulsory insurance of farmers persons entered in the register of farmers are obliged to report within 15 days of the change.

Based on the Regulation on exemptions to pay insurance contributions of farmers laid down the base for calculating contributions for insured persons - farmers registered in the register of farmers. Required base for calculating contributions is 12% of the average wage in the Republic earned in the previous year.

The payment of contributions for pension and disability insurance for the insured shall be made to the transit account of the Republic Fund for Pension and Disability Insurance, No. 820-81131-38, purpose: contributions for pension and disability insurance of natural persons who are owners, holders of usufructuary rights or agricultural or forest land.

Payment contribution for health insurance for the insured shall be made to the transit account of the Republic Fund for Health Insurance Number: 820-82141-15, purpose: health insurance contributions from individuals who are owners, holders of rights of use or usufructuary of agricultural or forest land.

Contributions for pension and disability insurance for the insured farmers accounted for Tax Administration quarterly.

Ministry of Agriculture and Rural Development (<http://www.minpolj.gov.me>)

Regulation on stimulation of direct investments

- For investment projects whose minimum investment value of 250,000 euro and to ensure open at least 20 new jobs within three years;
- Incentives for new job from 3000 to 10000 euro, according to the number of points;
- Capital investment of more than 10 million that create at least 50 new jobs, incentives may be granted up to 17 % of the investment;
- The possibility of reimbursement of part of the costs to build the infrastructure necessary for the realization of the investment project;
- Foreign investors can be set up if a beneficiary of economic operator in Montenegro.