

# Montenegro

## Legal Provisions

Compiled by:

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### GENERAL REMARKS

The purpose of this document is to give an overview of trade-related legal provisions and regulations, particularly those relevant for small and medium sized Swiss companies operating from outside the target country. It outlines the current state of legislation and, to the extent possible, its practical application.

### CUSTOMS

Montenegro has signed the Stabilization and Association Agreement and Interim Agreement on Trade and Trade - related matters with EU countries. Montenegro is also a signatory of PEM convention and has free trade agreements with Ukraine, Russia, Turkey, CEFTA and EFTA countries. Tax and Customs Administration of Montenegro (*Uprava prihoda i carina Crne Gore*) is the authority within Montenegro Ministry of Finance in charge of custom issues. Goods imported in Montenegro are generally subject to VAT (commonly 21%).

### IMPORT AND EXPORT REGULATIONS

Import of goods into Montenegro is primarily legislated by two laws: The Customs Law and the Law on Customs Administration. Companies registered under the customs jurisdiction of Montenegro can apply for a special status if they meet the necessary requirements. The special status means the company will suffer fewer customs checks including physical and documentation checks, unless the customs authority decides otherwise, for the purposes of safety of the customs territory. The Customs Law lists general cases in which no fees shall be paid, among which are educational, scientific, and cultural material and scientific instruments and apparatuses, instruments and apparatuses used in medical research, diagnostics and treatment etc.

Montenegro has also entered into various international agreements with countries who were given special import benefits, such as smaller import tariffs or no tariffs whatsoever.

Furthermore, weapons (arms) and military equipment are considered controlled goods and as such are subjects to special rules regarding import/export procedures.

## **CURRENCY REGULATIONS**

Montenegro is neither a member of the European Union nor the Eurozone but has unilaterally adopted the euro (EUR) as its de facto currency and as such is freely traded in the country. However, persons travelling with cash exceeding the value of EUR 10.000 must report it to the Customs.

The procedure contributes to combatting money laundering, terrorism as well as crime and supports security as well preventing felonies. To that end, banks and other financial institutions are required to follow the rules laid down by the Law on Prevention of Money Laundering and Financing of Terrorism. The Central Bank of Montenegro (<https://www.cbcg.me/en>) retains the exclusive right to issue banknotes and coins, should Montenegro ever introduce its own currency.

## **REGISTRATION PROCEDURE FOR PRODUCTS**

Montenegrin law regulates registration procedure for food, which is prescribed in Law on Safety of food and in more specifics, in the Rulebook on the method of registration and maintenance of the central register of registered or approved establishments for the production, processing and distribution of food.

Registration of registered establishments for the production, processing and distribution of food in the Register is done based on the request of the subject in the food business, which should be submitted to the Directorate for Food Safety, Veterinary and Phytosanitary Affairs.

The request is submitted on the specific form, along with the necessary documentation which is prescribed in the mentioned Rulebook. The form for this request is provided in the Rulebook.

## **STANDARDS, TECHNICAL RULES, LABELLING REGULATIONS**

The Law on Standardization regulates the principles and goals of standardization in Montenegro, the adoption, issuance and application of Montenegrin standards and related documents in the field of standardization, as well as inspection supervision over the implementation of this law.

The Government of Montenegro established the Institute for Standardization of Montenegro with the Decision on the Establishment of the Institute for Standardization of Montenegro, to achieve the goals of standardization and adopt Montenegrin standards and related documents. More information about the Institute can be found here: <[https://isme.me/en/introduction\\_c27](https://isme.me/en/introduction_c27)>

## **TAXES**

Structure of tax regulations of Montenegro can be found here: <https://www.gov.me/clanak/struktura-poreskih-i-carinskih-propisa-crne-gore> (available in Montenegrin only).

For each category of taxes, there is a separate law. The following laws are relevant:

- Law on Value Added Tax (VAT Law);

- Corporate Income Tax Law;
- Personal Income Tax Law;
- Real Estate Tax Law;
- Real Estate Transfer Tax Law
- Law on Excise duties;
- Law on Tax on the use of passenger motor vehicles, vessels and aircraft;
- The Law on Hydrocarbons Tax,
- The Coffee Tax Law.

The highest authority in this field is Tax and Customs Administration of Montenegro, within the Ministry of Finance.

## COMMERCIAL LAW

The **Company Law** provides for the types of companies which can be registered in Montenegro:

- limited liability company (minimum capital required: EUR 1)
- joint stock company (minimum capital required: EUR 25,000)
- general partnership (minimum capital required: none)
- limited partnership (minimum capital required: none)
- branch office of the parent company (minimum capital required: none). The branch office is fully dependent on the parent company, it is taxed on the income it generates in Montenegro and can complete the same activities as the parent company.

Another form a business can take in Montenegro, is the sole proprietorship, i.e. entrepreneur. It doesn't require any share capital and the personal goods of the entrepreneur are not protected in case the company cannot pay its debts.

Montenegro through the Central Registry of Business Entities, as a single centralized electronic database, maintains registers of the said entities. Additionally, other information regarding (licenses, permissions, requests, etc.) may be found on the government's electronic information site: eUprava (<https://www.euprava.me/en?alphabet=lat>).

## SETTING UP COMPANIES

Company incorporation and registration is governed by the Company Law.

Montenegro's company incorporation process requires:

- Choosing an original name (not already registered) for the company;
- Having foundational documents (foundation act, articles of incorporation, etc.);
- Selecting one primary activity for the company;
- Depending on that activity (e.g., a travel agency), a physical office in Montenegro may be needed;
- Having a correspondence address in Montenegro and an account at a Montenegrin bank;

- Having a stamp made with the company's unique seal on it.
- The company should maintain accounting records even in the case of minimal to no income.

Montenegro's company registration documents should be submitted to the The Central Registry of Commercial Entities (CBCE), which collects corporate documentation and issues a tax-identification number as well as a VAT tax number for the company.

## **JOINT VENTURE OPPORTUNITIES**

Montenegro offers a wide range of investment opportunities in fields of tourism, construction, energy and real estate.

Montenegrin companies are typically interested in joint-venture contracts with foreign companies in which the foreign company provides capital, equipment, and merchandise, and the domestic firm provides work and warehouse space, personnel, local experience, and channels of distribution.

Montenegro does not have laws governing specifically joint venture. However, Montenegrin Law on Obligations regulates conditions regarding contracts and relations originating on the ground of contracts.

Joint venture opportunities can be found at the Montenegrin Public Procurement official website: <https://cejn.gov.me/landingPage>.

Additionally, information about all public tenders in Montenegro can be found at the website: <https://www.javne-nabavke.com/international/crna-gora>.

## **PROMOTION OF INVESTMENT**

Expert work on the promotion of foreign investments is performed by the Agency of Montenegro for the Promotion of Foreign Investments – Montenegrin Investment Agency (MIA). The official website is not available in the moment of writing this report, however more information and updates on its activities can be found on the MIA's LinkedIn profile: <https://me.linkedin.com/company/montenegrin-investment-agency>.

## **ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOUR LAW**

A foreigner may enter, move across and stay in Montenegro with a valid travel document, with a visa entered into, or a valid travel document accompanied with a temporary residence permit, temporary residence and work permit, or permanent residence permit, unless otherwise provided under the Law on Foreigners or an international treaty. Visa regime between Montenegro and other countries is regulated by the Decree on visa regime.

Person who intends to work in Montenegro must obtain a temporary residence and work permit for the purpose of employment or seasonal work, on the grounds of previously issued work permit. A foreigner can perform in Montenegro only those activities that the temporary residence and work permit or work registration certificate was issued for.

Employer can deploy the foreigner only to the activities that he/she was issued a residence and work permit for. Documentation necessary for obtaining the residence permit or residence and work permit are regulated by the Law on Foreigners and relevant bylaws.

More information can be found at the Government website (<https://www.gov.me/en/article/labour-and-employment>).

Issues related to labor and employment law are regulated by the General Collective Agreement, Labour Law and the Law on Occupational Health and safety.

### **PROCEDURES FOR COLLECTING PAYMENT**

The usual financial information and debt-collection agencies are also present in Montenegro (e.g. <https://www.bierensgroup.com/hr/naplata-potrazivanja-u-crnoj-gori/>, <http://incasso.me/naplata-potrazivanja/>).

The Law on Execution and Security regulates the forced collection of claims.

### **SOURCES OF INFORMATION AND LINKS**

The Montenegrin principle of public accessibility is embedded in the Law on Access to Information which entails the right of each individual to gain access to public documents, without giving reason thereof, however subject to certain limitations.

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