

**The Report on Business Barriers
Identified through the Campaign**



„No Barriers. So Business Doesn't Wait“

March 2016.



Britanska ambasada
Podgorica



Ministarstvo finansija



*Empowered lives.
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Introduction

The report on business barriers identified through the No Barriers! So Business Doesn't Wait campaign, was developed within the framework of the Cutting Red Tape – Public Administration Tailored to the Needs of Citizens and Businesses project, implemented by the United Nations Development Programme (UNDP) in cooperation with the Ministry of Finance, financially supported by the UK Embassy in Montenegro. The idea for the project was designed in collaboration with the South East European Association of Public Communicators (SEECOM), modelled against the UK Red Tape Challenge project.

The purpose of the project is to start public dialogue in which citizens, business community, the academia, nongovernmental organisations and the overall interested public:

- indicate to areas of overregulation, unnecessarily cumbersome and time-consuming procedures in the state and local administration, where businesses incur unnecessary costs and waste precious time, and
- propose the ways for improving quality, efficiency and availability of public services and creating a better and more conducive business environment.

Within this project an online platform www.bezbarijera.me was established used by the business community between November 2015 and March 2016 to indicate the problems they encounter in their business operation. Using the platform, the interested parties with first-hand experience were given the opportunity to recognise and report the hurdles they encounter when launching a business or in business operation, with the aim of identifying and eliminating cumbersome and time-consuming procedures or business barriers in public administration, focusing on the local level.

The report sums up the barriers identified and gives suggestions for consideration of the Council for Improving the Business Environment, Regulatory and Structural Reforms. It is expected that the Council and the Government of Montenegro, within their respective remits, will recommend pursuing adequate measures. The ultimate goal of the project is for the Government, local self-governments and other competent institutions to undertake specific steps to, where possible, eliminate the deficiencies observed in regulations and in administrative procedures.

Methodology

Given that the project aims at launching public dialogue and identifying the barriers to daily business operation at the local level, in cooperation with Employers' Association of Montenegro (UPCG) several communication channels with the business community have been established, where care was taken to balance both the online and offline forms of communication to enable as wide citizen participation in the process as possible.

As one of the most efficient tools for direct communication with businesspeople and other interested public, an online platform, www.bezbarijera.me has been established. The platform enabled speedy, simple and anonymous reporting of barriers. As moderators, Miloš Vuković and Milika Mirković, encouraged further dialogue, provided advisory support and invited users to propose relevant solutions around each of the barriers reported. In addition, the portal and the campaign activities were promoted via traditional media (print, electronic, and online), as well as via social networks, Facebook and Twitter.



Given the need to generate interest among the business community to engage in dialogue around these issues, some 30,000 leaflets were also distributed for the needs of the project, providing basic information about the project and allowing for direct reporting of barriers. Apart from the ones disseminated during promotional events, branded boxes were also made and placed together with leaflets and posters at six locations in Podgorica: the Administration for Inspection Services (1), the Commercial Court (1), the Capital City of Podgorica (4), and in all Tax Administration branch offices throughout Montenegro. The barriers that came through leaflets, were later on re-typed and entered into the portal, and thus considered by the present Report.



For the needs of the campaign, the UPCG developed a short Questionnaire on Business Barriers at the Local Level with two questions only, one a closed question, and the other open. The questionnaire was distributed monthly to over 1,600 e-mail addresses of business

operators and associations registered in Montenegro. The feedback thus received, as well as inputs received in the regular communication with its members, was posted by the UPCG on the www.bezbarijera.me portal.



In cooperation with other partners on the project, and relevant local governments, the UPCG hosted four round table discussions for business community, posting on the portal the barriers reported on such occasions. The first event was held in Podgorica on 14 December 2015. It was attended by 28 participants, including women entrepreneurs, institutional representatives (SME Development Agency, Montenegrin Business Women Association, UPCG, the Investment and Development Fund, the National Employment Agency, the Tax Administration, the Administration for Inspection Services), the US Embassy to Montenegro, the Association of Women Entrepreneurs, while the representatives of Podgorica as the Capital City and of municipalities of Tivat and Kolašin acted as keynote speakers.

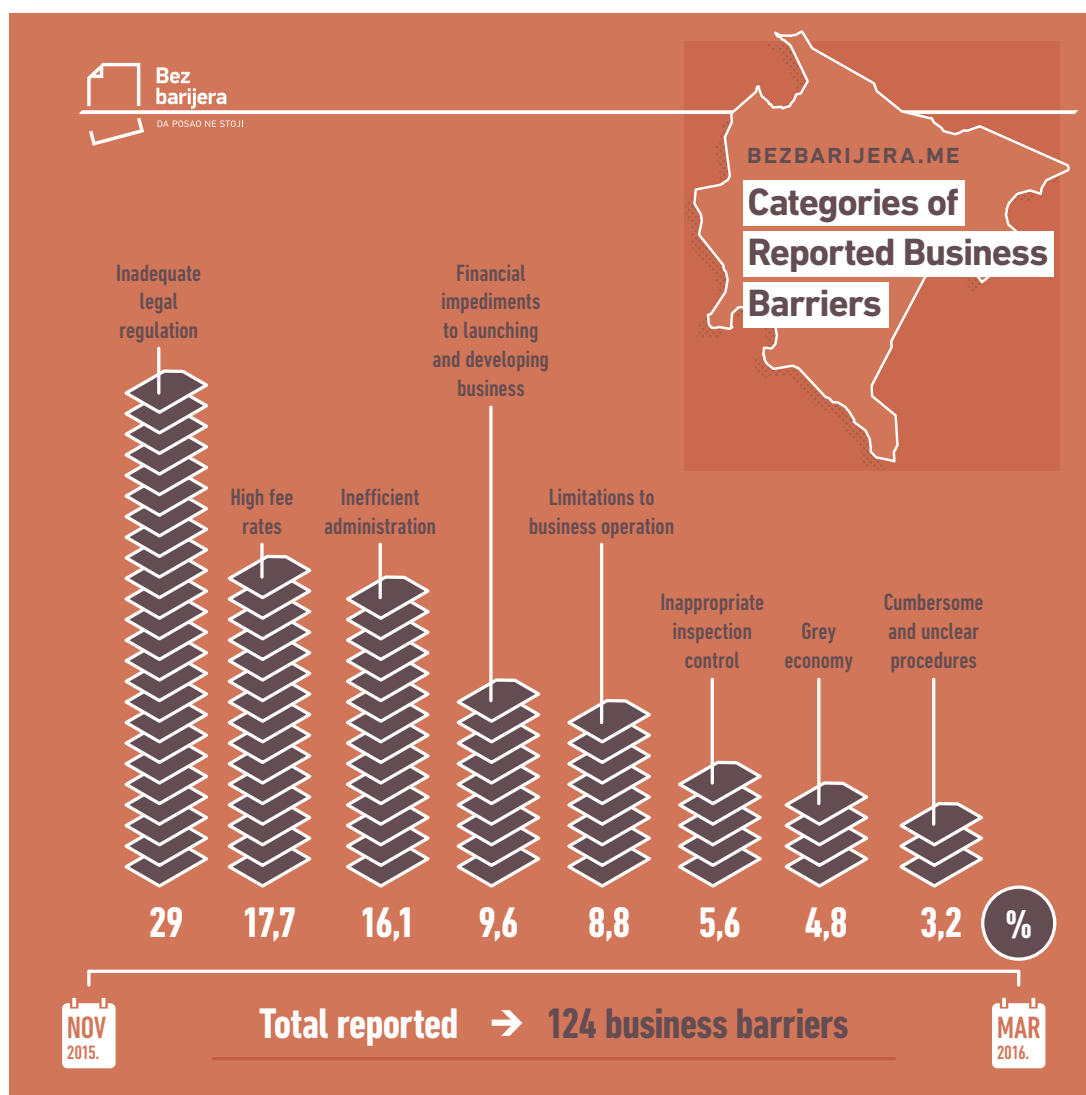
The second event was held in Bijelo Polje on 12 February 2016, attended by 17 participants: business owners, municipal representatives from Bijelo Polje, Berane and Žabljak, and the Business Centre Rožaje. The third round table was organised in the Municipality of Bar on 25 February 2016, attended by 29 business people. The fourth event was held in Kotor on 26 February 2016, attended by 12 business people.

Reported Barriers and Recommendations

The total of **124 barriers** were reported (out of which 45 by women, and 79 by men) that may be grouped under eight headings:

- Financial impediments to launching and developing business **12**
- Cumbersome and unclear procedures **5**
- Inappropriate inspection control **7**
- Inadequate legal regulation **38**
- Inefficient administration **21**
- Limitations to business operation **12**
- Grey economy **7**
- High fee rates **22**

All the reported barriers are featured in the table attached to the present Report.



Financial Impediments to Launching and Developing Business

Financial impediments to launching and developing business are among the most frequent barriers to the development of entrepreneurship. The total of **12 barriers** were reported under this heading (3 by men, and 8 by women). Firstly, prospective business people face the problem of lack of seed funding, seeing high interest rates to loans and lack of collateral (particularly in the case of women and young people wishing to start up their business) as the greatest problems. Moreover, the problem regarding seed money also refers to the impossibility of using non-legalised premises as collateral when seeking loans from commercial banks or the Investment and Development Fund (IDF).

Moreover, business start-ups face the problem of funding their expenditures within the first years of operation. Financial difficulties primarily refer to regular payment of taxes and contributions, and the accountancy services, before the firm starts making profits.

Apart from financial impediments for launching and developing businesses, the lack of non-financial support is also evident as a barrier to business development. This primarily includes professional training programmes, mentorship and advisory services for businesses.

Payment of the VAT at customs clearance upon import of goods is another barrier to business, where quite often the timing of tax payment does not coincide with that of collection of receivables from purchasers, because goods are frequently sold by deferred payment. Given the lack of funding, goods are kept at the customs terminal for prolonged periods of time, which affects the business operation, particularly of the companies that import perishable goods or commodities with shorter shelf life. Also, one barrier to business refers to difficult collection of receivables, despite the Law on Deadlines for Settling Claims. In this regard, the inability to collect claims leads to financial difficulties and delays in payment of dues to the government and the employees.

Whoever wishes to set up a company and do business must have €3,000 to €4,000 upfront, excluding taxes.

The non-financial support means systemic support in the form of professional training, mentorship, advisory services to beginners or prospective business start-ups. It should not end with developing a business plan; rather, quite often beginners, especially young people, need additional (free-of-charge!) advisory support at least during the first two years of operation.

Recommendations

- Develop the modalities of non-financial support to business start-ups to include mentorship and advisory services for launching and developing business (the National Employment Agency, local governments, the Ministry of Economy (MoE) – the SME Development Agency, UPGC, the Chamber of Commerce);
- Exempt business start-ups from payment of taxes and contributions for a specified period of time (the Ministry of Finance (MoF) – the Tax Administration);
- Given the barriers to obtaining funding from the Investment and Development Fund (IDF) due to problems in providing collaterals, consider the possibility of other forms of support to businesses by issuing public calls to select best business ideas that would get funding, continuously monitoring the respective business plan implementation. Funding would be disbursed in tranches, upon the completion of activities. This method of selecting business ideas and providing collateral for funding would lead to better quality and greater rate of success for business ideas and projects (the IDF).

Cumbersome and Unclear Procedures

Construction Secretariats or other relevant authorities in local self-governments should issue a publication (e.g. a flyer) briefly explaining the regular and the summary procedures for granting building or urban planning permits, with the flow chart of actions to be taken, and the list of supporting documents needed. The publication should indicate relevant state/ local authorities with addresses (including their office numbers) where relevant documents are obtained (a copy of the plan, property folio excerpts, urban and technical requirements, building plot certificates, physical development possibilities and restrictions, geo-mechanics – experts and authorized companies, etc.).

Cumbersome and unclear procedures are a frequently encountered limitation to developing businesses. The total of **5 barriers** were reported under this heading (4 by men, 1 by a woman). Business people indicated that different procedures necessary for business operation were left to arbitrary interpretation by administrative authorities conducting procedures or issuing documents. In this regard, business owners have to go through complicated processes when applying for different permits, licences and other documents, characterised by non-harmonised practices and different approaches followed by different authorities.

in addition to the above, business people are liable to pay different types of fees, where the conditions and criteria for setting different tax and fee rates remain largely unclear (for instance, in Bijelo Polje – property tax, municipal road access fee).

The trade/service logs are a good example of how cumbersome and unclear procedures may pose substantial business barriers. Namely, there is a problem with recording sales in trade/service logs, since

each buyer is offered a different price depending on a number of parameters, types of contracts, etc. which companies apply. When recording discount sales, there is a need to record levelling for a certain amount of products sold outside of the standard pricelist. Such procedures slow down the business because it is very difficult to have exact data in writing, and software packages used for recording sales use complicated algorithms, further slowing down the work.

Recommendations

- Streamline the issuance of different documents and provision of information by setting up contact points for businesses in local self-governments and by publishing pertinent instructional brochures (all local self-governments).

The conditions and criteria for setting different tax and fee rates in the Municipality of Bijelo Polje are unclear (e.g. property tax, municipal road access tax...). At the same time, it remains unclear which conditions are to be met by businesspeople to be exempted from paying communal fees or to receive any incentives in case of being regular payers of all dues.

Inappropriate Inspection Control

A large number of companies face inappropriate inspection controls frequently posing substantial restrictions to business operation. The total of **7 barriers** were reported (6 reported by men, and 1 by a woman). In this regard, the problems faced by business people are frequent inspection controls over the most diligent businesses as regards the payment of tax and other liabilities, often ignoring the businesses in the grey zone. This is indicative of the additional problem of selective inspection checks, particularly during the summer tourism season.

The situations in which inspectors pass decisions in contravention to laws, subsequently annulled in time-consuming procedures before the competent authorities, lead to damages sustained by businesses. The accountability of inspectors, as well as the authorities they are employed with, is questioned, because it is yet to be seen that anyone would be held to account.

In addition, the amount of fines pronounced by inspection authorities are too high and not proportional to the size of the business or the gravity of offence, which poses substantial financial limitations to operation, especially for small-size companies. In this regard, inspection authorities do not act pre-emptively, by indicating to mistakes and irregularities and setting the timeframe within which these are to be rectified, but are mostly focused on imposing fines. Thus, the basic principles of the Inspection Supervision Law are breached, primarily the prevention principle, implying taking administrative actions only when the purpose and the aim of supervision may not be secured through preventive functions, as well as the proportionality principle.

The inspection services should primarily act preventively, e.g. to indicate during the first visit to a business to possible irregularities and leave the deadline for rectifying irregularities, and pronounce sanctions only during follow-up visits if the irregularities have not been rectified.

It should be noted that frequent inspection checks are a substantial barrier to business, mostly affecting retail and hospitality businesses during high tourism season. For the duration of inspection checks, the business is out of operation, which affects its performance quite substantially.

Given that we witnessed different interpretations of statutory provisions by different inspectors and responsible officers, it would be good for the Administration for Inspection Services (similarly to the Tax Administration as an example of good practice, having their own Call Centre even) to introduce a FAQ section in its webpages to provide fast access for businesses to get informed of their responsibilities, in case of any doubts.

Namely, it is no news that inspectors would ask coach passengers to produce their passports or to perform checks in disguise, wearing straw hats, shorts and the like, instead of their uniforms.

Work on improving the enforcement of the Law on Preventing Illegal Operation. The perception is that it is only applied to legal businesses, not the ones in the illegal domain. This is most readily seen in advertising products and services in the grey area, although this is precisely regulated by the Law.

Moreover, businesses face other problems linked to inspection checks. These include inspection authorities (officers) passing decisions which are in contravention to the law, subsequently annulled by competent authorities. Thus, businesses incur costs, with the inspectors who passed such decisions, or their authorities, never being held to account.

Recommendations

- Establish a Code of Conduct for inspectors (the MoE – the Administration for Inspection Services and the Tax Administration);
- Improve the Administration for Inspection Services' website by adding a FAQ section (the Administration for Inspection Services and the Tax Administration).
- Review the sanctions policy towards prevention, reducing fines and progressive sanctioning of repeat offenders (the Administration for Inspection Services and the Tax Administration);

Inadequate Legal Regulation

The largest share of reported barriers fall under the heading of inadequate legal regulation. There were **38 reports in total** (23 by men, 15 by women). In this regard, the Law on Foreigners and the Public Procurement Law are perceived as the most restrictive.

Apart from the fact that the tender submission procedures are complicated and unclear, there is also a problem of favouritism. Another major barrier stemming from the Public Procurement Law is the complaint review procedure fee, payable in the amount of 1% of the estimated contract value. The fee is a major hurdle for small businesses.

Certain provisions of the Public Procurement Law (most recent amendments thereof) pose business barriers, as well illustrated by the fact that commercial operators founded by or where the central or local governments hold a stake are bound by the provisions of the Public Procurement Law. This poses a huge problem for such entities, since it slows down the operation, often bringing it to a halt.

On the other hand, the Foreigners Law poses another important restriction on business development. Businesspeople reported the barriers primarily referring to the need to renew residence permits for foreigners, to the quota system and the validity period of work permits. Apart

from legal impediments, the lack of harmonisation with other laws and regulations (e.g. the Foreign Investments Law) and lack of interinstitutional cooperation (the Interior Ministry and the Ministry of Labour and Social Welfare) further hinder business operation. In this regard, limited legal residence of foreigners who own property in Montenegro prevents them from putting their property to full use and possibly launching business. There are also problems in employing foreigners, given poor domestic labour supply.

Apart from the above, due to legislative changes which abolished the Commercial Court in Bijelo Polje, leaving only one such court seated in Podgorica with the territorial jurisdiction over the entire country, the businesspeople from the northern region incur additional costs when handling disputes, having to go to Podgorica.

The regulations governing the import of food products of animal origin have been reported as posing barriers. Namely, in order to effectuate import of such produce, an approval by the Veterinary Administration is needed valid for three months. Apart from the financial burden, which is quite high at an annual level, it also imposes substantial administrative burden, given the amount of paperwork needed and the procedures for granting the approval.

Some employers see the quota system for employment of persons with disabilities as a restriction. Namely, the Law on Professional Rehabilitation and Employment of Persons with Disabilities imposes a quota system for their employment, resulting in additional costs incurred when paying the contributions in case of failure to employ persons with disabilities.

Business people indicated long deadlines for issuance of different permits (operational permit, urban and technical requirements, etc.). Although the 60-day statutory deadline for issuing urban and technical requirements is already long, in practice it often takes longer than that, which results in delays in already commenced projects and business activities.

A problem that has been particularly recognised by small business owners is the intercompany debt and mutual collection of claims, hampering business development due to inadequate pertinent regulation. On the other hand, businesses are caught in midst of mismatched collection of claims and payment of tax and other dues. Business people also referred to inadequate legislation when it comes to business

The validity period of work and residence permits for foreigners is short and requires investing more time for renewal procedures.

The whole northern region has suffered due to the abolishment of the Bijelo Polje Commercial Court, since business people now incur costs and waste time having to go to Podgorica to handle disputes.

The approval by the Veterinary Administration is needed for imports of food products of animal origin (cold cuts, dairy products) authorizing import for the given facility valid for three months only, and which costs 100 euros, or 400 euros a year per one importer and a bunch of paperwork to be collected 4 times a year. Given that such approvals may be made ineffective at any given point in time should any problems arise within the given facility, there is no need for a limited 3-month validity period, since in other countries it is half a year or a year.

I believe that the employment quota is too high given the number of employable persons with disabilities, and, on the other hand, the contribution payable by employers is too demanding. We are witnessing each year that only a small share of the money fed into the Fund for Professional Rehabilitation of Persons with Disabilities is used for its earmarked purpose.

zones. The problems arise when certain business zones are declared by local self-governments (e.g. Bijelo Polje), and the same fail to meet the requirements to be designated as zones of strategic relevance.

In addition, the reported barriers are also linked with the Law on Prevention of Illegal Operation and the Decree on Fostering Direct Investments, where more stringent terms are envisaged for domestic investors, as well as the Decision on the Fee for Communal Equipment of Buildable Land (for temporary and permanent structures in the Municipality of Nikšić). Likewise, the Environmental Impact Assessment Law provisions, envisaging the development of EIA studies in stages, affect additional protraction in approval of designs, resulting in longer time needed for obtaining building permits. The legislation in the area of urban planning and development, as well as tourism, changes often, creating legal uncertainty. In addition, with the adoption of the new General Administrative Procedure Law, a large number of affected pieces of legislation need to change, further increasing legal uncertainty and problems in its implementation.

The fines for infringements made by employees are transferred to employers, which may eventually lead to their business account being blocked for a while. Such infringements (e.g. speeding, DUI, etc.) are not related to the performance of functions and tasks envisaged by their job description. A situation that frequently occurs is that the given employee is at the time no longer employed with the same employer.

Recommendations

- Consider shortening the deadlines envisaged by Art 20 to 24 of the Environmental Impact Assessment Law, thus reducing the time needed for obtaining approvals of EIA Studies, which would enable reduced time for granting building permits (the Ministry of Sustainable Development and Tourism (MSDT));
- Reduce or abolish fees for review procedures in the public procurement area and consider the possibility of streamlining the procedure in case of commercial activities (MoF);
- Consider amending the Foreigners Law with regard to the need to renew residence permits for foreigners, to the quota system and the validity period of work permits (the Interior Ministry).
- Extend the validity of decisions issued by the Veterinary Administration for importation of food products from three to twelve months to cut costs and streamline the procedures (the Ministry of Agriculture and Rural Development (MARD) – the Veterinary Administration);
- Improve legislation and procedures to foster collection of receivables by retail chains paying the claims to domestic farmers within 30 days (MoF & MARD);
- Consider the possibility for companies with fewer than 10 workers not to pay the contribution for professional rehabilitation of persons with disabilities (MLSW).

Inefficient Administration

The total of **21 barriers** have been reported under the heading of Inefficient Administration (15 by men, 6 by women). The reports referred to slow response by local administrations to any applications filed. In this regard, they stressed the lack of expert staff in local administrations as a barrier on one hand, but also noted overstaffing in state administration, on the other. They also noted a selective treatment of investors, and centralisation preventing the autonomy of local self-governments. Interestingly, there is a manifest lack of interface among databases of different institutions, leading to inefficiency. Our citizens are bothered also by the habit of not issuing receipts which prevents enforcement, lack of hygiene in towns in summer months, and the visitor fee policy. Finally, frequently amended legislation is also noted under this heading.

Recommendations

- The Tax Administration should improve its software to enable free-of-charge examination of analytical tax payment reports (MoF – the Tax Administration)
- Provide interface between the e-Government portal and the Central Register of Businesses (the Ministry for Information Society (MIS) and MoF – the Tax Administration)
- Provide interface among the databases of different institutions, such as the Tax Administration and the Pension and Disability Fund, at the national and local levels (MIS, MoF - the Tax Administration and other relevant institutions);
- Improve the system of handling queries by members of the public and businesses to observe the statutory deadlines and assign responsibilities – consider the introduction of e-archives or DMS (all state administration authorities); and
- Introduce professional development programmes for civil servants to be able to meet the needs of businesses (the Human Resources Management Authority (HRMA) in cooperation with UPCG and the Chamber of Commerce)

The e-Government portal enables online filing of applications for business registration. However, after I have filed the application (which was confirmed since I received the reference number/code sign), it never got processed, and as an applicant I never received any information regarding the application. Having waited for the statutory deadline for incorporating a limited liability company to elapse, I contacted the Central Register of Businesses to check whether my business was registered. They had no idea what I was talking about and told me it was impossible to register online, the only way was directly with them. I repeated the whole procedure in the paper form. Finally, after a whole MONTH, I received the Business Registration Decision without any explanation of what had happened with the online application.

Why does not the Tax Administration portal provide the possibility of examining one's analytical tax payment report, but we pay 5 euro for paper copies to check whether the tax authorities have recorded our payments?

No interface between the electronic databases of different institutions (e.g. the Tax Administration and the Pension and Disability Fund) makes administrative procedures cumbersome and slow, and business people are often forced to provide supporting documents obtained from other institutions (instead of official institutional sharing). This is a waste of both time and money.

Limitations to Business Operation

In order to be eligible for the IDF funding, businesses must operate (?) less than 12 months, and at the same time be diligent in paying the tax dues!!! Let us not fool ourselves, this is not proper support for business start-ups! Startups need to be supported, through financial and non-financial means, to flourish. Through mentorship, training, reducing (or abolishing) taxes, having in place certain infrastructure (business incubators, for instance) in case of IT oriented businesses.

The problem of uneven case law, where same or similar legal situations may have different outcomes, even by judges of the same court. The issues raised here are lack of expertise or even corruption.

The starting premise of unions and state authorities that all employers are "criminals" and the general uproar against employers, result in negative public perceptions. This particularly affects the companies which operate in strict observance of laws and respect labour rights.

Our company deals with wood processing in the municipality of Bijelo Polje. For years now we've been having problems with low voltage simply not adequate for proper operation of our machinery. We approached the EPCG and the municipality on several occasions, but in vain.

The total of **12 barriers** were reported under this heading, 7 by men, and 5 by women. The reports noted that the environment is not conducive to start-ups, and also the absence of incentives for SMEs. Similarly to what was heard during the public debates, it has been noted that there is an uproar against employers which does not provide incentives to continue with the investments, and the problem of VAT payment after billing. Some barriers referring to the judiciary have also been noted: protracted claim collection proceedings and uneven case law. The underdeveloped power supply infrastructure in the northern region is observed as a barrier to industrial investments.

Recommendations

- Amend legislation to pay VAT upon collection, not upon billing, for companies with the annual turnover under 150,000 EUR (MoF – the Tax Administration)
- Advocate with unions to promote positive examples of sound businesses (unions);
- Speed up court proceedings for collection of claims (the Ministry of Justice (MoJ));
- Improve the quality of power supply for the needs of industry in the northern region (EPCG);

Grey Economy

The total of **7 barriers** were reported under the heading of Grey Economy (5 by men, 2 by women). Under this important heading, business people report selective actions of inspection authorities and unfair competition. It may be noted that there is a large number of unregistered business entities, never visited by inspectors. Finally, there is a grey market for developing business plans, and these individuals never pay taxes.

Recommendations

- Amend the Law on Inspection Supervision to enable inspection authorities to curb unregistered business operation (MoE – the Administration for Inspection Services).

Unfair competition is a large problem for all registered businesses in Montenegro. The additional difficulty arises from the fact that inspectors do not visit unregistered businesses, which continue working freely, while the registered companies are imposed excessive financial burden of dues payable to the central and local governments.

A list of authorized companies for developing business plans for banks and other entities needs to be developed, similarly to the ones for certified evaluators.

High Fee Rates

The total of 22 barriers were reported under this heading, (15 reported by men, and 7 by women) including the objections to the amount of fees for:

- municipal road access,
- window advertising,
- music,
- refrigerator fee,
- table fee,
- display panels,
- the Marine Zone Management's pricelist for temporary structures at Ada Bojana,
- the fee for hospitality establishments allowing smoking indoors
- the fee for wood processing machinery
- the fee for controlling anchored boats
- high membership fees for tourism organisations which, in turn, do little to promote local destinations
- the bankruptcy procedure fee has increased
- the visitor fee in Bar has increased
- the property tax rates have gone up
- the short pass fee (for ship crew members) has increased

In the Municipality of Bar a business is to pay a 1% fee for the regional water supply system at times when they do not receive water from it.

One of the numerous barriers refers to the municipal fees for possession of wood processing machinery. The mere fact of having such a machine in the facility makes the owner liable to pay a fee ranging between 10 and 80 euros a month.

High membership fees for tourism organizations, and poor promotion as a tourism destination. The fee is payable throughout the year, although the tourism season and yields from the hospitality business last a couple of months only. This problem is recognized in most municipalities, particularly in the northern region (e.g. Bijelo Polje is not even recognized as a tourism destination).

Recently the bankruptcy fees have increased from €260 to €560.

The amount and the number of local fiscal and para-fiscal charges (for Podgorica, in the specific case): access road fees are payable by all retail facilities regardless of how many of them operate within one company, local advertising fees, display panels fees, high waste management and cleanliness fees, etc.

- high fees for base stations
- payment of the fee for the regional water supply system, although it does not supply water to the premises

In addition, high VAT rates for foodstuff and for tourism industry have also been noted.

Recommendations

- Consider carefully every fee and decide on possible lowering of fee rates or their abolishment (Local self-governments, MoF – the Tax Administration);
- As regards the bankruptcy procedure fee, consider introducing different fee amounts for proceedings conducted by other creditors (lower rate) or the founder (higher rate) (MoE);
- Consider carefully the VAT policy for basic livelihoods and the tourism industry (MoF – the Tax Administration).

Conclusions

Laws, rules decrees and regulations are indispensable. They are in place to protect consumers, employers and employees, but also the provide general governance, helping to build a better and more equitable society. Although this is their primary purpose, over the years, the set of regulations, together with the respective institutions and inspectorates, become ever more complex, and may hamper business and harm the economy. Citizens often give up their business ideas when faced with a number of regulations preventing them from trying to materialise them or to function properly. The best way to prevent this trend in business is to give an opportunity to people to find themselves the best solutions to the challenges they face in their daily work.

Through public dialogue, we aspired to improve public service quality and efficiency. The possibility of working together with the members of the public on streamlining procedures at the local and national levels encourages us to persevere in the intention to build a better and a more efficient business environment within the country. We are aware of a number of barriers currently blocking the way for launching and developing businesses, which may be removed. The public debate launched at the portal drew the attention of central and local level administrations to the issues faced by individuals and businesses in their business environments. Thus, thanks to citizen activism, an administration tailored to the needs of citizens and business is being created.

During round table discussions with business people in Bijelo Polje, Bar and Kotor we heard that it was the first opportunity for them to discuss with local government representatives the issues they face in business operation. Therefore, one of the key recommendations would be for similar events be held in all local self-governments at least annually. This and other recommendations, with responsible institutions for their implementation, are shown in the table below:

	Recommendation	Responsible authority
1.	Local self-governments should organise meetings with the business community, at least annually, and consider jointly the possibilities for removing business barriers and creating a more conducive business environment	All local governments
2.	Develop the modalities of non-financial support to business start-ups to include mentorship and advisory services for launching and developing business	National Employment Agency, local governments, MoE – SME Development Agency, UPCG, Chamber of Commerce
3.	Exempt business start-ups from payment of taxes and contributions for a specified period of time	MoF – Tax Administration
4.	Given the barriers to obtaining funding from the Investment and Development Fund (IDF) due to problems in providing collaterals, consider the possibility of other forms of support to businesses by issuing public calls to select best business ideas that would get funding, continuously monitoring the respective business plan implementation. Funding would be disbursed in tranches, upon the completion of activities. This method of selecting business ideas and providing collateral for funding would lead to better quality and greater rate of success for business ideas and projects.	Investment & Development Fund
5.	Streamline the issuance of different documents and provision of information by setting up contact points for businesses in local self-governments	All local self-governments
6.	Establish a Code of Conduct for inspectors	MoE – the Administration for Inspection Services and the Tax Administration
7.	Improve the Administration for Inspection Services' website by adding a FAQ section	The Administration for Inspection Services and the Tax Administration
8.	Review the sanctions policy towards reducing fines and progressive sanctioning of repeat offenders	The Administration for Inspection Services and the Tax Administration
9.	Consider shortening the deadlines envisaged by Art 20 to 24 of the Environmental Impact Assessment Law, thus reducing the time needed for obtaining approvals of EIA Studies, which would enable reduced time for granting building permits	MSDT
10.	Reduce or abolish fees for review procedures in the public procurement area and consider the possibility of streamlining the procedure in case of commercial activities	MoF
11.	Consider amending the Foreigners Law with regard to the need to renew residence permits for foreigners, to the quota system and the validity period of work permits	The Interior Ministry
12.	to the quota system and the validity period of work permits	MARD – the Veterinary Administration
13.	Improve legislation and procedures to foster collection of receivables by retail chains paying the claims to domestic farmers within 30 days	MoF and MARD
14.	Consider the possibility for companies with fewer than 10 workers not to pay the contribution for professional rehabilitation of persons with disabilities	MLSW
15.	The Tax Administration should improve its software to enable free-of-charge examination of analytical tax payment reports	MoF – the Tax Administration
16.	Provide interface between the e-Government portal and the Central Register of Businesses	MIS and the MoF – the Tax Administration
17.	Provide interface among the databases of different institutions, such as the Tax Administration and the Pension and Disability Fund, at the national and local levels	MIS, MoF – the Tax Administration and other relevant institutions

	Recommendation	Responsible authority
18.	Improve the system of handling queries by members of the public and businesses to observe the statutory deadlines and assign responsibilities – consider the introduction of e-archives or DMS	All state administration authorities
19.	Introduce professional development programmes and capacity building for civil servants at the central and local levels to be able to meet the needs of businesses	HRMA in cooperation with UPCG and the Chamber of Commerce
20.	Amend legislation to pay VAT upon collection, not upon billing, for companies with the annual turnover under 150,000 EUR	MoF – the Tax Administration
21.	Advocate with unions to promote positive examples of sound businesses	Trade unions
22.	Speed up court proceedings for collection of claims	MoJ
23.	Improve the quality of power supply for the needs of industry in the northern region	EPCG
24.	Amend the Law on Inspection Supervision to enable inspection authorities to curb unregistered business operation	MoE – the Administration for Inspection Services
25.	Consider carefully each of the fees below and decide on possible lowering of fee rates or their abolishment: <ul style="list-style-type: none"> → municipal road access, → window advertising, → music, → refrigerator fee, → table fee, → display panels, → the Marine Zone Management's pricelist for temporary structures at Ada Bojana, → the fee for hospitality establishments allowing smoking indoors → the fee for wood processing machinery → the fee for controlling anchored boats → high membership fees for tourism organisations which, in turn, do little to promote local destinations → the bankruptcy procedure fee has increased → the visitor fee in Bar has increased → the property tax rates have gone up → the short pass fee (for ship crew members) has increased → high fees for base stations → payment of the fee for the regional water supply system, although it does not supply water to the premises. 	Local self-governments, MoF – the Tax Administration
26.	As regards the bankruptcy procedure fee, consider introducing different fee amounts for proceedings conducted by other creditors (lower rate) or the founder (higher rate)	MoE
27.	Consider carefully the VAT policy for basic livelihoods and the tourism industry	MoF – the Tax Administration



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