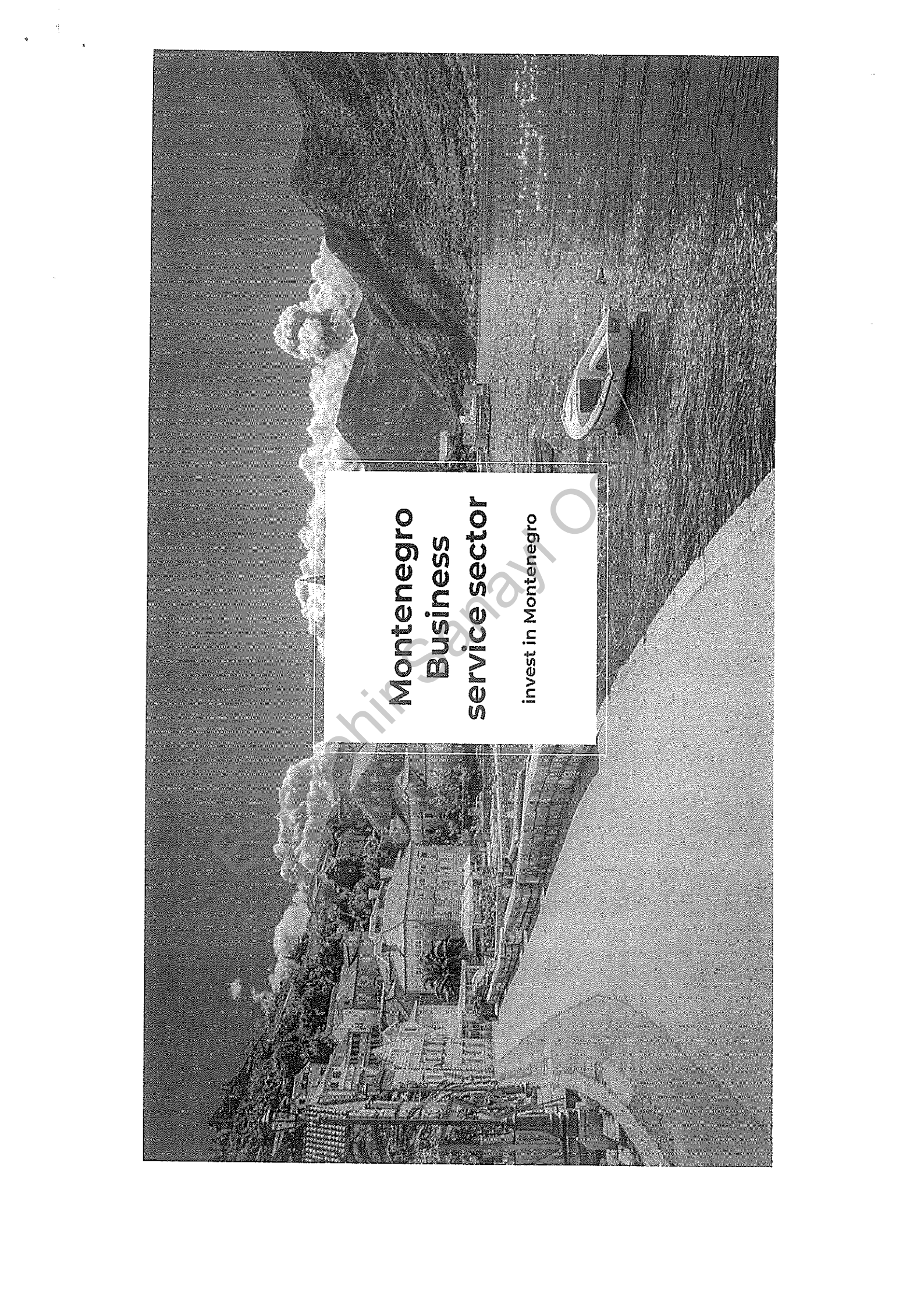
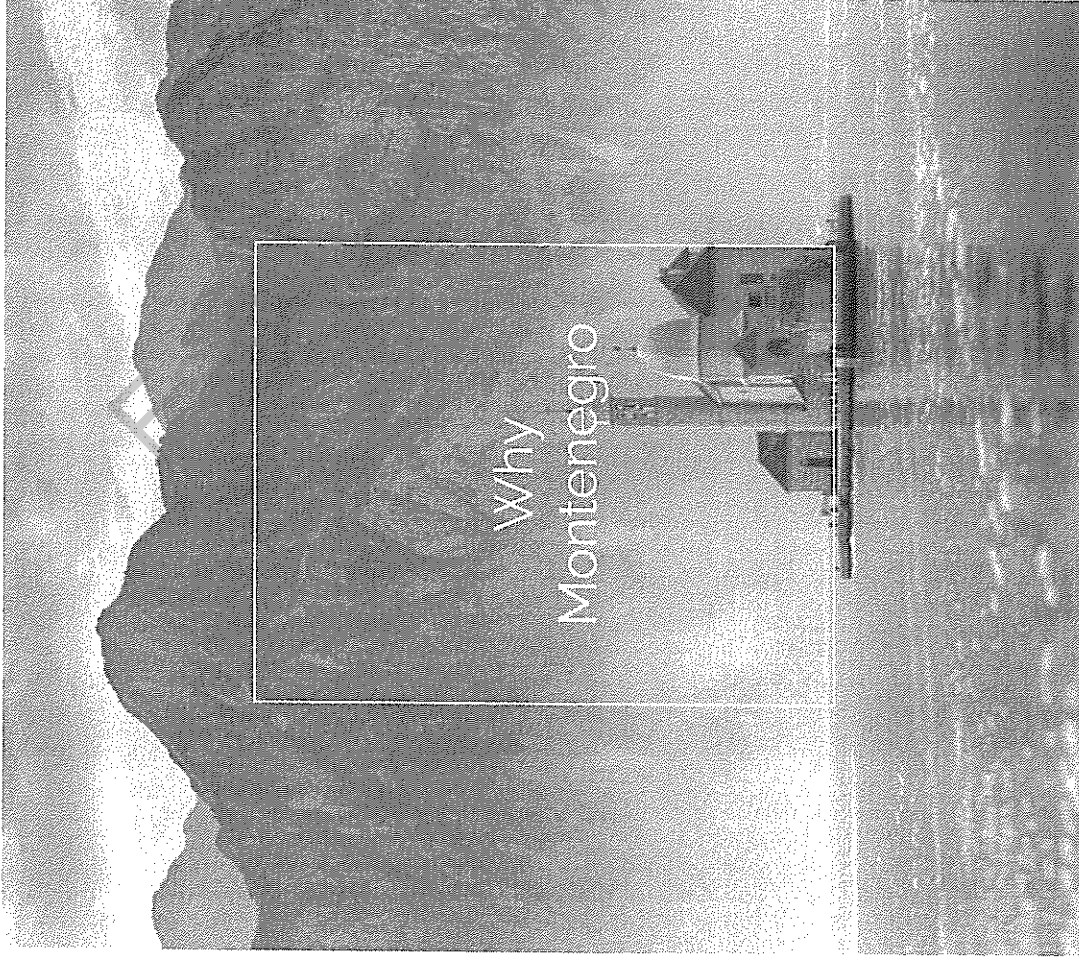




# Montenegro Business service sector

invest in Montenegro



#### **Availability of skilled labour**

Unemployment rate of 17.9% in Montenegro is still at a higher level than in most of the countries in SEE. The educational structure of unemployed persons shows that 61.9% of persons have completed high school followed by the unemployed with completed high education 22.2%.

#### **Strategic location**

Perfect point on the map for companies that export their products and services to the EU, Southeast Europe and the Middle East. Well airport connectivity, the possibility of transport by land, air and sea guarantees unique access to markets and delivery of all products on time.

#### **Favorable taxation system**

Montenegro has one of the lowest corporate tax rates in Europe which is one of the greatest incentives when it comes to foreign investors seeking to open companies.

#### **Friendly legislation**

Montenegro has a very friendly legislation for foreign investors, as it even has a Foreign Investment Law which guarantees a national treatment for foreign investors, who have the same status as the domestic ones.

#### **Growth**

Montenegro has been ranked the world's 5<sup>th</sup> fastest growing tourism destination by the UNWTO in 2019.

# Montenegro's importance

## Infrastructure.

7 835 km road network, 250 km railway network  
3 ports: Bar, Kotor and Zelenika  
2 airports: Podgorica and Tivat

**Position:** South East Europe

**Population:** 620 739 (MONSTAT 2021)

**Area:** 13 812 km<sup>2</sup>

**Capital:** Podgorica

**Coastline:** 295 km

**Income Category:** Upper middle income

**Currency:** € (EURO) (not part of the Eurozone)

## International agreements:

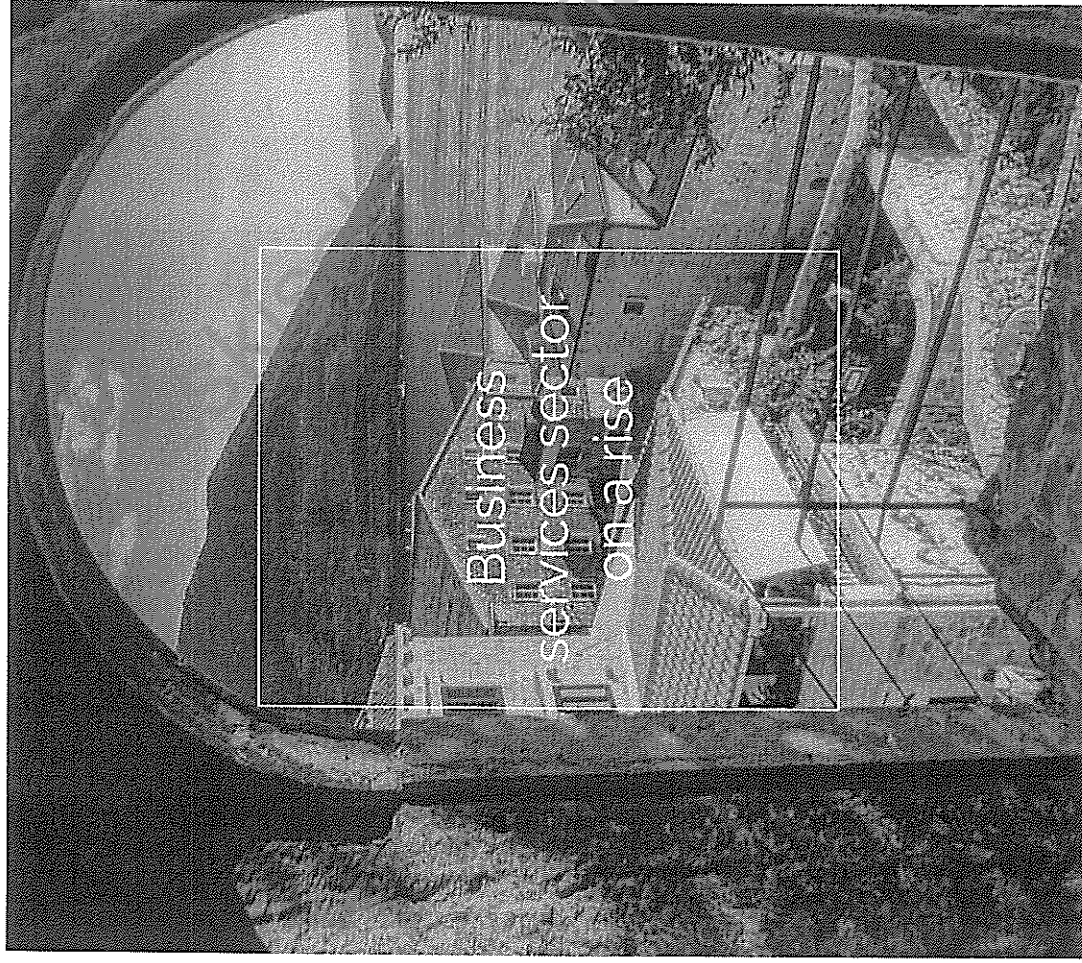
CEFTA

FTA's with EU (SAA), EFTA

Turkey, Russian Federation and Ukraine

42 double taxation agreements signed

27 BITs and 6 TIPS (UNCTAD)



Due to time proximity (GMT+2), cultural similarities and multilingual capabilities, Montenegro is an attractive location for both in-house and outsourced operational hubs



With unsaturated but fast developing market, Montenegro is becoming a next-wave location for delivery of voice and non-voice business process services and IT



The turnover of IT and business services sector reached 56.3 million € in 2020. Members of the ICT cluster achieved revenue growth of 25% of which 79.12% of revenues are exports - a total of 12.2 million€. The number of employees in the 30 most successful IT companies in Montenegro in 2020 was 704.



"For now, the IT sector is successfully resisting the crisis caused by the corona virus pandemic, and our goal is to create conditions for the IT sector to become the backbone of the future development of Montenegro and a strong economic activity that will create leading export products. We are proud of the business results of our founding members, and we are especially pleased that IT exports in 2020 increased by almost 30%. The outcome of the analysis gives us confirmation that IT is a promising branch, export-oriented, and further investment in IT can certainly provide an incentive for recovery and strengthening of the entire economy." - said Tanja Dukic, Marketing Director of ICT Cortex.

## BPO&IT Providers in Montenegro

amplitudo **coinis**



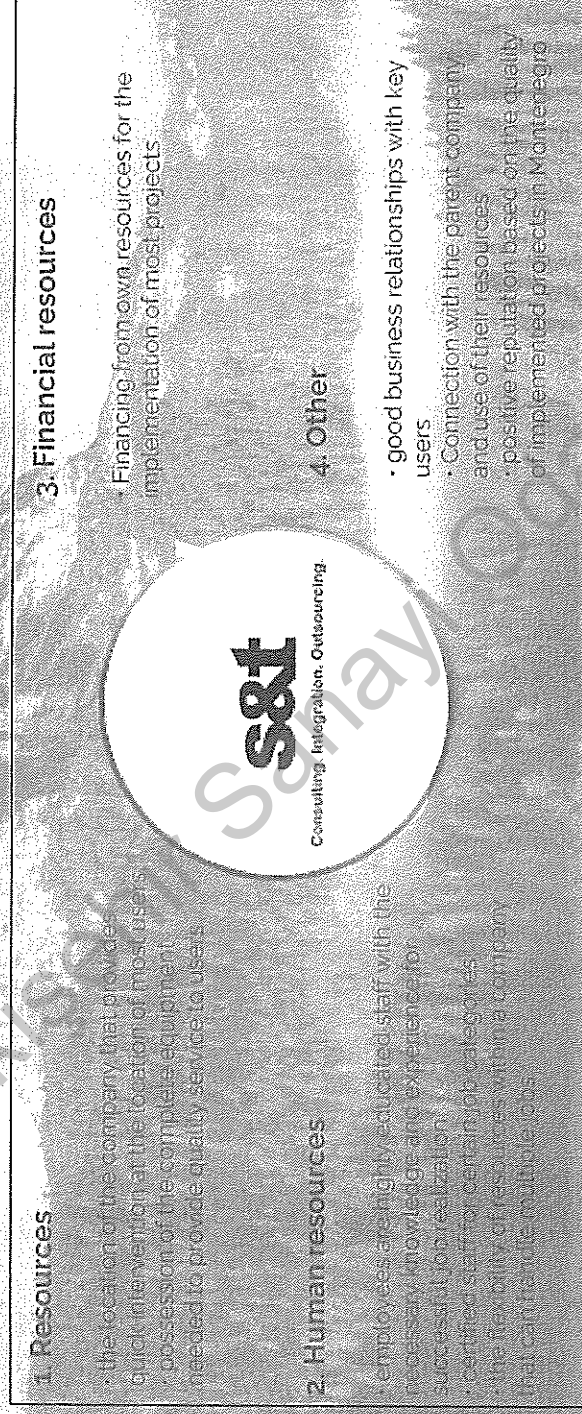
datadesign **logate**



**bildstudio**

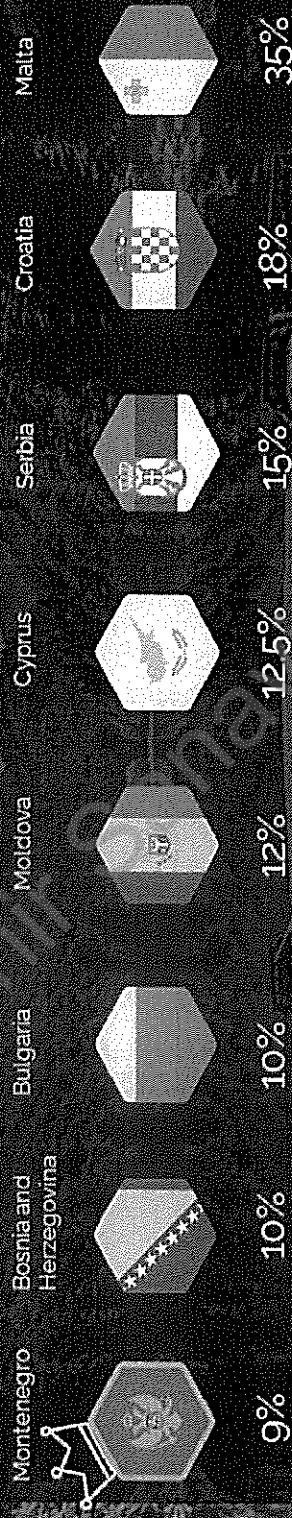
We have chosen Montenegro as our investment destination because of growing IT market opportunities.

Based on the analysis of "S & T Orma Gora Ltd", we defined the key strengths.



Montenegro boasts the lowest headline personal income tax and corporate income tax rates in Europe, both 9%.

 *Fourth lowest in the world, first in Europe (alongside Hungary)*  
excluding jurisdictions with a corporate income tax rate of zero percent



While almost all of eastern Europe offers rather reasonable tax rates, Montenegro offers the lowest tax rates and the benefit of a country you might actually want to live in. Montenegro's corporate income tax (CIT) rate is a flat rate of 9% on all company income. This refers to standard operating income, capital gains, and interest income. VAT is 21%.

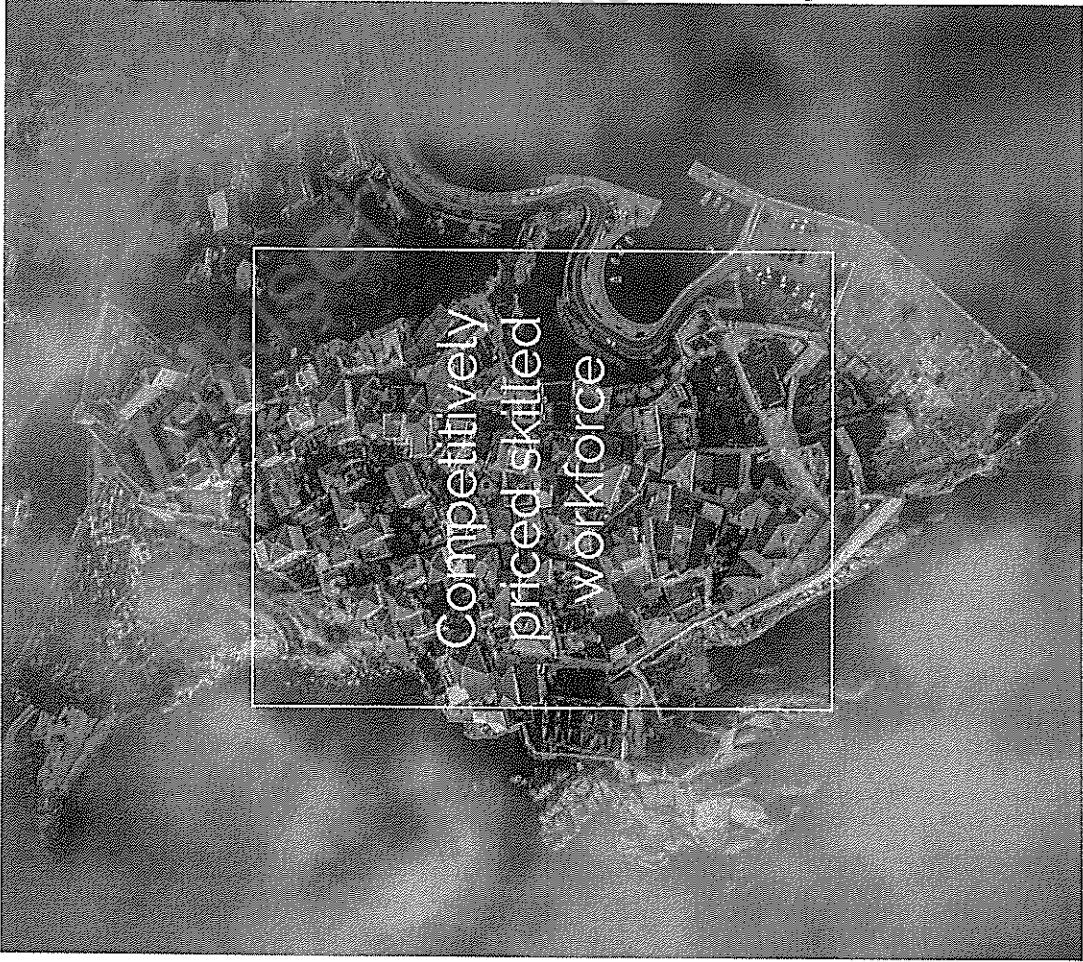


Montenegro's government has set up transparent and fair tax conditions for potential international investors. It has created an environment that is perfect for company formation which benefits both the country and the business owner. Business owners in Montenegro are benefiting from these low tax rates and you could be too.



Montenegro has double-tax treaties with a majority of the EU countries including, but not restricted to, Germany, Italy, Croatia, Ireland, the UK, Netherlands, and France. Montenegro also has double-tax treaties with Switzerland, China, and Korea. In total, Montenegro has signed 42 treaties with 36 treaties currently in place and 6 treaties that are still pending.





Montenegro offers one of the lowest salaries in almost all service areas across European service delivery locations



The Montenegrin labor code provides extremely flexible conditions for employment

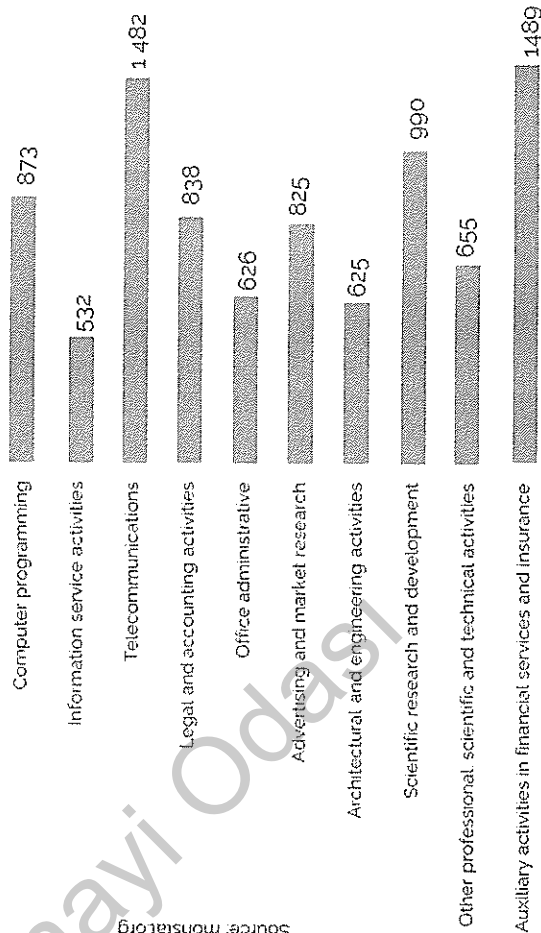


Montenegro has a government-mandated minimum wage. No worker in Montenegro can be paid less than this mandatory minimum rate of pay. Minimum Wage is 250€.

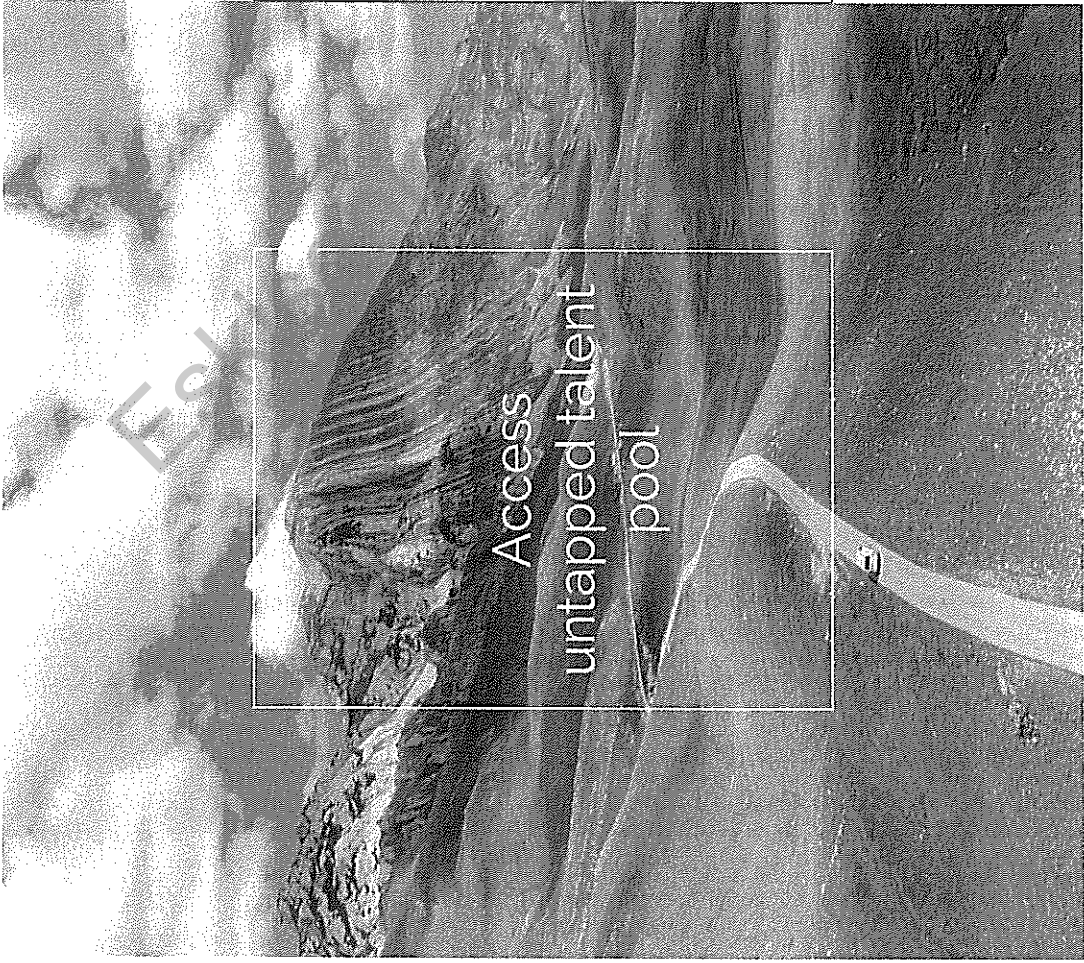


Payment of overtime hours must be more than usual working hours, and exact payment is defined by the employment contract

AVERAGE GROSS MONTHLY FIXED PAY IN €



Source: monstat.org



## Graduates 2011-2021

For a period of 10 years, **6776** Montenegrins graduated from University with a degree in electrical engineering, sciences, civil engineering and information technology.



Literacy rate  
98.85%

| Number of university graduates          |  |                                                 |
|-----------------------------------------|--|-------------------------------------------------|
| University of Montenegro:               |  |                                                 |
| Bachelor:                               |  | Masters:                                        |
| Faculty of electrical engineering: 1945 |  | Faculty of electrical engineering: 106          |
| Faculty of sciences: 702                |  | Faculty of sciences: 96                         |
| Faculty of Civil Engineering: 876       |  | Faculty of Civil Engineering: 55                |
| Specialist academic studies:            |  | Doctoral studies (PhD):                         |
| Faculty of electrical engineering: 1277 |  | Faculty of electrical engineering: 13           |
| Faculty of sciences: 489                |  | Faculty of sciences: 15                         |
| Faculty of Civil Engineering: 645       |  | Faculty of Civil Engineering: 12                |
| Mediterranean university:               |  | University Donja Gorica:                        |
| Faculty of Information Technology       |  | Faculty of Information Systems and Technologies |
| Bachelor – 209                          |  | Bachelor – 140                                  |
| Specialist academic studies ~ 139       |  | Specialist academic studies ~ 27                |
| Masters – 8                             |  | Masters – 22                                    |

Graduates from all fields (2011-2021)  
Specialist academic studies: **16607**  
Masters: **2315**  
Doctoral studies (PhD): **183**



Population with secondary  
education: 61.2%

# Office Market

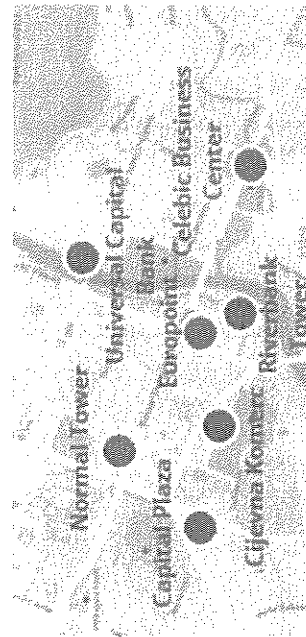
The core of business activity is located in Podgorica, and therefore represents the main business hub of Montenegro

Demand is driven by new companies; expansion of those already present on the market, as well as companies currently occupying lower standard offices. The majority of demand will continue to come from international and local companies that are actively looking to relocate from older and lower standard office buildings to newer and modern buildings.

The majority of office space demand is broken down into 4 main sectors: companies specializing in IT products and services (35%), banking, investment and insurance services (20%), health industry (15%) and media (5%).



Source: Colliers Montenegro



Source: Colliers Montenegro

## Modern Office Building Stock

| Project              | Business District | GLA    |
|----------------------|-------------------|--------|
| Ex Hypo Alpe Bank    | Central           | 4,500  |
| Kroling              | Central           | 3,000  |
| Building between THB | Central           | 4,500  |
| Professor's Building | Central           | 3,000  |
| Cijevna Komerc       | Central           | 5,500  |
| Normal Tower         | Central           | 6,515  |
| Europoint            | Central           | 8,895  |
| Capital Plaza        | Central           | 7,480  |
| Riverbank Tower      | Central           | 11,083 |
| Jugopetrol           | Secondary         | 5,765  |
| Hidromot             | Secondary         | 6,000  |
| Palada               | Secondary         | 3,000  |
| Sofranac             | Secondary         | 1,000  |
| Celebic              | Secondary         | 1,100  |
| Total                |                   | 77,338 |

Source: Colliers Montenegro

Rental levels for modern office space in Podgorica range between 12.50- 20 €/m2/month. Class A office buildings on good locations can be rented at 17 €/m2/month. Lower quality office space price varies between 8 and 13 €/m2/month.

The following table shows a breakdown of office rental prices in Class A office buildings in Podgorica. These prices represent range of rental prices, and do not include any additional service or marketing charges.

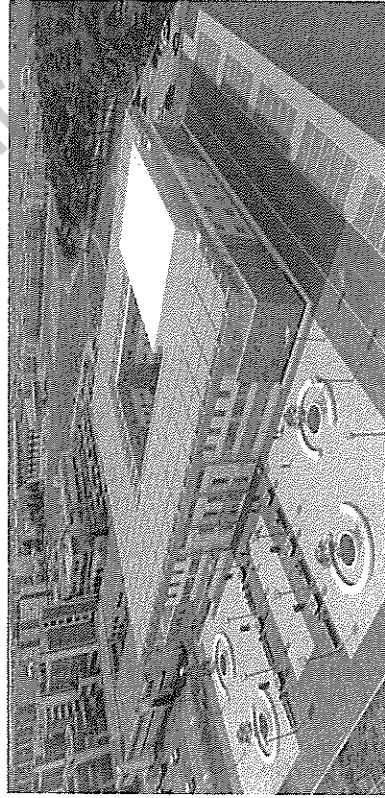
## Rental price (€/m2)

| 10-17         | 13-17        | 13-16     | 15-17            | 15-17          |
|---------------|--------------|-----------|------------------|----------------|
| Capital Plaza | Normal Tower | Europoint | Celebic Building | Cijevna Komerc |

☆ Fast and reliable network connectivity enables providers running uninterrupted operations at offices, as well as implement Work-at-Home and hybrid models

☆ Modern office spaces are available in all major cities of Montenegro

☆ Podgorica, the capital, has a largest supply A class business centers while Budva and Tivat owner-occupied properties, semi-commercial and stand-alone buildings suitable for business services delivery sites



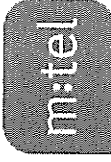
Science and Technology Park Montenegro is founded with the aim of giving the support and strengthening the potentials of economic growth and development of Montenegro, through establishment and growth of the companies/teams in high tech activities. As well, a special activity aspect of Science and Technology Park Montenegro is a support in developing and commercialization of innovative ideas and projects.

Innovation and Entrepreneurship Center Tehnopolis is a part of Science and Technology Park (STP) in Montenegro

Tehnopolis supports the development of micro, small and medium-sized enterprises in the municipality of Niksic

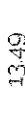
In longterm sense, registering your company means better protection for your idea and your work.

# Internet Providers in Montenegro

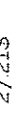
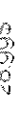


Prices vary from 11.66€ to 37.99€ a month depending on the packet, speed up to 200 Mbps

## Worldwide broadband speed league 2020

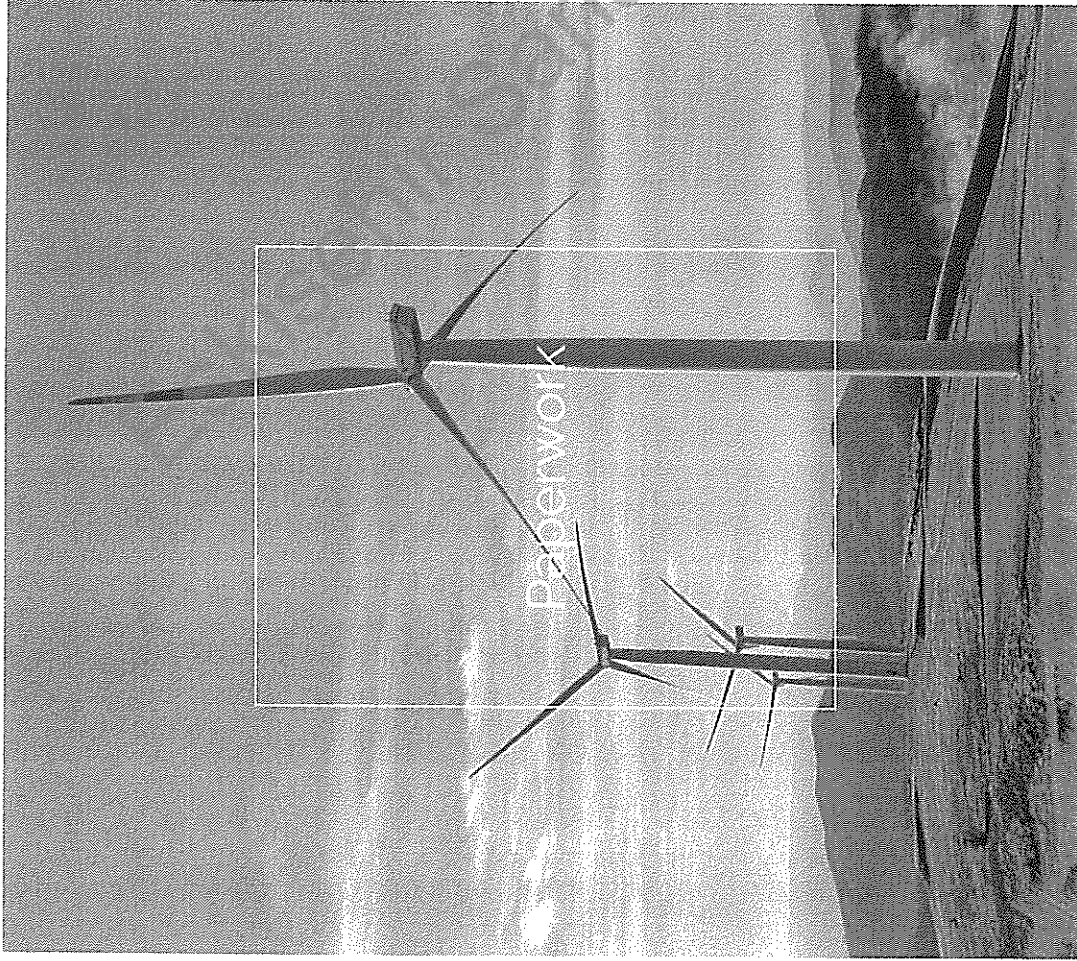
|                                        |                                                                                     |            |       |                                                                                     |        |       |                                                                                     |                        |       |                                                                                    |        |       |                                                                                   |         |       |                                                                                   |         |       |                                                                                   |                 |
|----------------------------------------|-------------------------------------------------------------------------------------|------------|-------|-------------------------------------------------------------------------------------|--------|-------|-------------------------------------------------------------------------------------|------------------------|-------|------------------------------------------------------------------------------------|--------|-------|-----------------------------------------------------------------------------------|---------|-------|-----------------------------------------------------------------------------------|---------|-------|-----------------------------------------------------------------------------------|-----------------|
| 25.07                                  |  | Montenegro | 24.74 |  | Serbia | 15.66 |  | Bosnia and Herzegovina | 15.62 |  | Cyprus | 13.49 |  | Georgia | 12.35 |  | Albania | 11.48 |  | North Macedonia |
| Average download speed globally: 24.83 |                                                                                     |            |       |                                                                                     |        |       |                                                                                     |                        |       |                                                                                    |        |       |                                                                                   |         |       |                                                                                   |         |       |                                                                                   |                 |

## Worldwide cost of a fixed line broadband (per month)

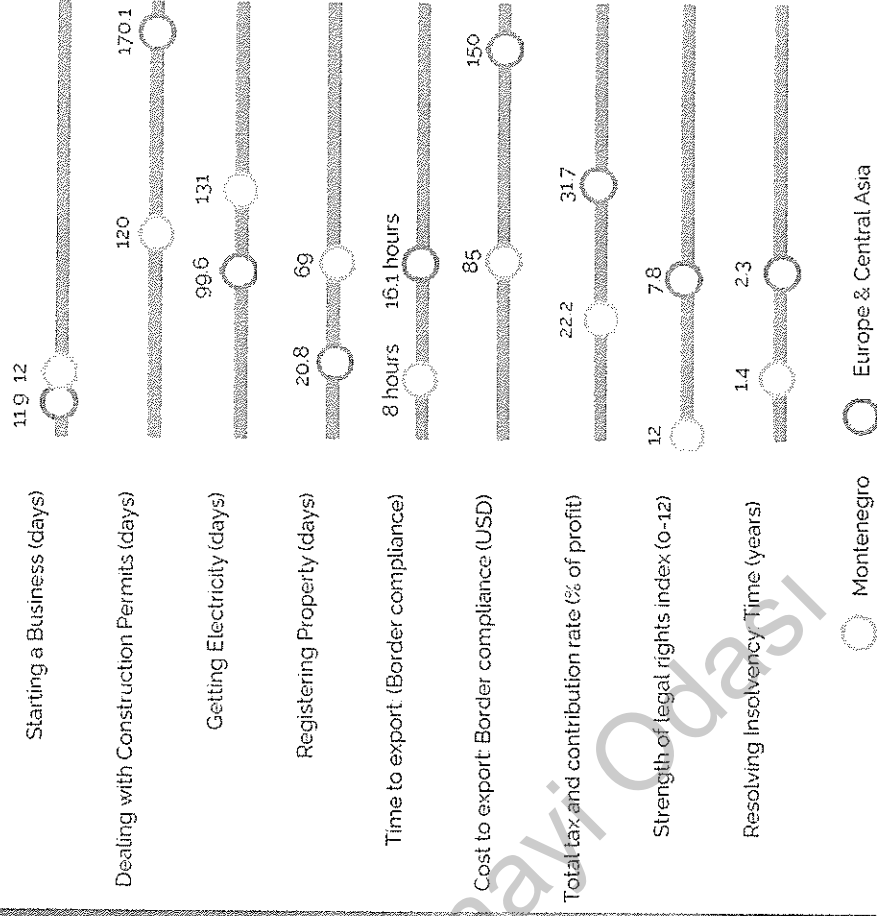
|                                        |                                                                                     |         |         |                                                                                     |            |         |                                                                                     |         |         |                                                                                    |                 |         |                                                                                   |          |         |                                                                                   |         |         |                                                                                   |        |
|----------------------------------------|-------------------------------------------------------------------------------------|---------|---------|-------------------------------------------------------------------------------------|------------|---------|-------------------------------------------------------------------------------------|---------|---------|------------------------------------------------------------------------------------|-----------------|---------|-----------------------------------------------------------------------------------|----------|---------|-----------------------------------------------------------------------------------|---------|---------|-----------------------------------------------------------------------------------|--------|
| 27.21\$                                |  | Croatia | 27.85\$ |  | Montenegro | 28.99\$ |  | Albania | 29.79\$ |  | North Macedonia | 36.41\$ |  | Slovenia | 45.59\$ |  | Austria | 48.70\$ |  | Cyprus |
| Average package cost: Global: 78.145\$ |                                                                                     |         |         |                                                                                     |            |         |                                                                                     |         |         |                                                                                    |                 |         |                                                                                   |          |         |                                                                                   |         |         |                                                                                   |        |

## Electricity cost (per kWh) 2020

|      |  |            |       |  |         |       |  |         |       |  |          |       |  |         |       |  |          |       |  |                |
|------|--|------------|-------|--|---------|-------|--|---------|-------|--|----------|-------|--|---------|-------|--|----------|-------|--|----------------|
| 9.88 |  | Montenegro | 10.31 |  | Hungary | 13.01 |  | Croatia | 14.48 |  | Slovenia | 14.59 |  | Romania | 16.86 |  | Slovakia | 18.41 |  | Czech Republic |
|------|--|------------|-------|--|---------|-------|--|---------|-------|--|----------|-------|--|---------|-------|--|----------|-------|--|----------------|



Montenegro is ranked 50 among 189 economies in the ease of doing business, according to the latest World Bank annual ratings.



Source: World Bank, Ease of Doing Business, 2020

# Business zones

Business zones currently exist in the following municipalities: Berane, Bijelo Polje, Cetinje, Kolasin, Mojkovac, Niksic, Podgorica and Ulcinj.



The Capital Podgorica

10 zones

257 hectares

0,01 € / m<sup>2</sup>

30 years lease

Investors could be provided with incentives at both, local and state levels. While leaving the opportunity to apply for all incentive programs at the state level, incentives at the local level relate to the following:

- reduction of utility or other fees;
- favorable price of renting / buying space within the business zone;
- reduction or exemption from payment of surtax on personal income tax;
- reduction of real estate tax rate;
- the possibility of defining a favorable model of private-public partnership;
- infrastructural equipping in areas where it does not exist.

The public invitation was announced on  
May 4<sup>th</sup>, 2021

Montenegrin Investment Agency offers professional and dynamic guidance throughout the decision-making process by providing expert and timely services.

# Montenegrin Investment Agency

## Business development

### Information

- General statistics and data about business-operating costs
- Sector researches

### Communication

- Access to Government at all levels
- Connection to local partners (consulting, education, real estate)

### Facilitation

- Assistance in location selection
- Organization of site visits

### Aftercare

- Support in further expansion
- Constant feedback

## Thank you for your attention

Montenegro Investment Agency  
Kralja Nikole 27  
Podgorica 81000, MNE



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