

ALFRED NOBEL UNIVERSITY
DEPARTMENT OF GLOBAL ECONOMICS

QUALIFICATION WORK OF BACHELOR

“Development of the international investment project “Opening a hotel in Montenegro””

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TASKS

for qualification work

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1. “Development of the international investment project “Park in UAE”
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3. Deadline for submission of work completed by the _____

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5. Content of the work (list of questions to be developed):

SECTION 1. Analysis of investment climate in UAE

- 1.1. FDI investments.
- 1.2. Investment climate in UAE
- 1.3. Free economic zones in UAE
- 1.4. Export - import activity in UAE
- 1.5. Economical statistics

SECTION 2. Development of an international investment project to establish a park in UAE

- 2.1. Legislative system and taxation
- 2.2. Environmental benefits of the project
- 2.3. Opening a business

SECTION 3. Financial plan and calculations

- 3.1. Determining location of a project and its benefits
- 3.2. Estimated calculations of costs, wages and income of the project
- 3.3. Project efficiency

6. Date of issue of the assignment _____

7. Calendar of work execution

no	Name of the stages of qualification work	The deadline for the work stages	
		according to the plan	In fact
1	Attachment of the supervisor of qualification work		
2	Selection and discussion of the topic of qualification work		
3	Final approval of the topic of qualification work		
4	Obtaining a job for a qualification work from a supervisor		
5	Compilation of bibliography and study of literary sources		
6	Performing the first section		
7	Collection of materials at the enterprise		
8	Performing the second section		
9	Performing the third section		
10	Drawing conclusions and recommendations		
11	Design of work, receiving feedback		
12	Preliminary protection of qualification work		
13	Protection of qualification work		

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Summary

Development of the international investment project “Opening a hotel in Montenegro”

The paper deals with the features of the economic condition of Montenegro, presents the main industries and parties attractive for investment.

An assessment is made of the investment climate and the economic condition of the country as a whole. The main activities of the state, all the advantages and disadvantages, the tax system and export-import activities are represented.

Opportunities for the development of an investment project are confirmed by the above arguments and methods for investing.

Justifications are provided for investing in a hotel business, as well as an assessment of the need for investments.

The analysis and evaluation of the expected results regarding the income and economic efficiency of the investment project.

Keywords: Investment climate, Montenegro's economy, tourism, investments, investment project

Анотація
“Розробка міжнародного інвестиційного проекту щодо відкриття готелю у
Чорногорії”

У даній роботі розглядається вивчення особливостей економічного стану Чорногорії, представлені основні галузі і привабливі для інвестицій боку. Дається оцінка інвестиційного клімату та економічного стану країни в цілому. Представлені основні види діяльності держави, всі переваги і недоліки, податкова система та експортно-імпортна діяльність.

Передумови для розробки інвестиційного проекту підтверджені наведеними аргументами і методами для вкладення інвестицій.

Надано обґрунтування для інвестування в готельний бізнес, а так само оцінка необхідності для інвестицій. Проведено аналіз і оцінка очікуваних результатів щодо доходу і економічної ефективності інвестиційного проекту.

Ключові слова: Інвестиційний клімат, економіка Чорногорії, туризм, інвестиції, інвестиційний проект

DEVELOPMENT OF THE INTERNATIONAL INVESTMENT PROJECT
«Opening a hotel in Montenegro»

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Introduction

This international investment project should not exceed 500,000 euros and meet the requirements of a payback period of not more than 5 years.

The investment project must be of high quality and spelled out in detail; it must take into account economic and political events in the country; you must know the legal policy and it is imperative to have a well-designed project with the patient's expected expenses

The main goal of the project is to develop an investment opportunity for Ukrainian investors.

Montenegro was selected for this project as this country with comfortable living conditions, a country close to the European Union, the main candidate for EU membership, a country with good ecology and environment and of course this country attracts a large number of tourists, and also at the legislative level supports any projects related to the landscaping of the state. The objective and purpose of our investment project is to open a small hotel for visiting tourists, where they can stay while traveling and have all the conditions for a vacation for a relatively small price.

The location of the hotel is chosen for the purpose of convenience, primarily for visitors, as well as the favorable position and traffic.

The purpose of the thesis is to analyze the economic situation of Montenegro and its investment climate and give a general description and assessment of the possibility of developing an investment project for the opening of a hotel.

The tasks of the thesis are:

- To study the economic situation in the country
- To analyze the main country's activities

- To assess the market and consider all the advantages and disadvantages of the economic situation

- To Investigate Montenegro's investment climate and its attractiveness for investors

- To Develop an investment project for the opening of the hotel and assess the need for investment.

- To Assess the expected return and effectiveness of this investment project.

The object of study are business climate in Montenegro for foreign investors

The subject of study is development of an international project in Montenegro

Method. To conduct research analysis, general scientific methods were used as well as economic system analysis and information resources

The practical significance of the work means simply the opportunity for the implementation of this project and its development in the future.

The first section of the paper shows general information about the country, its main economic aspects, provides an analysis of the main industries, and shows an analysis of the infrastructure.

The second section provides well-reasoned development of an international investment project for opening a hotel in Montenegro, explores the main areas for investment, and also assesses the investment climate as a whole.

The third section provides arguments and grounds for an investment project for its implementation, and also shows ways for implementation.

The main calculations regarding profit, project payback and projections are made.

The conclusions and proposals contain a summary of all the calculations and all the results of the study.

Recommendations are given for using the development of an international project as well as the results of the study.

The list of references contains all the sources of information that were used in this work; the list has scientific specialized literature and electronic resources.

SECTION 1. MONTENEGRO'S ECONOMY: CURRENT STATE, DEVELOPMENT TRENDS AND MAIN PROBLEMS

1.1 General information

The Republic of Montenegro is located on the Balkan Peninsula (southeast of Europe). Before independence was declared in 2006, Montenegro was part of Yugoslavia. Since 2010, the country has become a candidate for membership in the European Union. In 2017, the republic became a member of NATO. The capital and largest city in Montenegro is Podgorica, and Cetinje is the cultural and historical capital.

The use of the name Black Mountain (Montenegro) as early as the 13th century was used in relation to the alpine region in the Serbian province of Zeta. It existed until 1496, after which it came under Ottoman rule and maintained a level of autonomy in the Ottoman Empire. For three centuries, it was ruled by the bishops of the princes. After she was a secular principality. And only in 1878 in Berlin Montenegro was recognized as an independent sovereign principality.

Due to the Balkan Wars of 1912–1913. Montenegro has further increased its lands, however, the ensuing World War I thwarted plans for their integration and settlement. Already in 1915, Montenegro capitulated, which cast doubt on the continued existence of an independent state. During the liberation of the Balkans, the union movement of the Yugoslav lands. gaining strength. The result of this movement was the adoption by the Great People's Assembly in Podgorica in October 1918 of a decision to unite Montenegro with Serbia, headed by the Karageorgievich dynasty. As a result of the creation of the Kingdom of Serbs, Croats and Slovenes, Montenegro disappeared as an independent state, becoming part of the unitary, which in 1929 became known as the "Kingdom of Yugoslavia"

With the outbreak of World War II and the occupation of Yugoslavia, part Montenegrin lands fell under the occupation zone of Italy, which tried to proclaim the separation of Montenegro at the end of World War II Montenegro became an integral republic of the socialist federal republic of Yugoslavia in the framework of the new state, Montenegro received the

status of an equal republic, and Montenegrins were first identified as a separate people the socialist federal republic of Yugoslavia broke up in the 92nd year.

In the 70s. XX century Montenegro gained even more authority with the adoption of the new constitution of Yugoslavia. Thanks republican institutions began to appear in Montenegro to expand their powers: the Academy of Sciences and Arts, republican media were established, the University of the Republic was founded.

In 2003, the country moved to a free state union of Serbia and Montenegro. In May 2006, Montenegro declared its right to hold a referendum on independence, during which 55% of voters chose to break off ties with Serbia, which resulted from the independence of Montenegro. Montenegro is currently completing the EU accession process, a request for which was made back in 2008. It has also been a member of NATO since 2017.[1]

The Principality, and then the Kingdom of Montenegro, until its disappearance from the political map of Europe, adhered to a constant foreign policy. Montenegro's main ally was its permanent "sponsor" - Russian Empire

Since the arrival of Peter II, the reformer of Montenegro in 1833, long relations between the two states began in Russia 82. It is worth noting that this step was also dictated by the love of the Montenegrin people for the Russians. This step helped Peter not only to establish material support from Russia, but also to raise his authority among the Montenegrin tribes.

Industrialization in the country began only at the beginning of the 20th century, when the country was called the Principality of Montenegro. The reason for this was the small population with poor infrastructure and the lack of large mineral deposits.

Nevertheless, the economic lag had a positive impact on the environment; it was not spoiled by industrial waste. Speaking of the development of infrastructure in the first decade of the 20th century, however, industry growth was forced to be interrupted due to the Balkan wars, the First and Second World Wars. The only thing that has maintained its dominant position in the break between the world wars is agriculture.

After Montenegro managed to regain its independence, it began to adopt all the necessary legislative acts in order to make a good functioning foreign policy apparatus.

Due to the global crisis of 2009, the Montenegrin economy, like most countries, underwent a deterioration in financial pressure, which led to an increase in public debt. Nevertheless, various financial risks did not materialize. Thanks to the actions of the state, namely, the proposal of a number of structural reforms, the country was able to make progress towards creating a functioning market economy

This report led to the fact that in 2010 Montenegro received the status official candidate for EU membership. Having gained candidate status, Montenegro has taken a huge step towards another, much more difficult phase of integration: after gaining independence in 2006, the main priorities of Montenegro in foreign policy were provisions on integration with the EU and NATO. From the very first days of the existence of an independent state, the Montenegrin authorities took this course. Integration with the EU requires countries to be ready to fulfill all their obligations to prepare for EU accession.

As part of the Stabilization and Association Agreement, Montenegro successfully implements all its segments. Montenegro maintains a political dialogue and coordinates foreign policy with the EU; conducts regional and bilateral cooperation with the countries of the region; uses EU support tools that contribute to the overall economic and democratic reforms in the country; develops national and regional projects for infrastructure, energy and transport sectors;[2]

Today, Montenegro is one of the most environmentally responsible countries in Europe. This fact is shown even at the legislative level in the constitution. The sea water of the Adriatic along the Montenegrin coast is very clean. This is a confirmation not only of tourists, but also of various scientific researchers. Also, a feature of tourism is that almost the entire territory of the country is protected by UNESCO. It has a wonderful Mediterranean climate, which goes well with the mountainous and plain natural areas. [3]

Montenegro has four distinct climatic regions: coast, rocky plateau, plain and highlands. Primorye is characterized by a mild Mediterranean climate. Summer is long and dry, and winters are short and mild. Average summer temperatures range from +24 to +26 ° C. The beach season lasts from late April to early November. The sea water temperature during the swimming season ranges from + 20 ° C to + 26 °C.

The climate of the rocky plateau is markedly different from the seaside. It is cooler in summer than on the coast. In winter, the average temperature at night is - 3 ..- 5 ° C, and in the afternoon 5..8 ° C. This region has the highest rainfall in Europe, as the southwestern slopes of the plateau hold up humid air coming from the sea. The rainiest month is November.

The plain is protected by a rocky plateau from the direct impact of the sea, so it is hotter in summer than on the coast. The average daily temperature in July is + 32 ° C, and in winter it is usually not lower than -5 ° C.[4]

In the northern part of the country - highlands - subalpine climate is pronounced, with cold, very snowy winters and moderately warm summers. In the northern regions of Montenegro, snow is up to 5 months a year.

The territory of the country can be divided into three parts: the coast of the Adriatic Sea, the relatively flat central part of the country, on which its two largest cities are located: Podgorica and Niksic, and the mountain systems of the east of the country. The capital of Montenegro is Podgorica. The area of the country is 13.8 thousand square meters. km

The length of the state's land borders is 614 km: in the west with the Republic of Croatia - 14 km; 225 km in the northwest with Bosnia and Herzegovina; in the northeast with the Republic of Serbia and Kosovo - 203 km; in the southeast with the Republic of Albania - 172 km.

The continental coastline of Montenegro has a length of about 300 km. Montenegro comprises 14 sea islands, the total length of the coastline of which is 15.6 km. In the north-west of the country is the large Boka Kotorska Gulf, with a water surface area of 87.3 km² and 29.6 km crashing into land.

The length of the beaches of Montenegro is 73 km. More than 41% of the country's area is forests and forest lands, 39.58% - pastures. Picturesque nature, soft mountain landscape, excellent beaches - this is the visiting card of the country. Montenegro is a country of magnificent nature: everywhere green bushes, gardens, trees, thickets of flowers are a real paradise.

According to the Constitution of Montenegro, the republic is an “environmentally friendly state”, 8.1% of the territory is under various environmental regimes. The most important natural resources are the four national parks of Durmitor (on the UNESCO list), Lovcen, Biogradska Gora and Skadar Lake. [5]

The culture of Montenegro is a huge vessel, filled at different times by peoples with their creativity and tradition. West and East, Orthodoxy and Islam, Romanesque and Gothic, Baroque and abstract art took an active part in the formation of the external and internal appearance of the Montenegrin culture.

The development of society, the emergence of foreign relations, contributed to the formation of a new cultural environment, the main arena for the expression of which was the city of Kotor.

Its majestic and graceful churches and fortress, public houses and buildings, preserved to this day, are now included in the UNESCO World Heritage List so that the next generation can study history according to living evidence of the times.

During the existence of Montenegro as a kingdom, the Montenegrin society was divided into supporters of unification with Serbia, which were supported by Russia, and supporters of independence. The first considered Serbia as a stronger and more developed state. [6]

1.2 Economy and main aspects

The economy of Montenegro is moving to a market system. Almost all state-owned companies are privatized, including telecommunications, oil distribution,

and banking. Tourism accounts for more than 20% of the country's GDP and almost three times more visitors are attracted each year than the population of the country as a whole. Also at different stages of development, you can find several new expensive tourist complexes along the coast. In addition to tourism, the two main branches of the Economy are agricultural energy, since only 20% of the country's hydropower potential is used.

After gaining independence, Montenegro signed a stabilization and association agreement with the European Union in 2007. This agreement aims to create free trade within the EU based on fair, stable and transparent rules. The main features of the Montenegro trade agreement are:

- ensuring the free movement of workers within the region;
- free movement of capital;
- liberalization of documentation related to customs - reduction in the number of import licenses required by Montenegrin companies;
- Protection of intellectual property rights.

For 2016, the Republic of Montenegro recorded a GDP of 9.4 billion US dollars, which is equivalent to an increase of 1.1% compared to the previous year. He also registered foreign direct investment or foreign direct investment of \$ 547 million for 2017. This shows that foreign businessmen are attracted to invest in Montenegro. Due to the long economic crisis and political instability in many countries of the Balkan region since the collapse of Yugoslavia, economic development slowed down very much, which led to high unemployment. Among all the states of the former Yugoslavia, with the exception of Slovenia, the lowest unemployment rate in Montenegro. According to the State Employment Bureau, 28,405 unemployed people were registered in the country, or 10.76% of the total able-bodied population.[7]

Fig.. 1.1

Level of unemployment in Montenegro from 2000 to 2019 years

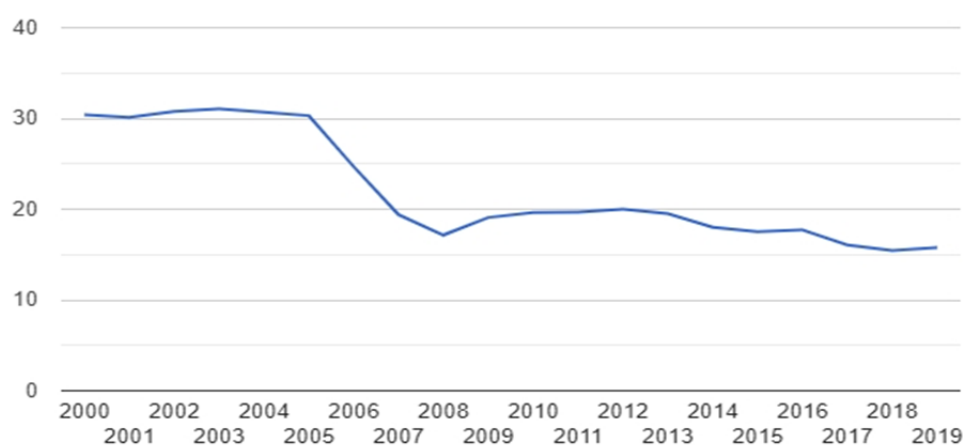


Fig. 1.2

Index of unemployment in Montenegro

Index	Value	Period
Unemploymentrate	10,76 %	Jan. 2020
Numberofemployedpopulation	203123 p.. 0.203 mln.p.	Nov.. 2019
Long-termunemploymentrate	12.7 %	2019

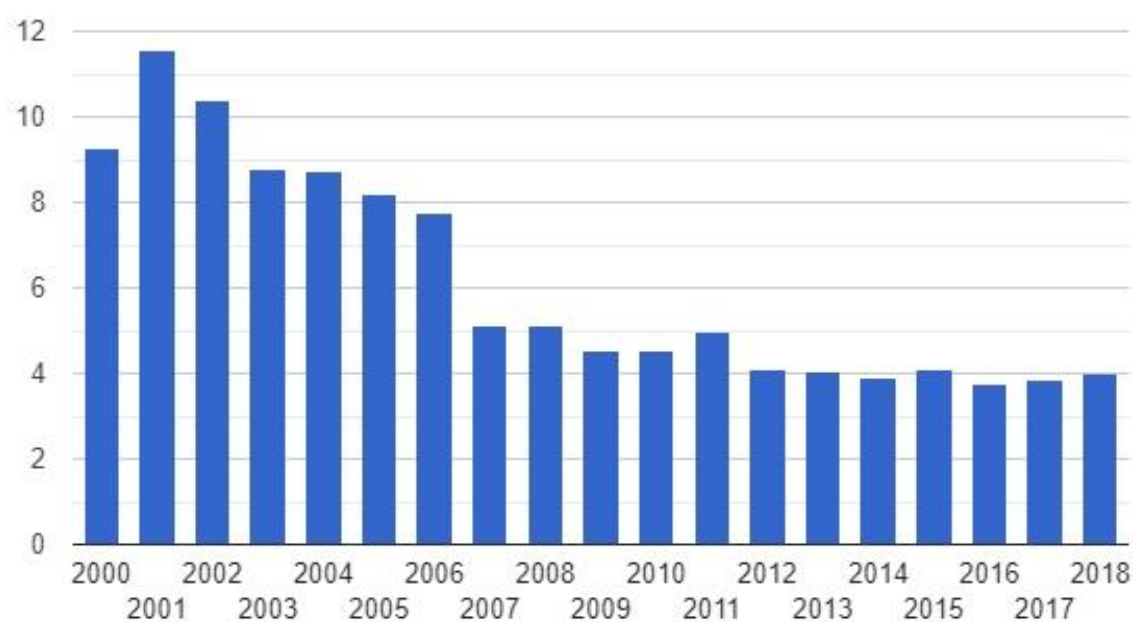
Montenegro uses the euro as its national currency, while it is not an official member of the eurozone. In 2011, Montenegro joined the WTO. Before that, it joined the World Bank 2007. The European Union forced Montenegro to take measures to combat crime and corruption so that it could successfully negotiate accession to the EU in 2012. The government believes it is very necessary to remove various obstacles in order for the country to be competitive and able to open itself to foreign investors. In 2017, direct foreign 200 nations reached \$ 848,000,000 per capita investment is considered one of its highest in Europe due to the low corporate tax rate. The largest foreign investors are Norway, Russia, Italy and Hungary.[8]

Today, Montenegro wants to make major repairs of roads and railways and is also thinking about expanding the air transport system. In 2014, two Chinese companies were selected in order to build a 41 km stretch of road car.

Cheaper borrowing costs have spurred Montenegro's debt growth, which currently stands at 65.9% of GDP, with a forecast in the absence of fiscal consolidation, to increase to 80% after the repayment of a road loan to Ex / Im Bank of China begins in 2019. amounting to 800 million euros. Montenegro first introduced value added tax (VAT) in April 2003 and introduced differentiated VAT rates of 17% and 7% (for tourism) in January 2006.

Fig. 1.3

Market share period from 2000 to 2018 years



Описание?

The Montenegrin government has increased the rate of value added tax (VAT), not related to tourism. up to 21% as of January 2018.

Speaking of market share, you can see from this indicator, the World Bank, which provides data on Montenegro for the period from 2000 to 2018, that the

average value for Montenegro during this period was 6.14 percent with a minimum of 3.74 percent in 2016. , and a maximum of 11.56 percent in 2001.[9]

As for the local labor market, Montenegrin employers believe that the country has a huge wealth of workers with secondary vocational education.

Today, 33% of the total number of unemployed in the Montenegrin are young people who have higher education diplomas.

Today, about 15,000 specialists with secondary education are registered on the labor market.

In 2017, the Government did not comply with union requirements to raise the minimum wage from \$ 235 to \$ 305. In order to fill the budget, it went to increase the level of VAT by 2%. Excise taxes on fuel, alcoholic and carbonated drinks, and cigarettes were increased, which led to an increase in food prices and a decrease in the competitiveness of the Montenegrin economy.

Fig. 1.4

Average level of salary

Minimalsalary	288 EUR/month 317.39 USD/month	2 nd quat. 2018
Salary	781 EUR/month 857.14 USD/month	Des. 2019
Manufacturingsalary	604 EUR/month 662.884 USD/month	Des. 2019

The minimum wage in Montenegro remained unchanged and amounted to 288 EUR / month (317.39 USD / month) in the second quarter of 2018. The maximum minimum wage was 288 EUR / month, and the minimum - 288 EUR / [10]

The most popular professions in Montenegro following the results of 2017 are: waiter, cook, maid, massage therapist, concrete carpenter, microbiologist, technologist and others.

Unemployment remained at a fairly high level. Thanks to the ongoing social policy, the Government managed to reduce it to 17%.

Using the euro as the national currency and not being a member of the eurozone, the country does not have the right to issue currency and is forced to follow the monetary policy of the European Central Bank. The average salary in the country was about \$ 570.

Exploring the latest data from the Montenegrin Employment Office (ZZZCG) More than 40 thousand. illegal workers registered in the country. All of them operate in the areas of restaurant business, construction, transport, trade. The reason for this is the high taxation of salaries. The solution to this may be to reduce social contributions to various health insurance funds or unemployment funds. Another problem of the Montenegrin labor market is the huge attraction of migrant workers. Almost 110,000 foreigners from neighboring countries work in the Montenegrin region.

Historically important activities in Montenegro included raising sheep and goats. Agriculture in the country is poorly developed, and only 6% of the country's territory is cultivated. More than 30% of the total number of workers in the state works in agriculture. Their work usually takes place on family farms where they distribute their products to markets.

The main problem is that in the country there is an oversupply of specialists with higher education and a shortage of personnel with secondary education.

In order to solve this problem, it is necessary to make various changes to the legislation of the country, as well as to focus on paying more attention to various modern programs of training vocational schools. One of the main goals is to reduce the number of foreign workers, expand opportunities for local specialists, and improve and improve the skills of Montenegrin workers.[11]

1.3 Infrastructure development and tax system

After Montenegro became independent, the tourism industry began to show significant rates of economic growth, respectively, this industry has become the most profitable for foreign investment. Due to relatively low prices, excellent

environmental conditions and good service, the number of tourists began to increase at tremendous speeds every year.

It is impossible not to notice that the infrastructure began to develop, namely roads, hotels, shopping and entertainment centers, historical monuments. And yet, along with this, there is still a shortage of high-quality and elite hotels in the country. Not everywhere there is a high level of service and the demand for comfortable conditions often exceeds the offer itself.

The most developed tourist and business centers of Montenegro are Budva, Tivat, Becici, Herceg Novi, Ulcinj, Bar, Petrovac, Kotor, and Zabljak ski resort.

The country has two international airports Podgorica and Tivat. There is a seaport in Bar, the railway through it mainly moves goods to central Europe through Serbia. All this is the basis of the transport system. Speaking about the shortcomings, one must take into account the fact that despite the good development of roads, the landscape and many mountain roads are quite winding and dangerous. Because of this, the railway network is poorly developed and yet several trans-European highways run along the Montenegrin.[12]

The economy of Montenegro also has huge support from the European Union, as the European Agency for Reconstruction spent about 73,000,000 € on investing in Montenegro. All of the above aspects, including guarantees from the state to protect investments, especially foreign ones, make Montenegro especially attractive for various European investors.

The most developed industries in the country are aluminum processing, tobacco growing, ferrous metallurgy, shipbuilding and salt mining. The most important thing is that there are no large factories and industrial plants in the country, and accordingly this has a great impact on the environment..[13]

Montenegro establishes foreign economic relations with different countries, offering for export wine, wine materials, environmentally friendly products.

Depending on the nature of the product, certain goods for import / export may be subject to a permit, license, quality or packaging rules, standardization or special formalities.

The Montenegrin Customs Administration is the state body responsible for compliance with the Law on Customs Administration, verification and management of the influx and outflow of goods in the country, collection of customs revenues, trade facilitation, etc.

Montenegro is considered the 167th largest export economy in the world. Montenegrin authorities have implemented major trade policy reforms to become a member of the World Trade Organization. Customs duties have been reduced, and tariff and non-tariff barriers have been removed. [14]

Speaking about taxation system, in Montenegro, there is no single taxation of the consolidated group; each organization from the group is obliged to file a tax return on its own, the parent organization submits a tax return for the entire group. The provisions on the consolidated group apply only to tax residents of Montenegro.

The standard VAT rate is 19%. A reduced rate of 7% applies to the production of basic consumer goods, medical supplies and tools, teaching aids, books and monographs, public transport services, and other types of supplies. Export VAT rate is 0%

The owner of real estate is required to pay property tax. The rate is 0.1 - 1% of the market value of real estate located in Montenegro. In tourist areas, a tax rate increase of up to 5.5% is possible.

The entire tax system of Montenegro is built on a common standard European model and is not particularly distinguished. However, here some taxes are much lower than in Europe as a whole. For example, those that relate to taxation on real estate.[15]

Tax for individuals

- if the capital gain is more than 4.5 thousand euros, the tax will be 23% of the real amount of profit, plus an additional 647 euros
- if the profit fluctuates between 2.6 thousand and 4.5 thousand euros, the rate will be 19% plus 274 euros

- if the profit is from 785 euros to 2.6 thousand euros, you pay 15% without additional payments
- tax exempt up to 785 euro

Montenegro income tax for legal entities

This tax in Montenegro is quite attractive for business, since its rate is lower than the European average - only 9%. It is paid by all individuals who produce goods, render services within the country.

If you are just planning to open a company, it is most beneficial to register it in regions that the government considers to be developing. In this case, in the first 3 years you will be taxed. Their amount depends on the type of activity of the company. Legal entities also pay 5% of income tax on interest income and 15% on dividends.[16]

Real estate tax

It is taxed by individuals and legal entities that own real estate in Montenegro. For citizens of Montenegro the amount of this tax is 2 times less than for foreigners.\

There is a nuance with taxation of real estate located in tourist areas. When renting an object located in such a zone, any individual must pay the so-called tourist tax. It is calculated according to the formula, which takes into account the area of the object, the number of days in the tourist season, the occupancy rate.

This tax in Montenegro is quite attractive for business, since its rate is lower than the European average - only 9%. It is paid by all individuals who produce goods, provide services within the country.

In Montenegro, transfer pricing rules apply. Price for transportation is one of the tools of tax planning and provides for the sale of goods and the provision of services between interdependent parties at prices different from market prices.

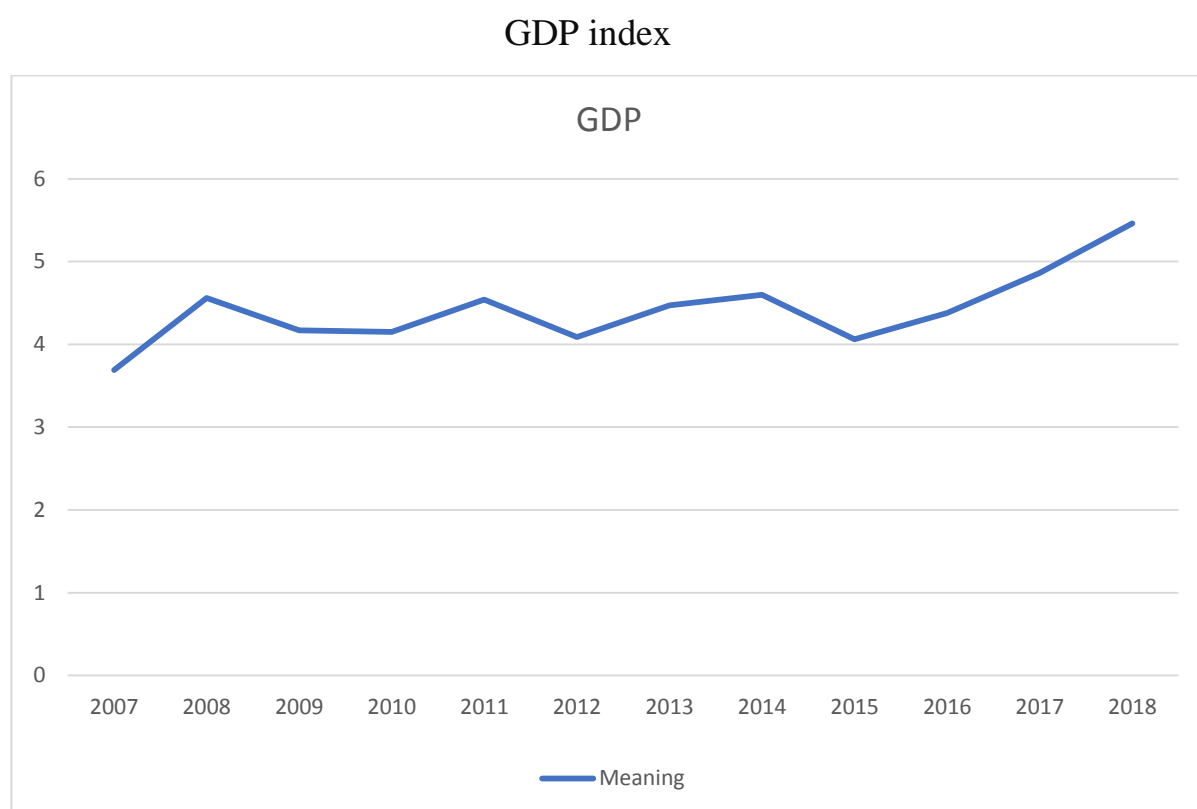
Montenegro signed over 40 double taxation treaties, according to which foreign investors can take advantage of discounts, benefits or loans to avoid double taxation of their income.[17]

SECTION 2. FOREIGN ECONOMIC ACTIVITY OF MONTENEGRO: INTERNATIONAL MOVEMENT OF GOODS AND CAPITAL

2.1 Trade, economic and investment cooperation

The economy of Montenegro has almost completed the transition to a market structure. Over 90% of state-owned companies have been privatized in the country, banking, telecommunications and oil refining sectors have been completely privatized. Montenegro's GDP showed positive growth trends in 2017 compared to 2016 and increased by 3%, amounting to about 4 billion US dollars. The growth of the country's economy was due to an improvement in the situation in tourism and related industries. The services sector in total GDP amounted to about 70%.

Fig.2.1



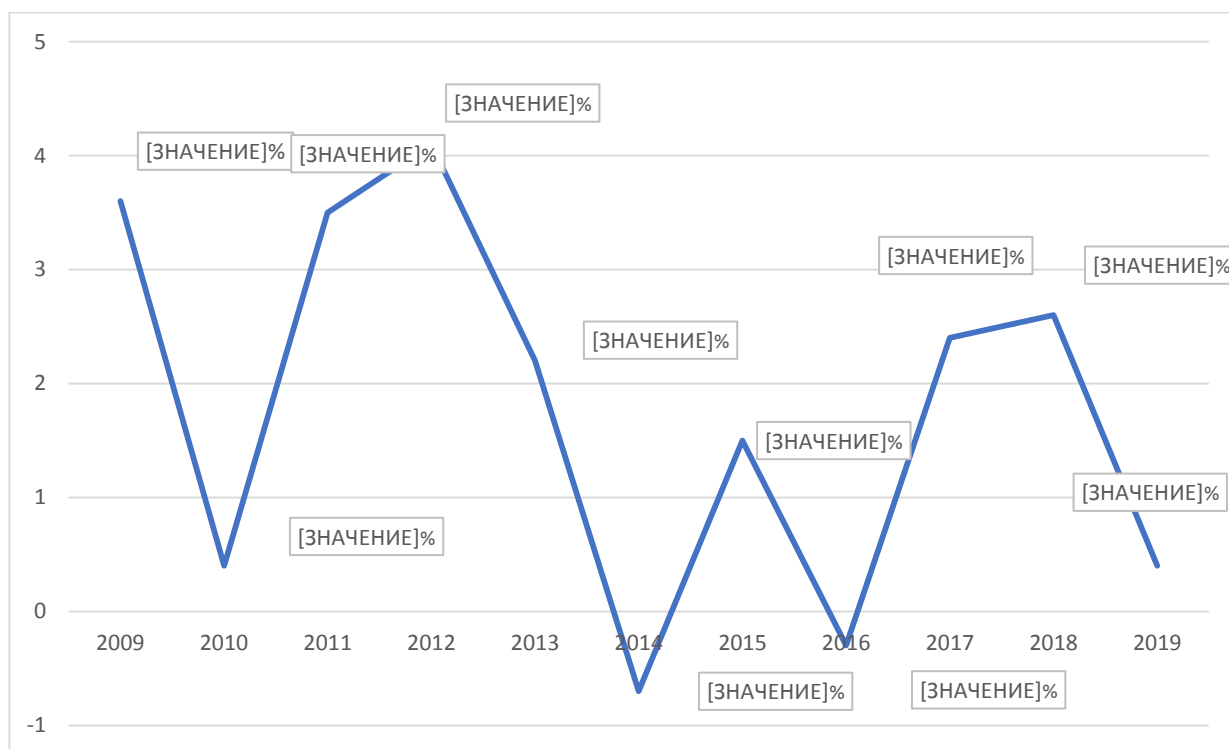
[18]

The economy has been growing since 2013 due to low or moderate inflation. The financial sector has improved its solvency and liquidity.

GDP indicators in 2014 reached the peak of that period (\$ 4.59 billion), but in 2015 there was a decrease (\$ 4.02 billion), followed by an improvement in 2016 (\$ 4.17 billion), and continued to grow and grew more than 5.5 billion dollars [19]

Fig.2.2

Change in inflation in Montenegro over 10 years



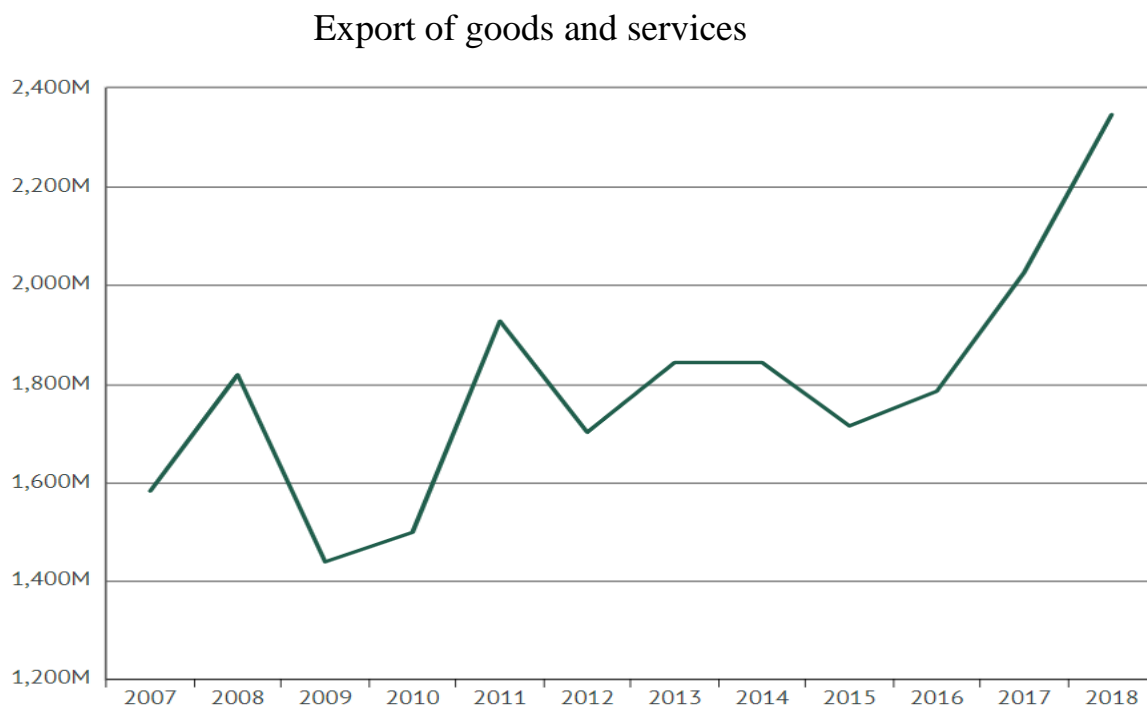
[20]

Inflation rates are very cyclical, according to the table, we can observe a strong increase in the value by 2012 (up to 4.1%), and after 2 years already in 2014 reached its historical minimum - -0.7% and again slightly increased after a year to 1.5%, this trend continues to this day.

At the end of 2019, we can observe that inflation is at the level of 0.4%, therefore we can assume that next year the value of inflation will increase again.

The country's foreign trade turnover in 2017 grew by 12% and amounted to 2.7 billion US dollars. Exports of goods increased by 13.9% to the level of 0.4 billion US dollars, imports grew by almost 11.7%, amounting to 2.3 billion US dollars. The foreign trade balance was negative - minus 1.9 billion US dollars.

Fig.2.3



[21]

In general, the export situation in Montenegro is positive, throughout its existence, it shows that exports continue to grow, except in 2008 during the global financial crisis. Over the past 3 years, exports continued to increase steadily, and at the end of 2018, the value is \$ 2.3 billion.

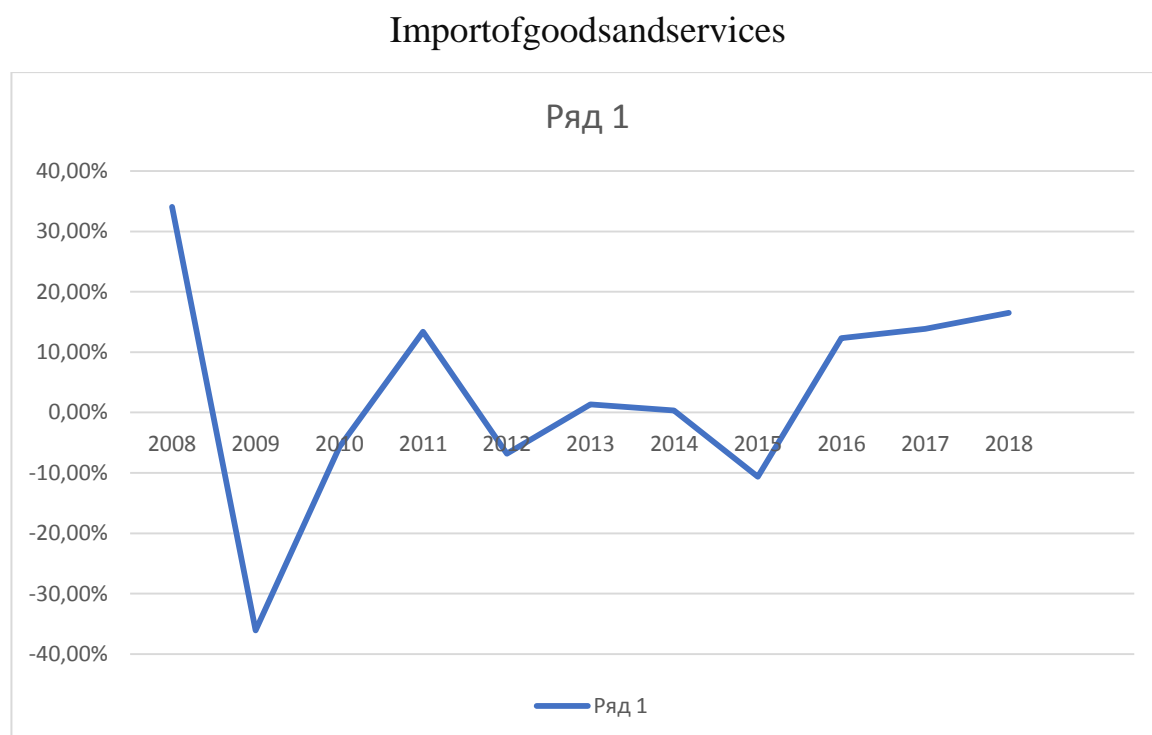
Montenegro's exports in 2018 used raw aluminum (21.6%), electricity (9.4%), wood (5.5%), dried vegetables and wines (4.9%), and other (58.6%).

Montenegrin companies operating in the steel industry, where it was necessary to export a bar of iron or non-alloy steel. The main export destinations of Montenegro: Serbia, Italy, Bosnia and Herzegovina, Belgium and Pakistan.

The industry of Montenegro is based on ferrous metallurgy and aluminum production, electrical, rubber, chemical, textile, light and food industries, shipbuilding, ship repair, and woodworking.

The government adopted a program of economic development for 2018-2020, aimed at harmonizing with the norms of the European Union and ensuring an average economic growth of 2.6 - 2.8%. [22]

Fig.2.4



[23]

The situation of imports in Montenegro is not stable, on the chart we see that the global financial crisis of 2008 also negatively affected imported goods or services. In 2018, the value of imports is \$ 3.6 billion, which significantly exceeds export figures.

Products imported to Montenegro in 2015 included: petroleum oils and oils derived from bituminous minerals (7.6%), automobiles and motors for automobiles (3.7%), pharmaceutical products (2.7%) and electricity (2.2%). Food companies in Montenegro import fresh or frozen meat, which is 2.3% of total imports in the country. Imported goods and goods come mainly from: Serbia, China, Croatia and Italy.

Exports of services to Montenegro decreased by 25.3% and amounted to 0.1 million US dollars. Service imports declined 72.2% to \$ 0.1 million.

According to the official statistics of Montenegro, in 2017 more than 2 million tourists arrived in the country, the total number of overnight stays of which exceeded 1.7 million. The government seeks to attract new investments that should

make the best use of undeveloped coastal areas, such as Jaz, Velika Beach Beach, Ada Boyan and Buljaritsa.[24]

2.2. Tourism and other spheres for investment

The following structures are available for foreign investors in Montenegro:

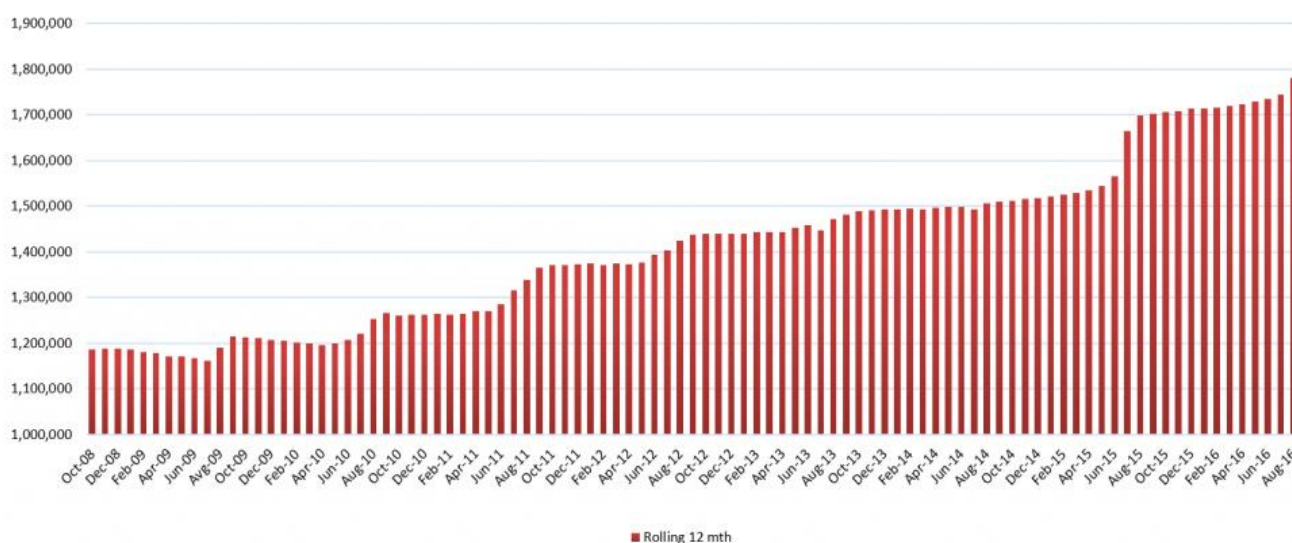
- Partnership, which is the preferred option for those who want to have a Montenegrin partner;
- a private limited liability company, which is a fairly popular form of business in Europe;
- a joint stock company, which is also common in other European countries and which is engaged in large-scale operations;
- Branches and subsidiaries are available for foreign companies wishing to open their activities in Montenegro.

The most important economic sector of Montenegro is of course tourism. When thinking about which business is best to start, one should take into account the strategic geographical location and natural potential of this country. It is located in Southeastern Europe in the central Mediterranean region. It has a variety of landscapes and different climates.

Also, investment potential can be seen in other sectors such as energy, infrastructure and agriculture. Despite the fact that the country is small, it can offer a fairly high-quality program of beach sports and cultural recreation.

Due to the fact that there is no heavy industry on the territory that would pollute the environment, the ecological purity of nature is preserved in Montenegro and this is undoubtedly one of the important criteria that attract tourists. Here you can see statistics on visiting tourists during 2018:

Statistics of visiting tourists in 2018



It is the beautiful views and accessibility that make Montenegro an actual hot spot for tourists and travelers. Other celebrities and other influential people choose their place of residence or buy real estate there. Due to the fact that the market is in a state of development and offers reasonably good value for money, it is attractive to investors. As an example, prices in Montenegro are 40% less than in the same Croatia. [25]

Montenegro is one of the most affordable resorts in Europe, it attracts a very large number of travelers, so investing now is a good opportunity to have rental income in the future. Under local law, there is no capital gains tax in the country.

For example, mining is an excellent investment sector in Montenegro for those businessmen who have a large capital stock. The government presents opportunities for coal mining in the Maoce basin, as well as for the construction of a thermal power plant.

Montenegro has a great wealth of different sources of drinking water. Currently, the country has seven facilities for water production. nevertheless, the import of drinking water is very large; the export of water is rather low. Only 17% of water resources are used in the country, and given the fact that water is one of

the most valuable liquids, even compared to oil, this is one of the sectors that has danced for great monetization. Agriculture also does not go unnoticed. About 8% of Montenegrin GDP falls on this particular industry. Understand the official data, as was said before, more than 30% of the total number of workers in the state works in agriculture.

The maritime sector is another of the most attractive industries in the Montenegrin region. It specializes in registering yachts, which is a very profitable business in Europe. Foreign investors or people who are engaged in yachting and are thinking about how to turn the business into a business should take into account that the entrance to the waters of Montenegro is based on multiple vignettes. From the point of view of taxation, it can be said that marine tourism services are taxed at a rate of 7%, ship chartering services are taxed at a rate of 0%.

Montenegro introduced the euro in order to facilitate accession to the EU. What is very important is that the government has included many of the EU directives in its national laws and all this has been done in order to meet their standards, and therefore this is one of the reasons why Montenegro should be considered as a place for its investments.[26]

The hotel fund of Montenegro is diverse and can provide almost any needs of tourists who visit the country. The classification of hotels in Montenegro, as in any resort country, is indicated by the number of stars.

Montenegrins are hospitable and welcoming. Therefore, Montenegro is one of the best places to relax. 17 years ago, the country was recognized as an environmentally friendly zone.

One of the features of Montenegro hotels is, first of all, not the level of service and service, but the friendly and attentive staff. Given the fact that the tourism business of Montenegro has only a few years

Herceg Novi is one of the most famous resorts in the country, located at the entrance to the Bay of Kotor and along the slopes of Mount Orjen. Noteworthy is the city park, in which several hundred species of subtropical and tropical plants grow, including several species of mimosa. In winter, the famous "Mimosa

Festival" is held here, which lasts a whole month. The city was founded more than 1600 years ago, so many monuments of medieval architecture have been preserved here.

Igalo, also lies at the foot of Mount Orien, is known throughout Europe for its Center for Health Tourism and the Institute of Physiotherapy and Prevention named after Simo Milosevic, as well as the Center for Health and Leisure. Such a large concentration of medical institutions is due to the exceptionally successful combination of a mild Mediterranean climate, a clean sea of therapeutic sea mud, own sources of mineral water, as well as large investments in modern equipment and staff qualifications,

Budva is one of the most beautiful and oldest cities on the Montenegrin coast of the Adriatic, located in the central part of the Montenegrin coast. ancient monasteries, picturesque narrow winding streets, as well as many other, no less colorful places. Not far from Budva is the island of St. Nicholas, which locals call "Hawaii" - this is one of the most popular holiday destinations in Montenegro.

The Bay of Kotor (Boka Kotorska) is the largest and most beautiful fjord in the Mediterranean, which cuts into land for 28 kilometers. Boka Kotorska attracted and attracts with its beauty many famous people of its time, such as Bernard Shaw, Byron, and others.

A dangerous and impressive serpentine road leads from Kotor to the top of Mount Lovcen. Due to the abundance of historical monuments and perfectly preserved medieval buildings in 1979, Kotor was declared a UNESCO World Heritage Site. [27]

Also there is a new program "Citizenship through investments in Montenegro". This country is one of the most modern countries in Europe, which meets the interests of the government and follows the latest economic trends. Poets reason in 2018, the scheme "citizenship by investment" was introduced

The program began on October 3, 19th year and proved to be one of the most competitive in Europe. This is a great alternative for foreign investors, especially for those who want to get a second passport or invest in profitable real

estate, as there are quick terms for considering applications and the lowest investment threshold compared to other European Programs.

Under this program, those who want to move to Montenegro must meet one of the following requirements:

- invest 250,000 euros in the designated underdeveloped areas of the country;
- invest 450,000 euros in the developed regions of Montenegro;
- pay a state fee of 100,000 euros in addition to the choice of investments;
- A guarantee of € 15,000 is also required regardless of the investment choice.

The advantages of this program are the possibility of obtaining citizenship in Montenegro in no more than 6 months, the applicant can take 4 more family members with him, and this is also one of the cheapest citizenships for investment programs in Europe.[28]

SECTION 3. «DEVELOPMENT OF AN INTERNATIONAL INVESTMENT PROJECT «OPENING A HOTEL IN MONTENEGRO»

3.1 Justification of the investment project and hotel creation

Montenegro is a great country to live in, but it is very small (155th in the world by area, 622 thousand people) and it's hard to find a job here. Those who move to the country either work remotely (their business in their homeland, freelance ...), or open a company already in Montenegro. The government of the country understands this and goes towards them.

First of all, the purchase of real estate in Montenegro requires the obligatory personal presence of the owner in the direct conduct of business.

The profitability of such an object directly depends on its location. Accordingly, the entrepreneur will need high-quality consulting and legal services.[29]

To begin with, in order to open a business in the country, you need to register a company with a registered capital of 1 euro and appoint yourself as a director. The company will be registered in 10-15 days. The costs of its maintenance will amount to 1500-2500 euros per year.

In tourism - definitely on the coast, because most tourists come there. The most popular cities are Budva, Kotor, Herceg Novi and Bar.

Montenegro lives on tourism. This is a large sector of the national economy, which annually brings up to 2 billion income. You need to open a company here.

One of the most important factors that influence the flow of customers is seasonality. Each area has its own flow, both high and low. For example, in the coastal southern regions Housing demand occurs in the summer. The presence of a winter resort works in winter, but spring and autumn are ideal for cultural and educational recreation, since it is during this period that the most comfortable weather for tourists.

Although seasonality will not actually affect the amount of demand if you open a hotel in a large metropolis. Since in it the main contingent of people are

students, tourists, people working on business trips, applicants and other people who come about their business.

Based on all of the above factors, you can understand how it will be expedient and promising to open a hotel and, in general, run a hotel as a business.

The obvious advantages for such an activity can be numerous advantages in the form of profitability of the hotel business, prestige, prospects, stable and high demand in the market, as well as the availability of many different opportunities that will significantly reduce costs at the stage of opening your hotel and throughout the entire business as a whole .[30]

Moreover, those owners who have their own buildings, have the opportunity to rent it for the hotel business and get good profit without investing at all.

To open a hotel, you first need to decide on the format of the hotel and take into account the features of the area where it will be located and of course understand your potential category of customers.

The most profitable and advisable may be the following options:

- The hostel is a rather popular option among tourists, a budget one with the lowest costs and a quick payback for the owner. This is an option in the format of a hostel, which has rooms that can accommodate up to 20 people, it has a shared kitchen, a shared toilet and an alternative recreation area.
- A mini-hotel is a place with a small territory which implies the arrangement of a small number of reception rooms and a buffet or a cafe.
- A motel is a budget type of hotel that usually stands near a road in the Roadside zone, is used and is designed for a short stay, with a minimum of necessary amenities and ordinary furniture.
- The resort hotel is a place for quite large investments, designed for expensive quality leisure and entertainment, which has its own restaurant, pool, sauna, gym and other additional services.
- Business hotel - a hotel that was created to organize various business conferences, negotiations, seminars. the building must have a conference room, restaurant, expensive and prestigious rooms and the necessary equipment.[27]

3.2 Register a business

For the legal conduct of the hotel business, you must register as an individual company or create a limited liability company. The choice in favor of an individual entrepreneur or LLC depends on the size of the enterprise, but in almost all cases, except for the construction of a large business hotel, one can limit oneself to the design of an individual entrepreneur.

Features of taxation

For tax registration of the hotel business, two basic OKVED codes are used: 55.11 - if it is planned to establish a catering facility in the hotel; 55.12 - if the hotel does not have a food service point. When choosing a taxation system, some features of each should be taken into account: UTII - suitable for legal entities and individuals, which include no more than 100 employees, and in the case of LLCs - when there are no shares of more than 25%; STS (6% on gross income) - with a profitability of more than 40%; STS (15% on profit) - with profitability less than 25%. The general taxation system (OSNO) is very disadvantageous, so it is not recommended to choose it.[31]

Having analyzed the price on the Booking website, we can say that the average price for a stay in a good hotel in the summer will cost from 80 to 120 euros. Having studied the market in detail, I chose a mini-hotel, as it will be cheaper to purchase and accordingly less expenses will be spent on its arrangement. The mini-hotel includes from 5 to 15 rooms, has a dining room or restaurant, sometimes a pool. In the city of Budva, a similar hotel in the second or third line from the sea will cost from 400 to 450 thousand euros. This will be a finished built room of 250 square meters with 10 rooms.

Such a project is suitable for those who have large resources and who need to quickly invest their own funds and start making profits as soon as possible. At the same time, you can also consider the purchase of unfinished, so I found a room with an area of 400 m² with a personal territory of 120m², worth 250 thousand euros. Such a hotel contains 15 spacious rooms, a kitchen room with a restaurant, a lounge with a reception, and has territory for an outdoor outdoor pool, located in

the second line from the sea, although not very close to the city center. The cost of repair and completion of the premises will not exceed 150 thousand euros., And therefore makes the project more appropriate, although it requires a lot of time. [32]

3.3 Calculation part

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You can open a business in Montenegro yourself, or with the help of accounting firms. They can also support your company, after its opening: keep accounting records, submit tax reports and so on.

When opening an LLC, the minimum authorized capital in Montenegro is only 1 euro. When registering a joint stock company, at least 25,000 euros must be in the company's account. In our case, it is more advisable to open an LLC, I also

believe that in another country it is necessary to use the services of a consultant or lawyer who will help to more correctly register a new company:

D.O.O. (Limited liability company)

- Opening - 300-400 euros,
- Registration costs - 700 euros (printing, copies of documents, insurance)
- Total: opening - 1000-1100 euros.

The maintenance of the company per month will cost 160-200 euros (accountant - 100 euros)[33]

Table 3.1

Primary cost	
Sphere of investment	Price, EUR
Purchase of an unfinished building (400 m ² building), (120 m ² of personal territory)	250 000
Repair and completion of the building	150 000
Registration of documents, registration of the enterprise	1 100
Statutory capital	1
Kitchen equipment	15 000
Equipping the staff room	2 000
Purchase of goods	20 000
The cost of the hotel (first month)	15 640
Marketing costs	10 000
TOTAL (The cost of the hotel on first month)	448 101
TOTAL	463 741

Based on the data in the previous table, it can be understood that the initial costs are 448 101 euros. According to the data that we detailed in table 3.2 in the first month of the hotel's work, the costs will be 15,640 euros. per month.

In order to accurately estimate costs, it is necessary to take into account the amount of depreciation of intangible asset.

Amortization of intangible assets

The average life of professional kitchen equipment, indicated by the manufacturers, is about 10 years. According to these data, we calculate the depreciation of the kitchen equipment as follows:

The annual depreciation rate is equal to: $100\% / 10 \text{ years} = 10\%$

The annual depreciation of the kitchen equipment is $15,000 \text{ euros} * 10\% = 1,500 \text{ euros}$.

The monthly depreciation amount is $1,500 \text{ euros} / 12 \text{ months} = 125 \text{ euros}$.

Table 3.2

Monthly expenses

Name	Price, EUR
Utilitycosts	4500
Accountant	100
2 receptionconsultants (includingtax)	$2*480= 960$
4 cooks + 2 waiters (includingtax)	$4*480= 1920$
2 cleaninglady (includingtax)	$2*480= 960$
Food in a restaurant	5 000
Advertisingcosts	1 000
Companycontent	200
Unforeseencosts	1 000
Amortization	125
TOTAL	15 765
TOTAL for a year	$15\,765*12 = 189\,180$

What taxes do you need to pay in Montenegro?

Here are the main ones:

1. Income tax on individuals

It is paid by any person (both a citizen and not a citizen of a country with a residence permit) who receives any profit on the territory of Montenegro. The sources of profit include:personal income, property, capital, increase in capital and so on.

Income tax in Montenegro does not have a fixed rate. But there is a progressive scale:

- up to 785 euros per month - you do not pay tax
- from 785 euros to 2.6 thousand euros per month - 15% without any additional payments
- from 2.6 euros to 4.5 euros per month - 19% + 274 euros (fixed payment)
- from 4.5 euros per month - 23% + 647 euros (fixed payment)

Essentially: the rate depends on the size of your income and the difference between profit and expenses.

Income tax does not need to be paid for:

- material assistance that is provided as a result of the destruction or damage to property from emergency situations and natural disasters
- health insurance compensation
- income from gifts and inheritance
- income from lotteries, gambling and insurance
- social and humanitarian assistance
- student loans and scholarships
- travel allowances, hot meals, awards of anniversaries
- pensions

The law that governs income tax has been adopted and has been in force since January 2013.

2. Income tax

It is paid by all legal entities that carry out commercial activities in the country and get arrived. This can be the sale of any goods that are produced in Montenegro, the provision of services in the country, dividends, the use of natural resources of the country, risk insurance and other types.

The standard income tax rate is 9%. Interesting fact: this is one of the lowest rates in Europe. Also, legal entities pay additional taxes:

1. profit from interest income - 5%
2. on dividend income - 15%

In order to pay income tax or dividend income, you must file a tax return yourself. There is a deadline for this. In Montenegro, this is February 28th.

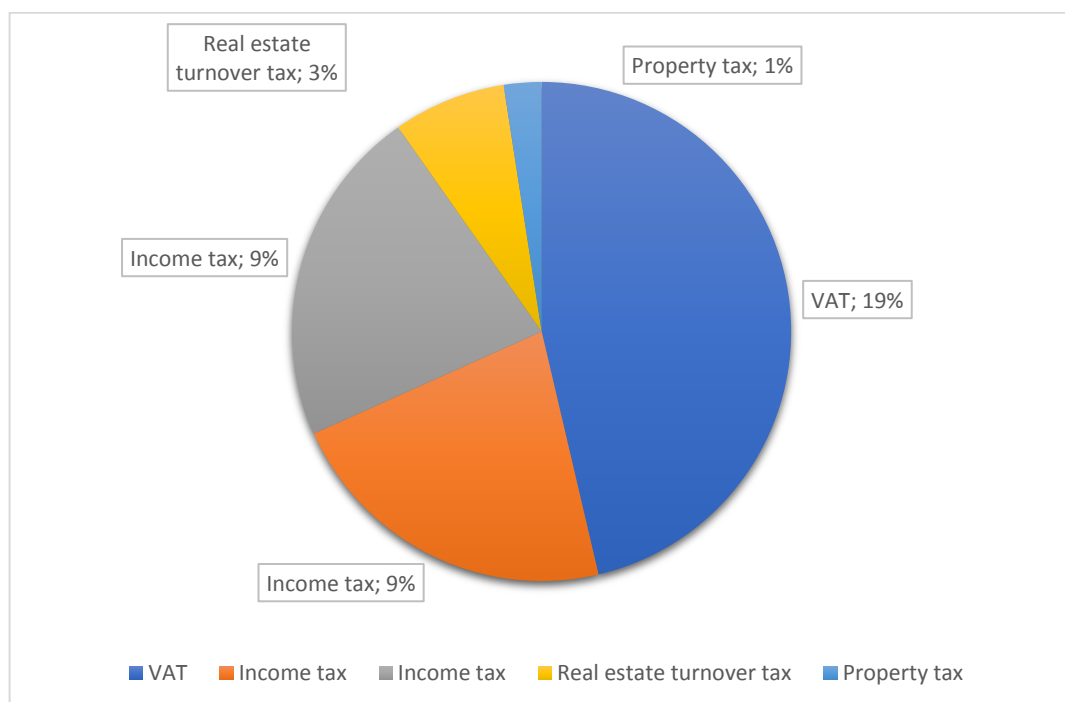
There are tax incentives for legal entities. For example, those operating in the developing northern regions. If you have such a company, the first three years you will have benefits, but then no. [34]

Personal Income Taxation

As for the Montenegrin tax system, it is considered quite liberal. Anyone has the opportunity to take advantage of the benefits. For example, at the start of operations, a company may have a three-year grace period in which tax is not paid. After the grace period ends, you will have to pay income tax in the amount of 9%.

Fig 3.3

Basic taxes in Montenegro



As for individuals who earn less than 720 euros, they monthly pay 9% of the tax. If the salary exceeds the specified figure, then deductions will be about 15%. Housing tax ranges from 0.2 to 1.0%.

The exact amount depends on the distance of the residential property from the coastline. [35]

Table 3.4

Net pay calculation the workers

Total cost for the employer (payroll):	480	100%
Standard incometaxrate	43,2	9%
netsalary / salary:	$480 - 43,2 = 436,8$	91%

Due to inflation, the total salary for 2021 will change:

Total salary for the year = 3840 Euro

$TP_{2021} = TP_{2020} + TP_{2020} \times i$ (inflation rate)

Since inflation in Montenegro is cyclical in nature, it is forecasted to be at the level of 1.2% for 2021.

$\Rightarrow TP_{2021} = 3840 \text{ euro} + 3840 \text{ euro} \times 1.2\% = 92.16 \text{ euro}$

Based on the publicly available information of other mini-hotels of Budva, we found out that in the summer season, which is quite long in this region, hotels usually have a full load, with an average price of 120 euros, you can expect 80% daily load.

In turn, in the non-summer season, the price will be on average 60 euros per room and a similar hotel can count on guests who visit the city for business purposes, on average this rarely exceeds 40%. Knowing this information, we can calculate the following:

$12 \text{ rooms} \times 120 \text{ euros} = 1440 \text{ euros per day in the summer season}$

$1,440 \text{ euros} \times 30 \text{ days} = 43,200 \text{ euros per month in the summer season}$

$43,200 \text{ euros} \times 6 \text{ months} = 259,200 \text{ euros in the summer season}$

$4 \text{ rooms} \times 60 \text{ euros} = 240 \text{ euros during the winter period}$

$240 \text{ euros} * 30 \text{ days} = 7200 \text{ euros per month during the winter period}$

$7,200 \text{ euros} * 6 \text{ months} = 43,200 \text{ euros during the winter period}$

$\text{Total } 259,200 + 43,200 = 302,400 \text{ Restaurant revenue}$

It should also be taken into account that the restaurant is located at the hotel, therefore, according to publicly available data, a small restaurant in a mini-hotel can generate income of 50,000 euros per year.

In 2022, due to inflation and the growing popularity of the hotel, prices should not have risen significantly.

$12 \text{ rooms} * 130 \text{ euros} = 1560 \text{ euros per day in the summer season}$

$1560 \text{ euro} * 30 \text{ days} = 46\,800 \text{ euro per month in the summer season}$

$46\,800 \text{ euro} * 6 \text{ months} = 280\,800 \text{ euro in the summer season}$

$5 \text{ rooms} * 65 \text{ euros} = 325 \text{ euros in winter season}$

$325 \text{ euros} * 30 \text{ days} = 9750 \text{ euros per month in the winter season}$

$9,750 \text{ euros} * 6 \text{ months} = 58,500 \text{ euros in winter season}$

$\text{Total } 280\,800 + 58\,500 = 339\,300 \text{ Annual restaurant revenue}$

We take the income from the restaurant in the amount of 55,000 euros per year.

In 2023, according to the cyclical nature of Montenegro's inflation, its value should have increased again, and therefore it should have reflected in the prices of the hotel, but this should not have an effect on consumer demand, since the hotel has existed for 3 years already and managed to win regular customers.

$12 \text{ rooms} * 150 \text{ euros} = 1800 \text{ euros per day in the summer season}$

$1800 \text{ euros} * 30 \text{ days} = 54,000 \text{ euros per month in the summer season}$

$54,000 \text{ euros} * 6 \text{ months} = 324,000 \text{ euros in the summer season}$

$5 \text{ rooms} * 75 \text{ euros} = 375 \text{ euros in winter season}$

$375 \text{ euros} * 30 \text{ days} = 11,250 \text{ euros per month in the winter season}$

$11,250 \text{ euros} * 6 \text{ months} = 67,500 \text{ euros in winter season}$

$\text{Total } 324,000 + 67,500 = 391,500 \text{ Annual restaurant revenue}$

We take the income from the restaurant in the amount of 65,000 euros per year.

The interest rate in Montenegro is 1.5%, the inflation rate is 1.2%, and the risk level is 4%.
 Now we need to calculate the deposit rate:

$$i = (1 + 0.015\%) * (1 + 0.012\%) * (1 + 0.04\%) - 1 = 1.015 * 1.012 * 1.04 - 1 = 0.068$$

Table . 3.5

Investment efficiency

Indicators	Year			
	0	1	2	3
Investment euro	-463 741	-	-	-
Annual income in euros	-	352 000	394 300	456 500
Annual expenses in euros	-	-189 180	-191 450	-193 747
Net profit (loss) in euros	-	-300 521	-99 562	163 191

The payback period is the amount of time it takes for a full reimbursement of investment in real estate at the expense of the income received. The scheme for calculating the payback period is made according to several factors, the discounted cash flow of income is determined in accordance with the period of occurrence and the calculation of the accumulated discounted cash flow as the sum of costs and discounted income.

1.1

First Year Discount Rate: $1 / 1.081 = 0.925$

Discount rate for the second year: $1 / 1,188 = 0,841$

Discount rate for the third year: $1 / 1.306 = 0.765$

1.2 Now let's calculate the cash flows:

Cash flows = depreciation + net income.

=> Cash flow for the first year: $15,000 + 162\,820 = 177\,820$

Cash flow for the second year: $15\,000 + 202\,850 = 217\,850$

Cash flow for the third year: $15,000 + 262,753 = 277,753$

1.3

Discounted cash flows = cash flows x discount rate

Discounted cash flow for the first year: $177,820 \times 0.925 = -164,483.5$

Discounted cash flow for the second year: $217,850 \times 0.841 = -183,211.85$

Discounted cash flow for the third year: $277,753 \times 0.765 = 212,481.045$

2) To determine if a project is successful, it is important to measure its net present value (NPV), payback period and profitability index.

NPV = amount of discounted investment cash flows.

$$\text{NPV} = (164\,483.5 + 183\,211.85 + 212\,481.045) - 463\,741 = 560\,176.395 - 463\,741 = 96\,435.395$$

Since $\text{NPV} > 0$, the project will be recommended for investment in accordance with this indicator..

Now we can calculate the profitability index (IP), we need to divide the discounted cash flow into investments:

$$\text{PI} = 560\,176.395 / 463\,741 = 1.207$$

We see that $\text{PI} > 1$ means that this project must be accepted.

3) Now let's calculate the payback period (PP) of our park, these are investments divided by the average annual discounted income.

We determine the payback period (PP) by the formula:

$$\text{PP} = T_1 + \text{NS} / \text{DDP}, (9,4)$$

where

T 1 - the number of years preceding the year; HC - unreimbursed cost at the beginning of the payback year; DDP - discounted cash flow for the payback year.

Current = $2 + 300\,521 / 560\,176,395 = 2,536$ years (payback period of the project)

Having considered all the necessary data, we were able to conclude that the project pays off in about 2.5 years, and therefore the project is effective, and it makes sense to invest. this is a country in which you can invest relatively little money and do good business. I think that in a tourist environment this is especially attractive, and the above calculations are excellent proof of this. It has a good environment, a stable economy, and a low crime rate. And in general, this is a country close to the European Union, which is also its advantage. That is why Montenegro can be considered as an attractive investment country.

Conclusion

Investing in any country is a great way to improve the economy and develop it for the better.

After a complete analysis of the investment climate in Montenegro, we can confidently say that this is really a great place to invest your money. If you want to invest your savings correctly, then you should definitely take a closer look at this particular country.

Here, infrastructure and agriculture are developing well. A separate plus is the climate in the country.

Due to the fact that the country has relatively little industry, the ecology and air of the Montenegrins are much cleaner than in other countries.

The government is actively fighting corruption and crime; the quality of life and its level are improving in the country.

The government also provides one of the lowest tax rates in Europe; There are comfortable conditions for doing business and a convenient investment program for obtaining citizenship.

It is also worth noting that the level of investment also differs from the region of the country in which the investor plans to invest, which helps the government to develop poor regions at the expense of small investors. In addition to the foregoing, it is also worth noting the high attractiveness of the marine, agricultural and mountain sectors of the economy.

This country is ideal for the tourism business, as there are a huge number of different monuments protected by UNESCO. There are many tourist attractions, coastal area and comfortable living conditions.

Tourism is developing quite rapidly, and over the past year, with each subsequent year, the number of tourists visiting Montenegro is growing, underdeveloped regions of the country are developing. Since the market competition in tourism is not so great, it is also a big advantage.

Based on all the above calculations, we can conclude that opening a business in the form of a mini-hotel in such conditions will not be very fast, but stable and in 2.5 years an impressive profit will come.

According to previous work and taking into account all of the above, we can make the only true conclusion that, with a favorable tax rate and political and economic system, Montenegro's investment climate is stable and this country is ready to accept investments of any size from any investor.

Montenegro is the main candidate for accession to the European Union, which, in turn, has invested heavily in Montenegro for its development.

Of course, a project can bring more profit, but it will require a large investment. You can consider the hotel close to the city center, which will increase the flow of customers in the summer, as well as increase the range of any services, such as an indoor pool (spa), and much more. Such improvements can increase annual profits, which may be the key to a faster payback period for the project.

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