



The Regulation on  
Fiscal Benefits and Direct Payments to Private  
Sector and Monetary Support to Citizens

*tpa*

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**The Regulation on Fiscal Benefits and Direct Payments to Private Sector and Monetary Support to Citizens** to Mitigate the Economic Consequences of COVID-19 (hereinafter: the Regulation) was published in the Official Gazette No. 54/20 of 10 April 2020. The Regulation came into force on the day of its publication and is the legal framework for the implementation of the Economic Measures Support Program.

The following is an overview of the main provisions of the Regulation:

### **FISCAL BENEFITS:**

- tpa* Deferral of payment of salary tax and social contributions. Employers will be able to defer payment of salary tax and social contributions for March, April and May 2020 ie. April, May and June 2020, for those employers who have paid salaries for March in part or in full until 10 April 2020. The obligation to pay taxes and social contributions is deferred until 4 January 2021. Upon maturity (4 January, 2021), the payment of accumulated liabilities can be further postponed for up to 24 months without payment of interest.
- tpa* Deferral of advance payments for corporate income tax for the 2<sup>nd</sup> quarter 2020. Possibility to defer advance payments for corporate income tax for March, April and May 2020 (for taxpayers with business year different than the calendar year, this refers to advance payments due on 15 April, 15 May and 15 June 2020). The liability is deferred until the submission of the final corporate income tax return for 2020. Upon maturity, the payment of accumulated liabilities can be further postponed for up to 24 months, without payment of interest.
- tpa* Donors become VAT exempt. For the supply of goods/services by the VAT taxpayer free of charge to the Ministry of Health, the Republic Health Insurance Fund, publicly owned health institution, VAT is not calculated and paid, and the VAT payer is entitled to deduct preliminary tax. The exemption applies to all supplies with a date of supply from the date of introduction to the date of termination of the state of emergency.

### **DIRECT PAYMENTS (CASH SUBSIDY):**

- tpa* Cash subsidy to **employees of self-employed entities, micro, small and medium companies in the private sector** – These business entities are entitled to cash subsidy in the amount of the net minimum wage for March 2020 per employee. Payments would be effected in May, June and July 2020.
- tpa* Cash subsidy to employees of **large companies in the private sector** – These business entities are entitled to cash subsidy in the amount of 50% net minimum wage but only for those employees for whom a decision on paid leave has been issued starting from 15 March 2020 due to a decreased scope of work or the interruption of work (Articles 116 and 117 of the Labor Law).

Businesses entities exercise the right to use fiscal benefits and direct payments by submitting a PPP-PD form with a payment date 4 January 2021. The offered measures can be used:

- 3 months if the PPP-PD is first submitted by the end of April 2020.
- 2 months if PPP-PD is first submitted by the end of May 2020.
- 1 month if PPP-PD is first submitted by the end of June 2020.

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If a business entity has no employees, still may use fiscal benefits and direct payments in accordance with the Regulation.

A business entities may lose the right to use fiscal benefits and direct payments in case of:

- Reduction of the number of employees by more than 10% between 15 March 2020 and 31 October 2020.
- Payment of dividend after they have opted for the use of fiscal benefits and direct payments (except in the case of dividend issued as shares or quotas).

In case economic entity losses the right to use fiscal benefits and direct payments, this entity is obliged, within 5 days from the day of termination of these rights at the latest, to:

- pay all liabilities for which deferral of payment was granted, together with interest.
- repay direct payments, together with interest.

Who cannot use fiscal and direct payment measures?

- Entities who have reduced number of employees for more than 10%, counting from 15 March 2020 until 10 April 2020. Temporary employees whose employment ended between 15 March 2020 and 10 April 2020 are not taken into account when calculating reduced amount number of employees.
- Sole proprietors who have temporarily wound down their operations before 15 March 2020.
- Newly established entities who registered with the Company Registry and for VAT before 15 March 2020.
- Banks, insurances, providers of financial leasing, payment institutions, E-money institutions, voluntary pension fund and their management companies.
- Entities who have reduced number of employees for more than 10%, in the period starting on 15 March 2020 and ending 3 months after receiving the last direct payment. Temporary employees whose employment will end within such period of time do not count.
- Entities who distributed dividend by end of 2020, except for dividend issued as shares or quotas.
- Budget users (e.g. public companies, units of local administration, scholls).

**For any additional information, the TPA Serbia expert team is at your disposal:**



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