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1. Annual Income Tax Liability for 2015

Average annual salary in Serbia for 2015 has been published in the Official Gazette of Republic of Serbia no. 5/2016 on 25 January 2016 and amounts to RSD 733,740. The data is used to determine applicable annual income tax thresholds for 2015.

2015 annual income tax liability in Serbia exists for following individuals:

- Serbian residents, for their worldwide income generated in 2015; and
- non-residents, for their income generated in Serbia in 2015;

provided that such generated income exceeds total net amount of RSD 2,201,220.

The income subject to annual income tax is income generated by an individual from salary, self-employment, copyright and rights related to copyright, industrial property rights, lease of immovable and movable property, income of athletes and sports professionals as well as other income in accordance with Article 85 of the Personal Income Tax Law.

Total net income of an individual generated in calendar 2015 is taxable progressively as follows:

- income generated up to RSD 2,201,220 – non-taxable;
- income generated in range between RSD 2,201,220 and RSD 6,603,660 – subject to 10% tax rate;
- income exceeding RSD 6,603,660 – subject to 15% tax rate.

The annual taxable base for 2015 may be reduced by the following personal deductions (but cannot reduce taxable income for more than 50%):

- reduction for a taxpayer: RSD 293,496;
- reduction for each dependent family member of a taxpayer: RSD 110,061.

The deadline for submission of annual income tax return for 2015 is 16 May 2016. The returns may be submitted only electronically, on PPDG-2R form.

2. Arm's Length Interest Rates Published for 2015 and 2016

Ministry of Finance published the Rulebook on Arm's Length Interest Rates applicable for 2015 and 2016 that applies on related parties' loans.

Interest rates listed in the rulebook that apply to banks and financial leasing companies are:

- 6.29% applicable to short-term loans in RSD;
- 13.46% applicable to long-term loans in RSD;
- 3.90% applicable to loans in EUR and dinar loans indexed in EUR;
- 6.78% applicable to loans in USD and dinar loans indexed in USD;
- 1.37% applicable to loans in CHF and dinar loans indexed in CHF;
- 3.92% applicable to loans in SEK and dinar loans indexed in SEK;
- 3.76% applicable to loans in RUB and dinar loans indexed in RUB.

Interest rates listed in the rulebook that apply to other companies are:

- 10.81 % applicable to short-term loans in RSD;
- 9.99% applicable to long-term loans in RSD;
- 5.34 % applicable to short-term loans in EUR and dinar loans indexed in EUR;
- 5.07% applicable to long-term loans in EUR and dinar loans indexed in EUR;
- 6.57% applicable to long-term loans in CHF and dinar loans indexed in CHF;
- 3.67% applicable to short-term loans in USD and dinar loans indexed in USD;
- 5.71% % applicable to long-term loans in USD and dinar loans indexed in USD.

The rulebook was published on 9 February 2016 in the Official Gazette of Republic of Serbia no. 12/2016 and shall enter into force on the eight day upon publishing.



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