



On 29 December 2015, the National Assembly of the Republic of Serbia adopted amendments to several tax laws that came into force on 1 January 2016. Topics covered in this newsletter are following:

1. **Amendments to the Personal Income Tax Law and Law on Mandatory Social Security Contributions** page 1
2. **Amendments to the Corporate Income Tax Law**..... page 2
3. **Amendments to the Law on Tax Procedure and Tax Administration** page 2

1. Amendments to the Personal Income Tax Law and Law on Mandatory Social Security Contributions

Amendments to the Personal Income Tax Law and Law on Mandatory Social Security Contributions are published in the Official Gazette of the Republic of Serbia No. 112/2015 dated 30 December 2015. Below are given the most important amendments to the laws.

- Non-taxable amount of per diem for business trip abroad is increased from 15 EUR to 50 EUR (calculated in dinars according to the official middle exchange rate of the National Bank of Serbia on the day calculation of costs). Per diems exceeding the threshold are subject to 10% personal income tax rate.
- The method of calculation of non-taxable cost reimbursement for using a private car for business purposes has been changed – the non-taxable amount equals to 30% of the price of a litre of gasoline per consumed litre of gasoline but cannot exceed maximum of 6,322 dinars per month.
- A new tax incentive for newly employed individuals has been introduced, and applies to at least two newly employed, that allows a refund of 75% salary tax paid on the salary of the newly employed individuals until December 31, 2017 compared to the number of employees on 31 October 2015. Right to use the incentive, under certain conditions, may be exercised by an employer:
 - ✓ A legal entity classified as micro or small legal entity according to the Accounting Law; and
 - ✓ Self-employed individual.
- Amendments to the Law on Mandatory Social Security Contributions introduce a refund of social security contributions paid for newly employed individuals under the same conditions as stipulated by the Personal Income Tax Law.

- Salary tax base for Serbian residents who have been assigned to work abroad is no longer salary paid for such work, but is salary that would have been paid in Serbia for the same or similar work.
- Income from real-estate rental or sublease of real-estate is now taxed as a special type of income. Income from rental of own real-estate property according to previous legislation was classified as a capital income. Both type of income is now subject to a single tax rate of 20% after deducting the standard cost of 25%.
- Taking of assets and usage of services of a company by its shareholders for their personal needs is now considered as a capital income.
- Awards, financial aids and other benefits granted to individuals who are not employed with the payer, are now considered as other income, but only if they exceed the annual amount of 12,000 RSD, earned with one payer.

2. Amendments to the Corporate Income Tax Law

Amendments to the Corporate Income Tax Law are published in the Official Gazette of the Republic of Serbia No. 112/2015 dated 30 December 2015. The amendments came into force on 1 January 2016, except for the amendments related to the withholding tax for which mandatory application starts from 1 March 2016. The most important changes are given below.

- Jubilee awards, gifts provided to children for New Year and Christmas holidays, aid in case of illness and similar payments are considered as tax deductible expenses, in maximum non-taxable amounts prescribed in the Personal Income Tax Law.
- Provisions for individual receivables, that were not recognised in a period in which the provisions were made, will be recognised as tax deductible expenses in a period when the write-off of such receivables is made, provided that the general deductibility conditions were met, as follows:
 - ✓ The receivables were originally recorded as the taxpayer's revenue;
 - ✓ The receivables were written-off as uncollectible; and
 - ✓ The taxpayer has a proof of failed collection on the basis of legal proceedings, enforcement proceedings for the receivables collection was initiated or the receivables were duly reported in the liquidation or bankruptcy proceedings.
- All long-term accruals made under IAS or IFRS and IFRS for SME shall be recognised as tax deductible expenses in a period in which the accruals are utilized, up to the utilized amounts.
- As of 1 March 2016, the withholding tax will be payable on income earned by non-resident legal entities and paid by resident legal entities from services that are rendered or used in Serbia, at the rate of 20%, unless otherwise provided by an international agreement on the avoidance of double taxation.

3. Amendments to the Law on Tax Procedure and Tax Administration

Amendments to the law are published in the Official Gazette of the Republic of Serbia No. 112/2015 dated 30 December 2015. The most important changes are given below.

- An obligation of the Tax Administration to treat collected data in accordance with the law governing the protection of personal data has been introduced.

- Collection order of the paid amounts for taxes will be as follows:
 - ✓ Principal tax liability;
 - ✓ Interest;
 - ✓ Collection costs.

- New deadlines for switching to electronically submitting of certain tax returns are envisaged. Below is given a breakdown of the deadlines.

Tax forms	Electronically filled as of
Withholding tax and corporate income tax payable upon decision	March 1, 2016
Excise duty	January 1, 2017
Personal income tax of self-employed individuals who keep business records	January 1, 2017
Tax of non-life insurance premiums	March 1, 2016
Contributions for mandatory social security insurance for shareholders	March 1, 2016
Tax payable on self-assessment basis and related contributions on salaries or other types of income payable by a natural person-taxpayer	March 1, 2016
Personal income tax of self-employed individuals that are subject to a lump-sum taxation	January 1, 2018
Capital gain tax (natural persons, including self-employed individuals)	January 1, 2018
Inheritance and gift tax	January 1, 2018
Property transfer tax	January 1, 2018

- The provisions related to the period of limitation of right to determine tax, collection and refund of taxes do not apply to mandatory social security contributions.



Your contact in Serbia:

Bojan Žepinić

Tax Advisor, Managing Partner

Tel: +381 11 655 88 00

E-Mail: bojan.zepinic@tpa-horwath.rs



Thomas Haneder

Tax Advisor, Partner

Tel: +381 11 655 88 00

E-Mail: thomas.haneder@tpa-horwath.rs



Ivana Rotim

Director of Tax Department

Tel: +381 11 655 88 00

E-Mail: ivana.rotim@tpa-horwath.rs



Monika Andrić Vučićević

Director of Accounting Department

Tel: +381 11 655 88 00

E-Mail: monika.andric@tpa-horwath.rs

This Newsletter is a service of TPA Horwath

Kind regards

Your TPA Horwath Serbia Team

If you would like to receive regular information please sign up for our [newsletter](#).

IMPRINT Information update: January 2016. All rights reserved. This information is simplified and cannot substitute for an individual advice. Responsible for the content: Bojan Zepinić, Tax Advisor, Managing Partner, Makedonska 30 (Eurocentar), 3rd Floor, Belgrade, Member of Crowe Horwath International (Zürich) – an association of separate and independent chartered accountants and consultants. +381 11 655 88 00.

Homepage: www.tpa-horwath.rs

Conception and design: TPA Horwath

Copyright © 2016 TPA Horwath d.o.o. Makedonska 30 (Eurocentar), 3rd Floor, 11000 Belgrade

All rights reserved.