



## NEWSLETTER 01/2017

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### 1. Amendments to the Value Added Tax (VAT) Law

**Amendments to the VAT Law are published in the Official Gazette of the Republic of Serbia No. 108/2016 dated 29 December 2016. The most important changes are presented below.**

- The obligation for non-resident entity to register for VAT in Serbia is more precisely defined. For example, foreign entity is not obligated to appoint a VAT proxy or to register for VAT in Serbia when taxable supply of goods and services is made solely to VAT payers in Serbia;
- Rules determining the place of supply of services are significantly modified, but application of these amended rules comes into effect from 1 April 2017. Newly introduced general rule envisages that place of supply of services is the place where the service recipient has its head office or a permanent establishment, under condition that the service recipient is registered for VAT in accordance with the rules for place of supply of services (B2B). If, however, service is provided to non VAT payer, the place of supply of such services is the place where the service provider belongs. There are special place of supply rules for certain services as follows: services related to real estate, transport services, participation in cultural, sporting, scientific and similar events, etc.
- The right of VAT refund for the purchase of food and equipment for babies is abolished;
- The obligation for submission of VAT calculation breakdown together with VAT return is postponed to 1 January 2018.

Amendments to the law will be effective as follows:

- Amendments to the law will in general be effective from 1 January 2017 (subject to certain exceptions);
- The new rules for the place of the supply of services will be effective from 1 April 2017;
- The abolition of the right of VAT refund on the purchase of food and equipment for babies will be applied from the date of application of the Law on Financial Support to Families with Children.



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### 2. Amendments to the Law on Tax Procedure and Tax Administration

**Amendments to the Law on Tax Procedure and Tax Administration are published in the Official Gazette of the Republic of Serbia No. 108/2016 dated 29 December 2016. The most notable changes that will come into force on 1 January 2017 are presented below.**

- According to the amendments to the Law, the second-instance tax procedure is shifted to the competence of the Ministry of Finance. Consequently, from now on the Ministry of Finance will decide on appeals against first-instance judgements made by the Tax Authority. Namely, the previous legal regime envisaged that the Tax Authority was competent to decide on these appeals;
- Tax payer – legal entity which provides goods and/or services in Serbia in accordance with tax laws which (i) does not have head office or permanent establishment in Serbia, or (ii) does have head office or permanent establishment in Serbia, but provides goods and/or services outside of its permanent establishment, will be fined with a penalty in the amount of 100,000 to 2,000,000 Serbian dinars – if in accordance with tax law has not appointed a tax proxy and is not registered for the obligation to pay taxes in Serbia.

### 3. The possibility of applying revised IAS / IFRS on the financial statements for the year 2016

**The Ministry of Finance published a new ruling regarding the possibility of applying revised IAS/IFRS and amendments to the IFRS for SMEs whose translation is expected in 2017 during the course of preparation of financial statements for 2016.**

In the Ruling No. 011-00-1051 / 2016-16 dated 23 November 2016 the Ministry of Finance informed that the publishing of consolidated text of all (new and revised) IFRS, as well as amendments to the IFRS for SMEs, is expected in to be published during 2017 in the Official Gazette of the Republic of Serbia and made available on the website of the Ministry of Finance.

However, the Ruling confirmed that legal entities can apply those standards (with the disclosure of this information in the Notes to the financial statements) during the preparation of financial statements for 2016, due to the fact that these standards allow their early application, even though they have not been published yet in the Official Gazette of the Republic of Serbia.

### 4. New Double Taxation Treaties starting from 1 January 2017

**Starting on 1 January 2017 four new Double Tax Treaties came into effect: Armenia, Republic of Korea, Luxembourg and Kazakhstan.**



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Kind regards

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