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### 1. Annual Income Tax Liability for 2014

Average annual salary in Serbia for 2014 has been published in the Official Gazette of Republic of Serbia no. 8/2015 on 26 January 2015 and amounts to RSD 737,112. The data is used to determine applicable annual income tax thresholds for 2014.

2014 annual income tax liability in Serbia exists for the following individuals:

- Serbian residents, for their worldwide income generated in 2014; and
- non-residents, for their income generated in Serbia in 2014;

provided that such generated income exceeds total net amount of RSD 2,211,336.

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 exceeding the above mentioned threshold is taxable progressively as follows:

- 10% tax rate applies to the income in range between RSD 2,211,336 and RSD 4,422,672;
- 15% tax rate applies to the income exceeding RSD 4,422,672.

The annual taxable base for 2014 may be reduced by the following personal deductions (but cannot reduce taxable income for more than 50%):

- reduction for a taxpayer: RSD 294,845;
- reduction for each dependent family member of a taxpayer: RSD 110,567.

The deadline for submission of annual income tax return for 2014 is 15 May 2015. Starting from 1 April 2015 the return may be submitted only electronically.

## 2. Arm's Length Interest Rates Published for 2014

**Ministry of Finance published the Rulebook on "Arm's Length" Interest Rates for 2014, that applies on loans between related parties.**

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

- 7,14% for short-term loans in RSD;
- 4,39% for loans in EUR and dinar loans indexed in EUR;
- 3,12% for loans in USD and dinar loans indexed in USD;
- 5,86% for loans in CHF and dinar loans indexed in CHF;
- 4,42% for loans in SEK and dinar loans indexed in SEK;
- 13,00% for loans in RUB and dinar loans indexed in RUB.

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

- 13,82 % for short-term loans in RSD;
- 11,12% for long-term loans in RSD;
- 6,57 % for short-term loans in EUR and dinar loans indexed in EUR;
- 5,79% for long-term loans in EUR and dinar loans indexed in EUR;
- 8,49% for short-term loans in CHF and dinar loans indexed in CHF;
- 7,07% for long-term loans in CHF and dinar loans indexed in CHF;
- 5,28% for short-term loans in USD and dinar loans indexed in USD;
- 5,74% % for long-term loans in USD and dinar loans indexed in USD.

The rulebook was published on 2 March 2015 in the Official Gazette of Republic of Serbia no. 023/2015 and shall enter into force on the eight day upon publishing.

## 3. Qualified Electronic Signature for Foreign Authorized Representative

**Official Gazette of the Republic of Serbia No. 023/2015 published amendments to the rulebook dealing with procedure of obtaining qualified electronic signature that is required for signing and submitting financial statements for 2014 with the Business Registry Agency.**

In accordance with latest amendments on the rulebook, effective as of 10 March 2015, foreign nationals who are authorized representatives (directors) of legal entities in Serbia are now allowed to obtain qualified electronic signature required for signing financial statements for statistical and other purposes without temporary residence in Serbia and temporary personal identification number (JMBG), that is required for signing and submitting the financial statements for statistical and other purposes with the Business Registry Agency.



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