



Topics covered by this tax newsletter are following:

1. Proposed amendments to the Value Added Tax (VAT) Law Page 1
2. Effective date and deadlines Page 2

1. Proposed amendments to the Value Added Tax (VAT) law

On 19 September 2015, the Government of the Republic of Serbia adopted Proposal on Amendments to the Value Added Tax Law. It is expected that the proposed amendments will enter into the Parliament's procedure in recent future. We will inform you on their adoption in our subsequent newsletter. The most important proposed changes are outlined in the following text.

- In accordance with practice of developed states, a possibility has been introduced for both non-resident legal entities and individuals to register for VAT in Serbia, provided they carry out supply of goods and render services in Serbia. Liability to register for VAT in Serbia shall apply to non-resident payers under the same terms as resident VAT payers. In order to register for VAT, a non-resident payer who carries out supply of goods and render services in Serbia would have to appoint a tax representative. Please take into account particular restrictions that apply to appointment of a VAT representative in Serbia:
 - ✓ A foreign entity may appoint only one tax representative;
 - ✓ Tax representative of a foreign entity can be a natural person or a legal entity, having residence/seat registered in Serbia and being registered for VAT in Serbia in a period of at least 12 months prior to submitting tax representative appointment request;
 - ✓ Permanent establishment of a foreign entity cannot be appointed as tax representative of the entity;
 - ✓ Tax representative shall not be appointed in case it has unsettled public revenue liabilities or in case it was lawfully convicted for executing tax criminal offence;
 - ✓ Tax representative of a foreign entity is solidary liable for all VAT liabilities of the foreign entity-taxpayer, particularly referring to payment of VAT liability, fines and penalty interest arising from such VAT liability.
- With regards to electricity, natural gas and heating/cooling energy trading, place of supply rules are changing, concept of taxpayer is being introduced for distributors of such goods as well as tax exemption on importation of the goods in question providing that the goods are to be delivered via transmission, transport and distributive network.
- Definition of taxpayer has been extended to all recipients of goods and services in the construction industry as well as all recipients of goods and services (VAT payers) for supply made by another VAT payer in case of transfer of a mortgaged real estate, pledged property and goods or services that are under enforcement procedure.

- Current legislation denies right of a taxpayer to claim back input VAT in case of procurement of carpets, electrical appliances used in household, TV and radio devices, work of art and other decorative items used for furnishing administrative premises. Proposed amendments to the law cancel the restriction.
- Right to claim back input VAT in relation to meal supplies and transport of employees shall be denied to taxpayers.
- VAT payer shall become liable to report the Tax Authorities, at year end and together with the last VAT return in a calendar year, on:
 - ✓ Supplies made during a calendar year to a VAT payer by an entity not registered for VAT, with regards to secondary material supplies and services connected with such supplies; and
 - ✓ Supplies made during a calendar year to a VAT payer by an agricultural producer not registered for VAT, with regards to agricultural and forest products supplies as well as agricultural services rendered.
- VAT payers shall be liable to prepare and submit VAT calculation summary for each VAT period, together with the VAT return.
- Unique VAT return submission deadline is to be introduced for all VAT payers – within 15 days from the end of a VAT period (a month or a quarter).

2. Effective date and deadlines

The Proposal on Amendments to the VAT Law is to become effective on the first day following enactment of the amendments. Amendments shall become applicable as of 15 October 2015 while certain law provisions shall apply on deferral basis. We also expect introduction of new and changes of current by-laws shortly upon enactment of the amendments to the law.

- Provision introducing VAT calculation summary preparation, and its submission together with VAT return, shall start to apply in 2017.
- Unique VAT return submission deadline, for both monthly and quarterly VAT payers, shall start to apply as of January 2016.

Considering numerous changes to the law, as well as introduction of a VAT representative institute, it is not easy to foresee timelines necessary for full implementation of proposed amendments in practice. It is expected that, in the near future, amendments to the current by-laws define more closely and facilitate application of the new legislation.



Your contacts 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: September 2015. 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; Fax: +381 11 655 88 01.

Homepage: www.tpa-horwath.rs.

Conception and design: TPA Horwath

Copyright © 2015 TPA Horwath d.o.o.Makedonska 30 (Eurocentar), 3rd Floor, 11000 Belgrade

All rights reserved.