



Measures of the Government of Serbia in counteracting the negative effects of coronavirus pandemic

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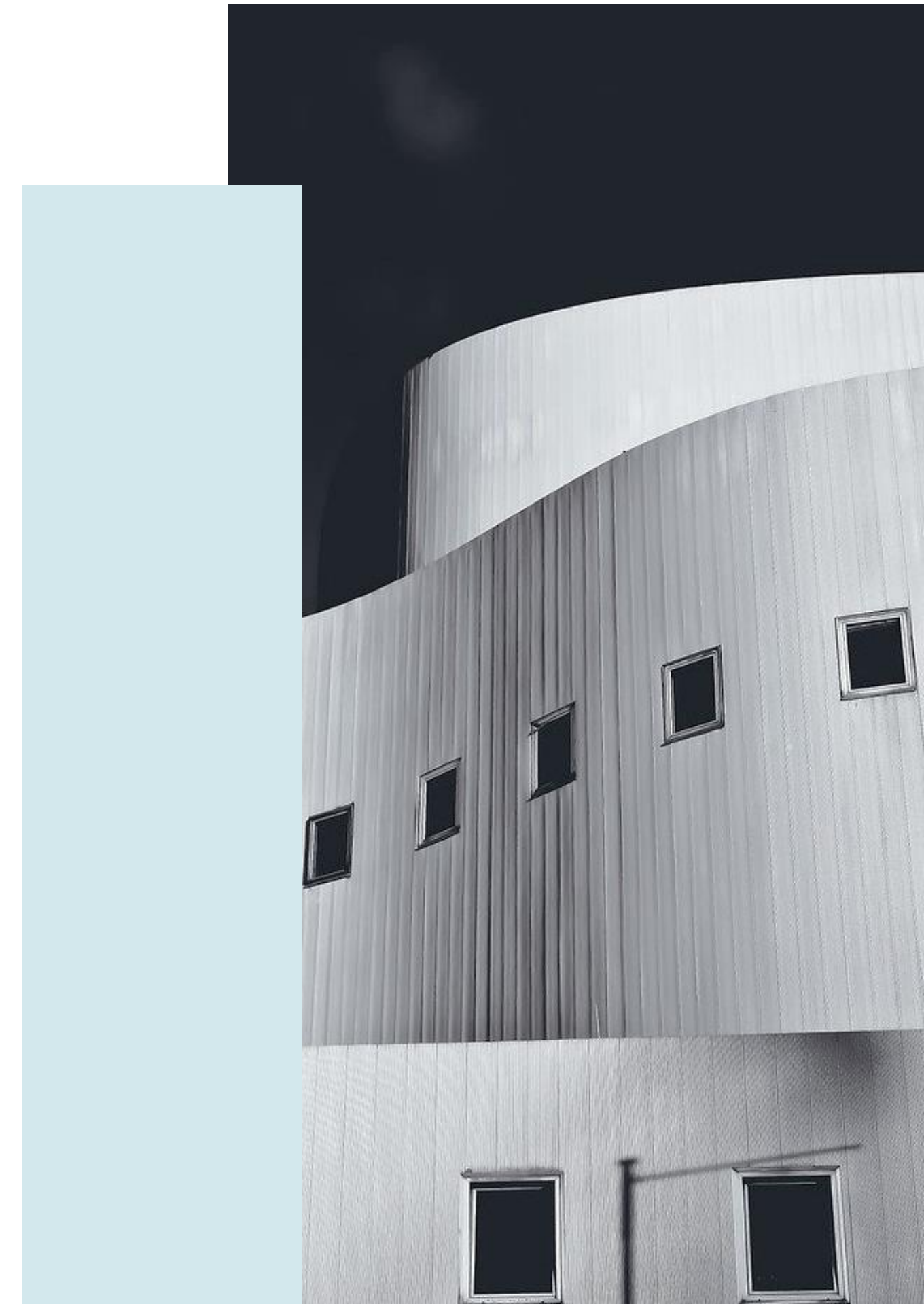


1 INTRODUCTION

Introduction

Pursuant to Article 200, paragraph 5 of the Constitution of the Republic of Serbia, the President of the Republic, the President of the National Assembly and the Prime Minister due to COVID-19 disease caused by SARS-CoV-2 virus declared on 15 March 2020 state of emergency in the Republic of Serbia by rendering the **Decision on Declaring of the State of Emergency in the Republic of Serbia ("Official Gazette of the RS", No. 29/2020)**. As the state of emergency was introduced on the territory of the Republic of Serbia on 15 March 2020, this means that it may last until 14 June 2020 and be extended until 14 September 2020.

The competent state bodies have adopted a set of measures with the purpose of maintaining the existing and ensuring a more favorable financial position of the economy in a state of emergency, where in this document we highlight the most important measures for preserving the stability of the financial system and tax measures in period of state of emergency.



2 Set of economic measures announced by the Government of Serbia



Set of economic measures announced by the Government of Serbia



The Government of the Republic of Serbia has rendered a Decree on Fiscal Benefits and Direct Payments to Commercial Entities in Private Sector and Monetary Support to the Citizens for the Purpose of Mitigating the Economic Consequences Stemming from Covid 19, published in the Official Herald of the Republic of Serbia no. 54/2020 as of 10 April 2020 which came into force as of the day of publishing (“Decree”).



Set of economic measures announced by the Government of Serbia

Decree governs the following:

- **Fiscal benefits,**
- **Direct non-refundable monetary payments to** private commercial entities,
- **VAT treatment** of non-chargeable supplies of goods and services for health purposes,
- **One-time payment** of monetary support to all adult citizens of Serbia,
- **Moratorium on payment of dividends** applicable to private commercial entities which decide to utilize fiscal benefits and direct payments from the state.

Decree envisages that the Ministry of Finance will determine the procedure and manner of implementation of adopted measures, primarily deferral of payments of taxes and contributions in installments and utilization of direct payments..

Set of economic measures announced by the
Government of Serbia

Who is targeted by Decree?

Private commercial entity ("**Private entity**") which may utilize the right for fiscal benefits and direct payments is defined as each private entity which is not included within the List of users of public funds determined in line with a Regulation on the List of Users of Public Funds ("Official Herald of RoS") no. 93/19) and encompasses the following:

Resident legal entities within the meaning of the Corporate Income Tax ("CIT") Law

Resident entrepreneurs within the meaning of the Personal Income Tax Law

Branched and Representative offices of foreign legal entities

Set of economic measures announced by
the Government of Serbia

We emphasize that fiscal benefits and direct payments may be utilized by micro, small, medium and large enterprises, entrepreneurs, farmers as well as branches and representative offices of foreign legal entities.

Set of economic measures announced
by the Government of Serbia

Which fiscal benefits are adopted?



Deferral of payment of salary tax and
contributions

Direct payments

Deferral of payment of salary tax and contributions

The possibility of deferral of payment is introduced for:

- Salary tax and contributions for March, April and May 2020, i.e. for April, May and June based on the choice of taxpayers,
- Advance CIT payments due on 15 April, 15 May and 15 June 2020 until submission of final CIT return for FY 2020,
- Advance payment of tax and contributions for entrepreneurs' profit tax in a same manner as for CIT payments.

Deferred taxes and contributions are due for payment as of 4 January 2021 in 24 monthly installments without calculation of interest.

Direct payments

Direct payments represent non-refundable monetary payments to Private entities aimed **exclusively for payment of salaries and salary compensation to employees** whereby the amount of these payments depends from the number of employees and the size of Private entity.

It should be noted that classification of size of entities is performed based on financial statements for FY 2018, whereby entities incorporated in 2019 and 2020 are classified as small enterprises within the meaning of Decree.

Direct payments

1. Micro, small and medium enterprises

Private entities classified as micro, small or medium enterprises may exercise the right for monthly non-refundable monetary payment in the amount of minimal net salary for March 2020 (RSD 30,367.04) per full time employee, starting from May until July.

Number of employees inserted in PPP PD tax returns submitted in line with Decree pertaining to March, April and May 2020 is used as multiplier.

For part-time employees, direct payment is made pro rata to contracted percentage of employment of said employee in comparison with full-time employment.

As for entrepreneurs, the number of employees is increased for one, unless entrepreneur is user of pension or is employed.

Direct payments

2. Large enterprises

Direct payments are made exclusively for employees for which the employers has rendered a decision on seizure of work in line with Articles 116 and 117 of the Labor Law, starting from 15 March 2020. For part-time employees, direct payment is made pro rata to contracted percentage of employment of said employee in comparison with full-time employment.

Number of employees inserted in PPP PD tax returns submitted in line with Decree pertaining to March, April and May 2020 is used as multiplier and the amount of direct payment is 50% of minimal net salary for March 2020, i.e. RSD 15,183.52.

Note that large enterprises are obliged to submit to the competent Tax Authority and Treasury Department the list of employees from the above stated categories in paper form until 20th in the month for the payment which is made on the following month.

Set of economic measures announced
by the Government of Serbia

Direct payment shall be made on special bank account. Private entities having accounts in multiple banks are obliged to notify Tax Authorities through electronic portal in which of those banks they opt to open a special bank account. Costs of maintenance of this account as well as the costs of payment orders shall not be charged to Private entities and the account shall be terminated upon completion of this program.

Set of economic measures announced by
the Government of Serbia

Who are entities entitled to fiscal benefits and direct payments

The right for fiscal benefits and direct payments may be
exercised by Private entities:

1. Founded and registered prior
state of emergency, i.e.
registered as VAT payers prior
15 March 2020

3. Entrepreneurs and farmers
who have registered temporary
seizure of activities on 15 March
2020 or later

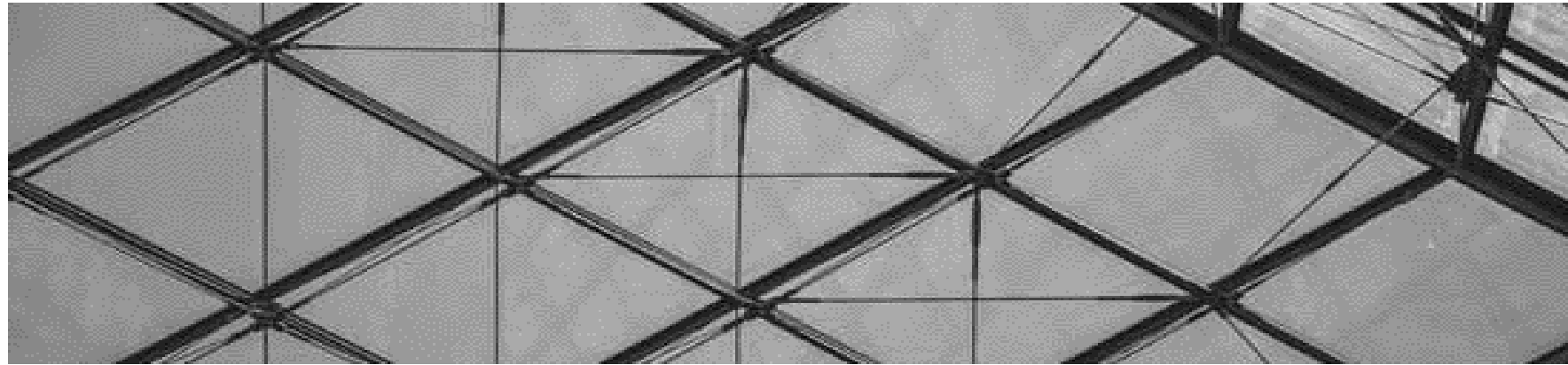
2. Which have not reduced the
number of employees for more
than 10% in the period between
15 March 2020 and 10 April
2020 (excluding definite term
employees contracted prior 15
March 2020 for a period ending
between 15 March 202 and 10
April 2020)

Set of economic measures announced
by the Government of Serbia



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Private entities which determine to utilize
fiscal benefits and direct payments are
not allowed to make dividend payment by
the end of 2020.



Set of economic measures announced by the Government of Serbia

The following large enterprises are not entitled for fiscal benefits and direct payment

Business banks

Insurance and reinsurance companies

Voluntary Pension Funds companies

Financial leasing companies

Payment institutions and electronic funds institutions

Fiscal benefits right is exercised via submission of PPP PD form with inserted date of payment as 4 January 2021 in the field 1.4 of said form.

Private entities have the right to elect if they will utilize fiscal benefits and direct payments up to three months in a following manner:

- For three months if PPP PD form is submitted with date of payment 4 January 2021 in the field 1.4 of said form by the end of April 2020,
- For two months if PPP PD form is submitted with date of payment 4 January 2021 in the field 1.4 of said form by the end of May 2020,
- For one month if PPP PD form is submitted with date of payment 4 January 2021 in the field 1.4 of said form by the end of June 2020.

How to exercise fiscal benefits and direct payment right?

Set of economic measures announced by the Government of Serbia

Is it possible to abort the utilization or to lose the right to use fiscal benefits and direct payments?

Since fiscal benefits and direct payment are the right of Private entities, they are not obliged to utilize them, i.e. if they opt to abort their usage, they may do so by settlement of their tax liabilities or by repayment of received direct payments.

On the other side, the right for fiscal benefits and direct payment is lost if Private entity:

- **Decreases the number of employees for more than 10%** compared to 15 March 2020 until 31 October 2020. Fulfilment of this condition is reviewed each last day in month until 31 October, with the possibility that such condition is reviewed until the statute of limitation for tax liabilities arises,
- **Makes dividend payment (which is not in shares or stakes) by the end of 2020.**



Set of economic measures announced by the Government of Serbia

What are the consequences of losing the right for fiscal benefits and direct payments?

Private entities that lose the right for fiscal benefits and direct payments stipulated in Decree are obliged to:

- Settle all deferred liabilities and
- Repay direct payments

Increased for late payment tax interest within five days as of the day of losing right for fiscal benefits and direct payments.



Set of economic measures announced by the Government of Serbia

Decree also envisages penalties and depending from the type of misdemeanor Private entities may be subject to monetary penalty in the range of:

- 30% to 70% of received direct payment, but no less than RSD 500,000, i.e.
- 20% to 50% of the amount of deferred public revenues, but no less than RSD 250,000

What are the consequences of losing the right for fiscal benefits and direct payments?

while responsible person may be subject to monetary penalties in the range of RSD 50,000 and RSD 100,000 or RSD 25,000 and RSD 50,000 depending from the type of misdemeanor.

Set of economic measures announced by the Government of Serbia

Other measures stipulated by Decree

Decree also defines:

- VAT exemption with the right for input VAT deduction for non-chargeable supplies for goods and services to the Ministry of Health, Republic Fund for Health Insurance or state health institutions during the period of state of emergency,
- One-time payment of monetary support to adults in the amount of EUR 100 in RSD countervalue upon expiration of state of emergency.



Set of economic measures announced by the Government of Serbia

- **Financial aid program** to the economy via Development Fund for entrepreneurs, micro, small and medium entities, farms and cooperatives in the amount of **EUR 200 million**

Beside the above measures, the Government of the Republic of Serbia has announced measures for **maintaining of liquidity:**

- **Guarantee scheme for maintenance of liquidity and working capital** for entrepreneurs, micro, small and medium entities through commercial banks, where the value of guarantee scheme is approximately **EUR 2 billion (RSD 240 billion)**



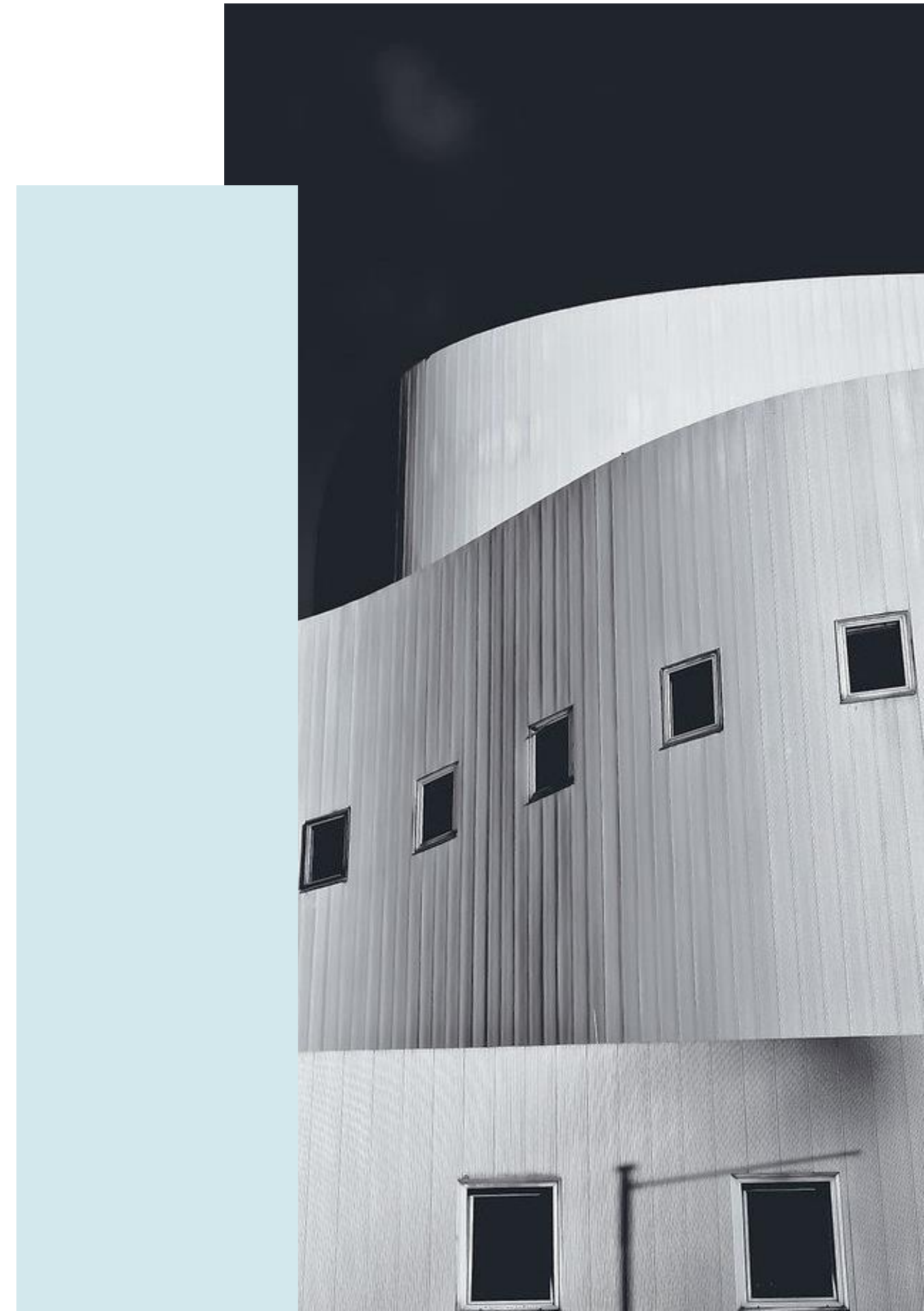


3 Financial aid Program via Serbian Development Fund

Financial aid Program via Serbian Development Fund

Serbian Government has rendered a Program of Financial Aid to Commercial Entities for Maintenance of Liquidity and Current Assets Stemming from Covid 19 Pandemic which will be implemented in cooperation with Development Fund of Serbia (“**Program**”).

Main goals of the Program are to support financing of current assets and maintaining of liquidity for the purpose of settlement of liabilities towards business partners, employees and the state.





Who is entitled to use Program funds

Financial aid Program via Serbian Development Fund

Funds from the Program may be utilized by:

- Entrepreneurs,
- Cooperatives (which have aligned their operations with the Law on Cooperatives, and which have been subject to cooperative audit in the last two years),
- Micro, small and medium enterprises based on last submitted financial reports which are in majority private or cooperative ownership and which perform production, service, trade and agricultural activities.

Funds may not be used for:

- organizing games of chance, lotteries and similar activities,
- trade of oil and oil products,
- the production and marketing of any product or activity that is considered prohibited under domestic regulations or international conventions and agreements.

Note that a loan can be granted even if the official financial statements of a business entity have shown a net loss for one of the last two years, but if operating profit has been achieved.



The basic condition for the realization of these loans is the retention of the number of employees, in accordance with the report of the Central Registry of Compulsory Social Security on the number of temporary and permanent workers on 16 March 2020.

Up to 10% deviation from the stated number of employees is accepted until the date of application and during the use of the loan.

Additional requirements that applicants must fulfill are:

- that they are not in difficulty,
- bankruptcy proceedings have not been initiated against them,
- that they are not subject to the procedure for the pre-prepared reorganization plan or that measures from the pre-prepared reorganization plan (UPPR) are not in force,
- that it is not subject to a reorganization plan or that no measures from the reorganization plan, financial restructuring or liquidation procedure are in force.

What are the requirements that applicants must fulfill?



Under what conditions
are funds from the
Program approved?

Financial aid Program via Serbian Development Fund

- the annual interest rate is 1%,
- Repayment period of up to 36 months (which includes a grace period of up to twelve months),
- Loans are approved and repaid in dinars,
- Repayment of the loan will be made in monthly annuities,
- Within the grace period, interest is calculated and credited to the principal debt.

The minimum loan amount

- Commercial entities - RSD 1,000,000
- Entrepreneurs, cooperatives and entities registered in the relevant register - RSD 200,000

The maximum loan amount

- Entrepreneurs and micro-legal entities - RSD 10,000,000
- Small legal entities - RSD 40,000,000
- Medium-sized legal entities - RSD 120,000,000



Which collateral should be provided (depending on the loan amount)?

- Bills of exchange of the loan beneficiaries and bills of exchange of the founder - up to RSD 1,000,000
- Bills of exchange of the loan beneficiaries, bills of exchange of the founder and indefinite term employee guarantee - up to RSD 2,000,000
- Bills of exchange of the loan beneficiaries, bills of exchange of the founders and guarantee of a related legal entity - up to RSD 10,000,000
- Bills of exchange of the loan beneficiaries, bills of exchange of the founders and guarantee of a prudent legal entity not related to the beneficiary - Up to RSD 25,000,000
- Bill of exchange for loan beneficiaries, pledge on equipment and / or first order mortgage - From RSD 25,000,000

Financial aid Program via Serbian Development Fund

For clients in the Development Fund's portfolio who already have established real/appropriate collateral, the loans will be approved with higher order collateral.

The real estate or the equipment that serves as security for the loans under this program does not have to be insured and the policy does not have to be in favor of the Development Fund.

A bank guarantee, a pledge and a mortgage can be the collateral for all loaned amounts, while the guarantee of a credit rating company (not a related party) can be the collateral for all loan amounts up to RSD 25,000,000.

Financial aid Program via Serbian
Development Fund



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Please note that if the founders are persons who are foreign nationals or companies registered abroad, in this case no bills of exchange of the founder are submitted.



What are the criteria for loan approval



1. for business entities, the maximum amount of credit granted may be up to 50% of operating income earned on the last submitted financial report,
2. for lump sum taxed entrepreneurs, the maximum amount of credit granted may be up to 50% of turnover with commercial banks in 2019,
3. the applicant for the loan does not have a blocked account for more than 30 days continuously in the previous year, or a total of 90 days with interruptions in the last year,



What are the criteria for loan approval



4. the guarantor and the related legal entity are an acceptable security instrument if:
 - a) they are not in difficulty or bankruptcy proceedings have been initiated against them,
 - b) they are not subject to the procedure for a pre-prepared reorganization plan or they are not in force from the pre-prepared reorganization plan (UPPR),
 - c) it is not subject to a reorganization plan or no reorganization plan measures, financial restructuring or winding-up procedure;
 - d) have no blockage longer than 30 days continuously in the previous year, or a total of 90 days with interruptions in the last year;
 - e) generate operating income at least in the amount of the loan demanded, as guaranteed by the most recently submitted financial statement;
 - f) a lump sum taxpayer should have bank turnover in 2019 at least in the amount of the loan amount he or she is seeking.



What are the criteria for loan approval



5. The mortgagee is eligible if:
 - a) is not in difficulty or bankruptcy proceedings have been initiated,
 - b) it is not subject to the procedure for a pre-prepared reorganization plan or that measures from the pre-prepared reorganization plan (UPPR) are not in force,
 - c) it is not subject to a reorganization plan or that no measures under the reorganization plan, financial restructuring or winding-up procedure are in force, and
 - d) no account lockout at the time of applying for a loan.
6. related companies may use only one loan secured by a related party guarantee, while other loans must be secured by other collateral.



What are the criteria for loan approval



7. the minimum individual value of the equipment required by the Development Fund is RSD 50,000.
8. the guarantor-individual cannot be employed in the commercial entity which is the applicant or in its related parties;
9. the amount of the approved loan should be correlated with the number of employees, in such a way that the maximum amount of the loan (with the fulfillment of other criteria) can be up to RSD 4,000,000 if the business entity has an employee of one worker (including the founder).



Requests must be submitted electronically to the following e-mail address:
prijemzahteva_covid19@fondzarazvoj.rs

The Board of Directors of the Fund will render decisions on the received requests no later than 31 December 2020, up to the amount of currently available funds for the implementation of this program.

The deadline for the implementation of appropriations under this program and the decisions of the Fund's Board of Directors is 31 March 2021.

The receipt of the request shall be made until the funds of the Program have been spent, and no later than 10 December 2020.

Only one application may be submitted under this program. A repeated request may be made during the period of receipt of the request, only after receiving notification that the Board of Directors has rejected the initial request of the client or if the client withdraws from the use of the approved request before the funds are put into use, with appropriate justification.

The list of documentation is published on the website of the Development Fund.

Please note that the original documentation must be submitted to the Development Fund when concluding the contract.

How to apply?





4 Decree on Guarantee Scheme

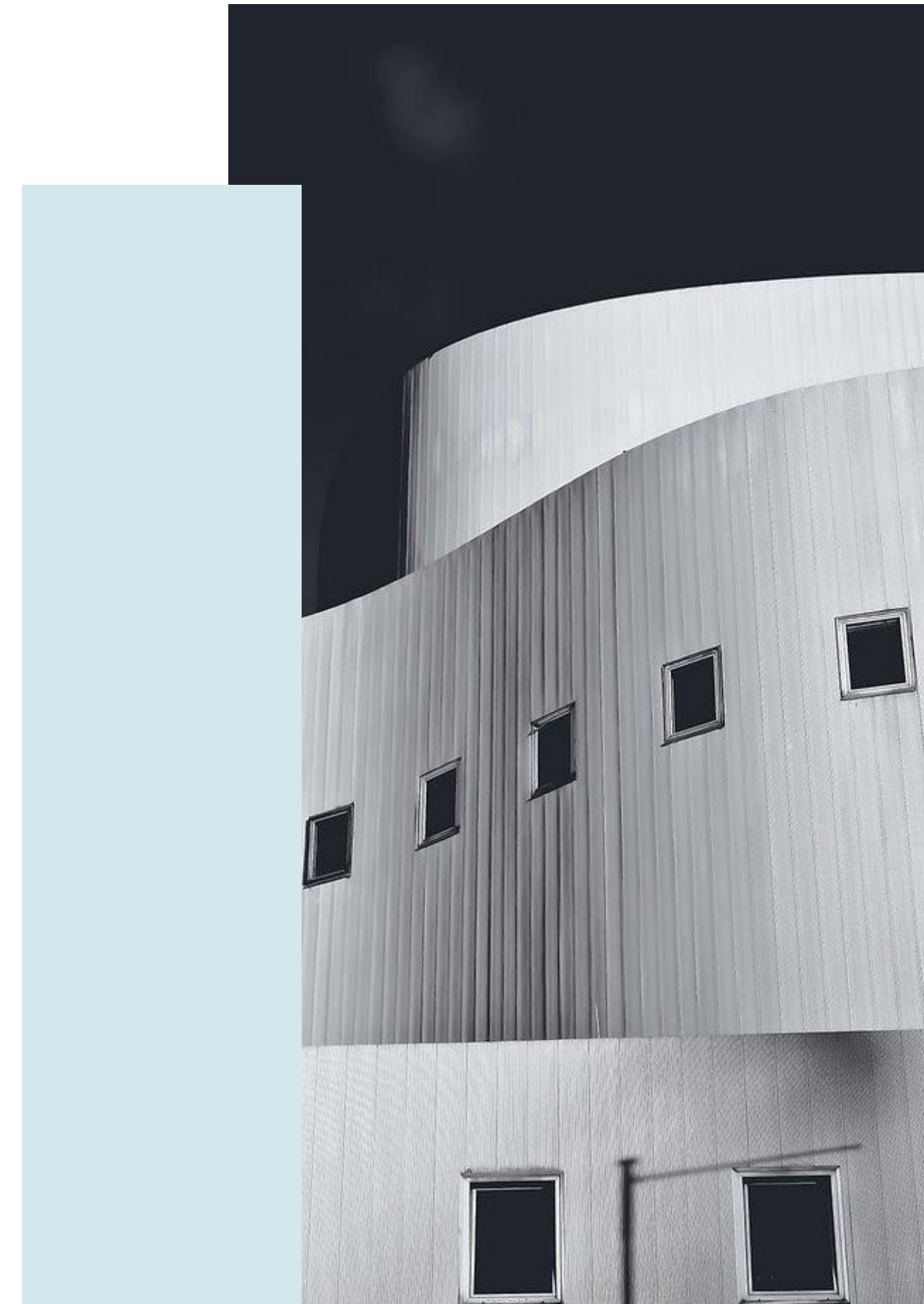
Decree on Guarantee Scheme

The Government of the Republic of Serbia has issued a Decree on Establishment of a Guarantee Scheme as a Measure of Support to the Economy to Mitigate the Impact of the Covid-19 Disease Pandemic Caused by the Sars-Cov-2 Cirus, which entered into force on 16 April 2020 (the "Decree").

The Decree stipulates:

Conditions, procedure, amount and manner of providing funds for issuing guarantees of the Republic of Serbia in accordance with the guarantee scheme defined by the Decree,

- criteria, conditions and manner of granting loans by banks,
- reporting,
- as well as other issues of relevance to the guarantee scheme as a measure of economic support, to mitigate the economic consequences of the SARS-CoV-2 virus COVID-19 pandemic, with the aim of increasing the liquidity of business entities.





What are the key elements of a loan supported by a guarantee under the Decree?



Decree on Guarantee Scheme

- The purpose of loans secured by a guarantee under the Regulation is to finance liquidity and working capital.
- The maturity of the loan is limited to a period of 36 months.
- The maximum loan amount is less than two amounts:
 - 25% of the income of the loan beneficiary according to the financial statements submitted by the loan beneficiary to the Business Registers Agency for statistical purposes for 2019, or
 - EUR 3,000,000
- Loans are approved in RSD or EUR

Loans cannot be used for refinancing and early repayment of outstanding installments of existing loans in a bank's portfolio, or for refinancing loans with other banks.



Who is eligible for these loans?



Decree on Guarantee Scheme


- Entities incorporated in the Republic of Serbia, including farms, which are registered with the Serbian Business Registers Agency and classified as an entrepreneur, or a micro, small and medium-sized enterprise in accordance with accounting legislation;
- a person who has been granted a new loan or renewal of an existing loan in accordance with the bank's credit policy, for which the Republic of Serbia may guarantee the bank in accordance with the Decree.

Having said above, it can be concluded that **large legal enterprises do not have** the possibility to be beneficiaries of these loans.

Decree on Guarantee Scheme

Who does not have the right to be a loan beneficiary?

- entities in difficulties as of 31 December 2019 and entities who are in default status according to the regulations of the National Bank of Serbia as of 29 February 2020;
- entities who are in tax default in the Republic of Serbia;
- entities in which the Republic of Serbia, autonomous province or local self-government unit holds more than 50% of ownership;
- beneficiaries whose debts were in default or under which the bank undertook restructuring measures in the 12 months prior to 29 February 2020, in accordance with the definition of default status according to the regulations of the National Bank of Serbia, ie restructured claims under regulations The National Bank of Serbia governing the classification of banks' balance sheet assets and off-balance sheet items;
- entities subject to consensual financial restructuring, bankruptcy proceedings and compulsory liquidation proceedings;
- entities who are already beneficiaries of the loan secured by the guarantee scheme in accordance with the Decree.




Under what conditions are loans secured by a guarantee scheme approved?

Decree on Guarantee Scheme

Loans secured by the guarantor scheme are approved provided that:

- the loan was released no later than 31 January 2021;
- the repayment period of the loan is up to 36 months from the date of the loan, in which the grace period is from 9 to 12 months from the date of the loan release;
- the loan is approved in dinars (RSD) or euros (EUR);
- the method of repayment of the loan is in monthly annuities;
- the interest rate is set by the bank in accordance with its credit policy, in the amount not exceeding 1M BELIBOR rate increased for 2.50% (1M BELIBOR + 2.5 p.p.) for loans approved in dinars (RSD);



Under what conditions are loans secured by a guarantee scheme approved?

Decree on Guarantee Scheme

- the interest rate is determined by the bank in accordance with its credit policy, in the amount not exceeding the 3M EURIBOR rate increased 3.00% (3M EURIBOR + 3.0 p.p.) for loans approved in euro (EUR);
- at least bills of exchange of beneficiaries and majority owners of beneficiaries have been provided as a loan security instrument, where majority ownership implies direct ownership equal to or greater than 25%;
- that the borrower will not pay the share in the profit (dividends) or the repayment of the founder's loan within the first year after the conclusion of the loan agreement;
- that the borrower will not repay existing loans for the same purpose with any other bank not included in the secured portfolio during the grace period of the loan.

Funds under the Decree will be available starting from 21 April 2020. The procedure for obtaining these loans is conducted before a commercial bank where the loan beneficiaries have a bank account.



5 Other Key Novelties

Key novelties

1

The State of Emergency of the Republic of Serbia is declared on 15 March 2020.

2

Each employer is obliged to enable employees to work from home in all workplaces where such way of working can be arranged. In case when this is not possible, the employer is obliged to provide all general, special and extraordinary measures related to the hygienic safety of facilities and persons in accordance with the Law on Protection of Population from Infectious Diseases.

3

Employers are obliged to obtain a permit for movement from the Ministry of the Interior through the Ministry of Commerce, and to issue an appropriate certificate to each employee on the prescribed form in case such employees should go to work during the time of the prohibition of movement.

4

The period of delayed tax liabilities is prolonged for the period of the state of emergency.

Key novelties

5

Tax default interest during state of emergency has been decreased for 10% and is at 1.75% per annum.

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6

The National bank of Serbia has introduced moratorium on loan and leasing repayments for at least 90 days and the banks or leasing companies shall not calculate default interest and will not initiate enforcement collection procedure

—

7

Ministry of Justice recommended the delay in enforcement procedures in commercial matters during the state of emergency

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8

It is stipulated that the parties cannot bear the consequences of their failure to comply with the deadlines prescribed by the administrative procedures, which means that the deadlines for carrying out the administrative actions of the parties during the administrative procedure are extended in accordance with the provisions of the regulation.

—

Key novelties

9

Foreigners may lawfully stay in the Republic of Serbia during a state of emergency without the obligation to initiate proceedings to further determine their status.

10

The government bodies are closed to the public and submission of documentation can be completed either by electronic mail or by post.

11

The reports to the NBS on foreign can be submitted in electronic form, and after the state of emergency the documentation shall be delivered to NBS in paper form



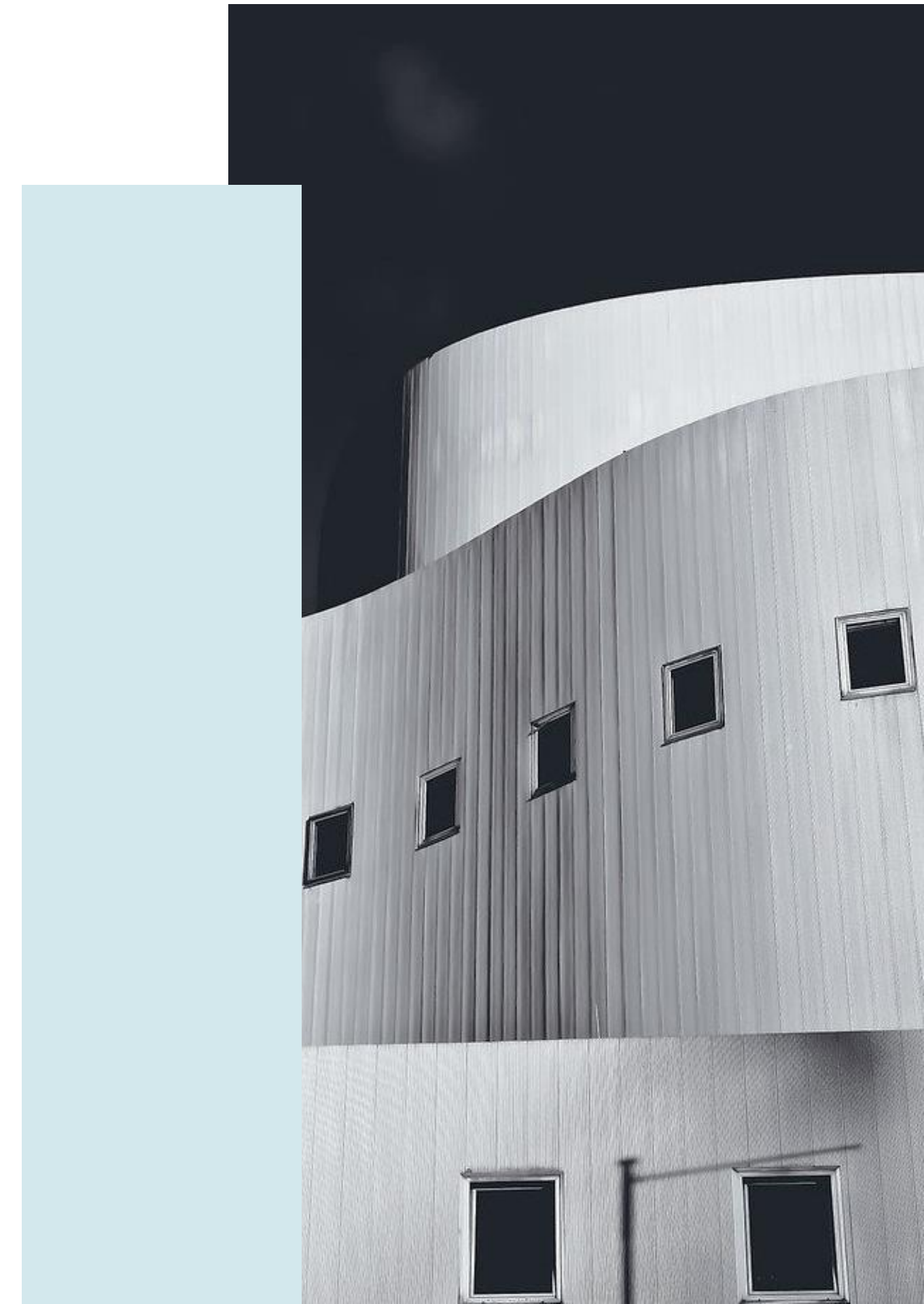
6 Decree on postponing deadlines for submission of financial statements, tax balance, general meeting

Decree on postponing deadlines for submission of financial statements, tax balance, general meeting

The Government of the Republic of Serbia has rendered Decree on shifting deadlines for holding regular sessions of company assemblies and adopting annual and consolidated financial statements of companies, cooperatives, other legal entities and entrepreneurs, as well as deadlines for filing income tax and self-employment income tax, important authorization licenses auditor and licenses for estimating the value of real estate that expire during the emergency of the use of COVID-19 caused by the SARS-CoV-2 virus (“**Decree**”), which came into force as of 16 April 2020.

Decree defines the postponement of deadlines during the state of emergency as follows:

- regular shareholder general meeting session,
- submission of annual and consolidated financial statements of companies, cooperatives, other legal entities and entrepreneurs for FY2019,
- Submission of corporate income tax and entrepreneurial income tax returns, as well as
- Validity of licenses of certified auditors and licenses for real estate valuation.





The deadline for regular shareholder general meeting session as per Article 364 of the Companies Law is set to expire 90 days as of the date of termination of the state of emergency.

The deadline for submission of annual reports, ie annual financial statements with the auditor's report of all taxpayers whose reporting is regulated by the Law on Capital Markets, Law on Investment Funds or the Law on Open Investment Funds with a Public Offering, is postponed to expire 60 days as of the date of termination of the state of emergency.



The deadlines from the (old) Accounting Law are postponed as follows:

- The deadline for submission of the regular annual financial statements is 90 days from the date of termination of the state of emergency,
- The deadline for submission of the consolidated financial statements is postponed to 120 days from the date of termination of the state of emergency,
- The deadline for submission of the financial statements is postponed to 30 days from the date of termination of the state of emergency, provided that the deadline for the submission of the financial statements expires during the state of emergency.

Above designated deadlines shall accordingly apply to legal entities having a business year other than the calendar year, provided that the deadline for submission of the financial statements of those legal entities expires during a state of emergency.



The deadlines for submission of corporate income tax return are as follows:

- corporate taxpayers with a tax period equal to the calendar year - within the deadline for submission of the annual financial statement, which means within 90 days from the date of termination of the state of emergency,
- corporate taxpayers with a different tax period than the calendar year - within the deadline for submission of the annual financial statement.

Decree also stipulates that the deadline for filing the tax return for the tax on income from the entrepreneurial activity of the entrepreneur be moved, to a period of 90 days from the date of termination of the state of emergency.

The time limits referred to in Article 7 of the Audit Law that expire during a state of emergency shall be deemed to have expired upon expiry of 30 days from the date of termination of the state of emergency. Until the expiration of 30 days from the date of termination of the state of emergency, all licenses issued for carrying out the audit shall continue to be valid.



7 Decree on organizing employer activity during the state of emergency

Decree on organizing employer activity during the state of emergency



Based on the provisions of the Decree, it is stipulated that the each employer is obliged to enable employees to work from home to all workplaces where such a way of working can be arranged in line with the general act or employment contract.

If the general act and the employment contract do not stipulate work from home, the employer may, according to the provision of Decree, through their own decision, allow employees to perform work from home, provided that organizational conditions allow such possibility. Based on the provisions of the Decree, it is stipulated that the employers must keep the evidence of employees working from home.

Decree on organizing employer activity during the state of emergency

Decision to work from home must contain


- Working hours
- The manner of supervision of employees



Recommendation for employees with children under 12

In case the employer has an employee who has a child under the age of 12 years, the competent ministry has made a recommendation to allow the employee to work from home, but if this is not possible, to allow the employee to work on shifts but so that shift work does not coincide with the work of another parent who also has a work obligation






Activities that cannot be performed at the regime home office

Decree on organizing employer activity during the state of emergency

Decree provides that employers who cannot organize home office due to nature of their business activities are obliged to adjust their activities with the declared state of emergency:

- If it is possible and does not require additional funds to organize work in shifts for the purpose of lowering the number of employees to work at the same time with the same work premises;
- To enable all work-related meetings to be held electronically (video link, video call, etc.)
- To suspend all business trips within the country and abroad in line with the applicable decision on prohibition, i.e. temporary limitation of movement.

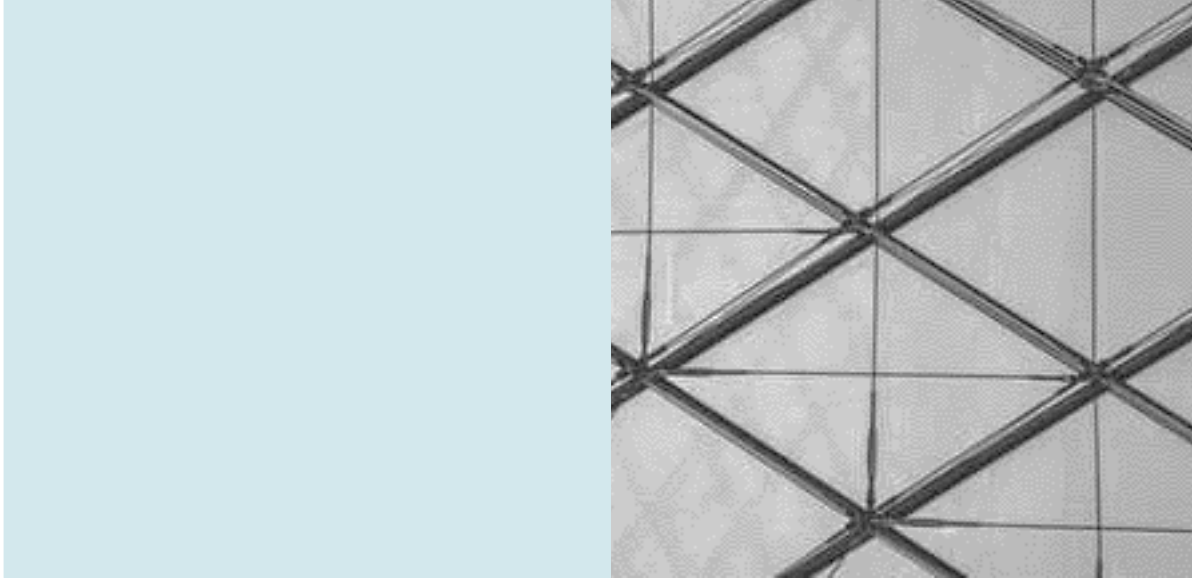


Ensuring the health and safety of employees

Decree on organizing employer activity during the state of emergency

With the goal to insure protection and health of employees, decree stipulate obligation of each employer to provide all general, special and extraordinary measures related to the hygienic safety of facilities and persons in accordance with the Law on Protection of Population from Infectious Diseases;

The employer is obliged to provide a sufficient amount of protective equipment for employees who are in direct contact with clients or share a work space with more than one person, in accordance with special regulations.



Performing work from 5 pm to 5 am

As of 28 March 2020 from 5 pm, employers whose employees perform work from 5 pm to 5 am (i.e. during the period of prohibition of movement) and have the permission of the Ministry of the Interior to be exempted from the prohibition and restriction order movements of persons in the territory of the Republic are obliged to issue to each employee the **appropriate certificate in the prescribed form, while certificates issued in another format will not be taken into account.**

Employer who have up to 100 employees on a shift that lasts during the period of prohibition of movement issues a certificate on a daily basis, while an employer with more than 100 employees on a shift issues a certificate on a weekly basis, for each employee for whom the approval of the Ministry of Internal Affairs has been obtained that they are exempt from the application of the mentioned order.



8 Decree on Emergency Tax Measures to mitigate the economic consequences of COVID-19
caused by the SARS-CoV-2 virus



Decree on Emergency Tax Measures to mitigate the economic consequences of COVID-19 caused by the SARS-CoV-2 virus

In order to increase taxpayers' liquidity, the following tax measures has been established for:

- legal entities
- entrepreneurs
- farmers and individuals

during a state of emergency for the amount of more or less paid taxes and incidental payments, except interest, interest should be charged and paid at a rate equal to the annual reference rate of the National Bank of Serbia, which is as of 11 March 1,75%.

With other words, during the state of emergency the interest rate was reduce for 10% comparing to interest, which is valid under ordinary conditions.

Reduce of interest rate



Delayed payment of tax liabilities

Decree on Emergency Tax Measures to mitigate the economic consequences of COVID-19 caused by the SARS-CoV-2 virus

The decree stipulates that taxpayers who have an approved rescheduled tax debt within the meaning of Art. 73-74b of the Law on Tax Procedure and Tax Administration, during the state of emergency no measures will be taken prescribed by Article 74, para. 7–9. of this Law beginning with the installment due in March 2020.

During the state of emergency, the Tax Administration shall not annul the agreement ex officio, ie terminate the decision on the postponement of payment of the tax due and shall not carry out the procedure of enforced collection for the purpose of collecting it, whereby no interest within the meaning of Art. 75 and 76 ZPPPA.

However, the aforementioned regulation does not foresee a delay in the enforcement of enforced collection of arrears but not of taxes and incidental tax payments, which is important to keep in mind, since the tax authorities have no obstacle to initiate the procedure of enforced collection of taxes.



9 General Act of the National Bank of Serbia

General act of National Bank of Serbia

In order to maintain achieved level and to further strengthen the stability of the financial system in conditions of potential risks caused by emergency health situation in Serbia, the National bank of Serbia has on 17 March 2020 adopted:

- The decision on Temporary Measures for Maintenance of Stability of Financial System and
- The decision on Temporary Measures for Leasing Providers for the Purpose of Maintenance of Stability of Financial System.



General act of National Bank of Serbia

Moratorium – may not be shorter than 90 days or duration of state of emergency

The moratorium is introduced for all debtors who wish so (individuals and legal entities, as well as entrepreneurs) and entails moratorium in payment of liabilities which cannot be shorter than 90 days or term of state of emergency introduced due to a pandemic of Covid-19 virus.

Banks and financial leasing companies are required to publish the notification of offering of a moratorium on their internet pages upon which it will be considered that the notification has been sent to all clients (debtors). If the client within 10 days as of the publishing of such notification does not reject such a proposal it shall be considered that he has accepted the proposal without any obligation to visit the bank or financial leasing company.

Upon expiration of the above-mentioned deadline moratorium will have a legally binding effect but debtors will be allowed to repay their liabilities.



General act of National Bank of Serbia

Prohibition of interest calculation and initiation of enforcement collection procedure during Moratorium

During the state of emergency, the bank or leasing company shall not calculate default interest on due but unsettled liabilities and shall not initiate enforcement collection procedure, nor they will conduct any other legal measure for the purpose of collection of receivables from the clients. Besides, banks and leasing companies shall not be able to claim any compensation related to the costs stemming from adopted regulations.



10 The Regulation on time limits in court proceedings during the state of emergency


Interruption of time limits in court proceedings

The Decree define that the deadlines for filing civil lawsuits, private criminal proceedings, motions for instituting non-contentious or enforcement and security proceedings, filing an administrative lawsuit and lodging a constitutional complaint shall cease to be during the state of emergency declared on 15 March 2020.

Also, the deadlines for declaring remedies, remedies or for taking other procedural actions in the procedures referred to in Article 1 of this Decree shall cease to be during the state of emergency declared on 15 March 2020.

In criminal proceedings, misdemeanor proceedings and proceedings for economic offenses, the deadlines for lodging appeals against decisions terminating the proceedings, as well as for declaring extraordinary legal remedies, cease to exist during the state of emergency declared on 15 March 2020.

“In addition, on 17 March 2020, the Ministry of Justice adopted a recommendation for the work of public bailiffs during a state of emergency recommending the postponement of enforcement proceedings to settle certain monetary and non-monetary claims, which primarily relate to the collection of claims from commercial relations.”



Deadlines in administrative proceedings

11 Decree on application of deadlines in administrative procedures

The decree regulates the application of deadlines in administrative during the state of emergency.

It has been prescribed that delivered documents and notifications in administrative procedures for which deadlines cannot be extended are deemed delivered upon expiration of 15 days as of the termination on state of emergency.

Deadlines that are expiring during a state of emergency and which pertain to administrative actions, finalization of administrative procedures and decision-making based on legal remedies shall be deemed expired 30 days as of the termination of a state of emergency.

12 DECISION ON THE STATUS OF
FOREIGN NATIONALS IN THE
REPUBLIC OF SERBIA DURING
A STATE OF EMERGENCY



Decision on the status of foreign nationals in the Republic of Serbia during a state of emergency

Legal presence of foreign nations in the Republic during a state of emergency

Foreign nationals who were legally residing in Serbia on the day of introduction of the state of emergency on 15 March 2020 on the basis of grounds prescribed by the Law on Foreigners may lawfully reside in Serbia, as long as the state of emergency is in force, without the obligation to initiate processes for further determination of their status

Expiry of ID

It is also envisaged that in the case of an identity card for an foreigner issued in accordance with the Law on Foreigners, an ID card for an asylum seeker and an ID card for asylum seekers who have expired or expire while on Decisions to declare a state of emergency shall be considered valid while the said decision is in force.



13 Changed way of work of public executors

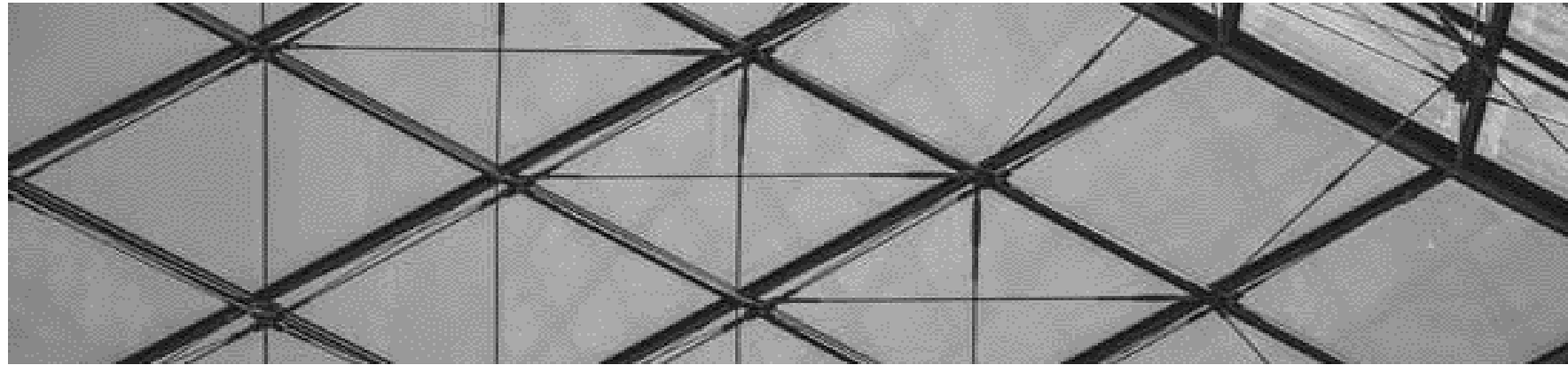
(Business Agency and Tax Administration)



Business Agency suspended working with clients through direct contact i.e. at the counters of Agency during the state of emergency, and this will remain unchanged as long as the decision on the introduction of a state of emergency is in force or until another act of the Government of the Republic of Serbia is abolished.

Requests and application forms can be sent by post, while the: eRegistration of establishment of one-member and multi-member LLC, eRegistration of establishment of entrepreneurs, eConstruction licenses, eSubmission of financial statements and Central records of real owners will still be available for users.

The Tax Administration of the Republic of Serbia has terminated working with clients in person, and enable electronic communication with taxpayers by opening special e-mail addresses for receiving submissions electronically, while filing of tax returns through the electronic service "E-Taxes" will be enabled as smoothly as before, with respect to the deadlines that were in force before the introduction of the state of emergency.



14 Decree of the amended Decree on reporting of foreign credit transactions

In state of emergency conditions, documentation, which should normally be delivered during the reporting process of the National Bank of Serbia on foreign credit operations, can also be delivered in electronic form, as a PDF format file, to the e-mail address izvestavanje.kpi@nbs.rs.

The National Bank of Serbia shall, during the state of emergency, conduct certification, i.e. accept the mentioned documentation in electronic form.

Residents who reported their foreign credit operations to the National Bank of Serbia during the state of emergency in this way, must deliver the documentation, based on which certification was conducted, in paper form in a way proscribed by this decision within 10 days after the end of the state of emergency.

FOR INQUIRIES AND CONCERNS



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