

Ideas that pay off.

Monthly Newsletter

November, 2021

CONFIDARS

The National Assembly adopted the Law on Amendments to the Law on Companies

The National Assembly of the Republic of Serbia, at its session held on November 26, 2021, adopted the Law on Amendments to the Law on Business Organizations.

One of the provisions is the introduction of the obligation to register for the use of e-government services for companies, under the Law governing e-government. Also, the adopted law harmonizes the provisions of the Law on Companies with the provisions of the Bankruptcy Law and prescribes that after the sale of the bankruptcy debtor, as a legal entity in bankruptcy proceedings, the value of the share capital of the company is registered in the amount of the purchase price from the contract of sale, debtor, and the buyer's contribution as a cash investment in share capital in the value of the paid purchase price.

The novelties in the law also refer to the part that regulates compulsory liquidation, specifically of the entrepreneur, in case the entrepreneur stops performing activities in case of revocation, termination of the license, license, approval, consent, etc., which are prescribed by a special law as a condition for registration of a case. When it has been determined by a final judgment that the entrepreneur is not at the registered address of the registered office, and the entrepreneur does not register a new registered office address within 30 days from the finality of the judgment. Also, the entrepreneur is allowed to avoid deletion from the register if he registers the termination of the registered activity within the prescribed period during which the measure was imposed, ie registers the change of the registered activity or deregisters the activity in case the measure prohibits the registered activity is pronounced.

The entrepreneur may then register the change of registered activity or deregister the activity in case of revocation of license, license, approval, consent, which are prescribed by a special law as a condition for registration of his activity or register the change of registered activity, deregister the activity or submit proof of extension, validity of permits, licenses, approvals, consents, etc., and in case of termination of both permits and licenses and approvals and consents, etc., which are prescribed by a special law.

THE LAW ON AMENDMENTS TO THE LAW ON COMPANIES ALSO HARMONIZES WITH EU REGULATIONS.

As the Law stipulates, a public joint-stock company is obliged to have a bonus policy for directors and members of the supervisory board, if the management of the company is bicameral. This law refers to the transparency of the work performed by directors and executive directors, and the general meeting of the company is the body that decides on the proposed bonus policy.

The competent body of the company must at least once a year makes a clear, comprehensive, and understandable report on all fees that the assembly has allocated to supervisory boards and executive bodies.

The report on fees must be published on the company's website. It must not contain special types of personal data and economic offenses for breach of the company's obligations prescribed with the obligation to publish reports on bonus policy.

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The National Assembly adopted the Law on Amendments to the Law on Personal Income Tax

The National Assembly of the Republic of Serbia, at its session held on November 26, 2021, adopted the Law on Amendments to the Law on Personal Income Tax.

If the National Assembly adopts the proposed amendments, the Law will begin to apply to taxpayers from January 1, 2022, except for the provisions on new tax incentives for employers in employment, which apply from March 1, 2022.

The most important changes to the Law are presented below:

1. The monthly non-taxable amount of salary was increased from 18,300 to 19,300 dinars;

2. The validity of the existing tax reliefs from Article 21c and 21d of the Law has been extended until the end of 2022;

Namely, the employer who hires a new person has the right to a refund of part of the paid income tax for the newly employed person, paid as of December 31, 2022 (the old deadline was December 31, 2021). Also, an employer who establishes an employment relationship with at least two new persons is entitled to a refund of 75% of the paid payroll tax for the newly employed person, paid as of December 31, 2022;

A newly established company that performs innovation activities under Article 21e of the Law, may exercise the right to exemption from paying payroll taxes of employed founders (up to a certain amount) for 36 months from the establishment of the company, and for those companies that are established after 31 December 2021;

Employer who on 31.12.2020. has a maximum of 30 employees and who employs a qualified new employee is entitled to a partial exemption from paying taxes on salaries paid to qualified new employees until December 31, 2025.

3. New tax incentives are prescribed for employers when hiring new employees:

A new tax relief has been prescribed for employers who, under certain conditions, will be able to exercise the right to tax exemption by 70% by the end of 2024 for salaries paid to newly employed persons whose salary is at least RSD 76,500.

A new relief has been prescribed for employers who, within their activities, perform research and development on the territory of the Republic of Serbia, and which has been in force since March 1, 2022. Under certain conditions, they are entitled to a 70% tax exemption for salaries paid to persons directly engaged in research and development work, in proportion to the time they spend in those jobs to full-time work.

4. Exemption from capital gains tax is prescribed for a taxpayer who enters copyright and related rights and industrial property rights in full as a non-monetary contribution to a company resident in the Republic of Serbia;

5. A tax relief is introduced for the annual personal income tax, based on which for persons under 40 years of age, the annual tax base is further reduced by the amount of three average annual gross earnings.

6. An exemption from taxation is introduced for fees earned by students who perform learning through work in a dual model of study.



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Amendments to the Law on Central Records of beneficial owners

The draft Law on Amendments to the Law on Central Records of Real Owners was published on the official website of the Ministry of Economy of the Republic of Serbia.

To improve the conditions for starting a business, the draft stipulates that in case of establishing a registered entity electronically, the founder is considered an authorized person to record data on the beneficial owner, thus enabling the registration of the beneficial owner in the Central Register of beneficial owners.

The draft stipulates that if this opportunity of the founder is not used, the obligation of the person authorized to represent arises to make an entry in the Central Register of beneficial owners within 15 days from the day of establishment following the Law.

With this draft, improvements are being made in the area of business conditions.

By the current rules, bearing in mind that currently of all registered entities, only limited liability companies can be established electronically, it is estimated that in the first year of implementation of this change, it is used by about 10% of registered entities

The reference interest rate remained unchanged

At the session of the Executive Board of the NBS held on November 9, 2021, it was decided to keep the reference interest rate at 1%.

The next session of the Executive Board will be held on December 9, 2021.

The National Assembly adopted the Law on Amendments to the Law on Corporate Income Tax

The National Assembly of the Republic of Serbia, at its session held on November 26, 2021, adopted the Law on Amendments to the Law on Corporate Income Tax.

Under the amendments to the Law on Corporate Income Tax, an amendment has been proposed in Article 30 of this Law which provides the taxpayer with the opportunity to obtain capital gains under certain conditions by transferring intellectual property rights (copyright, copyright rights, as well as the right to in connection with the invention) in the capital of a resident legal entity, does not include in the corporate income tax base, with the prescribing of conditions that must be met so that the taxpayer would not lose the right to this tax benefit.

It is envisaged that these amendments will be applied in the tax period for 2022.



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Statistical Office of the Republic of Serbia published consumer price indices for October 2021.

On November 12, the Statistical Office of the Republic of Serbia published a statement on the consumer price index for October 2021.

Prices of consumer goods and services in October 2021, on average, increased by 0.9% compared to September 2021. Consumer prices in October 2021, compared to the same month in 2020, increased by 6.6%, while compared to December 2020, they increased by an average of 6.4%.

Observed by the main groups of products and services classified according to the purpose of consumption, in October 2021, compared to the previous month, price growth was recorded in the groups' Transport (1.8%), Clothing and footwear (1.6%). Food and non-alcoholic beverages (1.3%), Dwelling, water, electricity, gas and other fuels (0.9%), Furniture, household appliances and current maintenance of housing (0.6%), Restaurants, hotels, and Education 0.5% each).

Statistical Office of the Republic of Serbia published earnings data for September 2021.

On November 25, the Statistical Office of the Republic of Serbia published a statement on salaries for September 2021.

The average gross salary calculated for September 2021 was 89,980 RSD, while the average net salary was 65,218 dinars.

Growth in gross wages in the period January–September 2021, compared to the same period last year, amounted to 8.6% in nominal terms and 5.4% in real terms. At the same time, net earnings increased by 8.8% in nominal terms and by 5.6% in real terms.

Compared to the same month of the previous year, the average gross salary for September 2021 is nominally higher by 9.0% and really by 3.1%, while the average net salary is nominally higher by 9.2% and 3.3 % real.

The median net salary for September 2021 was 50,000 dinars, which means that 50% of employees earned up to the stated amount.



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Proposal of Amendments to the Law in the Field of the Law on Contributions for Compulsory Social Insurance

At the session held on November 3, 2021, the Government of the Republic of Serbia adopted the draft amendments to the Law on Contributions for Compulsory Social Insurance and sent them to the National Assembly for adoption in the form of a proposal.

The proposed amendments to the Law on Contributions for Compulsory Social Insurance, which will come into force on January 1, 2022, are a reduction in the rate of PIO contributions from 25.5% to 25% (the contribution rate at the expense of the employer is reduced by 0.5%).



Applying for the issuance of a security element through the Electronic Fiscalization Service (ESF)

Taxpayers who have been assigned a unique designation of business premises and business premises based on a submitted PGJO application and who have received an invitation message in the tax box for introduction into the eFiscalization process may apply for the issuance of a security element.

The application for the issuance of a security element is submitted by the authorized person of the taxpayer through the Electronic Fiscalization Service (ESF), which is accessed through the ePorezi portal.

> [ACCESS THE EPOREZI PORTAL](#)

The taxpayer orders a security element when he is ready for fiscalization, ie when he knows which fiscal device he will use.

The register of approved elements of the electronic fiscal device can be found on the portal of the Tax Administration below.

> [ACCESS THE TAX ADMINISTRATION PORTAL](#)

After generating data and creating a security element in the form of a smart card, the authorized person receives a notification in the tax box about the created security element, as well as the time of its download. Security elements in the form of a smart card are picked up at the "Your Taxpayer" counter in the competent branch of the Tax Administration, except for CVPO taxpayers who pick up the security element at the Center for Large Taxpayers. If the security element is in the form of a file, it is automatically sent to the tax box where the taxpayer will have instructions for its download.

We remind you that the security element is a hardware or software element that the Tax Administration issues to the taxpayer to confirm the authenticity of the taxpayer.

An invoice issued without the use of a security element cannot be considered a fiscal invoice by the Law on Fiscalization.

The security element is personalized for the taxpayer, for specific business premises and business premises, and cannot be used by an unauthorized person, in another business premises and business premises, ie within an inappropriate electronic fiscal device.

Instructions for applying for a security element can be found [HERE](#).

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