

CONFIDA

Ideas that pay off.

Monthly Newsletter

April, 2022

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CROSS-BORDER LOAN BETWEEN RELATED PARTIES

Cross-border loans are a common way of financing between related parties. Such transfers can be analyzed within Serbian legislation from the aspects of several laws and bylaws. The Law on Foreign Exchange Operations, the Law on Corporate Income Tax, and special regulations of the National Bank of Serbia regulate in more detail the conditions for approving cross-border loans and the tax aspects that accompany such transfers.

The Law on Foreign Exchange Operations regulates the possibility of granting loans to resident legal entities by non-resident legal entities, as well as the granting of loans to non-resident legal entities by resident legal entities. The further procedure for the realization of such cross-border loans is regulated by special regulations in the field of foreign business issued by the National Bank of Serbia.

The Decision on the conditions under which and how residents may grant financial loans to non-residents and provide guarantees and other collateral for foreign credit transactions and credit transactions between non-residents prescribes the conditions under which how a resident legal entity may grant financial loans to non-residents and the Decision on reporting on foreign credit operations, prescribe the obligation to report to the National Bank of Serbia on cross-border loans, mandatory documentation and the reporting procedure itself. A relative novelty within the regulation of such transfers is that cross-border loans can be granted without restrictions, in terms of financing conditions exclusively related to, legal entities based in the European Union. The decision on reporting on foreign credit operations prescribes mandatory documentation (forms) that must be submitted to the National Bank of Serbia both in the case of credit borrowing and in the case of credit approval. Regarding the conditions of the loan, the National Bank of Serbia does not prescribe the normative interest rate, but it is recommended, for tax optimization, to harmonize the agreed interest rate with the interest rates prescribed by the Rulebook on "arm's length" interest rates.

Interest income earned by a legal entity based on a Loan Agreement is subject to withholding tax at the rate of 20%, under the Law on Corporate Income Tax (Article 40 of the Law on Corporate Income Tax), unless the Double Taxation Treaty provides a preferential tax rate. The Republic of Serbia has concluded DTTs with 63 countries, which regulate preferential tax rates, also. This aspect of withholding taxation of interest on the loan should be considered depending on the seat of legal entities - contractors.



SIGNING WITH QUALIFIED ELECTRONIC CERTIFICATE IN APPLICATIONS OF BUSINESS REGISTERS AGENCY

As of March 23, 2022, the Business Registers Agency enabled the use of an electronic signature in the cloud issued by the Office for IT and eGovernment, in the Special Information System for compiling and submitting financial reports.

In the coming period, the Agency will enable the use of qualified electronic certificates in the cloud and other applications available on the Agency's website, as well as the use of qualified electronic certificates in the cloud issued by other issuers in the Register of Trusted Service Providers.

Qualified electronic certificate in the cloud is issued free of charge by the Office for IT and eGovernment, whose Electronic Identification Portal published all information and instructions regarding activation of the mobile application ConsentID, qualified electronic certificate in the cloud, and procedures for signing documents in the cloud.

➤ [ACCESS THE CLOUD](#)

NEW FORM OF ARCHIVAL BOOK PUBLISHED

The Rulebook on the form of the archive book was published, which entered into force on March 24, 2022. This Rulebook prescribes a new form of archive book. The list of archival material and documentary material in the archive book is done chronologically, from the year the company was established, by year and classification marks, by the name of the category of documentary material according to the valid List of categories of archival material and documentary material with retention periods. The content of documents is not entered in the archive book, but the quantity of documents created in a calendar year, grouped by categories as well as the physical location where these documents are located, is listed in groups. The archival book is not closed at the end of the year; it's kept in a continuous series of numbers and can be kept in book form or electronic form (excel table, word table, etc.) with regular backup.

Legal entities are obliged to submit a transcript of the archival book by April 30, 2022, to the competent archive for the previous calendar year. If legal entities have not kept such or similar records properly, it is necessary to compile the archival book retroactively, from the day the legal entity was established. According to the interpretation, entrepreneurs, associations whose founders are exclusively natural persons, and representative offices of a foreign company or branch are not obliged to submit transcripts of the archive book.

The archival book or a transcript of the archival book (copy) is submitted to the competent archive as an individual item with an accompanying letter registered and signed by the responsible person. The transcript shall be submitted in written form in one copy, no later than April 30 of the current year for documentary material created in the previous year.

A NEW WAY OF CALCULATING AND PAYING TAXES WHEN BUYING USED VEHICLES

Individuals who decide to buy a used motorcycle, car, truck, or another motor vehicle from another individual can now easily get the exact amount of tax calculated electronically in four simple steps, after entering personal and traffic license data. The buyer will no longer have to wait for the decision of the Tax Administration to register the vehicle in his name.

Also, there was a change in the calculation of the tax base. Namely, after the changes, the value of the used vehicle represents a special calculation according to a formula that includes the volume, power, and age of the vehicle (instead of the catalog price of used vehicles according to AMSS). Citizens can pay the calculated amount of tax on the portal via card or generate a payment slip for e-banking payments.

The new method of taxation has been applied since March 31, and the Tax Administration of Serbia has published instructions for calculating this tax.

REFERENCE INTEREST RATE AT 1.5%

At its session held on April 7, 2022, the Executive Board of the National Bank of Serbia decided to raise the reference interest rate (RKS) to 1.5%.

CONSUMER PRICE INDICES PUBLISHED FOR FEBRUARY 2022

Prices of consumer goods and services have increased by 1.1% on average in February 2022, compared to January 2022. Compared to the same month last year, prices increased by 8.8%, while compared to December 2021, they increased by 1.9% on average.

Observed by main groups of products and services classified by the purpose of consumption, in February 2022, compared to the previous month, price growth was recorded in the following groups: Alcoholic beverages and tobacco (2.6%), Food and non-alcoholic beverages (2.0%), Transport (1.6%), Health (1.2%), Restaurants and hotels (0.6%), Housing and maintenance equipment (0.4%) and Housing, water, electricity, gas and other fuels (0.2%). The price reduction was recorded in the group of Clothing and footwear (-1.2%).

The prices of other products and services did not change significantly.



OBTAINING SECURITY ELEMENTS IN THE FISCALIZATION PROCESS

Taxpayers who have registered their business premises and obtained a unique designation of business spaces can apply for the issuance of a security element. The application for the issuance of a security element must be submitted through the Electronic Fiscalization Service (ESF), which is accessed through the e-porezi portal.

In the application for issuing security elements, it is necessary to enter the number of certificates or smart cards required for implementation in the fiscal devices of one business premises, as well as to authorize a certain person to pick up security elements after their creation. If you have applied for a security element in the form of a certificate, the link to download the certificate in the form of a PFX file is delivered to the taxpayer in the tax box at e-porezi portal.

If you have opted for smart cards as a type of security element, the tax box will subsequently receive a notification that the security element has been made and that smart cards must be picked up within two days at the Tax Administration office specified in the application for issuance and production of security elements, by the authorized person specified in the application.

STATISTICAL OFFICE OF THE REPUBLIC OF SERBIA PUBLISHED EARNINGS DATA FOR JANUARY 2022

The average salary (gross) calculated for January 2022 amounted to 97.877,00 RSD, while the average salary without taxes and contributions (net) amounted to 70.920,00 RSD.

Compared to the same month last year, the average gross salary and the average net salary for January 2022 are nominally higher by 12.4%, and by 3.9% in real terms.

Compared to December 2021, the average gross salary calculated for January 2022 is nominally lower by 4.2%, and in real terms by 5.0%, while the average net salary is nominally lower by 5.0%, and by 5.8% in real terms.

The median net salary for January 2022 amounted to 53.327,00 RSD, which means that 50% of employees earned up to the stated amount. Compared to the same month last year, the median net salary for January 2022 was nominally higher by 11.1% and really by 2.7%, while compared to December 2021 it remained nominally at the same level, and in real terms is lower by 0.8%.

TAX CALENDAR FOR APRIL 2022

THE LAW

THE DEADLINE

VALUE-ADDED TAX LAW



The Deadline for submitting VAT returns for the period from 01.03-31.03.2022. is April 15, 2022.

April 15, 2022. is also the deadline for submitting a VAT return for taxpayers whose tax period is a calendar quarter.

The deadline for submitting a tax return and paying VAT for the previous month by a tax debtor who is not a VAT payer is April 11, 2022.

FISCALIZATION LAW



The Deadline for the transition to the new fiscalization system is April 30, 2022.

CORPORATE INCOME TAX LAW



The Deadline for payment of advance payment of corporate income tax for the previous month is April 15, 2022.

ARCHIVE MATERIALS AND ARCHIVING ACTIVITIES LAW



The Deadline for submitting the archive book or its transcript for the previous calendar year is April 30, 2022.

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