

CONFIDA

# Ideas that pay off.

## Monthly Newsletter

July, 2022

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### NEW INCENTIVES FOR EMPLOYMENT OF FOREIGNERS IN SERBIA

In June, the Government of the Republic of Serbia adopted the Decree on the criteria for granting incentives to employers who employ newly settled persons. The provisions of the Decree refer to all companies that already employ or intend to employ foreign nationals and determine the conditions for exercising their right to the incentive.

**The incentive is realized once a year by the refund principle, for a maximum period of 5 years, by refunding 70% of paid income tax and 100% of paid mandatory social insurance contributions.**

A newly settled person is considered to be a person for whom there is a need that cannot be easily met in the domestic labor market and who, in 24 months preceding the day of concluding the employment contract, did not stay on the territory of Serbia for more than 180 days, and with whom the employer concluded a contract for an indefinite period defining a full-time work position.

**An additional condition for the incentive is the defined minimum amount of the newly settled person's gross salary, which amounts to at least RSD 300,000.**

The application for the incentive grant is submitted annually to the Ministry of Economy, in the period between September 15 and 30, whereby the application is submitted for salaries paid in the period preceding the submission of the application.

The application must contain data about the employee, the employer's business data, a salary calculation showing 70% of the calculated and paid tax and 100% of the calculated and paid mandatory social insurance contributions, as well as the amount of the incentive for which the refund is requested following the calculation.

Along with the application, it is necessary to attach a written statement of the employed newly settled person in which the person confirms, under criminal and material responsibility, that in 24 months preceding the day of concluding the employment contract with the employer, they did not stay on the territory of the Republic of Serbia for more than 180 days.

**The decision on the grant of the incentive is made by the Ministry of Economy within 120 days from the application submission deadline.**

## LOCAL COMPANY DISPLAY TAX & ECO-TAX DEADLINE

The Law on Financing of Local Self-Government prescribes the obligation to pay the local company display tax for the establishment of a company on business premises. The local company display tax is paid annually, for each prominent name on the business premises that indicates that the business activity is carried out there.

Entrepreneurs and legal entities that are classified as micro and small legal entities and have an annual income of up to RSD 50.000.000, do not have the obligation to pay the local company display tax.

**Exceptions are entrepreneurs and legal entities engaged in the following activities:**

- ▶ banking, property and personal insurance, production and trade in oil and oil derivatives, production and wholesale trade in tobacco products, cement production, postal, mobile and telephone services, electricity industry, games of chance and night bars and discotheques.

Therefore, if a business entity does not engage in any of the listed activities and did not realize an annual income higher than RSD 50.000.000 during the previous year, there is no obligation to pay the company display tax.

Also, the Decree on criteria for determining activities that affect the environment stipulates the mandatory payment of the **eco-tax** for all legal entities, entrepreneurs, and associations.

**The Decree has been in force since 2019, and the amount of the eco-tax is determined annually and paid in 12 monthly installments.**

The amount of the eco-tax depends on the predominant activity and whether the business entity is a large, medium, small or micro legal entity or an entrepreneur. Therefore, the amounts that business entities must pay in the name of the eco-tax range from RSD 5.000 to RSD 2.000.000, depending on the size of the company and the degree of its environmental impact.

**The deadline for submitting the applications for the local company display tax and the eco-tax is July 31.**

## CALL FOR APPLICATIONS FOR PARTICIPATION IN THE PROJECT OF PROVIDING TECHNICAL ASSISTANCE FOR ACCESS TO EU FUNDS

On June 22, 2022, the Chamber Investment Forum Western Balkans 6 (WB6 CIF) announced the call for participation in the project of providing technical assistance in the application for EU funds. The technical assistance program is being held within the project "EU support to the WB6 CIF" in cooperation with six Chambers of the Western Balkans region.

**The call for applying and participating in the project is open for micro, small, and medium-sized enterprises (MSMEs) in the Western Balkans. The goal of the project is to enable the MSMEs access to EU funds. Selected companies, 10 companies for each of the six economies, will have the opportunity to receive external expert support in applying for EU programs.**

A special Application Platform has been created, designed specifically for implementing the application process and selection of potential program participants. The platform will also serve as a key contact point, help desk, and knowledge center for the participating companies.

Upon completion of the training, an evaluation and assessment of companies that meet the set criteria will be performed and based on the results, 60 MSMEs from the Western Balkan region will be included in the further work process, and each company will be provided with an individual approach.

The project is designed to educate potential candidates most efficiently, through the example of a generic proposal call. Upon completion of the program, and evaluation of potential candidates, selected companies will be notified.

**The deadline for submitting applications for the support program for small and medium-sized enterprises when applying for access to EU funds, i.e. registering companies on the platform, is September 9, 2022.**

## NOTICE ON AUTOMATIC REGISTRATION OF PRIVATE SECTOR ENTITIES IN ELECTRONIC INVOICE SYSTEM

Under the Law on Electronic Invoicing, the obligation of private sector entities to receive and store electronic invoices issued by public sector entities, as well as electronic invoices issued by private sector entities, entered into force on July 1, 2022.

On June 30, 2022, the Ministry of Finance published a letter addressed to private sector entities, which explains the mechanism of automatic registration of recipients of electronic invoices – private sector entities in the electronic invoice system (SEF).

Automatic registration of private sector entities is carried out if the issuance of an electronic invoice is requested via SEF to a specific entity that has not previously registered independently but has a TIN according to the data in the Unified Taxpayers Register. Such recipient of an electronic invoice will be notified about its automatic registration, through the email address registered in the Serbian Business Registers Agency.

In the case of automatic registration of private sector entities all rights and obligations prescribed by the Law apply.

## REFERENCE INTEREST RATE INCREASED TO 2,75%

**At the session held on July 7, 2022, the Executive Board of the National Bank of Serbia decided to increase the reference interest rate from 2.5% to the level of 2.75%.**

The increase in the reference interest rate directly reflects the increase in the default interest rate, as well as in the increase in the interest rate for untimely paid public revenues, therefore the annual default interest rate amounts to 10.75%, while the annual interest rate for untimely paid public revenues amounts to 12.75%.

The next session of the Executive Board, at which the decision regarding the reference interest rate for the next period will be made, will be held on August 11, 2022.

## STATISTICAL OFFICE OF THE REPUBLIC OF SERBIA ANNOUNCES EARNINGS FOR APRIL, 2022

The average gross salary calculated for April 2022 amounted to RSD 100,727.00, while the average salary without taxes and contributions amounted to RSD 73,012.00 RSD.

Compared to the same period the previous year, the nominal growth of average net salaries for the period January–April 2022 was 13.1%. In the same period, net earnings increased by 3.9% in real terms.

The median net salary amounted to RSD 55,267.00 in April 2022, which means that 50% of employees earned up to the stated amount.



## CONSUMER PRICE INDICES, MAY 2022

On average, the prices of personal consumption goods and services increased by 1.2% in May 2022, compared to April 2022.

Compared to the same month of the previous year, consumer prices increased by 10.4% in May 2022, while compared to December 2021, the average consumer price increase amounted to 5.6%.

Observed by the main groups of goods and services classified according to the purpose of consumption, compared to the previous month, in May 2022 price growth was recorded in the following groups: Transport (2.5%), Restaurants and hotels (2.3%), Apartment equipment and current maintenance (1.7%), Health (1.5%), Food and soft drinks (1.2%), Clothing and footwear (1.1%), Housing, water, electricity, gas and others fuel (0.9%), Recreation and culture (0.6%), Alcoholic beverages and tobacco (0.4%), Education (0.2%) and Utilities (0.1%).

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

Consumer price indices are defined as a measure of the average change in retail prices of goods and services used for personal consumption.

**According to data on consumer price trends:**

- The consumer price index in the Republic of Serbia in May 2022, compared to April 2022, is 101.2.
- The consumer price index in the Republic of Serbia in May 2022, compared to December 2021, is 105.6.

### PERIOD:

### INFLATION:

April 2022 – May 2022



1,2%

May 2021 – May 2022



10,4%

December 2021 – May 2022



5,6%



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