

CONFIDA

Ideas that pay off.

Monthly Newsletter

September, 2022

CONFIDARS

THE "MY FIRST SALARY" PROGRAM HAS STARTED ITS IMPLEMENTATION

Implementation of this year's youth employment promotion program "My First Salary" will be implemented through four phases. The National Employment Service announced a Public Call for Implementation.

The first phase of implementation is intended for employers, who will be able to apply for participation in the program from August 22 to September 22, 2022, on the website below.

▶ [MY FIRST SALARY WEBSITE](#)

Through the second phase, unemployed people who want to participate in the program can apply from October 3 to October 31, 2022, on the aforementioned website.

The third phase of the program is the selection of candidates by the employer. Employers will be able to carry out the selection process of registered candidates from the very beginning of their registration. Employers from the private sector will make the final selection of candidates from November 1 to November 15, and those from the public sector will do it from November 16 to November 30, 2022. The final selection of candidates will be published on the website within 15 days.

The last phase of the program entails the signing of a tripartite contract between the National Employment Service, the employer and the selected candidate. The start of the implementation of the program is within 15 days from the formation of the list of advertised employers and approved candidates.

This year, it is planned to include 10 000 young people up to the age of 30, who have at least secondary education and no work experience, in the "My First Salary" program. The program will be implemented by the employer and will last nine months, with no employment relationship established.

The National Employment Service will pay a monthly compensation of RSD 25 000 to young people with secondary education, and RSD 30 000 to those with higher education.

The goal of the program is to create opportunities for young people who do not have work experience to do specific internships with employers and thus acquire knowledge, skills, and competencies for work.

TAXATION OF THE INCOME OF NON-RESIDENT LEGAL ENTITIES

Non-resident legal entities have the obligation to calculate and pay withholding tax if they receive income from resident legal entities or entrepreneurs who keep business books in the Republic of Serbia based on:

- dividends and profit share in a legal entity;
- income from copyright and related rights;
- interest;
- income from leasing and sub-leasing of real estate and movable property on the territory of the Republic of Serbia;
- income from market research services, accounting and auditing services, and legal and business consulting services.

The prescribed rate of withholding tax is 20%, i.e. 25% on income generated by non-resident legal entities from jurisdictions with a preferential tax system, the so-called "tax havens".

The tax rate at which the said income is taxed may be lower if such rate is prescribed by a double taxation treaty – DTT, in case the countries of residence of the payer and the recipient of the income have concluded such treaty.

The conditions for the application of the preferential rates prescribed by DTTs are the possession of a certificate of residency of the recipient of income – a non-resident legal entity, as well as the provision of evidence that the recipient legal entity is the real owner of the realized income.

The taxpayer of the withholding tax is the non-resident legal entity receiving the income, while the taxpayer is the payer of income, and the tax liability arises at the time of income payout.

The Republic of Serbia currently applies double taxation treaties with more than 60 countries.

POSTPONEMENT OF THE START OF MANDATORY ELECTRONIC ARCHIVING

The Decree on the amendment of the Decree on uniform technical and technological requirements and procedures for the storage and protection of archival material and documentary material in electronic form, which entered into force on August 25, 2022, prescribes the postponement of the start of the mandatory electronic archiving from September 1, 2022, to **January 1, 2024**.

PUBLIC CALL FOR THE AWARD OF SUBSIDIES FOR SELF-EMPLOYMENT IN THE TERRITORY OF THE CITY OF NOVI SAD

A public call for the award of subsidies for self-employment in the territory of the City of Novi Sad in 2022 has been announced. Funds in the amount of RSD 47 268 999 were provided for the implementation of this measure.

The mentioned subsidy is granted to unemployed persons who are recorded in the records of the National Employment Service in Novi Sad. The goal is to establish some form of entrepreneurship and business company if the founder establishes an employment relationship in it.

A one-time amount of RSD 250 000 to RSD 500 000 is awarded depending on the newly registered activity and the justified expenses, as well as the investments, that are shown in the business plan. In the announcement of the City of Novi Sad, it is added that if several unemployed persons join by the law, each individual submits a request for self-employment.

The application for the subsidy, which must be submitted together with the business plan, can be downloaded from the website of the City of Novi Sad and the website of the City Administration for the Economy or in person at the City Administration at Rumenačka 110a in Novi Sad.

Please note that all required documents must be submitted in duplicate to the City Administration for the Economy by mail or in person.

The deadline for submitting requests is September 16, 2022.

POSSIBILITY OF ELECTRONIC SUBMISSION OF JCI

On August 20, 2022, amendments to the Rulebook on the form, content, method of submitting and completing declarations, and other forms in the customs procedure related to the submission of the Unified Customs Document-JCI entered into force.

The newly-added chapter **Declaration in electronic form**, closely specifies the method of submitting the declaration electronically by the declarant/representative, as well as the method of signing it.

Following the changes, the electronic declaration must be signed with a qualified electronic signature, that is, with a qualified electronic seal of the declarant/representative registered in the Customs Administration.

REFERENCE INTEREST RATE INCREASED TO 3.50%

At the session held on September 8, 2022, the Executive Board of the National Bank of Serbia decided to increase the reference interest rate to the level of 3.50%.

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 11.50%, while the annual interest rate for untimely paid public revenues amounts to 13.50%.

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 October 6, 2022.

FITCH RATINGS CONFIRMED THE CREDIT RATING OF THE REPUBLIC OF SERBIA

The National Bank of Serbia announced that the rating agency Fitch Ratings **maintained Serbia's rating at the BB+ level** during its regular six-month evaluation, which is one level away from the investment rating, with stable prospects for an increase in the credit rating in the coming period.

The Fitch Ratings agency cites the credible framework of the macroeconomic policy conducted in Serbia and stronger management, human capital, and a higher level of gross domestic product per capita compared to countries with a similar credit rating as key factors for this decision.

The stable outlook for the increase in the credit rating reflects the availability of external financing sources, as well as the adequacy of foreign exchange reserves, which makes it possible to absorb pressures on the country's balance of payments in extraordinary conditions on the world market.

In terms of inflation, Fitch Ratings estimates that, after this year's price impact from the world commodity market, inflation will moderate to around 7% in 2023, and 3.8% in 2024, broadly in line with the projections of the National Bank of Serbia.

AVERAGE EARNINGS PER EMPLOYEE, JUNE 2022

Average gross earnings calculated for June 2022 amounted to RSD 102 523, while average earnings without taxes and contributions-net earnings amounted to RSD 74 302.

Compared to the same period of the previous year, the nominal growth of average gross and net earnings for the period January-May 2022 was 13.5%. In the same period, earnings increased by 3.5% in real terms.

Compared to June 2021, average net earnings in June 2022 were nominally higher by 14.2% and by 2.1% in real terms.

Median net earnings amounted to RSD 56 397 in June 2022, which means that 50% of employees earned up to the stated amount.



CONSUMER PRICE INDICES, JULY 2022

The prices of personal consumption of products and services in July 2022 have increased by 1% on average compared to June 2022.

Consumer prices have increased by 12.8% in July 2022, compared to the same month of the previous year, while compared to December 2021, they increased by 8.4% on average.

Observed by the main groups of products and services classified according to the purpose of consumption, in July 2022, compared to the previous month, price growth was recorded in the group's Recreation and culture (3.2%), Transport (2.3%), Alcoholic beverages and tobacco (2.0%), Housing, water, electricity, gas and other fuels (1.9%), Housing equipment and ongoing maintenance (1.5%), Health (0.8%), Restaurants and hotels (0.7%) and Education (0.2%). A drop in prices was recorded in the Food and non-alcoholic beverages group (-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 July 2022 was 101, compared to June 2022.
- The consumer price index in the Republic of Serbia in July 2022 was 108.4, compared to December 2021.

PERIOD:

INFLATION:

June – July 2022



1%

July 2021 – July 2022

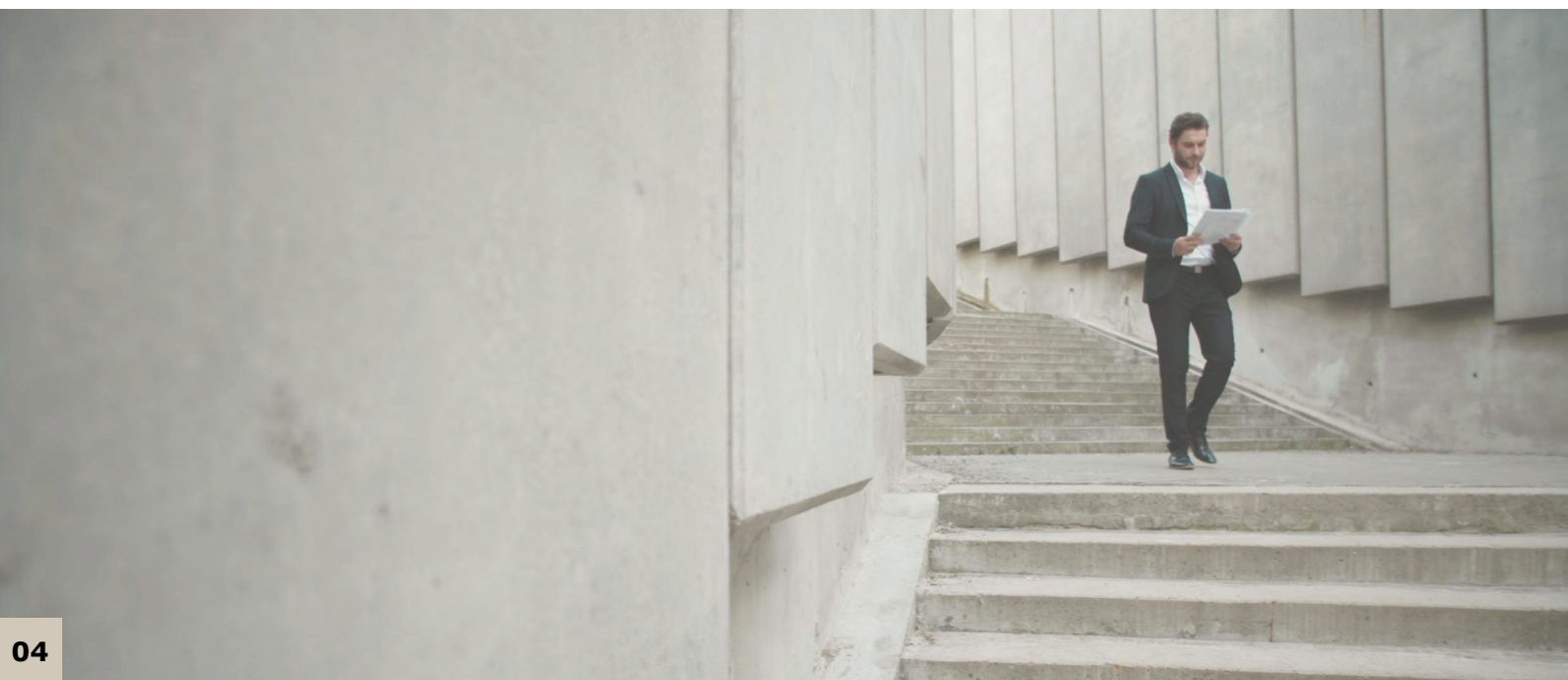


12.8%

December 2021– July 2022



8.4%



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