

CONFIDA

Ideas that pay off.

Monthly Newsletter

December, 2022

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UPCOMING AMENDMENTS TO SEVERAL LAWS

At the session held on November 17, 2022, the Government of the Republic of Serbia adopted and referred bills on amendments to several laws to the parliamentary procedure.

Below we highlight several of the most significant changes and additions.

LAW ON ELECTRONIC INVOICING

Regarding the Law on Electronic Invoicing, the following amendments are expected:

- The range of transactions for which there is no obligation to issue an electronic invoice is being expanded, namely for:
 - delivery of electricity and the service of downloading electricity into the energy system, except for the delivery of electricity for final consumption,
 - turnover of goods and services free of charge,
 - transactions based on which compensation representing public revenue is paid,
 - request for the payment costs and awards in court and other proceedings, which the court funds covers, or other authority where the proceedings are conducted, based on the decision of the court, or other authority.
- Prescription of the obligation of self-employed income taxpayers and corporate income taxpayers, except for public and private sector entities, to apply for the use of the electronic invoice system before submitting a request for payment to a public sector entity,

- The possibility of subsequent acceptance of a rejected electronic invoice is prescribed,
- Significant changes are planned regarding the electronic recording of VAT calculations.

The application of amendments to the Law on Electronic Invoicing will begin on January 1, 2023, except for the provision that stipulates that an electronic invoice that has been rejected can be subsequently accepted, which applies from June 1, 2023, for electronic invoices that are recorded in the Central register of invoices.

LAW ON PERSONAL INCOME TAX AND LAW ON COMPULSORY SOCIAL INSURANCE CONTRIBUTIONS

Amendments to the Law on Personal Income Tax and the Law on Contributions for Mandatory Social Security will apply from January 1, 2023, and below are some of the most important novelties:

- Payment of annual income tax will be done through self-taxation on the income generated in the calendar year,
- Increasing the tax-free amount of salary from 19,300 to 21,712 dinars,
- Reduction of the contribution percentage for pension and disability insurance from 25% to 24%,
- Extending the duration of the relief for newly employed persons until the end of 2023,
- New model of freelancers' taxation.

UPCOMING AMENDMENTS TO SEVERAL LAWS – CONTINUED

The by-law for the implementation of the Law on personal Income Tax will be adopted within 120 days from the date of entry into force of this law, that is, on the eighth day from its publication in the "Official Gazette of the Republic of Serbia".

LAW ON PROPERTY TAXES

Amendments to the Law on Property Taxes apply from January 1, 2023, and among other changes refer to:

- The tax on the transfer of absolute rights is also paid on the acquisition of the right to use a parking space in an open residential block or residential complex,
- The method of calculating depreciation for completed additions to built objects,
- As of January 1, 2024, local self-government units will carry out the determination, collection and control of inheritance and gift taxes and taxes on the transfer of absolute rights.

Property tax will be determined and paid in accordance with this law starting from the 2023 tax obligation liability. The inheritance and gift tax, i.e. the tax on the transfer of absolute rights, for the determination of which the procedure has been initiated according to the regulations valid until the beginning of the application of this law, will be determined by the application of the law that was in force on the date of the tax liability.

ELECTRONIC ISSUANCE OF TAX IDENTIFICATION NUMBER CERTIFICATES AND DECISIONS

From December 1, 2022, taxpayers can receive tax identification number (TIN) certificates and decisions exclusively in electronic form in the tax box via the Tax Administration portal.

The portal will deliver notification of delivery of a certificate or decision via email or phone if taxpayers have their contact information listed on their profile on the Tax Administration portal. The delivery date shall be considered the day of posting the document in the tax box.

In the future, taxpayers will receive the following documentation exclusively electronically:

- confirmation of completed registration, that is, confirmation of TIN on the form for newly established taxpayers and taxpayers who make changes to name and address data (REG form),
- confirmation of deregistration from the unified register of taxpayers on the PO form,
- decision on confiscation or return of TIN, and
- the decision on the request rejection for the return of the temporarily confiscated TIN.

The new delivery method allows taxpayers to see relevant data related to their tax status faster.



CUSTOMS TARIFF IN 2023

The Regulation on Harmonization of the Customs Tariff Nomenclature for 2023, based on which the classification of products in the Customs Tariff will occur, was published in the "Official Gazette of the RS", number 132/2022.

This Regulation harmonizes the nomenclature of the Customs Tariff with the Combined Nomenclature of the European Union for the year 2023.

The Regulation also includes the rates, i.e. the amounts of customs duties determined by the Customs Tariff, which is an integral part of the Law on Customs Tariffs, as well as the customs rates applied following concluded free trade agreements, applied to the harmonized nomenclature.

The implementation of the Regulation will begin on January 1, 2023.

AVERAGE EARNINGS PER EMPLOYEE, SEPTEMBER 2022

The average gross salary calculated for September 2022 was 103,476 dinars, while the average salary without taxes and contributions – net salary was 74,981 dinars.

From January to September 2022, compared to the same period last year, there was a nominal growth of average gross and net wages of 13.9%, while the real growth of wages was 2.7%.

Compared to the same month of the previous year, average gross and net wages in September 2022 were nominally higher by 15.0% and by 0.9% in real terms.

Median net earnings for September 2022 amounted to 57,392 dinars, which means that 50% of employees earned up to the stated amount.

THE REFERENCE INTEREST RATE INCREASES

At the session held on November 10, 2022, the Executive Board of the National Bank of Serbia decided to increase the reference interest rate (RKS) to 4.5%.

The RKS increase is directly reflected in the increase in the default interest rate, as well as the increase in the interest rate for untimely paid public revenues. Following the above, the annual interest rate is 12.5%, while the annual interest rate for untimely paid public revenues is 14.5%.

The next session of the Executive Board will be held on December 8, 2022.

BASIS FOR PAYMENT OF CONTRIBUTIONS IN 2023

The amounts of the lowest and highest contribution bases for 2023 were determined based on the published data on the average salary in Serbia paid for the period from October 2021 to September 2022 ("Official Gazette of the RS", number 130 of November 25, 2022).

The lowest base for the calculation of contributions for mandatory social insurance amounts to 35,025 dinars, while the highest contribution base amount for the year 2023 is 500,360 dinars.

The highest monthly contribution base is five times the average monthly salary paid in the previous 12 months, starting from September of the current year. The lowest base for calculating contributions is 35% of the average salary determined following the aforementioned average salary amount.

The new bases for calculating contributions will be applied from January 1 to December 31, 2023.



CONSUMER PRICE INDEX, OCTOBER 2022

Consumer price index measures changes in the prices of products and services that households purchase to meet their needs and are used as a measure of inflation.

The prices of personal consumer products and services increased by 1.9% on average in October 2022 compared to the previous month. Compared to the same month of the previous year, consumer prices in October 2022 increased by 15.0%, while compared to December 2021, they increased by an average of 13.5%.

Observed by the main groups of products and services classified according to the purpose of consumption, in October 2022, compared to the previous month, price growth was recorded in the groups' Restaurants and hotels (4.1%), Food and non-alcoholic beverages (3.5%), Clothing and footwear (2.2%), Home equipment and ongoing maintenance (1.7%), Housing, water, electricity, gas and other fuels (1.5%), Education (1.3%), Transport (0.6%), Recreation and culture (0.5%) as well as in the groups' Alcoholic beverages and tobacco, Communications and Health (by 0.2% each).

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

According to data on consumer price trends:

- The consumer price index in the Republic of Serbia in October 2022 compared to September 2022 is 101.9.
- The consumer price index in the Republic of Serbia in October 2022 compared to December 2021 is 113.5.

PERIOD:

INFLATION:

September – October 2022



1.9%

October 2021 – October 2022



15.0%

December 2021 – October 2022



13.5%



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