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Monthly Newsletter

February, 2023

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AMENDMENTS TO THE VAT RULEBOOK

On February 1, 2023, the Rulebook on Amendments to the Rulebook on Value Added Tax, which was published in the "Official Gazette of RS", number 7/2023, came into force.

We highlight the most significant amendments to the VAT Rulebook:

- many new rules for issuing invoices, i.e. electronic invoices, have been prescribed,
- new rules related to the existence of the obligation to issue invoices are prescribed,
- new rules for determining the VAT base,
- the reduction of the VAT base based on the subsequent fulfillment of the conditions for tax exemption is limited to only a few cases,
- the obligation to calculate VAT based on the turnover of services of foreign persons without compensation is prescribed, regardless of whether the service was provided for business or non-business purposes,
- the obligation applying the reverse charge method has been expanded when the recipient of goods or services is a tax debtor (eg for works in the field of construction),
- new conditions for tax exemption based on the export of goods are prescribed,
- the conditions for exemption based on the export of goods and the application of other tax exemptions (users of free zones, customs warehousing, international agreements, and others) have been specified,
- new rules regarding the procedure in the event of a change of tax debtor after an advance payment (e.g. for turnover in the field of construction),

- the scope of activities within which the turnover of goods and services is considered as turnover in the field of construction has been narrowed,
- the method of determining the tax debtor has been changed when the status of the participant changes from the moment of advance payment to the moment of turnover (e.g. for the turnover of secondary raw materials),
- the obligation to draw up an internal invoice has been extended when the recipient of goods or services is a tax debtor (eg for works in the field of construction),
- the mandatory use of the document on the change of the VAT base has been extended (e.g. for the termination of the contract for which an advance has been charged),
- new forms are prescribed: SNPDV and LNPDV.

Amendments to the VAT Rulebook came after the recent amendment to the Law on Value Added Tax and regulations related to fiscalization and electronic invoicing.



APPLICATION FOR COMPILING AND SUBMITTING FINANCIAL REPORTS

The Law on Accounting obliges all legal entities and entrepreneurs to submit financial reports to the Serbian Business Registers Agency (SBRA) exclusively via the Internet in an electronic form, using the Agency's Special Information System (PIS FI Agency), signed with a qualified electronic signature of the legal representative.

From January 31, 2023, the Serbian Business Registers Agency has enabled taxpayers to work in the application for compiling and submitting financial reports, i.e. documentation for the FY 2022, which is available on the Agency's portal with eServices, which is accessed through the System for centralized registration of users, within the PIS Agency.

On the website of the Serbian Business Registers Agency, you can find information related to:

- The method of entering financial reports, i.e. prescribed documentation,
- The method of compiling and submitting individual types of requests,
- Signing with a qualified electronic signature of a legal representative in electronic form via the Internet.

Additionally, information regarding legal deadlines, fees for processing and publication of requests, the scope of financial reports and the rules of their calculation-logical control, the method of classifying legal entities and entrepreneurs, i.e. economic units, the application of accounting regulations and the method of determining the obligation to audit and submitting prescribed documentation are available on the SBRA's website.

New users who have not had accounts on the SBRA's system so far should register their user accounts on the Electronic Identification Portal (eID.gov.rs). Upon registration, they log in to the APR portal through an account from the eID.gov.rs portal. Existing users can use their old accounts created in the Agency's system until June 1, 2023 at the latest. After that, access to the application for compiling and submitting reports or documentation will be available only with an account registered on the eID.gov.rs portal.

NEW EP IPP FORM: BUSINESS PREMISES RECORDING

The obligation to report business premises and premises in which taxpayers store or place goods, as well as the premises in which they perform business activities, is prescribed by the Rulebook on the procedure, manner, deadlines, content and form of the application by which taxpayers report their business premises.

Namely, from January 24, 2023, registration of business premises is done exclusively in electronic form, on the portal of the Tax Administration, through the Form EP IPP.

One of the novelties is the obligation to submit a registration form by taxpayers who are lessors of business premises that are leased to other taxpayers. On that occasion, in the registration application, it is stated that the taxpayer is registering the business premises that are leased for the performance of rental activities.

In the event of a change in the data stated in the registration form, the taxpayer informs the Tax Administration of the changes by submitting the electronic registration form, through the Tax Administration portal, no later than 24 hours before the change occurs, and for each business premise separately.

However, if the data presented in the registration form has changed due to circumstances that do not depend on the will of the taxpayer (e.g. due to flood, fire and other forms of force majeure, due to the actions of unauthorized third parties, etc.), the taxpayer is obliged to submit the electronic registration form, through the portal of the Tax Administration, which includes the changed data no later than 24 hours after learning about the occurrence of the change.

In the event that the business premises are not being used anymore, i.e. business premises in which goods are stored or stored, as well as premises in which business activities are carried out, the taxpayer reports to the Tax Administration no later than 24 hours before ending of use of those premises, by submitting a registration form in which the date of termination of use is entered.

UPDATED INTERNAL TECHNICAL MANUAL AND NEW CHANGES OF SEF

Details of new changes, i.e. corrections to the Electronic Invoice System, were published on the website of the Ministry of Finance, and the Internal Technical Manual was updated.

New changes of SEF include:

- The possibility for subsequent approval of the invoice by the recipient, after the invoice was rejected;
- The possibility of creating and sending a final invoice that is referenced to one or more advance payment invoices, regardless of the approval status of the related advance payment invoices,
- Introduction of validation that the advance payment invoice cannot be reversed if it is linked to the final invoice that has not been reversed,
- Abolition of the possibility of canceling an issued invoice; the possibility of reversing the issued invoice is retained,
- The possibility to cancel the invoice in CRF when the invoice is reversed, instead of when it is rejected,
- Change of the labels "Approve"/"Reject" to "Acceptance"/"Rejection" and "Download" to "Download PDF" on the invoice form.

Released changes are available in the production version of SEF.

AVERAGE EARNINGS PER EMPLOYEE, NOVEMBER 2022

The average gross salary calculated for November 2022 was RSD 108 001, while the average salary without taxes and contributions – net salary was RSD 78 326.

The growth of gross and net earnings in the period January–November 2022, compared to the same period last year, amounted to 13.9% in nominal terms, i.e. 2.0% in real terms.

Compared to the same month of the previous year, the average gross and net earnings for November 2022 are nominally higher by 13.3%, while in real terms they are lower by 1.6%.

Median net earnings in November 2022 amounted to RSD 59 580, which means that 50% of employees earned up to the stated amount.

CONSUMER PRICE INDEX, DECEMBER 2022

Consumer price index measure 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 consumption products and services increased by 0.5% on average in December 2022 compared to the previous month. Compared to the same month of the previous year, consumer prices increased by 15.1% in December 2022. In 2022, compared to 2021, consumer prices increased by an average of 11.9%.

Observed by the main groups of products and services classified according to the purpose of consumption, in December 2022, compared to the previous month, price growth was recorded in the groups Housing equipment and ongoing maintenance (2.6%), Housing, water, electricity, gas and other fuels (1.3%), Restaurants and hotels (1.2%), Food and soft drinks (1.0%), Recreation and culture (0.8%), Clothing and footwear (0.7%), Alcoholic beverages and tobacco (0.6%) and Health (0.2%). A drop in prices was recorded in the Transport group (–3.2%).

According to the consumer price trends data:

- The consumer price index in the Republic of Serbia in December 2022 compared to November 2022 is 100.5.
- The consumer price index in the Republic of Serbia in December 2022 compared to December 2021 is 115.1.

PERIOD:		INFLATION:
November – December 2022	➤	0.5%
December 2021 – December 2022	➤	15.1%
2021 – 2022	➤	11.9%

ADJUSTED NON-TAXABLE AMOUNTS

In the "Official Gazette of the RS", number 6/2023, the adjusted dinar non-taxable amounts from the Law on Personal Income Tax, which apply from February 1, 2023 to January 31, 2024, were published.

The adjusted dinar non-taxable amounts are listed in the following table.

ARTICLE OF THE LAW	ADJUSTED NON-TAXABLE AMOUNTS (RSD)
Article 9, paragraph 1:	
- Financial assistance that, in the event of the death of an employee or a retired employee, the employer pays to a member of his family – point 9)	➤ 87 799
- Scholarships and loans for pupils and students – point 12)	➤ 38 458
- Food allowance – food fee paid to amateur athletes by amateur sports clubs, in accordance with the law governing sports – point 13)	➤ 12 544
- Remuneration for the work of members of election commissions, polling and voting committees and for work on the population census – point 29)	➤ 6 735
- Financial assistance to natural persons who are not employed by the provider – point 30)	➤ 16 666
- Reimbursement of accommodation costs for natural persons participating in the programs of the European Union and other international organizations – point 31)	➤ 128 198
Article 18, paragraph 1:	
- Reimbursement of documented transportation costs for arrival and departure from work – point 1)	➤ 5 017
- Daily allowance for business trips in the country – point 2)	➤ 3 012
- Transportation allowance on a business trip – point 5)	➤ 8 782
- Joint assistance in case of illness, health rehabilitation or disability of an employee or a member of his family – item 7)	➤ 50 173
- Gifts to children of employees, aged up to 15, on the occasion of New Year and Christmas – point 8)	➤ 12 544
- Jubilee award to employees, in accordance with the law governing work – point 9)	➤ 25 085
- Financial assistance in case of death of an employee's family member – point 9a)	➤ 87 799
Article 21a, paragraph 2:	
- Premium for voluntary health insurance and pension contribution to a voluntary pension fund	➤ 7 529
Article 83, paragraph 4:	
Individual gain – point 1)	➤ 128 198
Article 85, paragraph 1:	
Awards and other similar benefits to natural persons who are not employed by the provider – point 11)	➤ 16 666

TAX OBLIGATIONS IN FEBRUARY

February 10, 2023:

- The deadline for submitting a tax return and paying tax on non-life insurance premiums for the previous month. The taxpayer submits the return using the form PP-PPNO.
- Every tenth day of the month marks the deadline for reporting and paying VAT for the previous month for tax debtors from Article 10 of the VAT Law. The taxpayers submit the return via the PP PDV form.

February 14, 2023:

- The deadline for making the payment of the first quartal installment of property tax for the current year.

February 15, 2023:

- The deadline for submitting a tax return for value added tax, via the PP PDV form.

February 17, 2023:

- The deadline for self-employed entrepreneurs and farmers for settling significant tax obligations, such as payment of income contributions for the previous month and the first quarter of 2023.
- Deadline for all priests and religious officials for paying the previous month's contributions. This also applies to domestic citizens employed abroad.
- The deadline for advance payment of corporate income tax for the previous month and self-employment income tax.

February 28, 2023:

- The deadline for the payment of contributions for mandatory social security for unpaid wages for January 2023.
- The payment deadline for the calculated excise tax from the 1st to the 15th day of the month.

PENALTIES

Fines of RSD 250 000 are foreseen for legal entities and at least RSD 50 000 for entrepreneurs.

If an entity has two misdemeanor reports within 24 months, they can be banned from performing business activities anywhere from six months up to three years.

THE REFERENCE INTEREST RATE INCREASED TO 5.5%

At the session held on February 9, 2022, the Executive Board of the National Bank of Serbia decided to increase the reference interest rate to the level of 5.5%.

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 13.5%, while the annual interest rate for untimely paid public revenues amounts to 15.5%.

The next session of the Executive Board will be held on March 09, 2023, when the decision regarding the reference interest rate for the upcoming period will be made.



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