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Monthly Newsletter

March, 2023

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AMENDMENTS TO THE VAT RULEBOOK

On February 24, 2023, the Minister of Finance adopted a new Rulebook on Amendments to the VAT Rulebook, which entered into force on March 1, 2023.

The new Rulebook prescribes an extension of the deadline for issuing an electronic invoice for successive deliveries, i.e. the possibility to issue an electronic invoice no later than 15 days after the end of the calendar month.

Until now, it was prescribed that the VAT payer is obliged to issue an invoice at the end of each calendar month at the latest for the deliveries of goods and services performed in that month, which can create practical problems regarding the new electronic invoicing system, i.e. lead to the inapplicability of the provisions in a large number of cases and tax risk for the electronic invoices recipients.

According to the amended provisions of the Rulebook, the electronic invoice for the sale of goods and services can be issued after the last day of the tax period, that is, after the last day of the calendar month, and no later than 15 days after the expiration of the prescribed period. Therefore, until the legal deadline for submitting the monthly VAT tax return.

One of the novelties is the provision that prescribes that the last day of the tax period, that is, the last day of the calendar month, is stated in the electronic invoice as the transaction date.

Therefore, the following rules are prescribed:

- The electronic invoice for successive deliveries can be issued after the last day of the calendar month, and no later than within 15 days from the end of the calendar month,
- The last day of the calendar month is stated as information on the transaction date in the electronic invoice, and not the invoice issuance date – as originally prescribed.

Amendments to the Rulebook facilitate a wider application of the Rulebook's provisions in practice.



PREDOMINANT EXPORTER OF GOODS STATUS

Article 52 of the VAT Law foresees the VAT refund deadline of 15 days for taxpayers who mainly sell goods abroad, which is significantly shorter than the 45-day deadline that applies to all other VAT taxpayers. The specified deadline also applies in cases where the predominant exporters subsequently request a refund of the unused amount of the VAT credit.

The Regulation on the criteria based on which it is determined what, in terms of the VAT Law, is considered to be the predominant turnover of goods abroad defines the criteria that VAT payers must fulfil to acquire the status of predominant exporter of goods.

The predominant turnover of goods abroad is considered to be the export of goods by VAT payers whose value in relation to the value of the total turnover of goods and services is greater than 50%, i.e. at least 10,000,000 euros, stated in the financial report for the previous calendar year drawn up in accordance with the accounting regulation.

To acquire the status of the predominant exporter of goods, the VAT payer must submit the PIP PDV and PIP PDV 1 forms prescribed by the Regulation.

The PIP PDV form can be submitted no later than the March VAT return, bearing in mind that the deadline for submitting financial statements is March 31.

ANNUAL PERSONAL INCOME TAX

All resident natural persons whose annual worldwide income exceeds three times the average annual salary paid in the Republic of Serbia in the previous year must pay the annual personal income tax. All non-resident natural persons have the same obligation for their annual income earned in the territory of the Republic of Serbia in the previous year.

The income of natural persons is considered to be the annual sum of wages, taxable income from self-employment, income from the copyright and related rights and industrial property rights, income from leasing movable and immovable property, as well as all other income defined by Article 85 of the Personal Income Tax Law.

The income subject to taxation amounts to the difference between the previously defined income and the non-taxable amount of 3,719,376 dinars, while the basis for taxation is the taxable income deducted by personal deductions.

Personal deductions for the taxpayer amount to 40% of the average annual salary per employee paid in the Republic, i.e. 495,917 dinars, while for a dependent family member, they amount to 15% of the average annual salary per employee paid in the Republic, i.e. 185,969 dinars. It is important to note that the total amount of personal deductions cannot exceed 50% of the taxable income.

The annual personal income tax rate is progressive and amounts to:

- 10% on taxable income up to six times the average annual salary, i.e. up to 7,438,752 dinars),
- 15% on taxable income that exceeds six times the average annual salary.

Therefore, the tax is paid by paying a tax of 10% on the amount up to six times the average annual salary, while a tax of 15% is paid on the amount over six times the average annual salary.

The deadline for reporting and paying the annual personal income tax for income earned in 2022 is May 15, 2023, and it is done electronically, using the PPDG-2R form.



NEW SEF CHANGES

On March 5, 2023, the Ministry of Finance published the details of the new changes to the SEF, as well as the updated technical instructions, on the website of electronic invoices.

Below are some of the changes and novelties:

- The possibility of entering a value for rounding the invoice amount on the invoice form has been added,
- The social security number is no longer mandatory information in the company profile,
- It is possible to cancel the outgoing invoice in the "New" status,
- The order of versions on the overview of Individual VAT Records has been changed from the newest to the oldest,
- A validation error was added in the case of uploading an advance invoice with a due date,
- In the case of sending an advance invoice without a payment date, a corresponding error message was added,
- The total value in the list of outgoing and incoming invoices has been corrected so that the calculation takes into account advance payments from invoices,
- It is possible to reverse a document registered on the CRF in case the obligation was manually cancelled on the CRF.

All novelties and changes are available in the SEF production environment.

AVERAGE EARNINGS PER EMPLOYEE, DECEMBER 2022

The average gross salary calculated for December 2022 was 115,315 dinars, while the average salary without taxes and contributions – net salary was 84,227 dinars.

The growth of gross and net earnings in the period January–December 2022, compared to the same period last year, amounted to 13.8% in nominal terms, i.e. 1.7% in real terms.

Compared to the same month of the previous year, the average gross salary for December 2022 is nominally higher by 12.8%, and it is lower by 2.0% in real terms, while the average net salary is nominally higher by 12.9%, and is lower by 1.9% in real terms.

In December 2022, the median net salary was 60,413 dinars, which means that 50% of employees earned up to the specified amount. Additionally, in the "Official Gazette of the RS", number 15/2023, the information on the average annual salary per employee in the Republic of Serbia for the year 2022 was published and amounted to 1,239,792 dinars.

TAX DEPRECIATION CALCULATION: THE AMOUNT OF FIVE AVERAGE MONTHLY GROSS EARNINGS

For the calculation of tax depreciation for fixed assets that were acquired by December 31, 2018, the provisions of the old Rulebook on the method of classifying fixed assets by group and the method of determining depreciation for tax purposes are applied.

The aforementioned regulation stipulates that the entire balance of an individual depreciation group from II to V is recognized as depreciation expense, i.e. that the balance of the group is equal to zero if the final balance of an individual depreciation group is less than five average monthly gross wages paid per employee in the Republic in the last month period for which depreciation is calculated.

As the average monthly gross salary for December 2022 was 115,315 dinars, it follows that for individual amortization groups whose balance is up to 576,575 dinars, the entire balance of that group is recognized as depreciation expense for tax purposes.



CONSUMER PRICE INDEX,
JANUARY 2023

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 1.4% on average in January 2023 compared to the previous month. Compared to the same month of the previous year, consumer prices increased by 15.8% in January 2023. In 2022, compared to 2021, consumer prices increased by 11.9% on average.

Observed by the main groups of products and services classified according to the purpose of consumption, in January 2023, compared to the previous month, price growth was recorded in the groups Housing, water, electricity, gas and other fuels (3.5%), Alcoholic beverages and tobacco (2.5%), Food and non-alcoholic beverages (1.6%), Housing equipment and ongoing maintenance (1.3%), Recreation and culture (1.0%), Restaurants and hotels (0.6%), Health (0.2%) and Communications (0.1%). A drop in prices was recorded in the Transport group (-0.6%).

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 January 2023 compared to December 2022 is 101.4.
- The consumer price index in the Republic of Serbia in January 2023 compared to January 2022 is 115.8.

PERIOD

INFLATION

December 2022 - January 2023	➤ 1.4%
January 2022 - January 2023	➤ 15.8%
2021 - 2022	➤ 11.9%



TAX OBLIGATIONS IN MARCH, 2023

The calendar allows taxpayers to prepare the necessary documentation on time and settle their obligations to avoid the late-payment interest, as well as the announced increased penalties for non-fulfilment of prescribed tax obligations.

March 10

- The deadline for submitting a tax return and paying tax on non-life insurance premiums for the previous month, using form PP-PPNO. By this date, tax debtors from Article 10 of the VAT Law must submit a tax return using the PP PDV form.

March 15

- Mid-March brings the deadlines for settling most of the taxpayers' obligations. Thus, by March 15, taxpayers must pay advance tax and contributions on self-employment income for the previous month, while priests, religious officials, domestic citizens employed abroad and foreign pensioners must also settle their tax obligations by this date.
- By the same date, taxpayers must submit a tax return and pay contributions for mandatory social insurance for the founders or members of the company for the previous month, using the PP OD-O form. March 15 is also the deadline for submitting a tax return and paying VAT for the previous month. The application is submitted on Form PP PDV.
- When it comes to the February advance payment of the corporate income tax, the deadline for settling the obligation is also March 15. On the same date, the deadline for paying the calculated excise tax for the period from the 16th day of the month to the end of the previous month and for submitting the tax return for calculating the excise tax for the previous month, using the PP OA form, expires.
- One of the last obligations stated in the tax calendar for March 15 is the submission of a report on the calculation and payment of excise duty on electricity for final consumption for the previous month, using the PP OAEL form.

March 31

- By March 31, i.e. by the end of March, it is necessary to pay contributions for mandatory social insurance for unpaid wages in February 2023, as well as calculated excise taxes for the period from the 1st to the 15th day of the month. In addition, the end of the month is also the deadline for submitting the property tax return.

THE REFERENCE INTEREST RATE INCREASES TO 5.75%

At the meeting of the Executive Board of the National Bank of Serbia, held on March 9, 2023, it was decided to increase the reference interest rate (RKS) to the level of 5.75%.

The increase in RKS is directly reflected in the increase in the default interest rate, as well as in the increase in the interest rate for untimely paid public revenues, so the annual rate of default interest rate is 13.75%, while the annual interest rate for untimely paid public revenues is 15.75%.

The next session of the Executive Board, where the decision on the reference interest rate for the next period will be made, will be held on April 6, 2023.



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