

CONFIDA

Ideas that pay off.

Monthly Newsletter

May, 2023

CONFIDARS

VAT CALCULATION IN CASE OF A CHANGE OF TAX DEBTOR FROM THE DAY OF THE DOWN PAYMENT TO THE DAY OF TURNOVER

From February 1, a new Rulebook on amendments and modifications of the Rulebook on VAT has entered into force. The largest number of articles is prescribed to harmonize the VAT regulations with the Law on Fiscalization.

The rules regarding change of tax debtor, which were in force until the adoption of the new Rulebook on Value Added Tax, prescribed that the tax debtor for the sale of goods calculates VAT only on the rest of the fee, not on the entire amount.

But now, according to the new rules that entered into force on February 1, 2023, in all cases when the tax debtor changes, VAT is calculated on the entire amount of the fee, not only on the remaining amount. The VAT payer who calculated the VAT on a down payment has to reduce the calculated VAT, and the down payment payer needs to correct deducted previous tax.

The new rules are also applied when the turnover of goods or services for which a down payment has been received ending on January 31, and the turnover was performed starting from 01 February.

Therefore, if the tax debtor for the received down payment was the recipient of the down payment and if he, based on that, calculated the VAT and issued a down payment invoice with VAT, and by the time of the turnover the tax debtor has changed, the following rules are applied from the aspect of the recipient of the down payment and from the aspect of the down payment payer:

- The VAT payer who performed the turnover
 - Issuing an invoice without calculated VAT which states the total amount of the base without VAT;
 - Cancels the down payment invoice and corrects the calculated VAT if he has a document with the statement the recipient of goods and services has corrected the previous tax, i.e. that he did not deduct the previous tax based on the down payment invoice;
- Recipient of goods and services
 - Calculates VAT on the total amount of transaction,
 - Corrects the previous tax if he deduct the previous VAT based on the down payment invoice and submits a document (confirmation) about it.

The tax debtor changes in two cases:

- When the down payment is made for a turnover that is not considered as turnover in the field of construction because the value condition was not met at the time of payment of the down payment, but later, at the time of turnover this condition was met,
- When the recipient of goods or services registers in the VAT system after down payment (turnovers for which the taxpayer has prescribed the recipient of goods and services in accordance with Article 10, paragraph 2 of the Law on Value Added Tax).

CHANGES WITHIN THE COLLECTIVE AND INDIVIDUAL VAT RECORDS

The Ministry of Finance has published details of another in a series of changes and updates of the System of Electronic Invoices (SEF). Also, the Internal Technical Instruction was updated.

The largest number of updates refer to changes regarding reporting VAT within the Collective and Individual VAT records.

The most significant changes within Individual VAT records:

- numerous changes were made to the field's name, i.e. the label (e.g. the name of the column "Calculation number" in "Number of individual VAT records"),
- some fields were deleted, i.e. the labels: "Document details", "Foreign invoice", as well as "Right to deduct VAT" were deleted for the following types of documents "Reverse charge for the turnover of a foreign person" and "Other internal account",
- a new mandatory field "Year" was introduced,
- a new optional field "Basis for down payment" was introduced.

When it comes to the Collective VAT Record, we highlight the following changes:

- changes of a large number of fields, i.e. labels, e.g. "Calculation number" in "VAT summary record number", "Time range" in "Tax period", "VAT reduction based on turnover from previous periods" in "VAT reduction", "VAT increase based on turnover from previous periods" in "VAT increase", and others,
- the following fields were abolished: "Details of collective VAT records", "Turnover description" and "Total amount",
- the label "Date of recording", was added.

Another important change is the introduction of the possibility of binding the credit note for a previously issued down payment invoice in the E-invoicing system, regardless of whether the down payment invoice was approved or not.



PROCEDURE WHEN TIN IS REVOKED

Some of the basic reasons why Tax Authorities revoked the TIN from individuals and legal entities is because of the failure to submit tax returns or non-payment of taxes, but the revocation of the TIN is not a definitive action. Namely, the taxpayer can 'reactivate' the TIN, if he meets certain legal conditions.

The process of reactivating the TIN is initiated by submitting a request to the competent Tax Administration (it can be submitted electronically or in writing form).

Conditions for 'reactivating' TIN

Some documentation must be attached to the request as proof that the conditions for 'reactivation' of the TIN have been met. According to the Law on Tax Procedure and Tax Administration, the necessary conditions that need to be met, so taxpayer can 'reactivate' the TIN:

- Submission of all tax returns and settlement of tax obligations: Legal entities and individuals whose TIN has been detracted must submit all tax returns and settle all tax obligations for the period for which the TIN was detracted.
- Initiating the dispute resolution procedure: If there is a dispute between the taxpayer and the Tax Administration, the legal entity or individual must initiate the dispute resolution procedure. It can be an appeal against the decision of the Tax Administration or the initiation of an administrative dispute.
- Execution of a judgment or a decision on the rejection of an appeal: If a judgment or a decision on the rejection of an appeal was made during the dispute resolution procedure, the legal entity or individual requesting the return of the TIN must submit those decisions with the request.

After submitting the request and all necessary documentation, the Tax Administration will review the request and decide on the request. If all conditions are met, the TIN will be reactivated within 15 days from the date of the decision. If it is determined that all conditions are not met, the request will be rejected.

If a legal entity or individual does not submit a request for 'reactivation' of the TIN within one year from the date of revocation it is considered that the legal entity or individual gave up on the 'TIN' reactivation request.

DELETING A BUSINESS PREMISES/BUSINESS PREMISES AND RESTORING A REVOKED SECURITY ELEMENT

The subject to fiscalization who returns a security element to the Tax Administration due to cessation of activities/ceasing to perform commercial activities in one of the business premises is obliged to perform a permanent de-registration of the business premises from the Tax Authorities' register before returning the security element by submitting a PGJO return (Return with data for generating a unique mark of business premises), electronically through the portal of the Tax Administration - ePorezi.

After de-registration of the business premises, and before returning the security element to the Tax Authority, i.e. to the nearest branch of the Tax Administration, it is necessary to revoke the security element that was used for recording retail transactions in the specific business premises electronically through the mentioned portal.

THE NEW AMOUNT OF COMPENSATION FOR NON-EMPLOYMENT OF PERSONS WITH DISABILITIES - APRIL 2023

A legal entity that does not fulfil its obligation to employ mandatory number of persons with disabilities can fulfil its obligation in two ways:

- By paying the compensation prescribed by Law for every disabled person who is not employed,
- By concluding an Agreement on business and technical cooperation with a company for professional rehabilitation and employment of persons with disabilities in accordance with Article 27 of the Law on Professional Rehabilitation and Employment of Persons with Disabilities.

The amount of compensation for April, in the case that business entity does not employ mandatory number of persons with disabilities, is RSD 56,106.00.

AVERAGE SALARY PER EMPLOYEE, FEBRUARY 2023

The average gross salary calculated for February 2023 was 112 212 dinars, whereas the average salary without taxes and contributions – net salary was 81 359 dinars.

The growth of gross and net salary in the period January–February 2023, compared to the same period last year, amounted to 16.0% in nominal terms and 0.1% in real terms.

Compared to February 2022, the average gross and net salary for February 2023 are nominally higher by 15.2% and by 0.8% in real terms.

Median net salary for February 2023 amounted to 62,239 dinars, which means that 50% of employees earned salary up to the stated amount.

PERIOD, 2023	GROSS WAGE	NET WAGE
January ➤	114,228	82,769
February ➤	112,212	81,359

CONSUMER PRICE INDEX – MARCH 2023

The prices of personal consumption products and services in March have increased for 0.9% on the average compared to the previous month. Compared to the same month of the previous year, consumer prices in March 2023 were higher by 16.2%. An average increase in consumer prices in comparison to December 2022 was 3.7%.

- For the last month (period: February 2023 – March 2023), inflation rate was 0.9%.
- For the last year (period: March 2022 – March 2023), inflation rate was 16.2%.
- Since the beginning of the year (period: December 2022 – March 2023), inflation rate amounted to 3.7%.

According to data on consumer price trends:

- The consumer price index in the Republic of Serbia in March 2023 compared to February 2023 is 100.9.
- The consumer price index in the Republic of Serbia in March 2023 compared to December 2022 is 103.7.

TAX OBLIGATIONS – MAY, 2023

The Tax Administration of the Republic of Serbia publishes a calendar for each month of the year on tax obligations. The calendar allows taxpayers to prepare the necessary documentation on time and settle debts to avoid paying default interest and penalties for non-compliance with tax obligations. Below is a list of important dates for tax obligations in May 2023.

MAY 31

- The last tax obligation in May must be completed by May 31, when taxpayers should pay the calculated excise tax for the period from the 1st to the 15th day of the month.



CONFIDA

Ideas that pay off.

Monthly Newsletter

May, 2023

CONFIDARS

CONTACT

Confida – Consulting d.o.o.
AUDICON d.o.o.

Knez Mihailova 22,
Belgrade, 11000, Serbia

+381 11 3039104

www.confida.rs

Christian Braunig
Managing Partner
e-mail

Nevenka Petrović
Director
e-mail