Tax advice
for entrepreneurs

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Ideas that pay off.

Monthly Newsletter

June, 2023

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THE REPUBLIC OF SERBIA IS CHANGING THE CRITERIA FOR INCENTIVES FOR INVESTORS

The Government of the Republic of Serbia has amended the Regulation on determining the criteria for granting incentives, raising the threshold for the required minimum investment. Previously, the Regulation prescribed a minimum investment of 100,000 euros and the creation of 10 new jobs in local self-government units classified as devastated areas based on the level of development.

To receive state aid, investors must now invest at least 300,000 euros instead of the previous 100,000 euros. The Regulation has also abolished the division of local self-government units based on the level of development. The territory of the Republic of Serbia is split into five regions: Belgrade Region, Vojvodina Region, Šumadija and Western Serbia Region, Southern and Eastern Serbia Region, and Kosovo and Metohija Region.

INCENTIVES BY REGION

In the Belgrade Region, investors can expect state incentives if they invest a minimum of half a million euros and employ at least 50 workers. In Vojvodina, the threshold is lower, with an investment of 400,000 euros and the opening of 40 job positions required.

The state will support projects in the Šumadija and Western Serbia, Southern and Eastern Serbia, and Kosovo and Metohija regions where investments are at least 300,000 euros and provide employment for at least 30 new permanent employees.

WHAT ELSE DOES THE REGULATION PRESCRIBE?

The new Regulation also stipulates that for investments exceeding 5 million euros, there is a deadline for implementing the investment project within ten years from applying the allocation of funds.

Investors will be eligible to receive 20% of eligible costs of gross wages per employee, with a maximum of 2,000 euros if they plan their investment in the Belgrade Region. In Vojvodina, it is 25% of eligible costs of gross wages and a maximum of 3,000 euros.

Prospective investors in the Šumadija and Western Serbia, Southern and Eastern Serbia, and Kosovo and Metohija regions will be entitled to 30% of eligible costs of gross wages, with a limit of 5,000 euros.

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REFERENCE INTEREST RATE RAISED

The NBS Executive Board has voted to raise the reference interest rate by 25 base points to 6.25%. It has also raised the deposit and lending facilities rates to 5% and 7.5%, respectively.

In making the decision, the Executive Board concluded that it is necessary to continue to moderately tighten monetary conditions in order to pre-empt a surge in inflation expectations and make sure that inflation strikes a downward path and returns within the targeted tolerance band. The changes to the key policy rate transfers onto the rates in the markets of money, loans and savings signaling the efficiency of the monetary policy.

The next NBS Executive Board meeting will be held on 13 July 2023.

REGULATION ON ESTABLISHING THE SUPPORT PROGRAM FOR SMALL ENTERPRISES FOR THE EQUIPMENT PURCHASE

The Government of the Republic of Serbia has adopted the Decree on determining the support program for small businesses for the purchase of equipment in 2023.

MEANS OF IMPLEMENTATION

Funds for the implementation of the program are provided from the budget of the Republic of Serbia together with funds provided from the pre-existing funds of the European Union - IPA 19. The Ministry of Economy states that they amount to about 1.4 billion dinars in total.

WHO HAS THE RIGHT TO FUNDING?

Business entities can exercise the right to grants in the amount of up to 25% of the net value of the purchase of production equipment. The amount of approved non-refundable aid cannot be less than 500,000 dinars, nor more than 5,000,000 dinars.

The minimum of the own funds of the company submitting the request must amount to 5% of the total net value of the equipment to be purchased, while the rest can be secured from a business bank loan or financial leasing.

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AMENDMENTS TO THE LAW ON FINANCIAL SUPPORT FOR FAMILIES WITH CHILDREN

The Government of the Republic of Serbia has adopted the Bill on Amendments to the Law on Financial Support to Families with Children in reference to mothers who are Sole Entrepreneurs.

MATERNITY LEAVE

If the Parliament of the Republic of Serbia confirms this proposal, female entrepreneurs will be able to transfer their maternity leave onto their partner after their child turns three months old in order for them to return to running their business.

The Bill also states that Mothers who are sole entrepreneurs, who have a third and every subsequent child after will be able to use maternity leave for two years.

In addition to female entrepreneurs, this change also applies to mothers with temporary and part-time work contracts.

OTHER CHANGES

Amendments to the Law on Health Insurance for pregnant women entrepreneurs are also expected. Currently, the Law on Health Insurance does not treat pregnant women entrepreneurs the same as pregnant women who are employed by companies.

GOAL

The goal of these changes is to completely minimize the discrimination against pregnant women and mothers who are sole entrepreneurs. In practice, this means that their rights must become equal with the rights of pregnant women who are employed by companies.

NEW RULEBOOK ON ELECTRONIC INVOICING

The Parliament of the Republic of Serbia is set to adopt a new unified Rulebook on electronic invoicing.

APPLICATION DATE

The new Rulebook will apply from July 1, 2023. Once the new Rulebook is implemented, the three rulebooks that were adopted prior to the new one will cease to be valid.

PROPOSED CHANGES

The proposed amendments to the Law on Electronic Invoicing, amendments to by-laws as well as numerous changes to “SEF”’s Internal Technical Instructions together with amendments to the VAT regulations are closely related. Therefore, the month of June will be dedicated to the preparation for the implementation of the new Ordinance.

After the latest changes to the “SEF”, which have been available in the production version of the “SEF” since May 8 of this year, the issue of how data regarding the name and address of the payer should be presented in electronic invoices has been brought up again.

The reason for this is the fact that with these changes, the appearance (display) of the electronic invoice in PDF and XML format has been equalized, in terms of data regarding the issuer and recipient, in such a way that the PDF document uses the issuers and recipient’s data exclusively from the XML file. In practice this means that the identification data about the issuer and recipient of the electronic invoice (such as name and address) which are in PDF format, will be now taken from the internal register, i.e., the local database of “SEF” users, i.e., from the issuer of the electronic invoice, and not from the register of “SEF” users, which was previously the case.

The problem arose due to the fact that many “SEF” users do not have an up to date, i.e., correct and harmonized identification data of their business partners in the internal register.

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