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Monthly Newsletter

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BUILDING PERMITS AND OCCUPANCY PERMITS

When we talk about the importance of building permits and occupancy permits in constructing buildings and structures in Belgrade, we must understand that these documents are crucial for ensuring safety, compliance with legal regulations, and protection of the interests of citizens.

BUILDING PERMIT AND URBAN DEVELOPMENT PLAN

The competent city authorities issue the building permit as the first step in construction. It confirms that the project complies with the urban development plan, regulations, and standards. This process involves a detailed review of architectural plans and technical specifications by expert teams. When the project aligns with the urban development plan, the chances of obtaining a building permit are higher.

The future construction must comply with the urban development plan. Additionally, Belgrade has a detailed Master Urban Development Plan that defines urban guidelines and regulations for city development. This plan aims to preserve cultural heritage, improve infrastructure, and promote sustainable urban development.

OCCUPANCY PERMIT

After construction, the issuance of an occupancy permit follows. This document confirms that the building or structure has been constructed following the approved project and is ready for use.

Inspectors thoroughly examine the facility to verify compliance with technical requirements, safety standards, and regulations. Inspectors check electrical installations, fire protection systems, sanitary facilities, and other vital elements.

LEGAL OBLIGATION AND PROTECTION OF CITIZENS' AND INVESTORS' INTERESTS

It is important to emphasize that issuing building and occupancy permits is a formality and a legal obligation. These procedures aim to ensure the safety and quality of constructed buildings and protect citizens' interests. Building permits prevent illegal construction and safeguard the area from unregulated changes that could jeopardize the city's infrastructure, environment, and aesthetics.

In addition to ensuring safety, building and occupancy permits provide security for investors and property owners. They receive confirmation that they have carried out the construction under regulations and standards. Moreover, these permits are vital for ensuring adequate infrastructure and public services in the city.

The issuance of building and occupancy permits can be a complex and time-consuming process. However, the city authorities in Belgrade are taking measures to facilitate the procedure and expedite the processing of requests. The digitization of the process and the opening specialized counters for building permits contribute to greater efficiency and transparency.

A NEW RULEBOOK ON ELECTRONIC INVOICING WAS ADOPTED

The Rulebook on electronic invoicing (hereinafter: the Rulebook) has been published and will enter into force on July 1, 2023.

The Rulebook regulates certain issues, or solutions, in particular:

method and procedure of registration and access to the system of electronic invoices, the method of accessing and using the system of electronic invoices, the method by which electronic invoicing standards are applied, the minimum elements of the electronic invoice required for its processing through the system, situations in which certain elements of the electronic invoice may be omitted, as well as cases in which the obligation to present additional elements are expected. Based on other regulations governing the issuance of certain types of invoices and forms, and the method of delivery of the accompanying and other documentation through the electronic invoices system, the technique and procedure for electronic recording of value-added tax computation in an electronic invoicing system, acting if the electronic invoicing system is temporarily unavailable, using data from the electronic invoice system, the Central Information Intermediary's mode of operation.

THE RULEBOOK'S MOST NOTABLE NOVELTIES

The Rulebook's most notable novelties are referred to as defining the electronic invoice's components, the creation of an electronic invoice, the creation of a reduction document, the electronic recording of VAT computations in Individual and Collective VAT records, the data content of VAT calculating electronic records, entering data from the reduction document in the VAT Summary Register and, in the case of electronic invoice cancellation, in the VAT Summary Register, etc.

THE TRANSITIONAL PROVISION AND INCORRECTLY STATED DATA

The transitional provision stipulates that in the period from July 1, 2023, ending with December 31, 2023, in the procedures for checking the correctness of the electronic recording of VAT calculations, in the sense of whether the data on the calculated VAT is shown in the Summary VAT Record or the Individual VAT records, the competent authority does not take into account incorrectly stated data if the total amount of recorded VAT is correct.

WHAT CEASES TO BE VALID WITH THE NEW RULEBOOK?

On the day of entry into force of this Rulebook, the following cease to be valid:

- Rulebook on the method and procedure of registration for access to the system of electronic invoices, the method of accessing and using the system of electronic invoices, and the method of using data available in the system of electronic invoices ("Official Gazette of RS", no. 69/2021, 132/2021 and 46/ 2022),
- Rulebook on electronic invoice elements, form, and method of delivery of supporting and other documentation through the electronic invoice system, method, and procedure of electronic recording of value added tax calculation in the electronic invoice system and method of application of electronic invoicing standards ("Official Gazette of the RS", no. 69 /2021, 132/2021 and 46/2022),
- Rulebook on the procedure of the Central Information Intermediary ("Official Gazette of RS", no. 69/2021 and 132/2021).

UNSTABLE REAL ESTATE MARKET IN RECENT MONTHS

In recent months, the real estate sector has encountered significant instability, marked by fluctuating prices across different regions. While some areas have experienced a decline, others have witnessed promising increases—the path toward stabilization and slight growth hinges on the movements within the global economy and Euribor.

SLIGHT PRICE INCREASES IN LINE WITH INFLATION

Looking ahead, we anticipate a trend similar to last year, with a gradual uptick in prices and transactions per square meter. Furthermore, we expect to maintain the investment levels recorded in previous years. Experts project that real estate prices will harmonize with inflation rates prevailing in the eurozone, revealing a close correlation between the price per square meter and the Euribor.

A CONTINUITY OF STABILITY AMIDST GLOBAL DISRUPTIONS

Despite minor disruptions at both global and local levels, the real estate market has remained relatively unchanged this year compared to the previous one. Recognizing the security and income potential, Serbian citizens continue to invest in properties, showcasing an enduring trend.

PROPERTY PRICE SURGE ECHOING EURIBOR GROWTH

While investments in the market carry inherent risks, it is crucial to assess the impact of domestic and global events. Pertinent questions arise regarding potential economic consequences and the trajectory of interest rates. The growth of Euribor directly influences property prices as many housing loans index to the euro.



THE (IN)CORRECTNESS OF THE INVOICE IN TERMS OF THE VAT ACT

The following are the most common errors that occur in electronic invoices issued using SEF that refer to recipient data, are:

- The invoice must include information about the invoice's sender and recipient,
- The name is a characteristic part of the company's business name and must be different from similar companies' names,
- The shortened business name must include the company's name, legal form, and headquarters.

WHAT IS THE OPINION OF THE MINISTRY OF FINANCE?

According to the opinion of the Ministry of Finance, the invoice of a VAT payer of a business company which, in addition to other prescribed data, contains the business name, abbreviated business name, or just the name of that business company, i.e. the business company to which the invoice was issued, is considered an account based on which the VAT payer – the recipient will have the right to deduct the previous tax if the other conditions specified in the Law are met, according to the Ministry of Finance.

According to the Ministry of Finance, if the account contains the recipient's name that does not correspond to the name from the Agency for Business Registers and Registration Application (Forms EPPDV), the account is not considered a valid account under the law, which means that the recipient of the account cannot exercise the right to deduct previous tax for purchased goods or received services.

Incorrect designation of the legal form in the part of the invoice that refers to the data on the name of the VAT payer – the recipient of the invoice indicates an incorrect designation of the legal form (for example, "d.o.o." instead of "a.d.") due to a change in the legal form of the company, the Ministry of Finance considers that such a deficiency has no impact on the right to deduct the previous tax.

Also, typographical errors in the name of the account in the part that refers to the name of the VAT payer – the issuer of the account, the Ministry of Finance considers that this is a deficiency that does not represent a basis for contesting the right to deduct the previous tax.

The Ministry of Finance considers that the information on the address in the invoice that does not contain information on the place, but only information on the municipality as the address of the invoice issuer, is a deficiency that does not affect the right to deduct the previous tax of the VAT payer – the recipient of the invoice. However, if the address does not contain a street number, it is considered to be an incomplete address, which can be grounds for contesting the right to deduct the previous tax.

HEADQUARTERS CHANGE

It is important to note that if the issuer of the invoice changes the address of the headquarters, the invoices issued by him will not pose a problem for exercising the right to deduct the previous tax, even if he mistakenly states the original address.

WHAT MUST THE INVOICE CONTAIN?

In short, to exercise the right to deduct the previous tax, the invoice must contain correct information about the name of the issuer and recipient of the invoice, the correct indication of the legal form (except in the case of a change of legal form), the correct name of the street and the place of the registered office of the company.



GREEK RESIDENCY CERTIFICATES WILL BE EXCLUSIVELY ISSUED IN ELECTRONIC FORM

In the immediate electronic communication of competent experts, a notice was received from the Greek authorities that Greece will issue residence certificates (hereinafter: POR) to its residents exclusively in electronic form, starting from May 3, 2023.

The mentioned electronic certificates of residency (for which interested individuals and legal entities (as well as other legal entities), i.e., their legal representatives, will be able to apply exclusively through the appropriate platform (myAADE) of the Greek Tax Administration)

We point out that in the future the Greek authorities will not verify the residency of their residents on the form prescribed by the competent authority of the other contracting state (in the specific case: POR – 2 form of the Republic of Serbia).

The Tax Administration has been informed about the above-mentioned changes.

To check the validity of the received certificate, it is necessary (if the taxpayer-domestic payer of income deems it useful) to consult the Ministry of Finance (Sector for Fiscal System – Group for Agreements on the Avoidance of Double Taxation).

A NEW GRANT PACKAGE FOR THE DEVELOPMENT OF NEW PRODUCTS

The Fund for Innovation Activity announced a new grant package of 26 million euros for the development of new products, services and/or technologies of innovative companies.

Innovative companies in Serbia will have the opportunity to apply for grants worth 10.3 million euros. The public call for these grants is intended for micro, small and medium-sized enterprises, as well as for privately owned companies and scientific research organizations.

Applications for innovative projects are available through the Fund's portal until September 15, 2023, at 12 pm. The fund within the support programs (Early Development Program, Innovation Co-financing Program and Science and Business Cooperation Program) will be awarding grants of up to 120,000 euros and up to 500,000 euros per individual project, depending on the program.

FREELANCER PORTAL- NEW MODEL OF SELF-TAXATION FOR FREELANCERS

Freelancers in Serbia will have their dedicated online platform from the 6th of June this year. The new portal, called "Frilenseri," will allow freelancers to report their income quickly and easily as self-employed individuals, benefit from favourable tax treatment, and fulfil their obligations while gaining access to pension and health insurance. During July, freelancers in Serbia are required to submit their tax returns for the first two quarters of this year.

The portal offers a range of useful tools for existing and potential freelancers, including a self-assessment test to determine eligibility, a tax liability calculator to choose between two tax options and a guide with answers to frequently asked questions. It is estimated that initially, up to 100,000 freelancers who generate income by working for individuals or entities within Serbia or abroad will use the portal.

The new self-assessment tax model for freelancers is the result of one year of work and negotiations between the Ministry of Finance, the Tax Administration, the Office of the Prime Minister, and representatives of freelancer associations. The development of the portal was supported through the StarTech innovation promotion project.

As Belgrade was previously ranked among the top 10 destinations for digital nomads it is believed that the new freelancer tax model will encourage even more digital nomads to come to Serbia.

When submitting their tax returns on the new portal, freelancers will enter the total amount of income earned in the quarter, indicate whether they have health insurance, and finally choose one of two self-assessment tax models. After applying, they will receive a payment slip with a QR code for quick payment. They will also be able to keep records of all payments and easily transfer them to the tax return with a single click at the end of the quarter through the new portal.

THE DEADLINE FOR PAYMENT OF LOCAL UTILITIES FOR COMPANY SIGNAGE AND ECO-TAXES

The municipal utility tax is paid once a year for each company signage on the site office/building indicating that commercial activity takes place there. Entrepreneurs and micro and small legal entities with a yearly income of up to RSD 50,000,000 are not required to pay the local community tax for displaying signage on commercial premises.

Exceptions are entrepreneurs and legal entities engaged in the following activities:

- banking
- property and personal insurance
- production and trade of oil and oil derivatives
- production and wholesale trade in tobacco products
- cement production
- postal, mobile, and telephone services
- electricity industry
- games of chance and night bars and discos.

Therefore, if the business entity does not engage in any of the listed activities and did not earn an annual income of more than RSD 50,000,000 during the past year, there is no obligation to pay the municipal tax for registering the company.

Also, the Regulation on criteria for determining activities that affect the environment stipulates the mandatory payment of the eco-tax for all legal entities, entrepreneurs, and associations. This Regulation has been in force since 2019, and the amount of the eco-tax is determined annually and is paid in 12 monthly instalments.

The amount of the eco-tax to be paid depends on the predominant activity and whether the business entity is a large, medium, small, or micro legal entity or entrepreneur. Therefore, the amounts that business entities must set aside for eco-tax range from RSD 5,000 to RSD 2,000,000, depending on the size of the company and the degree of environmental impact.

The deadline for submitting applications for the local utility tax for highlighting the company and the eco-tax is July 31.



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