

## CONFIDA

# Ideas that pay off.

## Monthly Newsletter

April, 2023

CONFIDARS

### FREELANCE INCOME TAX RETURNS

The Minister of Finance adopted the Rulebook on Amendments to the Rulebook on Tax Return on Self-Assessed Tax and Related Income Contributions, i.e. other types of income from a natural person as a taxpayer, which entered into force on March 25, 2023.

The aforementioned Rulebook prescribes a new tax form PP OPO-K, which will, among other things, be used for reporting the realized quarterly income of freelancers, i.e. all income from persons who, when paying them, do not calculate taxes and contributions in the Republic of Serbia.

The PP OPO-K form will be in use starting from the deadline for submitting the tax return for the income generated in the second quarter of 2023 once all the necessary technical conditions are fulfilled.

Tax returns for the first quarter are submitted either through the current PP OPO form or through the new form, with a note that in that case, taxpayers will not have technical support related to filing the return. The deadline for submitting the quarterly tax return is 30 days from the end of the quarter.

**In the coming period, the Ministry of Finance will publish detailed instructions and explanations related to filling out and submitting tax returns on the new form.**

### COMPANY ESTABLISHMENT

Starting from May 17, 2023, the registration form for the establishment of companies will be submitted to the Serbian Business Registers Agency exclusively electronically.

The aforementioned novelty is in accordance with the 2021 amendments of the Law on the Serbian Business Registers Agency Registration Procedure, which were adopted in order to improve the conditions for starting a business.

The Agency is obliged to accept electronic establishment registration forms only, which means that it will not be possible to submit the paper form of establishment registration forms starting from May 17.

On the other hand, data change registration forms will continue to be submitted to the Agency in paper form until all technical prerequisites for processing electronic forms are met.

The introduction of the exclusive electronic establishment registration forms reduces the costs and time required for the establishment of a company and contributes to the greater efficiency of the Agency.



## RULEBOOK ON ANNUAL PERSONAL INCOME TAX RETURN

The new Rulebook on the tax return for the annual personal income tax, which entered into force on March 30, 2023, was published in the "Official Gazette of RS", no. 24/2023, dated March 29, 2023.

The tax on the annual personal income realized during 2022 is calculated and paid according to the self-taxation system, whereas the annual tax has been paid based on the decisions of the Tax Administration until now.

The new Rulebook prescribes the use of the PP GPDG form – Tax return for the calculated annual personal income tax for a specific year.

**The PP GPDG form consists of 6 parts and is an integral part of the new Rulebook:**

- Return information
- Taxpayer data
- Dependent family members' data
- Taxable income data
- List of attached evidence
- Note of the taxpayer/attorney/representative

Starting from April 3, 2023, the Tax Administration will provide the taxpayers with the filled-in electronic forms for income earned during 2022, based on the available official records' data. The pre-filled tax returns can be signed if the taxpayer has an electronic certificate or authorizes another person to apply on his behalf. Taxpayers who are not citizens of the Republic of Serbia fill out their tax returns exclusively independently.

The PP GPDG form is submitted in electronic form via the Tax Administration's portal, no later than May 15, 2023, which is also the deadline for paying the determined amount of annual personal income tax.

## RULEBOOK ON INTEREST RATES ACCORDING TO THE "ARM'S LENGTH" PRINCIPLE FOR 2023

**The Minister of Finance adopted the Rulebook on interest rates according to the "arm's length" principle for 2023.**

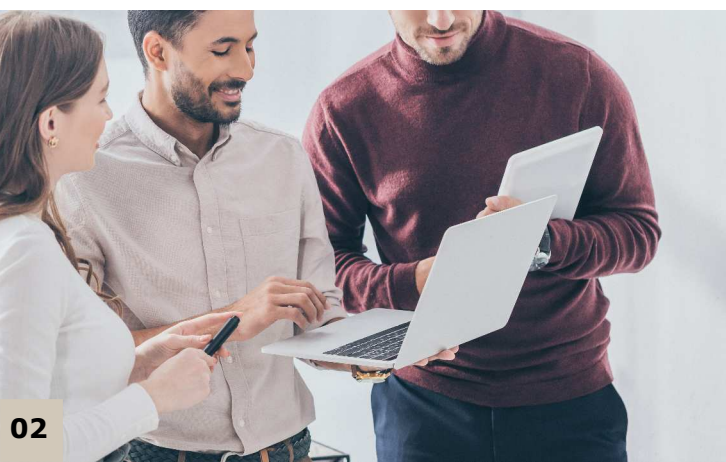
The Rulebook prescribes the interest rates calculated on loans between related parties for 2023 according to the "arm's length" principle.

The prescribed interest rates for banks and providers of financial leasing and other companies are listed below.

Interest rates, in accordance with the "arm's length" principle:

- **for banks and financial leasing providers:**
  - 1.48% on short-term loans in RSD;
  - 4.47% on long-term loans in RSD;
  - 3.25% on loans in EUR and dinar loans indexed in EUR;
  - 4.43% on loans in USD and dinar loans indexed in USD;
  - 2.63% on CHF loans and dinar loans indexed to CHF;
  - 3.70% on loans in SEK and dinar loans indexed in SEK;
  - 1.88% on loans in GBP and dinar loans indexed in GBP;
  - 1.91% on loans in RUB and dinar loans indexed in RUB;
  - 4.01% on loans in CNY and dinar loans indexed to CNY.
- **for other companies:**
  - 3.88% on short-term loans in RSD;
  - 4.74% on long-term loans in RSD;
  - 2.98% on short-term loans in EUR and dinar loans indexed in EUR;
  - 3.22% on long-term loans in EUR and dinar loans indexed in EUR;
  - 7.84% on short-term loans in CHF and dinar loans indexed in CHF;
  - 3.18% on short-term loans in USD and dinar loans indexed in USD;
  - 4.28% on long-term loans in USD and dinar loans indexed in USD.

The Rulebook was published in the "Official Gazette of RS", no. 139/2022 of March 29, 2023, and entered into force on April 6, 2023.



## COMPETITIVENESS DEVELOPMENT SUPPORT PROGRAM

The Serbian Chamber of Commerce has announced a Public call to participate in the Competitiveness Development Support Program, which aims to improve business and increase the competitiveness of companies in Serbia.

This program is financed by the Ministry of Economy and implemented by the PKS in cooperation with the RS Development Fund. 100 million dinars are available to support projects that will contribute to the development and modernization of the Serbian economy.

The program to support the development of competitiveness is open to all business entities registered on the territory of the Republic of Serbia that meet the conditions defined in the public call. Companies can use this program's funding to finance different types of projects, including:

- Improving the quality of product/ services
- Introduction of new technologies in business
- Development and implementation of the quality management system
- Development and improvement of the marketing and sales system
- Development and improvement of logistics and supply systems

All interested business entities can apply for participation in the program through an online application on the Chamber of Commerce and Industry website. After processing the application, the Chamber of Commerce and Industry will contact the applicants and provide them with all the necessary information about the process.

This program is an excellent opportunity for all business entities that want to improve their business and increase their competitiveness in the market. Funds from the program can help with various project financing, and professional support and advice are important for the realization of the project.

## AVERAGE EARNINGS PER EMPLOYEE, JANUARY 2023

The average gross salary calculated for January 2023 was 114 228 dinars, whereas the average salary without taxes and contributions – net salary was 82 769 dinars.

Compared to January 2022, the average gross and net earnings for January 2023 are nominally higher by 16.7% and by 0.8% in real terms.

When compared to December 2022, in January 2023 the average gross salary was nominally lower by 0.9% and by 2.3% in real terms, while the average net salary was nominally lower by 1.7% and in real terms by 3.1%.

Median net earnings for January 2023 amounted to 62 964 dinars, which means that 50% of employees earned earnings up to the stated amount.



## CONSUMER PRICE INDICES FEBRUARY 2023

Consumer price indices are used as a measure of inflation and show changes in the prices of products and services that households purchase to meet their needs.

The prices of personal consumption products and services have seen an average increase of 1.4% in February 2023, compared to the previous month. Compared to the same month of the previous year, consumer prices in February 2023 were higher by 16.1%. An average increase in consumer prices of 2.8% was recorded in comparison to December 2022.

Observed by the main groups of products and services classified according to the purpose of consumption, in February 2023, compared to the previous month, price growth was recorded in the groups Food and non-alcoholic beverages (2.7%), Recreation and culture (1.5%), Health (1.2%), Housing, water, electricity, gas and other fuels (1.0%), Housing equipment and current maintenance (0.9%), in the groups Transport and Restaurants and hotels (for 0.8%), Alcoholic beverages and tobacco (0.3%), Education (0.2%) and in the Communications group (0.1%). A drop in prices was recorded in the Clothing and Footwear 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 February 2023 compared to January 2023 is 101.4.
- The consumer price index in the Republic of Serbia in January 2023 compared to January 2022 is 116.1.
- The consumer price index in the Republic of Serbia in January 2023 compared to December 2022 is 102.8.

### PERIOD

### INFLATION

|                               |   |              |
|-------------------------------|---|--------------|
| January 2023 - February 2023  | ➤ | <b>1.4%</b>  |
| February 2022 - February 2023 | ➤ | <b>16.1%</b> |
| December 2022 - February 2023 | ➤ | <b>2.8%</b>  |



## THE REFERENCE INTEREST RATE INCREASED TO 6%

At the regular session of the Executive Board of the National Bank of Serbia, held on April 6, 2023, a decision to increase the reference interest rate (RKS) to the level of 6% has been made.

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, therefore, the annual interest rate amounts to 14%, while the annual interest rate for untimely paid public revenues amounts to 16%.

The next session of the Executive Board will be held on May 11, 2023 when the decision regarding the reference interest rate for the upcoming period will be made.

## APRIL TAX OBLIGATIONS

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 April 2023.

### April 5

- The deadline for submitting notices of concluded contracts based on entertainment programs in the previous month is April 5. Notifications are submitted on the OZU form.

By the mentioned date, employers should submit reports on the IOSI form on the fulfilment of the obligation to employ persons with disabilities for the previous month, as well as pay funds for participation in financing the wages of persons with disabilities.

### April 10

- Taxpayers must submit a tax return and pay tax on non-life insurance premiums for the previous month via the form PP-PPNO until April 10.

Additionally, all taxpayers defined in Article 10 of the VAT Law must submit a tax return using the PP PDV form by the same date.

### April 18

- The middle of April, more precisely April 18, is the deadline for advance payment of self-employment tax. Also, it is the deadline for the mandatory submission of the tax return and tax balance sheets for entrepreneurs, farmers and other entrepreneurs for the determination of the 2022 tax. The application requires the submission of PPDG-1S and PB2 forms.

The mentioned date is also the deadline for paying the difference in tax on self-employment income determined by the final calculation for 2022, and for paying tax on catering services' income for the first quarter of 2023.

By April 18, taxpayers must pay contributions on income from self-employment and contributions for priests and religious officials, domestic citizens employed abroad and foreign pensioners. It is also the deadline for submitting a tax return and paying contributions for mandatory social insurance for founders, that is, members of a company. The return is submitted via the PP OD-O form.

On April 18, VAT payers should submit their tax returns for the previous month via the PP PDV form.

By April 18, taxpayers must also submit the PID PDV 1 form for March if one of the criteria for acquiring the status of a VAT payer who is considered to be mainly a goods exporter is met in March.

April 18 is also the deadline for submitting tax returns and paying VAT for the first quarter of 2023.

The obligation to pay the advance payment on the corporate income tax for the previous month must also be fulfilled by April 18, as well as the submission of the application on the calculation of excise duty on electricity for final consumption for the previous month, on the PP OAEL form with payment of the excise duty.

### April 28

- The last tax obligation in April must be completed by April 28, when taxpayers should pay the calculated excise tax for the period from the 1st to the 15th day of the month.

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