

## Ideas that pay off.

### Monthly Newsletter

April, 2024

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#### AMENDMENTS TO THE VALUE-ADDED TAX RULEBOOK THAT TAKE EFFECT ON APRIL 4ST, 2024

The amendments to the VAT rulebook that took effect on April 4, 2024, include the adoption of specific tax exemptions that allow for the deduction of prior taxes, such as customs warehousing, international agreements, etc. They also cover VAT refunds for first-time homebuyers and specific regulatory alignments.

First-time home buyers are able to receive a VAT refund under the terms of the law if they have a fiscal receipt from the VAT payer, who in this case is the seller.

As a result, VAT-registered firms that trade goods through customs warehousing can claim a tax exemption if they have an electronic declaration or a certified paper copy of the declaration. This certificate confirms that the commodities have gone through customs warehousing in line with laws.

The tax exemption applies if an international agreement clearly states that no VAT will be charged on the trade of goods and services, including importing goods. This exemption applies when the agreement is signed or goods and services are traded, as well as for imports made while the agreement is still in into effect.

#### INCOME REPORTING FOR FREELANCERS FOR THE FIRST QUARTER OF 2024

Following the conclusion of the first quarter of 2024, freelancers are invited to report their income earned during January, February, and March. The deadline for submission is 30 days after the quarter ends, which is by April 30, 2024.

Income can be reported by freelancers who are:

- Domestic individuals providing services to foreign companies without representation in Serbia or to foreign individuals, including programming, design, marketing, virtual assistance, translation, online education, as well as work on platforms such as Upwork and Fiverr.
- Domestic individuals offering services to other domestic individuals, such as private tutoring, home repairs, cleaning, household maintenance, childcare, etc.
- Foreign individuals earning income from abroad while working in Serbia or providing services to individuals in Serbia.
- Entrepreneurs who meet the independence test with clients can tax their income as freelancers.

The portal now has an English version, which makes it easier for foreign freelancers in Serbia to settle their obligations independently. Freelancers must electronically submit income reports via the Freelancers portal. Submission requires an electronic certificate, consent ID, or authorization from another individual.

## PERSONAL INCOME TAX IN SERBIA FOR THE YEAR 2023

Taxpayers must file their annual personal income tax return for the year 2023 by May 15, 2024. Serbian tax residents are required to report their global income, while non-residents only report income earned within the territory of Serbia. Individuals whose total net income in 2023 exceeds the tax-exempt amount of RSD 4,269,564 must file an annual tax return and calculate tax on the amount that exceeds this threshold.

Net income from salaries, income from independent activities, and income from copyright and related rights, as well as industrial property rights for individuals under 40 years old, in addition to the tax-exempt amount of RSD 4,269,564, are subject to additional deductions. Taxpayers can reduce their taxable income with personal deductions of RSD 569,275 for the taxpayer and RSD 213,478 for each dependent family member.

If a taxpayer invests money in an alternative investment fund, they are entitled to a tax credit. This means they can reduce the amount of tax owed to the state by up to 50% of the invested amount during the tax year. However, there is a limitation that the tax credit cannot exceed 50% of the total tax liability determined for the annual personal income tax. Tax rates are applied at 10% for income up to RSD 8,539,128, and 15% for income over RSD 8,539,129.

The tax return is submitted electronically via the Tax Administration portal on form PP GPDG, with a qualified electronic certificate or through the authorization of another individual. The annual personal income tax for incomes earned in 2023 is determined and paid through self-assessment.

## ELECTRONIC CERTIFICATES OF RESIDENCE FOR DOUBLE TAXATION TREATY BENEFITS

Electronic certificates of residency, which are used for the application of international agreements on avoiding double taxation, are issued in the following countries:

- Azerbaijan
- Belgium
- Great Britain
- Georgia
- Greece
- Estonia
- Indonesia
- Ireland
- Italy
- Qatar
- Korea (Republic)
- Kuwait
- Latvia
- Malta
- Hungary
- Poland
- Republika Srpska  
(part of Bosnia and Herzegovina)
- Romania
- Russia
- Singapore
- Slovenia
- United Arab Emirates
- Finland
- Croatia
- Czech Republic
- Spain

The list of countries is for informational purposes only and does not represent the official position of the Ministry of Finance or the Tax Administration.



## SERBIAN PUBLIC NOTARIES GAIN ACCESS TO THE EU NOTARIAL NETWORK

Public notaries in Serbia will soon verify the authenticity of documents certified in the European Union, thanks to access to the EU's electronic network of notaries. This innovation will enable Serbian notaries to verify powers of attorney and other legal documents relevant to domestic transactions in real time.

This change will significantly reduce the risk of document forgery, such as inheritance declarations. Additionally, notaries will have access to business registries, further increasing the transparency and security of legal transactions.

Therefore, the implementation of the platform will require some time, including technical preparation and training of notaries for its use. The platform is expected to become operational in the coming months, which will facilitate the previously complicated processes of verifying documents from the EU. This step represents a significant advancement in international legal cooperation and contributes to the more efficient functioning of the legal system in Serbia.

## NEW DEADLINE AND RULES FOR EKO-TAX PAYMENTS AMENDED FORM 2024

Following recent regulatory changes effective January 1, 2024, there has been a change in the deadline for filing applications for the environmental protection and improvement fee, commonly known as the eco-tax. The new deadline for submission is April 30, 2024, instead of the previous deadline of July 31.

Key changes include:

- Residential communities, associations, and entrepreneurs in dormancy are no longer required to pay the eco-tax.
- Branches of foreign legal entities are now included in the obligation to pay the eco-tax.
- Construction sites that continuously operate for more than 12 months are considered separate units to pay the eco-tax.

Once the obligated parties receive the resolution for 2024, the eco-tax will be paid quarterly.

## MONTHLY INFLATION (CONSUMER PRICE GROWTH) IN FEBRUARY 2024 IS 0.6%

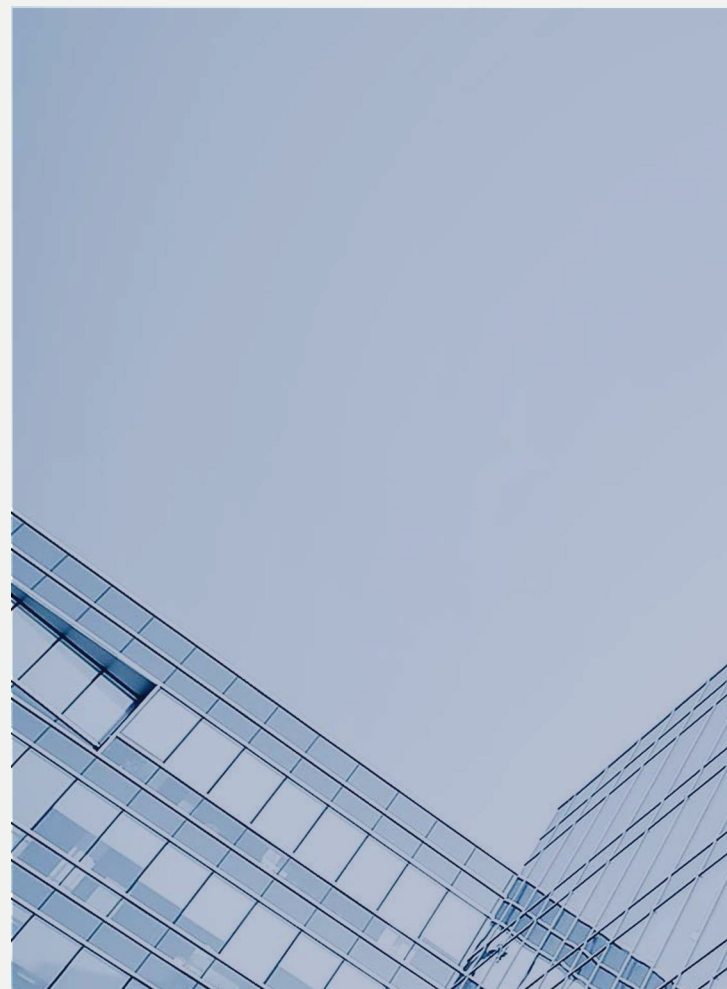
The prices of consumer goods and services in February 2024, compared to January 2024, have increased on average by 0.6%. Consumer prices in February 2024, compared to the same month of the previous year, have increased by 5.6%, and compared to December 2023, they have increased on average by 0.9%.

- Over the last month (period: January 2024 – February 2024), inflation is 0.6%.
- Over the last year (period: February 2023 – February 2024), inflation is 5.6%.

Since the beginning of the year (period: December 2023 – February 2024), inflation is 0.9%.

According to the consumer price index movement data:

- The consumer price index in the Republic of Serbia in February 2024, compared to January 2024, is 100,6.
- The consumer price index in the Republic of Serbia in February 2024, compared to December 2023, is 100,9.



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## THE REFERENCE INTEREST RATE REMAINS AT 6.50%

The Executive Board of the National Bank of Serbia, at the session held on April 11, 2024, decided to keep the reference interest rate (RIR) unchanged at 6.50%. The NBS Executive Board will hold its next session on May 10, 2024, to decide on the key policy rate. The interest rate remains unchanged, but the next meeting on this topic will occur on May 10, 2024.

## AVERAGE SALARY FOR JANUARY 2024

According to the Announcement No. 080 of the Republic Statistical Office dated March 25, 2024:

- The average gross salary paid in the Republic of Serbia in January 2024 amounts to 132,372.00 dinars.
- The average net salary in the Republic of Serbia (excluding taxes and contributions) paid in January 2024 amounts to 95,836.00 dinars.



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