

*The Law on Amendments to the Law on Value Added Tax, the Law on Tax Procedure and Tax Administration, the Law on Property Taxes, the Law on Compulsory Social Security Contributions and the Law on Pension and Disability Insurance*

*(„Official Gazette of the Republic of Serbia No. 138/2022)*

The National Assembly of the Republic of Serbia at the session held on 09.12.2022. adopted the amendments to the Law on Value Added Tax, the Law on Tax Procedure and Tax Administration, the Law on Property Taxes, as well as the Law on Contributions for Compulsory Social Insurance and the Law on Pension and Disability Insurance. Amendments to the aforementioned laws were published in the Official Gazette of the Republic of Serbia No. 138 of December 12, 2022.

**A. Law on Amendments to the Law on Value Added Tax (hereinafter: "Law on VAT")**

The amendments to the Law on VAT additionally regulate transactions between related parties, the concept of related parties and market value.

In the case of turnover of goods or services for a fee between related parties when the fee is lower than the market value and the acquirer does not have the right to deduct the previous tax in full, the tax base is the market value of those goods or services, excluding VAT.

Related persons are considered to be related persons in accordance with the Law on the Corporate Profit Tax, persons with

whom there are family or other personal ties, management, ownership, membership, financial or legal ties, including the relationship between the employer and the employee, i.e. members of the employee's family household.

Furthermore, the market value represents the total amount that the buyer of goods, that is, the recipient of services would pay at the time of the sale of those goods, that is, services to an independent supplier for sale in Serbia.

Alignment with the Law on Electronic Invoicing was also carried out regarding the right to deduct the previous tax of the VAT payer who received the electronic invoice.

Finally, the definition of foreign persons who do not have the obligation to register for VAT (that is, appoint a tax representative in Serbia) has been expanded to include persons who trade goods that are in customs storage in accordance with customs regulations.

The Law on VAT enters into force on January 1, 2023.

**B. Law on Amendments to the Law on Tax Procedure and Tax Administration (hereinafter: "ZPPPA")**

The ZPPPA was amended in order to harmonize it with other legal regulations. Amendments to the ZPPPA should enable full compliance with other laws (the Law on Fiscalization, the Law on Criminal Procedure and the Law on Personal Income Tax) and thus create a legal basis for their more efficient application.

Namely, within the ZPPA, it was necessary to introduce provisions related to the introduction of the annual income tax of citizens into the self-taxation system, defining the length of the ban on activities that can be prescribed by the tax inspector

for irregularities observed the first, second or third time.

ZPPPA enters into force on 20.12.2022.

### **C. Law on Amendments to the Law on Property Taxes**

Among the amendments to the Law on Property Taxes is that a parking space in an open apartment block or apartment complex will also be the subject of inheritance and gift tax.

Also, clarification was made regarding exceptions to the obligation to pay taxes for a building under construction. Therefore, there is no obligation to pay taxes for a building under construction that is considered an economic object, for the construction of which a building permit is issued by the ministry responsible for construction affairs, that is, the competent authority of the autonomous province, as a trusted affair.

Further, the amendments to the Law on Property Taxes additionally regulate the calculation of depreciation for added parts of houses.

Additionally, from 01.01.2024., the determination of inheritance and gift tax and tax on the transfer of absolute rights is transferred from the jurisdiction of the Tax Administration to the jurisdiction of local governments.

The property tax will be determined and paid in accordance with this Law, starting from 2023.

On the other hand, inheritance and gift tax, i.e. tax on the transfer of absolute rights, for the determination of which the procedure was initiated according to the regulations that were in force until the beginning of the application of this Law, will be determined by applying the law that was in force on the date of the tax liability.

The Law on Property Taxes enters into force on January 1, 2023. years.

### **D. Law on Amendments to the Law on Contributions for Compulsory Social Security and Law on Amendments to the Law on Pension and Disability Insurance**

The contribution rate for mandatory pension and disability insurance is reduced from 25% to 24%, with the fact that the contribution rate for mandatory pension and disability insurance at the expense of the employee is not reduced (it remains at 14%), while the rate at the expense of the employer is reduced from 11% to 10%.

On the other hand, the non-taxable amount that is used in determining the basis for the calculation of salary tax is increased from 01.01.2023. and will amount to 21,712 dinars (instead of the previous 19,300 dinars).

The Law on Amendments to the Law on Contributions for Mandatory Social Security and the Law on Amendments to the Law on Pension and Disability Insurance entered into force on 20.12.2022. and will apply from 01.01.2023.