



## NEWSLETTER

05/08/2021

*Law on Determining Financial Support to Business Entities for  
Maintaining Liquidity and Current Assets in Difficult  
Economic Conditions due to the COVID-19 Pandemic  
caused by the SARS-CoV-2 Virus*

*("Official Gazette of the RS", no. 76/2021)*

On July 29th 2021, the Law on Determining Financial Support to Business Entities for Maintaining Liquidity and Current Assets in Difficult Economic Conditions due to the COVID-19 Pandemic caused by the SARS-CoV-2 Virus ("Official Gazette of the RS", No. 76/2021, hereinafter: the "**Law**"), entered into force.

This Law regulates the allocation of credit funds to business entities that have submitted loan applications to the Development Fund of the Republic of Serbia (hereinafter: the "**Fund**") by December 10th, 2020 in accordance with the Decree on establishing the Financial Support Program for Maintaining Liquidity and Current Assets in Difficult Economic Conditions due to the COVID-19 Pandemic caused by the SARS-CoV-2 Virus ("Official Gazette of RS", No. 54/20, 57/20 and 65/20 - other law), which ceased to be valid on the day the Law entered into force.

The right to use the funds under the Law is granted to entrepreneurs, cooperatives, micro, small and medium-sized business entities that are in majority private or cooperative ownership and that perform production, service, trade and agricultural business activities, **which have submitted loan applications to the Fund by December 10th, 2020 in accordance with the Decree, and on which applications no decision has been made by the day of entering into force of the Law.**

The funds can be used for the procurement of current assets and maintaining the liquidity of business entities in order to regularly settle liabilities to business partners, employees and the state.

The condition that must be fulfilled by the loan applicant is that it is not in difficulties, i.e. that no bankruptcy proceedings have been initiated against it, that no proceedings have been conducted according to a reorganization plan prepared in advance (hereinafter: "RPPA") or that measures from the RPPA are not in force, that no reorganization plan is implemented over it or that measures from the reorganization plan, financial restructuring or liquidation procedure are not in force.

Loans for maintaining liquidity and purchasing current assets are approved under the following conditions:

- 1) repayment period is up to 48 months which includes a grace period of up to 18 months - the total duration of the loan is up to 18 months of a grace period and up to 30 months of repayment;
- 2) the interest rate is 1% on annual basis;
- 3) loans are approved and repaid in dinars.

The minimum loan amount for companies is 1,000,000.00 dinars, and for entrepreneurs, cooperatives and business entities registered in the appropriate register 200,000.00 dinars. The Law also regulates the maximum loan amount as well as the instruments for securing its repayment.

Special conditions for the use of loans prescribed by the Law are applied to business entities whose predominant activity is in the field of tourism, catering and passenger traffic.

The Managing Board of the Fund shall by December 31st, 2021 render decisions on requests received by December 10th, 2020, which have not been decided upon by the day the Law entered into force, up to the amount of available funds provided in accordance with the Law.

To business entities whose application is accepted and loan approved in 2020 in accordance with the Decree, the provisions of the loan agreement concluded with these entities shall be applied, as well as the provisions of the Law governing the possibility of extending the loan repayment period, within which the grace period and repayment period are extended and the provisions of the Law related to the monitoring of implementation.

**For additional consultations and assistance, feel free to contact us at Tasic&Partners through our email [office@tasiclaw.com](mailto:office@tasiclaw.com) or by phone +381116302233.**