

*The Rulebook on the conditions and manner of exercising the right to tax exemption based on the salary of employees in research and development*

*(“Official Gazette of the Republic of Serbia“ No. 48/2022)*

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In the Official Gazette of the Republic of Serbia No. 48 from 15 April 2022, the Rulebook on Conditions and Manner of Exercising the Right to Tax Exemption Based on Salaries of Research and Development Employees (hereinafter: the “**Rulebook**”) was published and entered into force on the following day from the date of its publication in the Official Gazette of the Republic of Serbia, i.e. as of **16 April 2022**.

In particular, the Rulebook provides that the employer - a legal entity, which within its activities in Serbia conducts research and development, is exempted from the obligation to pay 70% of calculated and suspended tax on salaries of employees directly engaged in research and development, in proportion to the time employees spend on full-time research and development.

The right to tax exemption is exercised exclusively on the basis of research and development projects carried out on the territory of Serbia (at least 90% of all employees on research and development need to perform their activities on the territory of Serbia).

In addition, an employer may not be a legal entity established abroad, nor a branch or representative office of a foreign legal entity in Serbia, nor a legal entity that conducts research and development on behalf of other persons. The employer is obliged to keep special records for each individual employee in research and development, which contains information on the working hours of the employee in research and development, as well as information regarding earnings, salary compensation and other income of the employee.

On the other hand, a research and development employee is a person with whom the employer has concluded a fixed-term or indefinite employment agreement, either full-time or part-time, and who works on project implementation in a way that is directly involved in identifying and solving relevant scientific, process or technical issues, problems or tasks related to a specific project.

Finally, the time spent on direct engagement in research and development is not considered annual leave, absence from work on a non-working day, paid leave, military exercises and responding to the call of a state body, absence from work due to temporary incapacity for work etc. Activities related to direct or indirect project supervision, as well as support related to project implementation, which include all those activities that directly support employees engaged in project implementation and supervision, are not considered direct engagement in research and development.

**For any additional consultations or legal assistance, you can contact the Tasić & Partners team by email at [office@tasiclaw.com](mailto:office@tasiclaw.com) or by phone at +381116302233.**