

## Law on the Management of Companies Owned by the Republic of Serbia ("Official Gazette of the Republic of Serbia", no. 76/2023)

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The Law on the Management of Companies Owned by the Republic of Serbia ("Official Gazette of RS", No. 76/2023, hereinafter: "**the Law**") entered into force on September 15, 2023, but its implementation is postponed for a year, so it will start to apply as of September 15, 2024.

The main objectives of the Law are to change the form of public enterprises founded by the Republic of Serbia into the legal corporate forms of companies and to regulate the management of companies, control, and other issues of importance for the state as a member of a company.

A capital company within the meaning of this Law is a company with the legal form of a limited liability company or a joint stock company in which the Republic of Serbia has the capacity of a member, i.e., a shareholder with more than 50% of the company's capital, as well as a company in which the Republic of Serbia has controlling ownership by another basis.

Exceptionally, certain provisions of this Law are applied to a company in which the Republic of Serbia has a 50% or less share in the share capital.

In accordance with the provisions of the Law, a public enterprise whose founder is the Republic of Serbia changes its legal form to a limited liability company or joint stock company. During the implementation of the change of legal form, the legal subjectivity and business identity of the public enterprise is preserved, without liquidation, without

cessation of business and without interruption of legal continuity.

Capital companies, no later than August 1 of the current year, submit to the Ministry of Economy proposals for the development of annual management guidelines, which determine the annual goals of the capital company with measures and instructions for their achievement.

The capital company also submits to the Ministry of Economy (i) a medium-term business plan; (ii) annual business plan; (iii) periodic report on operations; (iv) other business data, as necessary.

The capital company is obliged, through the Ministry, to obtain the Government's consent to (i) amendments to the founding act, that is, the statute; (ii) act on change of legal form and status change; (iii) act on capital investment; (iv) an act on the acquisition, sale, leasing, pledging or other disposal of assets of high value of the capital company; (v) an act on the price list of products and services of a capital company that performs activities of general interest, i.e. provides services of general economic interest in accordance with a special law, unless another law stipulates that such approval is given by another state body.

The representative of the Republic of Serbia in the assembly of the capital company represents the interests of the Republic of Serbia and is obliged to carry out his duties professionally and conscientiously, is appointed for four years and dismissed by an act of the minister, after the prior approval of the Government.

The director of the capital company is appointed in accordance with the Law, after a public competition. Exceptionally, until the appointment of the director following a public competition, an acting director is appointed, without conducting a public competition, and for a maximum period of one year.

A capital company that, in addition to entrusted services of general economic interest, also performs other activities, is obliged to keep separate accounts for each activity individually, in accordance with the regulations on accounting and auditing.

Separate accounts should show in a clear and unambiguous manner the separated costs and revenues related to the performance of the entrusted service in relation to the costs and revenues related to the performance of other activities.

The capital company is obliged to, within 30 days from the adoption of acts containing information of importance to the public, that is, the appointment of persons to the company's bodies, publish them on its website.

The capital company is obliged to adopt the Code of Ethics and submit to the Ministry a report on the implementation of the Code of Corporate Governance adopted by the Government, no later than the end of the first quarter of the current year, for the previous year.

Persons engaged in the bodies of the capital company must meet the minimum requirements prescribed by law (in terms of education, experience, and other criteria) as well as undergo professional training in the field of corporate management, according to the program adopted by the competent minister. Knowledge checks and exams in the field of corporate management will be under the jurisdiction of the Serbian Chamber of Commerce.

In case of non-compliance with the obligations stipulated by the Law, the responsible person in the capital company will be punished for the offense with a fine in the amount of 50,000 up to 150,000 dinars.

Capital companies are obliged to submit to the Ministry of Economy a list of immovable

property over which they have the right of ownership, i.e. the right of use, no later than three years from the date of application of this law.

No later than one year from the date of completion of the legal work referred to in the previous paragraph, the capital company is obliged to evaluate the value of the capital and assets and submit them to the ministry.

**For any additional consultation 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.**