Amendments to Serbian Tax Legislation in 2026

A package of amendments to several tax laws has been published in the Official Gazette of the Republic of Serbia, No. 80/2026, introducing significant changes for companies, employers and entrepreneurs.

1. Law on Value Added Tax

- **VAT registration and minimum duration of VAT liability**

In cases where the previous legislation prescribed a two-year period, the relevant obligation is now linked **to the current and following calendar year**. This is particularly relevant when planning entry into the VAT system, as the minimum duration of the VAT liability is no longer determined as a fixed 24-month period.

- **VAT deregistration**

A taxable person whose total turnover during the preceding 12 months did not exceed RSD 8,000,000 may apply for termination of its VAT liability, provided that the other statutory requirements are met.

The taxable person determines the date on which its VAT activities cease, while the application for deregistration must be submitted **within five days from the date of cessation of VAT activities**.

Where a company ceases to exist as a result of a corporate status change, its legal successor is **required to notify the Tax Administration of the implemented change within five days, while the Tax Administration will deregister the company from the VAT register ex officio.**

Importantly, the competent registration authority will not be able to remove a business entity from the relevant register without a certificate confirming its deregistration from the VAT register.

- **Final VAT return**

A taxable person being deregistered from the VAT register, or its legal successor in the case of a corporate status change, must file the final VAT return **within 15 days from the cessation of VAT activities.**

If the taxable person fails to file the VAT return within the prescribed deadline, the Tax Administration **may file it ex officio on the basis of the preliminary VAT return.** Such return will contain data relating to output VAT.

The amendments also regulate the position of taxable persons that failed to register for VAT within the prescribed deadline, allowing them to adjust VAT relating to previous tax periods in the first VAT return filed following registration.

- ❖ Proceedings concerning applications for VAT deregistration initiated by 31 December 2026 will be completed under the previously applicable rules.

- ❖ Where a supply takes place after the new rules become applicable, but the consideration or part thereof was received or paid before their application, the previously applicable VAT regime will continue to apply.

- ❖ Most of the amendments will apply from 1 January 2027, subject to specific commencement dates for certain provisions.

2. Law on Personal Income Tax

- **Increase of the non-taxable salary amount**

As of 1 January 2027, the taxable salary base will be reduced by **RSD 37,369** per month for a full-time employee. For part-time employees, the reduction will apply proportionately to their working hours, while specific rules apply where an employee works for two or more employers.

Indexation of the non-taxable amount will commence in 2028.

- **Employment tax incentives**

The application of certain employment tax incentives has been extended through 2028, while the eligibility requirements will also be amended as of 2028, including the following:

- the relevant age threshold will be **reduced from 30 to 24 years**;
- the incentive may be applied for a **maximum period of 12 months from the date of employment**;
- the employment must result in a net increase in the number of employees compared to the average number of employees during the preceding 12 months;
- entitlement to the incentive will be subject to compliance with State aid rules.

The aggregate amount of the relevant tax incentive and the corresponding social security contribution incentive **may not exceed 50% of the salary costs of the persons employed or EUR 5.5 million per employer per year.**

The incentive will not be available to employers that have been ordered to repay State aid or de minimis aid, or to employers qualifying as undertakings in difficulty under the applicable State aid rules.

- **Entrepreneurs and personal salary**

A lump-sum entrepreneur who loses the right to lump-sum taxation and becomes required to maintain business books **will be entitled to opt for the payment of a personal salary.** In such case, the relevant notification may be submitted within 15 days from the date on which the right to lump-sum taxation ceases, for the period following the loss of such right.

3. Law on Mandatory Social Security Contributions

The amendments largely follow the changes introduced under the Law on Personal Income Tax in relation to employment incentives.

The relevant incentive is linked to an actual net increase in the number of employees compared to the average number of employees during the preceding 12 months and may be used for a maximum period of 12 months from the employment of the new employee.

A limitation is introduced whereby the aggregate amount of the tax incentive and the corresponding social security contribution incentive for the same type of support may not exceed 50% of salary costs or EUR 5.5 million per employer per year.

Compliance with State aid rules becomes an integral requirement for the application of the incentives. Accordingly, employers will need to assess tax and social security contribution incentives on an aggregated basis.

4. Law on Corporate Income Tax

- **Abolition of existing tax incentives**

As of 2028, a number of existing tax incentives will be abolished, including the provisions of Articles 50a, 50v, 50g, 50e, 50ž, 50z, 50i and 50j.

At the same time, transitional provisions have been introduced to protect certain acquired rights. Accordingly, taxpayers that satisfy the relevant statutory requirements within the prescribed deadlines may continue to use certain incentives until the expiry of the period provided for under the previous regime.

- **Cross-border restructurings and intra-EU payments**

A detailed tax regime is introduced for mergers, divisions, partial divisions, transfers of assets and exchanges of shares or equity interests between companies in Serbia and companies resident in EU Member States.

Subject to the prescribed conditions, tax neutrality will apply to certain corporate reorganisations, including the deferral of taxation of certain capital gains and the continuation of the relevant tax values of transferred assets.

The amendments also introduce exemptions for certain: dividends distributed between parent companies and subsidiaries; and interest and royalty payments between associated companies resident in different EU Member States.

These exemptions are subject to specific requirements regarding the percentage of participation, minimum holding period, tax residence and beneficial ownership status of the recipient.

- **Anti-profit shifting rules**

The amendments also introduce a set of rules consistent with modern anti-BEPS frameworks.

With respect to financing costs, excess borrowing costs may be deductible **up to 30% of EBITDA or EUR 3,000,000**, whichever amount is higher.

Controlled Foreign Company (CFC) rules are also introduced, under which certain undistributed income of a controlled foreign entity may, subject to the statutory requirements, be included in the taxable base of a Serbian taxpayer.

The amendments further regulate hybrid mismatches, i.e. situations in which different tax treatment of the same instrument, entity or transaction in two or more jurisdictions results in a double deduction or a deduction without a corresponding inclusion of income.

- **General anti-abuse rule**

A general anti-abuse rule is introduced under which, for corporate income tax purposes, an arrangement or series of arrangements will be disregarded where its main purpose or one of its main purposes is to obtain a tax advantage contrary to the purpose of the law and the arrangement is not based on valid commercial reasons reflecting its economic substance.

5. Law on Tax Procedure and Tax Administration

- **Tax returns filed ex officio**

The amendments further regulate the authority of the Tax Administration to file a tax return on behalf of a taxpayer, either ex officio or on the basis of findings made during a tax audit. **In particular**, where a taxpayer fails to file an annual personal income tax return within the statutory deadline, the Tax Administration will file the return on the taxpayer’s behalf.

The same principle applies to VAT. If a taxable person fails to file a VAT return, the Tax Administration will prepare and file the return on the basis of the preliminary VAT return generated within the electronic invoicing system. Such return will contain data relating to output VAT.

- **Extension of the deadline for filing tax returns**

An application for an extension of the filing deadline must be submitted separately for each type of tax and each tax period.

Where the Tax Administration approves an extension of the deadline for filing a return, the extension will also apply to the due date of the corresponding tax liability.

- **Amended tax returns**

The existing limitation under which an amended tax return could be filed no more than twice **is abolished.**

The new rule will also apply to tax returns filed before the amendments enter into force, representing an important procedural change for taxpayers that subsequently identify errors in previously filed returns.

- **Temporary tax assessment decisions**

If the Tax Administration fails, within three years from the date of issuance of a temporary assessment decision, to issue a decision replacing it, the tax liability determined under the temporary decision will be deemed finally assessed.

- **Interest in tax audit proceedings**

Where a tax audit establishes an additional tax liability, interest will accrue from the day following the original due date of the liability until the date of payment.

- **Special measures relating to fiscalisation**

The amendments introduce stricter consequences for the misuse of QR codes on fiscal receipts.

Where a taxpayer issues a receipt containing a QR code that was not generated through the Serbian electronic fiscalisation system, links to another fiscal receipt, or contains subsequently altered or technically manipulated data, the taxpayer may be subject to an immediate prohibition on carrying out business activities for a period of one year.

- **Excise duties**

The Tax Administration will be authorised, ex officio, to settle a due and unpaid excise duty liability recorded under one excise payment account from an overpayment recorded under another excise payment account, provided that both amounts are reported in the same tax return for the same assessment period.

This provision will apply from 1 February 2027, while the remaining amendments to the Law on Tax Procedure and Tax Administration will enter into force in accordance with the general commencement rule set out in the law.

For employers and other business entities, these amendments require timely adjustment of tax and internal compliance procedures, particularly in relation to employment, the use of tax incentives, VAT obligations and tax reporting.

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