

Amendments to the VAT Law in Montenegro



Tax Alert

October 2020. godine

The Montenegrin Parliament enacted the Law on Amendments to the Value Added Tax Law (hereinafter: "the Law") on 30 July 2020. Amendments were published in the Official Gazette of Montenegro no. 80/2020 dated 4 August 2020.

The Law is in force as of 4 August 2020.

An overview of the most significant changes and the effective dates are provided below.

Electronic submission of VAT return and electronic VAT invoice

- The VAT Law prescribes that VAT returns are submitted in electronic form only (instead of election between paper form and electronic format). This amendment starts to apply three months from the Law entering into force (i.e. as of 5 November 2020).
- The Law provides the option for issuing of an electronic VAT invoice provided prior consent of the invoice recipient is obtained and in accordance with the law governing electronic documents.

Amendments on application of reduced VAT rate

- Application of reduced VAT rate of 7% (instead of regular 21% rate) is extended and it applies to following supplies:
 - accommodation in tourist apartments;
 - preparation and serving of food, bottled water and non-alcoholic non-carbonated beverages in restaurants and facilities providing catering services (applicable as of 1 September 2021);
 - preparation and serving of food and beverages, except alcoholic beverages, carbonated beverages with added sugar and coffee, in facilities used for hospitality services.
 - (applicable up to 31 August 2021)
- Abolishment of reduced VAT rate on preparation and serving of food and beverages in hotels with minimum four-star rating (Northern region) and minimum five-star rating (Mid region and coastal region);

Amendments on application of zero VAT rate

- Application of zero VAT rate (exemption with the right to deduct input VAT) is extended and it applies to import and supplies of:
 - products and services based on a donation contract with the state bodies, local municipalities and other public legal bodies,
 - donations of medical devices and protective equipment to state bodies and organizations and local municipalities and other public legal bodies, in order to reduce the consequences caused by epidemics of infectious diseases.

If you have any questions or you need assistance of our professionals, please contact us at tax@kpmg.rs.

For previous editions of KPMG Tax Alerts please visit the following web page:

[KPMG Tax Alerts](#)

KPMG Tax & Legal Department

KPMG d.o.o. Beograd

Kraljice Natalije 11
11000 Belgrade, Serbia
T: +381 11 20 50 500
F: +381 11 20 50 550
tax@kpmg.rs

KPMG d.o.o. Podgorica

Svetlane Kane Radević
381000 Podgorica, Montenegro
T: +382 20 20 1480

kpmg.com/me

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG d.o.o. Podgorica, a Montenegrin limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.