

# Amendments to the Montenegrin tax laws

## Tax Alert

January 2023

The Montenegrin Parliament enacted set of amendments to tax laws. These are published in the Official Gazette of Montenegro no. 152/22 dated 30 December 2022.

An overview of the most significant amendments and start of their application is presented in the following lines.

### The Personal Income Tax Law

Benefits provided to individuals not employed with the income distributor are considered as other income. This type of income was treated as personal income prior to introduction of this amendment. The distributor of such other income is obliged to calculate, withhold and pay income tax simultaneously with the distribution of income at the proportional rate of 15%.

The following categories are exempted from personal income tax:

- Beneficiary of incentives for the development of research and innovation, for an employed or engaged person and for an independent entrepreneur, in accordance with the law regulating incentives for the development of research and innovation;
- A person earning personal income or an entrepreneur earning income from an employer that is not registered in Montenegro, provided such person has the status of a digital nomad in accordance with the law governing the residence and work of foreigners.

An anti-abuse norm is introduced for assessment of capital gains tax base in case of sale of shares in a legal entity. If the sales value of shares in a legal entity is lower than the market value, the sales value for capital gains tax purposes is determined by the Tax Authority.

Scope of tax on income from self-employment/ entrepreneurship is further defined.

Amendments apply as of 30 December 2022.

### The Law on Mandatory Social Insurance Contributions

The following categories are entitled to exemption from payment of social security contributions:

- Beneficiary of incentive measures for the development of research and innovation, for an employed or engaged person and for a person performing an independent entrepreneurship activity, in accordance with the law regulating incentive measures for the development of research and innovation;
- A person who earns income based on personal income or independent entrepreneurship activity from an employer that is not registered in Montenegro, based on the acquired digital nomad status in accordance with the law governing the residence and work of foreigners.

Amendments apply as of 30 December 2022.

### The Corporate Income Tax (CIT) Law

The obligation to pay withholding tax on payments made on the basis of a loan, with or without interest, made by CIT payer to individuals is introduced. Withholding tax is calculated and paid at the time of loan payment at a rate of 15% on the gross amount paid.

A CIT payer who concluded a loan agreement with an individual (with or without interest) before the date of entry into force of this amendment to the law, is obliged to calculate and pay withholding tax after the expiration of the period for which the agreement was concluded, if they conclude annex to the contract extending that loan period.

Withholding tax payer needs to file tax return no later than end of February of the current year for payments made during than previous year.

Amendments apply as of 30 December 2022.

If you have any questions or you need assistance of our professionals, please contact us at [tax@kpmg.rs](mailto: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**

Milutina Milankovića 1J  
11070 Belgrade, Serbia

**T:** +381 11 20 50 500

**F:** +381 11 20 50 550

**[tax@kpmg.rs](mailto:tax@kpmg.rs)**

#### **KPMG d.o.o. Podgorica**

Svetlane Kane Radević 3  
81000 Podgorica, Montenegro

**T:** +382 20 20 1480

**[kpmg.com/me](http://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.

© 2023 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 trademarks used under license by the independent member firms of the KPMG global organization.