

Adopted changes of the Excise Duties Law



On 25 September 2012 the National Assembly of the Republic of Serbia has adopted the Law on Amendments of the Excise Duties Law, which is published in Official Gazette of RS no. 93/2012 dated 28 September 2012.

Application of adopted changes

With the exception of provisions concerning exercise of the rights to a refund of excise duty on oil derivatives for agricultural purposes and provisions concerning inventory list of existing stock of cigarettes, in case of increase of excise duty which shall be in force as of 1 January 2013, adopted changes shall be in force as of 1 October 2012.

Importance of changes

Adopted changes relate predominantly to the following:

- extension of excise duties, especially as they relate to oil derivatives and coffee;
- change of structure of excise duties on cigarettes;
- a different method for exercising the right to refund of excise duty on oil derivatives;
- increasing of excise duties on certain types of oil derivatives, cigarettes and coffee.

The most significant changes are described below:

Excise duties on oil derivatives

Amendments to the Law extend the number of derivatives that are subject to excise duty payment, with different classification of derivatives. Also, excise duty on particular derivatives has been increased.

Starting as of 1 October 2012 excise duty is payable on liquefied petroleum gas (hereinafter: LPG) regardless of its intended use. Prior to the amendments to the Law, excise duty was only payable on LPG for use in motor vehicles. As a result of this, excise duty on LPG is now payable at the moment of import or production, and is no longer payable at the moment of sale to the end consumers for use in motor vehicles. LPG which is in stock as at 1 October 2012 shall be subject to the provisions of the Law effective prior to the amendments, which means that LPG in stock shall only be subject to excise duty when sold for use in motor vehicles to end users, where the excise duty amounts to 19.21 din/kg.

Also, excise duty is introduced for fuel additives and extenders which are intended as additives for motor fuels, where a list thereof is expected to be published by the Ministry of Finance and Economy in conjunction with the ministry charged with energy affairs.

Amendments to the Law specify that oil derivatives that are subject to excise duty comprise all products sold or used as fuel for motor vehicles. However, liquid or gaseous biofuels for motor vehicles produced from biomass are not subject to excise duty.

An overview of oil derivatives which are subject to excise duty starting on 1 October, with amounts of excise duty before and after the amendments to the Law, is provided below:

Oil derivatives	Excise amount before 30 Sept.	Excise amount from 1 Oct.
Leaded petrol	49.60 din/lit	55.00 din/lit
Unleaded petrol	49.60 din/lit	49.60 din/lit
Other oil derivatives that come from oil fractions with distillation range of 380°C (hereinafter: Fractions)	57.07 din/kg	62.00 din/kg
Kerosene	57.07 din/kg	62.00 din/kg
Gas oil (diesel and fuel oil)	37.07 din/lit for diesel 57.07 din/kg for heating oil	42.00 din/lit
LPG	19.21 din/kg (only for use in motor vehicles)	30.00 din/kg
Additives, i.e. extenders	/	Excise amount specified for oil derivative to which they are added

The buyer/end user of a derivative has the right to a refund of paid excise duty. Amendments to the Law introduce different refund amounts, depending on the intended use of the oil derivative:

- for gas oils used as motor fuel for transportation purposes for the transportation of persons and goods, as well as motor fuel used in boats, and motor fuel for use in agriculture and for heating
- for LPG used as motor fuel for transportation purposes and for heating
- for fractions used in industry.

A full refund of the amount of paid excise duty is only specified for fractions that are used in industry. In all other cases refunds only relate to a portion of the paid excise duty.

Excise duties on coffee

Instead of *ad valorem* excise duty on coffee (30% of product value), a specific excise duty is introduced, with a broadening of the excise duty base:

- Unroasted coffee – 80 din/kg;
- Roasted coffee – 100 din/kg;
- Coffee husks and skins – 110 din/kg;
- Coffee extracts, essences and concentrates – 150 din/kg;
- Coffee substitutes containing coffee, mixtures of coffee extracts, essences and concentrates, preparations made from coffee extracts, essences and concentrates, beverages and non-alcoholic drinks containing coffee, coffee extracts, essences and concentrates – 300 din/kg per one kilogram of net amount of coffee contained in the final product.

Chocolate and similar products as chocolate, cream products, candy products, bakery products, powders for puddings and creams with added coffee are not subject to excise duties.

Excise duties on tobacco products

As of 1 October 2012, specific excise duty on cigarettes is increased from 33.00 dinars per pack to 43.00 dinars per pack, and from 1 July 2013 it will be increased to 45.00 dinars per pack.

Ad valorem excise duty is reduced from 34% to 33%.

From 1 October 2012, the minimum excise duty on cigarettes amounts to 76.00 dinars per pack. This minimum excise duty will be applied until January 2013, when new minimum excise duty should be adopted.

In case of increase of excise duties, the obligation is prescribed to perform physical inventory count of cigarettes on stocks, as well as the obligation of payment of the difference between already paid and new excise duties applied to cigarettes on stock.

Indexing

The next adjustment in the amount of excise duty levied on alcoholic beverages and cigars and cigarillos is scheduled in January 2013, while the next adjustment in the amount of excise duty levied on oil derivatives, coffee and cigarettes is scheduled for January 2014.

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