

## Decree on Conditions and Method for Attracting Direct Investments has been adopted



The Decree on Conditions and Method for Attracting Direct Investments (hereinafter: **the Decree**) went into effect on 21 March 2015.

The Decree specifies that funds intended for attracting direct investments can be used for financing investment projects in the production sector and service sector which are geared toward the international market (software development, shared service centres, data storage and processing, logistics, user and project centres).

The funds cannot be used for financing investment projects in the sector of primary agricultural production, fishing and aquaculture, transportation, hotel and restaurant industry, retail stores, games of chance, production of synthetic fibres, coal and steel, tobacco and tobacco products, weapons and ammunition, shipbuilding (construction of seafaring commercial boats with engines – at least 100 gross registered tons), airports, the energy sector and broadband network.

Granting of funds shall be carried out based on public invitation and in accordance with the Decree. The public invitation shall be posted on the websites of the Ministry

of Economy and the Agency for Foreign Investments and Promotion of Exports.

Mutual rights and obligations of the contractual parties in respect of use of grant funds shall be regulated by an agreement between the Ministry of Economy and the grant beneficiary.

The grant amount depends on the industry sector which is being invested in, the amount of the investment, size of company, development of the territory which is invested in and the number of newly employed workers.

Grants can be approved only under the following conditions:

- 1) for the investment to be kept at the same location for at least five years after project realization, or at least for three years for small and medium sized entities, and
- 2) for the number of employees following the realization of the investment project to be maintained for a period of five years, for large enterprises, or for three years for small and medium sized entities.

After achieving full employment the grant beneficiary is required to pay salaries regularly to all employees which

should be at least 20% above the minimum salary in the Republic of Serbia, except for investment projects which are realized in local self-government units which are classified in respect of level of development into the fourth group, including devastated regions.

The deadline for investment project realization and opening of new jobs is three years as of contract signing date, which can be extended to five years after signing, upon submission of an explanation.

For large investment projects and investments of special importance, the deadline for investment project realization and/or opening of new job positions cannot be longer than ten years as of the date of contract conclusion.

The grant beneficiary is required to provide a bank guarantee as collateral which shall be unconditional and payable on demand in the favour of the Republic of Serbia, or any other security as per terms set out in the Decree, including two registered and signed bills of exchange with signed authorization for the purpose of charging penalty interest.

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