

The Law on Amendments and Additions of the Tax Administration and Tax Procedure (TATP) Law has been adopted

TAX ALERT

January 2016

The Law on Amendments and Additions of the Tax Administration and Tax Procedure (TATP) Law has been adopted (hereinafter: Law on TATP Amendments) at the session of the Serbian Parliament held on 29 December 2015. The Law on TATP Amendments was published in the Official Gazette of the Republic of Serbia no. 112 as of 30 December 2015

The Law on TATP Amendments came into force on 1 January 2016.

The most significant changes are presented below.

Principle of Confidentiality in Tax Procedure has been harmonized with other laws

Principle of Confidentiality in Tax Procedure has been harmonized with the Data Secrecy Law and the Law on Personal Data Protection. The Tax Authorities need to act in accordance with the stated laws in respect to protection of secret data in cases when no specific guidance is prescribed by the TATP Law.

Obligation of liquidation and bankruptcy administrators to file tax returns

Bankruptcy and liquidation administrators are obligated to file tax returns during the bankruptcy proceedings or liquidation, including the tax return whose filing deadline falls after opening of bankruptcy proceedings or liquidation.

Changes in dynamic of filing the tax returns in electronic form

Changes have been introduced in respect to dynamic of filing the tax returns in electronic form. Namely, the following dynamic has been determined for filing the tax returns in electronic form:

- for withholding tax and corporate income tax assessed by the Tax Authorities' decision - starting from 1 March 2016;

- for excise duty – starting from 1 January 2017;
- for tax on income from independent activities for entrepreneurs who keep accounting records – starting from 1 January 2017;
- for tax on non-life insurance premiums – starting from 1 March 2016;
- for tax return for mandatory social security contributions for the founders/members of the company – starting from 1 March 2016;
- for tax return for salary tax and related social security contributions (or other income of individual), determined by self-assessment – starting from 1 March 2016;
- for advance and final tax return for tax on revenue from self-employment activity subject to lump sum taxation – starting from 1 January 2018;
- for tax return for capital gains tax (individuals, including entrepreneurs) – starting from 1 January 2018;
- for tax return for gift tax and inheritance tax – starting from 1 January 2018;
- for tax return for property transfer tax – starting from 1 January 2018.

Tax payers-individuals are allowed to file tax returns in paper form, even after the filing in electronic form is introduced.

Changes in allocation of the amounts of tax paid

Allocation of the paid amounts is now carried out in accordance with the following order:

- 1 principal debt,
- 2 interest and
- 3 collection costs (last in line).

Interest on the amount of increased tax debt

Increase of tax debt for enforced collection, is subject to interest calculation.

Mandatory social security contributions are exempted from the statute of limitation

Statute of limitation for tax assessment, tax collection and tax refund does not apply to mandatory social security contributions.

Exemption from the general rules for delivery protocol from tax audit and filing of objections

Protocol on field audit of:

- Recording the turnover through the cash register,
- In accordance with the extraordinary plan brought by the Minister,
- Exchange operations, and
- Gaming

is provided upon completion of the audit. Taxpayer may file objections within two days from receipt of such protocol.

The appeals procedure is ensured for deciding on application for approval of VAT proxy

Decisions for approval of tax proxy in line with the VAT Law provisions can be appealed with the Minister, who decides based on the proposal given by a committee.

Changes in misdemeanor provisions

Scope of fines for authorized person within the legal entity is widened in order to introduce for certain tax offences from Article 177 and Article 178 of the TATP Law.

The fine for legal entity failing to file the tax return and pay the tax in timely manner has been harmonized with maximal monetary fine from the Law on Misdemeanors, by reducing the amount of fine from RSD 150,000 to RSD 100,000.

The amount of monetary fines for tax offences of individuals, from Article 180 of the TATP Law, has been reduced.

Transitional regime

During transitional period starting from 1 January 2016 up to 29 February 2016 (inclusive), the taxpayers having technical capabilities, will be allowed to file tax returns in electronic form in addition to existing paper form. During this period tax returns filed electronically will not be recorded in tax accounting kept by the Tax Authorities (on designated taxpayer accounts).

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