



Annual personal income tax for income generated in 2016

Tax Alert

January 2017



Tax residents in Serbia report their world income, while persons who are not residents in Serbia report their income earned on the territory of Serbia.

The deadline for filing annual personal income tax return for income generated in 2016 is **15 May 2017**.

Individuals whose total personal net income in 2016 exceeds RSD 2,285,064 (non-taxable amount) are required to file a personal income tax return. The total personal net income earned in 2016 and the non-taxable amount are reported in the tax return, where the difference represents taxable income.

Taxable income is decreased for the amount of prescribed personal deductions. The remaining amount represents income for taxation to which the prescribed tax rates are applied.

Personal deductions are set in the following amounts:

- for the taxpayer: RSD 304,675
- for each dependent family member: RSD 114,253

The total amount of personal deductions cannot be greater than 50% of taxable income.

Below is a summary of tax rates and income for taxation amounts to which they apply:

Description	Amount of income for taxation in RSD
Income for taxation at a rate of 10%	up to 4,570,128
Income for taxation at a rate of 15%	above 4,570,129

How to file a personal income tax return?

The Law on Tax Procedure and Tax Administration prescribes that a personal income tax return can be filed either in electronic form or in hardcopy.

Please note that for filing an electronic personal income tax return (PPDG-2R form) an individual must possess a qualified electronic certificate for accessing the Tax Administration's portal "E-Porezi" or should authorize someone to do so on individual's behalf using the PEP form.

The hardcopy tax return is filed with the branch office of the Tax Administration located in the municipality of the taxpayer's registered address of residence.

Irrespective of how the tax return is filed, the Tax Administration shall issue a hardcopy tax assessment of the amount of personal income tax payable.

Possibility of deadline extension for filing tax return

The Law on Tax Procedure and Tax Administration provides for the possibility of deadline extension for filing a tax return when the following conditions are met:

- a written application must be submitted to the Tax Administration
- the application must be submitted before the deadline for tax return filing
- reasons for deadline extension must be justified (illness, being away from the country, accident, natural disaster of significant scope, etc.).

The application for deadline extension is submitted to the branch office of the Tax Administration with which the tax return is filed. The Tax Administration shall consider the application for deadline extension and issue a decision within five days of receiving such application. The maximum period of extension is six months from the statutory deadline for filing a personal income tax return.

Approximate estimate of annual income tax

Should you wish to estimate the amount of your annual income tax, without personal deductions, below are provided tax brackets:

Total personal net income earned in 2016	Tax rate
up to 2,285,064 (non-taxable amount)	0%
above 2,285,065 up to 6,855,192	10%
above 6,855,193	15%

Should you need assistance in preparing and filing your personal income tax return or if you are interested in having a presentation given to your employees, do not hesitate to contact us.

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