



# Purchase of shares of foreign related party of employer of employees purchasing such shares

**TAX ALERT**  
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The National Bank of Serbia has taken a position in regard to the purchase of shares of a foreign entity by private individuals through the employer in Serbia, where the foreign legal entity is the founder of the employer.

Namely, article 13 paragraph 1 of the Law on Foreign Currency Operations (Official Gazette of RS no. 62/2006, 31/2011, 119/2012 and 139/2014) specifies that resident private individuals can make and receive payments for the purchase and sale abroad of equity instruments which do not constitute direct investments.

According to the position taken by the National Bank of Serbia, there are no impediments for a resident private individual employed in a domestic company (**subsidiary company**), whose founder is a foreign company (**parent company**), to purchase shares of the parent company through the subsidiary company which would effect payment on behalf of employees to the parent company for the purchased shares.

The owner of the shares is the private individual, for employer merely effects payment in the name and on behalf of the private individual.

Previously this issue was subject to different interpretations, where the position taken by the National Bank of Serbia constitutes a significant step forward.

Should you have any questions and require assistance in regard to this issue please contact us.

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