



# Adopted amendments to the Law on Excise Duties

## Tax Alert

January 2017



On 28 December 2016 the Serbian Parliament adopted the Law on Amendments to the Law on Excise Duties (hereinafter: the Law) as published in the Official Gazette of the Republic of Serbia no. 108 on 29 December 2016.

The Law will go into force on 1 January 2017, with postponed application of provisions that regulate excise duties on coffee until 1 January 2018.

### Excise duty payer

Besides existing excise duty payers, all entities engaged in processing, roasting, packaging, as well as other activities associated with coffee production shall be considered excise duty payers.

Also, all entities engaged in the sale of excise duty products acquired in accordance with the law and recorded in such entity's books shall be considered excise duty payers. Who such entities are shall depend on what is understood under acquisition according to this provisions, so that it is likely that for each specific case it will be necessary to get a Ministry of Finance opinion. For such entities the obligation to calculate the excise duty occurs in the moment of sale of excise duty products. Given that for such entities deadlines for excise duty payment are not specifically regulated, they should be subject to the general regimen.

Furthermore, all entities performing supply in the Republic of Serbia of excise duty products in violation of the Law on Excise Duties shall be deemed excise duty payers. For such entities the excise duty liability occurs when an audit establishes the violation of the Law on Excise Duties, where the payment deadline shall be indicated in the assessment issued based on such audit.

### Changes related to tobacco products

The Law specifies that the weighted average retail price for tobacco products shall be set once a year, at the latest by 15 February of the current year, while the minimum excise duty will continue to be set every six months, i.e. by 15 February and 31 July of the current year.

The excise duty calendar for cigarettes has been extended to 2020: from 1 January – 30 June 2017 the excise duty shall amount to 64.00 din/pack (increase of 2.28 din/pack compared to current amount), and will increase every six months up to July 2020 by 1.5 din/pack.

The excise duty on cigarettes shall be adjusted for the annual CPI only if in the calendar year which precedes the year in which such adjustment is made the CPI exceeds 2%.

### Changes related to coffee

The result of the expanded scope of excise duty payers for coffee and of the right specified by Law to proportional decrease in paid excise duty for the previous participant from whom the coffee was purchased, or of proportional decrease in paid excise duty on independently imported coffee, is that the amount of excise duty liability for coffee is determined in similar manner as for VAT.

Also, the excise duty payer for coffee is required to report to the Tax Authorities the location where he shall carry out the activity specified by Law as coffee production, and to perform a physical count of coffee in stock as at 31 December 2017 and to provide the physical count lists to the competent tax authority.

### Excise duty refunds

The provisions on excise duty refunds in the Law on Excise Duties (article 37) are completely altered. Now the excise duty payer is entitled to a refund of excise duty paid on excise duty products (for which there is possibility for decrease in excise duty) used in the production of excise duty products that are exempt from payment of excise duty (e.g. exports). Essentially this provision allows for a refund when, on the one hand, there is a possibility for decrease in excise duty and, on the other, there is no excise duty liability which can be decreased.

Also, the right is granted to a refund of paid excise duty to an importer of an excise duty product who exports such product.

### Marking with excise duty stamps

The obligation is introduced of marking coffee packages with excise duty stamps, while low alcohol beverages (with alcohol content below 5% vol) are exempt from this obligation.

### Extension of deadline for filing of electronic return

The deadline for filing excise duty returns solely in electronic form has been extended up to 1 January 2018.

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