



# Amendments to the by-laws regulating excise duties

## Tax Alert

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On 14 September 2017 the Ministry of Finance adopted changes to three rulebooks that regulate excise duties, as published in the Official Gazette of the Republic of Serbia no. 86/2017 dated 22 September 2017, and that are amended for alignment with the Law on Excise Duties (Official Gazette of RS no. 22/2001, ..., 108/2016, hereinafter: Amended Law) which went into effect on 1 January of this year. For the same purpose, the Ministry of Finance adopted amendments to one more rulebook that regulates excise duties, which was published in the Official Gazette of the Republic of Serbia no. 90/2017 on 6 October 2017.

Furthermore, on 28 September 2017 the Serbian Government adopted amendments to two decrees that regulate the same area, and that were published in the Official Gazette of the Republic of Serbia no. 88/2017 on 29 September 2017.

Amendments were adopted to the following by laws:

1. Rulebook on Amendments to the Rulebook on Method for Excise Duty Calculation and Payment, Type, Content and Method of Keeping Records, Providing Information and Filing of Tax Returns (hereinafter: Rulebook on Amendments to the Rulebook on Calculation, Payment, Records and Excise Duty Tax Return) – applicable from 1 January 2018, except for reporting to the Tax Authority the location of plant and similar area in which processing, roasting, packaging and other related activities performed in coffee production, which are applicable from 2 October 2017.
2. Rulebook on Amendments to the Rulebook on Content, Type of Data and Method of Keeping of the Register of Manufacturers of Alcoholic Drinks (hereinafter: Rulebook on Amendments to the Register Rulebook) – applicable from 2 October 2017.
3. Rulebook on Amendments to the Rulebook on Method and Procedure for Excise Duty Calculation and Payment for End-User Electricity Consumption (hereinafter: Rulebook on Amendments to the Rulebook on Excise Duty Calculation and Payment for End-User Electricity Consumption) – applicable from 1 January 2018.
4. Rulebook on Amendments to the Rulebook on Closer Conditions, Method and Procedure of Realization of Exemption from Excise Duty Payments on Products Sold by the Manufacturer or Importer to Diplomatic and Consular Offices and International Organizations, as well as Excise Duty Payments for Derivatives of Oil, Biofuels and Bioliquids Sold on the Basis of an International Agreement (Rulebook on Amendments to the Rulebook on Exemption from Excise Duty Payments on Products Sold to Diplomatic and Consular Offices) – applicable from 9 October 2017, except for the provision relating to the monthly submission of the tax return, which is applicable for the submitting of the tax return for excise duties for January 2018.
5. Decree on Amendments to the Decree on Quantity of Expense (Shrinkage, Spillage, Spoilage and Breakage) on Which Excise Duty is not Payable (hereinafter: Decree on Amendments to the Decree on Spillage) – applicable from 1 January 2018.
6. Decree on Amendments to the Decree on Method and Procedure for Calculating the Amount of Weighted Average Retail price of Cigarettes, Smoking Tobacco and Other Tobacco Products (hereinafter: Decree on Amendments to the Decree on Weighted Average Retail Price of Tobacco Products) – applicable from 9 October 2017.

Below please find a summary of the main changes.



## **1. Rulebook on Amendments to the Rulebook on Calculation, Payment, Records and Excise Duty Tax Return**

### **Provisions that relate to coffee as an excise duty product**

- Shortage to which no excise duty is applied are determined in accordance with the Decree on Spillage.
- Decrease in excise duty on coffee is prescribed when purchased/imported coffee is used for further processing.
- The amount of the decrease is determined as the ratio between excise duty paid to the previous participant – coffee supplier, i.e. at the time of import, and the calculated excise duty on coffee placed on sale in the reporting period.
- Evidence prescribed for application of the decrease (appropriate receipts, customs declaration, mandatory content of these receipts, including evidence of excise duty paid to previous participant, or at the time of import).
- The obligation has been introduced for keeping monthly records for which a special form is prescribed that is submitted along with the electronic tax return, including the return itself, as well as registration with the competent organizational unit of the Tax Authority (hereinafter: OUTA) of the location where commercial activity is conducted. Entities already performing the activity of coffee production according to the Law are required to register their commercial activity with the OUTA at the latest by 31 December 2017.

### **Refund of excise duty**

- Given that Amendments to the Law specify that an importer of an excise duty product who exports that product is also entitled to the right to a refund of excise duty, it is prescribed that evidence submitted with the request for a refund includes the importers invoice with indicated excise duty that is paid for import, or the customs declaration if the applicant submitting the request is also the importer of excise duty products.

### **Electronic tax return**

- In line with the Amendments to the Law that specify monthly filing of the electronic tax return for excise duty, prescribe preparation of the excise duty calculation, including the content of the tax return.
- Instead of every three months, the obligation is prescribed for monthly excise duty calculation, where the calculated amount is to be entered in the tax return which is submitted electronically at the latest by the 15th day following the expiry of the calendar month for which the liability is calculated.

## **2. Rulebook on Amendments to the Register Rulebook**

### **Provisions that relate to coffee as an excise duty product**

- The definition of the coffee producer – excise duty payer is introduced in line with the Amendments to the Law.
- The obligation is prescribed for registration of the coffee producer with the OUTA, including information that must be filed with the application.

### **Provisions that relate to alcohol as an excise duty product**

- The obligation is introduced for alcohol producers to submit, along with their registration request, a statement, certified by their legal representative made under full criminal and civil liability, about available production capacities for six-month production. This obligation also relates to existing producers of alcoholic beverages who must fulfil it within 60 days of the date of going into force of this rulebook (up to 1 December 2017).
- The Tax Authority's right to deny registration is established, including the right to deregister a producer of alcoholic beverages if:
  - after verification it is established that submitted information about available/estimated production capacities do not correspond to actual circumstances,
  - a measure of prohibition against conducting commercial activity has been pronounced, and
  - a producer has been deregistered from the register of producers of alcoholic beverages that is kept by the ministry in charge of agriculture.

## **3. Rulebook on Amendments to the Rulebook on Excise Duty Calculation and Payment for End-User Electricity Consumption**

### **Electronic tax return**

- The content of the electronic tax return form for excise duty on end-user electricity consumption is prescribed and established.

## **4. Rulebook on Amendments to the Rulebook on Exemption from Excise Duty Payments on Products Sold to Diplomatic and Consular Offices**

### **Refund of excise duty paid on import**

- It is prescribed that if users of oil derivatives referred to in article 2, paragraph 1 of this rulebook (diplomatic and consular offices, international organizations, diplomatic agents, consular officers etc.), acquire oil derivatives from an importer who is at the same time an authorized distributor of oil derivatives, such importer shall be entitled to a refund of excise duties paid on import of oil derivatives.

- Documentation is prescribed which a user submits to the importer - authorized distributor of oil derivatives, at the time of purchase of oil derivatives, and which represents the basis for realization of refund of excise duties paid on import of oil derivatives.
- Instead of every three months, the obligation for excise duty calculation is prescribed on a monthly basis.

## **5. Decree on Amendments to the Decree on Spillage**

### **Amendments to provisions that relate to coffee**

- It is prescribed that no excise duty is calculated on cost of coffee, for roasting 20% and for packaging 0.80% of the quantity of product which in a particular reporting period the producer placed into an excise duty warehouse.

## **6. Decree on Amendments to the Decree on Weighted Average Retail Price of Tobacco Products**

### **Amendments to provisions on calculation of weighted average price of tobacco products**

- According to the Amendments to the Law, instead of the calendar half-year, the full calendar year is prescribed for calculation of the weighted average price of tobacco products based on which the minimum excise duty is established.

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