

Annual personal income tax for income generated in 2017

Tax Alert

February 2018



Tax residents in Serbia report their world-wide 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 2017 is **15 May 2018**.

Individuals whose total personal net income in 2017 exceeds RSD 2,375,136 (non-taxable amount) are required to file a personal income tax return. The total personal net income earned in 2017 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 316,685
- for each dependent family member: RSD 118,757

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 4,750,272
Income for taxation at a rate of 15%	above 4,750,273

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 the 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 2017	Tax rate
up to 2,375,136 (non-taxable amount)	0%
above 2,375,137 up to 7,125,408	10%
above 7,125,409	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.

Contact details of our Tax & Legal Department – Global Mobility Services

Igor Lončarević

Partner
Tax & Legal Department
T: +381 60 20 55 570
iloncarevic@kpmg.com

Biljana Bujić

Partner
Tax & Legal Department
T: +381 60 20 55 511
bbujic@kpmg.com

Gordana Zekić

Manager
T: +381 60 20 55 568
gzekic@kpmg.com

Mila Stijak

Supervisor
T: +381 60 20 55 569
mstijak@kpmg.com

Marija Arsovská

Supervisor
T: +381 60 20 55 785
marsovská@kpmg.com

Dragica Marković

Supervisor
T: +381 60 20 55 558
dmarkovic@kpmg.com

KPMG d.o.o. Beograd

Kraljice Natalije 11
11000 Belgrade, Serbia
T: +381 11 20 50 500
F: +381 11 20 50 550
tax@kpmg.rs

kpmg.com/rs

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG d.o.o. Beograd, a Serbian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.