



# Amendments to the Law on Value Added Tax adopted by the Serbian Parliament



## Tax Alert

May 2018

The draft Law on Amendments to the Law on Value Added Tax (**the Law**) was adopted at the session of the Parliament of the Republic of Serbia held on 19 April 2018. The adopted Law was published in the Official Gazette of RS number 30 on 20 April 2018. The Law shall go into effect starting 1 July 2018, except for the provisions relating to VAT refunds for foreign entities which shall go into effect on 1 January 2019.

An overview of significant changes is provided below.

### Issuing of invoice as the moment of occurrence of VAT liability

The Law specifies that the issuing of the invoice shall be deemed as chargeable event not just for authorship and similar rights and intellectual property rights, but also for services that are directly linked to such supply, if provided by the same entity, where an invoice is issued before supply or payment.

### Application of special rate expanded

Application of the special rate of 10% is prescribed for supply and import of full and supplementary mixtures for cattle feed.

### Tax exemption with right to deduct input tax

A new tax exemption with right to deduct input tax is prescribed for the supply of goods that are entered into a free zone, for transport and other services connected with such introduction and supply of goods in a free zone when provided to a foreign entity that has concluded a contract with the VAT payer - user of the free zone, for the purpose of installing such goods into goods that are intended for delivery abroad.

### Change of conditions for VAT refund to a foreign taxpayer

Redefined conditions for a VAT refund to a foreign taxpayer shall go into effect starting 1 January 2019.

The Law provides for a foreign entity to be entitled to a VAT refund when performing supplies of goods and services for which the obligation to calculate VAT rests with the VAT taxpayer - recipient of goods and services.

This extends the refund right to foreign entities who are not registered for VAT in Serbia, where such entities perform supplies in Serbia to entities that are VAT payers.

### Contact details

#### Igor Lončarević

Partner

T: +381 60 20 55 570

[iloncarevic@kpmg.com](mailto:iloncarevic@kpmg.com)

#### Biljana Bujic

Partner

T: +381 60 20 55 511

[bbujic@kpmg.com](mailto:bbujic@kpmg.com)

#### Nenad Nešovanović

Director

T: +381 60 20 55 543

[nesovanovic@kpmg.com](mailto:nesovanovic@kpmg.com)

#### Igor Soldatović

Manager

T: +381 60 20 55 548

[isoldatovic@kpmg.com](mailto:isoldatovic@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](mailto:tax@kpmg.rs)

[kpmg.com/rs](http://kpmg.com/rs)

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