

The Decree on Conditions and Methods for Attracting Direct Investments has been adopted

Tax Alert

June 2018

Amended Decree on Conditions and Methods for Attracting Direct Investments (hereinafter: the Decree) went into effect on 19 May 2018.

The most important changes are presented below:

Business activities for which funds can/cannot be approved in line with the Decree

In addition to previously defined investment projects for which funds intended for attracting direct investment cannot be approved, the Decree stipulates that the funds cannot be approved for projects in mining and maritime and fisheries.

On the other hand, the funds can be approved for projects related to hotel accommodation services in municipalities in which spas are located. The Decree contains a list of 30 recognized spas.



Redefining the list of projects for which funds can be approved

The list of investment projects (depending on number of new employees, type of project and investment) is redefined and expanded.

Redefining the procedure for evaluation of eligible projects

Granting of funds for investment projects which involve up to 100 new employees shall be based on public invitation published by the Ministry of Economy.

Projects of public interest, projects related to hotel accommodation services in spas and projects that involve more than 100 new employees are excluded from the regular public announcement procedure. In order for such projects to be considered, the investor has to submit a Letter of Intent to the Development Agency of Serbia.

Redefining the criteria for evaluation of eligible projects for financing

Criteria for the evaluation of investment projects related to investments of special importance and investments employing more than 100 new employees remain the same.

New method of evaluation of the quality of investment projects is introduced for projects which involve employing up to 100 new employees.

According to this new method, there are seven criteria (previous experience, ROI rate, technological level of activity, percentage of highly educated employees, general purpose of the project, business results and indicators of indebtedness) and for each of them particular number of points is assigned.

New method for distribution of funds in instalments

Granted funds could be distributed proportionately to the investment executed, proportionately to the number of newly employed workers or (new method) via combining the above two criteria.

Deletion of provisions relating to import of the equipment of foreign investor

Provisions relating to exemption from customs duties on the import of the equipment of foreign investor are deleted from the Decree.

If further assistance is required with respect to the application of the Decree our team is at your disposal.

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