

# Amendments to the Rulebook on deductible expenditures for investments in the field of culture

## Tax Alert

October 2018

The Ministry of Culture and Information has adopted the new Rulebook on deductible expenditures for investments in the field of culture (hereinafter referred to as the "Rulebook") published on 19 October 2018 in the Official Gazette of the Republic of Serbia No. 78/2018. The Rulebook relates to investments in the field of culture, including cinematographic activities, deductible for corporate income tax purposes in the amount up to 5% of the total revenues in accordance with the Corporate Income Tax Law.

The new Rulebook enters into force on 31 October 2018, while the previous Rulebook adopted in 2002 ceases to apply.

The new Rulebook prescribes the following:

- The percentage of total revenue in relation to which the total amount of recognized expenditures is aligned with provisions of the Corporate Income Tax Law;
- The list of areas of investments which are related to the new Rulebook is amended and expanded;
- Business codes are aligned with the Decree on Classification of Business Activities and the activity of recording and publishing soundtracks and music was added (59.20);
- The amendments prescribe that investments made in cultural institutions, art associations, faculties, academies, art schools and other domestic legal entities registered for the providing of activities defined by this Rulebook are deductible as an expense as well when they are invested for the preservation and restoration of cultural goods as well as for the preservation of the elements of the intangible cultural heritage that are registered in the National Register of Intangible Cultural Heritage.

In line with the above, investments in the field of culture are tax deductible in accordance with the new Rulebook if they enable:

- creating conditions for performing and developing cultural activities;
- discovery, collection, research, documentation, study, evaluation, protection, preservation, presentation, interpretation by using and management of cultural goods;
- encouraging international cultural activities and cooperation;
- encouraging education in the field of culture;
- encouraging professional and scientific research in the field of culture;
- encouraging young talents in the field of cultural and artistic creativity;
- usage of information and communication technology (digital guides, upgraded and virtual reality, 3D animation, etc.), generic services, unique software solutions for the purpose of presenting cultural heritage and contemporary creativity and making available to the general public;

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- encouraging amateur and artistic cultural creativity;
- encouraging children's creativity and creativity for children and young people in culture;
- encouraging cultural and artistic creativity of persons with disabilities and the accessibility of all cultural content for persons with disabilities;
- encouraging the development of creative industries;
- encouraging the cultural and artistic development of socially sensitive groups.

KPMG team is at your disposal for any questions you may have with regard to above amendments.

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