

# NBS issued new Decision on moratorium for banks and providers of financial leasing

## Tax Alert

July 2020



In the Official Gazette of the Republic of Serbia No. 103 of 27 July 2020, the National Bank of Serbia (**NBS**) has issued two decisions aimed at mitigating the effects of a COVID-19 pandemic:

1. Decision on temporary measures for banks aiming to mitigate consequences of COVID-19 pandemic and maintain financial system stability (**Decision on moratorium for Banks**), and
2. Decision on temporary measures for financial lessors aiming to mitigate consequences of COVID-19 pandemic and maintain financial system stability (**Decision on moratorium for Lessors**).

The Decisions entered into force on 28 July 2020.

### Who is eligible for the new moratorium?

Banks/Lessors have to offer borrowers/lessees (individuals, farmers, entrepreneurs and legal entities) a postponement on obligations repayment (moratorium) by Friday, 31 July 2020 latest.

Offer is deemed delivered by its publication on the official web page, if it contains all mandatory elements.

### What is eligible for the new moratorium?

Mandatory moratorium offer for banks refers to liabilities based on loans, loan products (e.g. overdraft or credit card debt) and related products (e.g. interest rate risk instruments related to loans).

Mandatory moratorium offer for banks does not apply to fees for banking services (e.g. payment transactions, brokerage services, safe deposit box rental services).

Mandatory moratorium offer for Lessors refers to the obligations under the financial lease contract.

The offer of the moratorium refers only to the obligations that were approved to the debtor before 28 July 2020, and which are due in the period from 1 August to 30 September 2020, as well as to obligations which were due in July but were not paid.

### How to reject a moratorium?

The moratorium offer is deemed accepted if the debtor does not reject it within 10 days from the publication of the offer.

The debtor can reject the offer for each loan product/financial leasing contract individually, via an electronic form on the website of the Banks/Lessors, by mail, telephone, on business premises and by settling the debt in full.

The debtor must be allowed to withdraw in such ways during the entire duration of the moratorium.

### What are consequences of the moratorium?

During the moratorium, Banks/Lessors will not charge default interest on debts due during that period and will not initiate enforcement proceeding or collection.

Banks/Lessors may charge default interest on debts due before the moratorium, but after the moratorium expires such calculated default interest is evenly distributed over the debt repayment period and is not added to the debt principal.

During the moratorium, Banks/Lessors will charge agreed interest only on the principal which is not due, but may charge companies agreed interest even on the amount of principal which is due during the moratorium.

The agreed interest calculated during the moratorium will be evenly distributed over the debt repayment period upon termination of the moratorium and will not be added to the debt principal.

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## What are Banks/Lessors obligations?

### 1. **Delivery of new payment plan to debtors**

Banks/Lessors are obliged to make a new repayment plan for all users of the moratorium, extended for the duration of the moratorium, and to deliver the plan by e-mail or regular mail, noting that within seven days debtors may request other repayment dynamics.

Other repayment dynamics include the possibility of settling the entire principal and agreed interest that would be due during the moratorium (instead of their even distribution over the repayment period), or the possibility of settling the regular interest calculated during the moratorium, with an extension of the repayment period.

### 2. **Suspension of payments on standing orders**

From 28 July 2020, banks must suspend all payments on standing orders that are covered by the moratorium, unless the debtor rejects the offer within the prescribed period.

If the debtor rejects the offer, Banks/Lessors are obliged to charge the due obligation, or inform the bank of standing order, employer or PDI fund in case of administrative ban, that the debtor rejected the offer and that it is necessary to continue payments.

### 3) **Adjustment of internal acts**

Banks/Lessors must adjust its internal acts in line with the provisions of the Decisions within five days from Decisions entry into force

### 4) **Reporting to the NBS**

Banks/Lessors must submit a monthly report on the implemented measures to the NBS, on the prescribed form, by the 15th day of the month for the previous month, starting from the report for the period until August 10, which is must be submitted by 14 August 2020.

### 5. **Moratorium implementation expenses**

Banks/Lessors must not demand from the debtor reimbursement of any costs related to implementation of the prescribed measures.

If you have any questions or need the support of our experts, feel free to contact us at [tax@kpmg.rs](mailto:tax@kpmg.rs)

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