

# Payment of deferred taxes and contributions in installments

## Tax Alert

December 2020

The Government of Serbia has adopted the Decree on the method of payment of deferred due taxes and contributions aimed at reducing economic consequences due to COVID 19 (Decree) on 24 December 2020.

The Decree was published in the Official gazette of Serbia No. 156 on 25 December 2020 and enters into force on 2 January 2021.

Important amendments are presented below.

### Who is covered?

Decree relates to business entities which have opted to defer payment of taxes and contributions, as well as advanced payments of Corporate Income Tax (CIT) as provided by the Government in:

1. The Decree on Fiscal Benefits and Direct Aid to Companies in the Private Sector and Monetary Aid to Citizens Aimed at Reducing Economic Consequences due to COVID 19 dated 10 April 2020, and
2. The Conclusion dated 31 July 2020.

### Which liabilities are covered?

The Decree prescribes the method of payment of entire deferred liability in up to 24 equal instalments for:

1. Tax and contributions on and from salaries
2. Advance payments of CIT up to the amount of unpaid liability calculated in the final CIT return for 2020, or tax period which begins or ends in 2020 for taxpayers tax year different from the calendar year.

The Decree also prescribes method of deferred payment of taxes and contributions on personal salary of entrepreneurs and farmers, as well as advanced payments of Personal Income Tax for independent activities of entrepreneurs and farmers.

### General rules of deferred payments methods

Deferral is performed without particular procedure for deferral, and without calculation of interest during the duration of the deferral. The deferral is automatically registered within accounting system of the Tax Authorities.

Entire liability will be due for payment without particular procedure if the taxpayer fails to pay due instalments within prescribed deadlines. The Tax Authorities will initiate forced collection procedure in line with the Law on Tax Procedure and Tax Administration (LTPTA).

The taxpayer can pay entire liability or higher amount of the due liability in a particular installment even before the prescribed deadline for deferred payments.

Any matter which is not regulated by the Decree is regulated by the LTPTA

### Deferred payment method for tax and contributions

Total amount of deferred tax and contributions on and from salaries is divided into 24 equal monthly instalments, where instalment cannot be less than RSD 1,000.

The first installment is due for payment on 10 February 2021, and remaining are due on the 10th day of subsequent months.

It is necessary to divide sum of each tax return submitted with 4 January 2021 or 5 January 2021 indicated as due date into 24 instalments, and to perform separate payment for each submitted tax return with reference to a particular BOP (payment approval number) and tax return, in order to enable automatic clearance of payments and debits in the accounting system of the Tax Authorities.

### Deferred payment method for CIT advance payments

Total amount of deferred advance payments for CIT is divided into 24 equal monthly instalments, where instalment cannot be less than RSD 2,000.

The first instalment is due for payment on the 10th day of the month which follows the month in which the final CIT return for 2020 was submitted, i.e. in which the final CIT return for tax period beginning in 2020 was submitted for taxpayers with tax year different from the calendar year, and remaining are due on the 10th day of subsequent months.

For the taxpayers with the tax year different from the calendar year, and which have submitted final tax return by 31 January 2021 for the period ending in 2020 the first instalment is due for payment on 10 February 2021, and remaining are due on the 10th day of subsequent months.

Taxpayers who do not submit final tax return for CIT for 2020, i.e. for the tax period which begins in 2020 within the prescribed deadline do not have the right to deferred payment of CIT liability.

### **Status changes, bankruptcy and liquidation**

The Decree prescribes treatment of deferred payment of liabilities in particular situations:

1. In the case of status change where the taxpayer ceases to exist, with only one legal successor, liability is transferred to the successor.
2. In the case of status change where the taxpayer ceases to exist, with more than one legal successor, the taxpayer must pay all deferred liabilities before it is deleted from the business register.
3. In the case of status change where the taxpayer does not cease to exist, it continues to perform payments of deferred liabilities.
4. In the case of initiation of bankruptcy procedure, deferred liabilities will be treated in line with bankruptcy legislation.
5. In the case of mandatory liquidation, all deferred liabilities are due at the day of initiation of liquidation procedure.
6. In the case of initiation of liquidation, all deferred liabilities must be paid by the end of the procedure.

KPMG team is at your disposal for all inquiries regarding the Decree application:

### **Contact details**

#### **Igor Lončarević**

Partner

T: +381 60 20 55 570

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

#### **Biljana Bujić**

Partner

T: +381 60 20 55 511

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

#### **Igor Soldatović**

Senior Manager

T: +381 60 20 55 548

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

#### **KPMG d.o.o. Beograd**

Kraljice Natalije 11

11 000 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)

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.

© 2020 KPMG d.o.o. Beograd, a Serbian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.