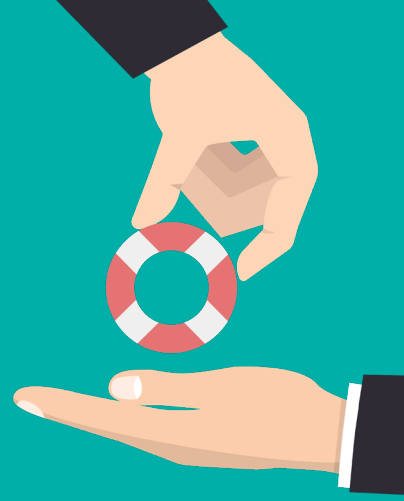


# Program of Financial Support through the Development Fund



## Tax Alert

April 2020

In the Official Gazette of the Republic of Serbia No. 54 of 10 April 2020, the Government of Serbia has published Decree on the Establishment of a Program of Financial Support for Businesses Aiming to Improve Liquidity and Working Capital Throughout Economic Difficulties Induced by the COVID-19 Pandemic Caused by the SARS-CoV-2 Virus (**Program**).

The Decree entered into force on 11 April 2020.

### Subject and financial framework

Program regulates conditions for approval of loans for business entities aimed at maintenance of liquidity and working capital throughout conditions caused by COVID 19.

RSD 24 billion (approximately EUR 200 million) has been set aside for the implementation of the Program and will be implemented through the Development Fund of the Republic of Serbia (**Fund**).

### Who can apply for the loan?

The right to apply have:

- 1) entrepreneurs, cooperatives, micro, small and medium-sized companies,
- 2) in predominantly private or cooperative ownership,
- 3) who perform production, services, trade or agricultural activity.

Respective funds cannot be used for:

- organizing games of chance, lotteries and similar;
- supply of oil and oil products;
- production and supply of prohibited products or activities.

### Conditions for granting a loan

The right to support prescribed by the Program have the following business entities which

1. Deliver official financial statements (except entrepreneurs who are not obliged to submit financial statements),

2. Are not in difficulties (such as bankruptcy, reorganization, liquidation or financial restructuring),
3. Undertake obligation to retain the number of employees, in accordance with the report of the Central Register of Mandatory Social Insurance on the number of temporary and permanent employees on 16 March 2020, with a tolerance of up to 10%;
4. Provide guarantees for the proper repayment of the loan in the form of a promissory note, mortgage or pledge, depending on the amount of the approved loan.

The loan may be granted even if in the official financial statements of a business entity for one of the last two years a net loss is reported, but operating profit has been achieved.

### Terms of the loans

The loan for maintenance of liquidity and working capital will be approved under the following conditions:

1. 36 months payment period including 12 months grace period,
2. Annual interest rate of 1%,
3. Interest is calculated throughout grace period and added to the principal,
4. Loan in approved and repaid in RSD,
5. Loan repayments are made in monthly installments.

Minimum loan amount per applicant with related entities is:

- RSD 1 million - for business entities,
- RSD 200 thousand - for entrepreneurs and cooperatives.

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Maximum loan amount per applicant with related entities is:

- RSD 10 million - for entrepreneurs and micro enterprises,
- RSD 40 million - for small enterprises,
- RSD 120 million - for medium sized enterprises.

### **Deadlines**

The applications for the credits under the Program can be submitted through the Fund, until the allocated funds are spent, but not later than 10 December 2020.

Decisions on submitted applications will be made by 31 December 2020.

Final deadline for distribution of approved applications is 31 March 2021.

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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