

# Amendments to several VAT rulebooks adopted

## Tax Alert

January 2021

The Ministry of Finance has adopted several amendments to rulebooks regulating the application of certain provisions of the Law on Value Added Tax (hereinafter: **VAT Law**). Amendments were adopted in order to harmonize the rulebooks with the latest amendments of the VAT Law applicable as of 1 January 2021.

Also, a new Rulebook on Determining Second-Hand Goods, Works of Art, Collectors' Items and Antiques was adopted.

The Rulebooks were published in the Official Gazette of the Republic of Serbia no. 159, dated 30 December 2020 and came into force on 1 January 2021.

Important amendments are presented below.

### **Rulebook on amendments of the Rulebook on Determining the Goods and Services in the Field of Construction for the Purpose of Identification of the Tax Debtor for Value Added Tax**

The amendments to the Rulebook regulate in more detail the application of the provision adopted by the amendments to the VAT Law, which introduced a limit of RSD 500,000 without VAT, below which a special rule for supplies in construction does not apply.

Therefore, for determining the value of supply for the purposes of applying the special rule for supplies in construction, the following is specified:

- Value of the supply is determined on the day of such supply.
- Value of the supply is determined separately for each particular delivery.
- Subsequent increase or decrease of the supply value (i.e. subsequent issuance of the credit/debit note) has no impact on determining whether such supply is to be considered a supply in construction
- If VAT on advance payment is calculated by inadequate application of the special rule for supplies in construction (e.g. contrary to the expectation at the moment of advance payment,

value of the supply is lower than the prescribed limit, hence special rule for supplies in construction should not have been applied), the person who incorrectly calculated VAT on advance payment is required to make the correction in accordance with the regulations.

### **Rulebook on amendments of the Rulebook on Method for Determining the Tax Base of VAT Calculation for Supplies of Goods and Services with Consideration**

Through the amendments the Rulebook is harmonized with the VAT Law amendments, stipulating that the VAT payer shall keep data on the amounts collected on behalf of another person, and the amounts claimed for expenses covered on behalf of the recipient of goods or services.

The Rulebook prescribes that such amounts shall be declared separately in VAT invoices.

### **Rulebook on amendments of the Rulebook on Method and Procedure for Exercising VAT Exemptions with Right to Deduct Input Tax**

The amendments of the Rulebook specify the conditions for exercising the VAT exemption for the supply of goods which are under inward processing regime, for which the VAT payer – purchaser would have the right to deduct input tax if such goods were purchased with VAT.

It is prescribed that VAT payer who performs supply can exercise respective exemption if he possesses:

1. declaration proving that the goods are under inward processing regime (or approval for the inward processing regime for obtained products), and
2. Invoice for supply of goods issued in accordance with the Law.

## **Rulebook on amendments of the Rulebook on Method for Calculating and Adjusting Proportional Tax Deductions**

Through the amendments the Rulebook is harmonized with the VAT Law amendments, and in that respect it is stipulated that up to two supplies of shares, securities, postal securities and other stamp duties, in one calendar year, are considered as occasional supplies which shall not be included in the supply of goods and services for the purpose of calculating the percentage of the proportional tax deduction.

## **Rulebook on amendments of the Rulebook on Form and Content of the Application for VAT Registration, Procedure for Registration and Deregistration and Form and Content of the VAT Tax Return**

Through the amendments the Rulebook is harmonized with the VAT Law amendments, with change in the format and specification of the manner of filling the EPPDV Form when registering an open investment fund or alternative investment fund which are not set up as legal entities.

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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