

Law on Electronic Invoicing adopted



Tax Alert

May 2021

The Serbian Parliament adopted the Law on Electronic Invoicing (**the Law**) as published in the Official Gazette of the Republic of Serbia no. 44/2021 dated 29 April 2021..

Entry into force and start of application

The Law went into force on 7 May 2021.

Start of application of the Law has been postponed and specifically regulated for public sector entities (general state level and public enterprises) and private sector entities (other VAT payers).

Start of application of the Law for public sector entities is as follows:

- Obligation for issuing electronic invoices to other public sector entities – 1 January 2022;
- Obligation of receipt and storage of electronic invoices issued according to the Law – 1 January 2022;
- Obligation of electronic recording of VAT calculation in the electronic invoices system – 1 January 2022;
- Obligation for issuing electronic invoices to private sector entities – 1 July 2022.

Start of application of the Law for private sector entities is as follows:

- Obligation for issuing electronic invoices to public sector entities – 1 January 2022;
- Obligation of receipt and storage of electronic invoices issued according to the Law – 1 July 2022;
- Obligation for issuing electronic invoices to private sector entities and performance of other obligations in accordance with the Law – 1 January 2023.

Subject of the Law

The Law regulates issuing, sending, receiving, processing, storing, the contents and elements of electronic invoices and other issues that are relevant for electronic invoicing, in transactions between:

- public sector entities,
- private sector entities, and
- public and private sector entities.

Issuing of electronic invoices

According to the Law, an “electronic invoice” is a request for payment for a transaction with consideration, any other document that affects payment, an invoice issued for supply without consideration, including received advance payments, if issued, sent and received through the electronic invoicing system.

The following have the obligation for issuing an electronic invoice (**e-invoice**):

- private sector entities and public sector entities based on transactions between them, as well as
- VAT representatives of foreign entities registered for VAT in the Republic of Serbia, based on transactions with private and public sector entities.

Exceptionally, there is no obligation for issuing an e-invoice:

1. for advance payment/retail supply regulated by the Law on Fiscalization;
2. for a contractual obligation that is binding for beneficiaries of funds from international framework agreements;
3. for purchase, modernization and refurbishment of weapons and military equipment, purchase of security equipment, as well as related purchases.

Electronic invoicing system and electronic invoicing standard

The electronic invoicing system is used for issuing, sending, receiving and storing e-invoices.

The electronic invoicing system is defined as an information-technology solution used for sending, receiving, recording, processing and storing e-invoices, which is administered by the central information mediator.

Issuing and receiving of e-invoices is carried out in accordance with the Serbian Standard on Electronic Invoicing (standard adopted by the national standards body of the Republic of Serbia).

Elements of an electronic invoice

The Law specifies elements that an e-invoice usually contains (elements specified by the VAT Law, corporate numbers of recipient and issuer, bank account information, payment instructions, etc.). The adoption of a special rulebook that will regulate the contents of an e-invoice is also prescribed.

Electronic recording of VAT calculation

The Law also specifies the obligation of electronic recording of VAT calculation in the electronic invoicing system.

In principle, the obligation of electronic recording of VAT calculation in the electronic invoicing system rests with the entity required to calculate VAT for the performed supply, but that does not have the obligation of issuing an e-invoice for that supply.

For retail supply and received advances in a retail setting based on the Law on Fiscalization, there is an obligation for recording VAT calculation in the electronic invoicing system only if for such supply/advance payment there is no obligation for issuing a fiscal receipt.

Links with VAT and accounting regulations

The Law does not affect the application of VAT regulations, nor the application of provisions of the law that regulates accounting in the part that regulates an accounting document (excluding article 9 paragraph 3 and article 64 paragraph 3 of the Law on Accounting which are no longer effective as of the date when this Law went into effect). We note that the said article 9 paragraph 3 of the Law on Accounting which should have begun to be applied as of 1 January 2022 prescribes that an invoice is created (exclusively) in electronic format.

Links between the Law and other regulations that contain provisions that relate to invoices (VAT Law, trade regulations, etc.) are not specified precisely. In view of the significance of changes introduced by the Law, it can be expected that these issues will be clarified in the upcoming period.

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

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