

Amendments to customs regulations

Tax Alert

January 2022

During December 2021, several changes to the customs regulations were published, the most significant of which will start to be applied on 1 January 2022.

1. Law on Amendments to the Customs Law

At the session held on 26 November 2021, the National Assembly of the Republic of Serbia passed the Law on Amendments to the Customs Law. The Law was published in Off. Gazette of RS, no. 118/21, and is applied since 17 December 2021.

For the most part, the Law contains technical corrections and terminological clarifications in certain articles of the Customs Law.

For the purpose of harmonization with European Union regulations, the following were amended:

- Article 17, paragraph 6, which, instead of the current deadline for deciding by the customs authority on the request for protection of intellectual property rights of 120 days, applies the deadline prescribed by the law governing general administrative procedure;
- Article 24, which specifies when decisions related to binding tariff information (BTI) or decisions related to binding origin information (BOI), which have ceased to be valid, but can still be used;
- Article 90, paragraph 2, which specifies that the customs debt shall be notified to the debtor during the period of within 10 years from the date on which the debt was incurred, only in situations where the debt was incurred as the result of a criminal offense, but not as a consequence of a misdemeanor;
- Article 109 is amended, stipulating that the customs debt is extinguished even if the omission that led to the customs debt did not have a significant impact on the proper implementation of temporary storage and if that omission did not constitute an attempt at fraud;

- Article 123, paragraph 5, which prescribes what information must be contained in the customs declaration or the temporary storage declaration, if those declarations were submitted instead of the entry summary declaration;
- Article 224a of the Customs Law, which prescribes total relief from import duties for processed products obtained from goods placed under the outward processing procedure, if it is determined that the goods were repaired or modified in a country or customs territory outside the customs territory of the Republic of Serbia, with which the Republic of Serbia has concluded an international agreement providing for such an exemption. This exemption does not apply to products obtained from equivalent goods;
- Articles 129, 235 and 238, which refer to deadlines for annulment of the declaration for temporary accommodation, exit summary declarations and notification of re-export.

2. Decree on Harmonization of Customs Tariffs for 2022

On 25 November 2021, the Government of the Republic of Serbia adopted the Decree on Harmonizing the Nomenclature of Customs Tariffs for 2022 (Off. Gazette of RS, No. 121/21, hereinafter: Decree CT2022).

Decree CT2022 was adopted based on the Law on Customs Tariffs - Article 3, paragraph 8, which prescribes the authority of the Government to harmonize the nomenclature of Customs Tariffs with the Combined Nomenclature of the European Union, which will apply to product classification according to Customs Tariffs.

In addition to the nomenclature, the Decree also covers customs rates and amounts of customs duties stipulated by the Law on Customs Tariffs and concluded free trade agreements, applied to harmonized nomenclature. The Decree may not change customs rates stipulated by the Law.



WCO Harmonized System (HS2022)

The HS 2022 edition, as a global standard for the classification of goods in international trade, enters into force on 1 January 2022.

The 2022 edition of the HS nomenclature **includes significant changes with 351 sets of amendments** in the following sectors:

- 77 in the agricultural sector;
- 58 in the chemical products sector;
- 31 in the wood sector;
- 21 in the textile sector;
- 27 in the base metals sector;
- 63 in the machinery sector;
- 22 in the transport sector, and
- 52 relating to a number of other sectors.

Amendments to the HS Convention were made to update the nomenclature of the harmonized system because of the need for labelling products that are important for public health and safety, protection of society and the fight against terrorism, labeling of goods specifically controlled in accordance with various international conventions, as well as goods that are subject to special trade conditions in terms of food safety and environmental protection.

EU Combined Nomenclature (CN2022)

Amendments to HS 2022, transposed into the EU Combined Nomenclature, required further division of tariff codes at the eight-digit level to allow identification and classification of new products (Chapter 24 - Tobacco and Tobacco Products), implementation of a gradual

reduction in tariff rates for information technology products and facilitation of statistical monitoring of specific goods (e.g. "fiberboard and plywood" of Chapter 44, certain "steel tubes" of Chapter 73, "aluminum composite panels" of Chapter 76).

Regulation CT2022

Regulation CT2022 comprises the following:

- harmonization of the national nomenclature with the WCO Harmonized System (HS2022),
- harmonization of the national nomenclature with the EU Combined Nomenclature for 2022 (CN2022),
- transparent transfer of preferential rates in accordance with applicable free trade agreements, and
- harmonization in the translation of goods descriptions.

The CT2022 Decree goes into effect one day after its publication in the Official Gazette of the Republic of Serbia and shall be applied starting 1 January 2022.

3. Decision No 1/2021 amending the Stabilization and Association Agreement - Transitional rules of origin

On 6 December 2021, the Stabilization and Association Council of the EU and Serbia adopted Decision No. 1/2021 amending the Stabilization and Association Agreement, i.e. replacing its Protocol 3 on the definition of the concept of "originating products" and methods of administrative cooperation.



For the purpose of implementing the Stabilization and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Serbia, of the other part, **the following shall apply in parallel:**

- **Annex I and the corresponding provisions of Annex II of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin**, as well as
- **Rules of origin alternatively applicable** to the above rules, set out in Annex A to the amended text of Protocol 3 - Protocol on the definition of the concept of “originating products” and methods of administrative cooperation under Decision 1/2021 (Rules for optional application between the Contracting Party to the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin, pending the conclusion and entry into force of an amendment to the PEM Convention).

In accordance with Article 2, the Decision shall enter into force and apply from the day of its adoption, starting from 6 December 2021. However, as the temporary implementation of an international agreement requires the implementation of appropriate procedures and obtaining the consent of the National Assembly, the actual application of alternative rules can be expected only after the publication of the Decision in the “Official Gazette of the Republic of Serbia”.

The transitional rules shall apply until the amendment of the PEM Convention enters into force, in trade between those Contracting Parties which invoke them in their bilateral preferential trade agreements.

Apart from the EU, the Republic of Serbia has so far agreed on an alternative application of transitional rules in trade with members of the CEFTA and EFTA agreements.

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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