

# Annual personal income tax for income generated in 2021



## Poreske vesti

March 2022

### Tax residents in Serbia report their world-wide income, while persons who are not residents in Serbia report their income earned on the territory of Serbia.

The deadline for filing annual personal income tax return for income generated in 2021 is **16 May 2022**.

Individuals whose total personal net income in 2021 exceeds RSD 3,268,224 (**non-taxable amount**) are required to file a personal income tax return.

#### *Decrease of personal net income for taxpayers younger than 40 years*

Taxpayers required to file a personal income tax return, who have less than 40 years of age on the last day of the calendar year 2021, qualifying personal net income from employment, self-employment, copyright and related rights and industrial property rights can be reduced for additional amount of RSD 3,268,224 (three average annual salaries per employee paid in Serbia in the taxable year).

The total personal net income earned in calendar 2021 and the non-taxable amount are reported in the tax return, where the difference represents taxable income.

Taxable income is decreased for the amount of prescribed personal deductions. The remaining amount represents **income for taxation** to which the prescribed tax rates are applied.

Personal deductions are set in the following amounts:

- for the taxpayer: RSD 435,763
- for each dependent family member: RSD 163,411

The total amount of personal deductions cannot be greater than 50 % of taxable income.

Below is a summary of tax rates and income for taxation amounts to which they apply:

Description	Amount of income for taxation in RSD
<b>Income for taxation</b> at a rate of 10 %	up to 6,536,448
<b>Income for taxation</b> at a rate of 15 %	from 6,536,449

### How to file a personal income tax return?

The Law on Tax Procedure and Tax Administration prescribes that a personal income tax return can be filed either in electronic form or in hardcopy.

Please note that for filing an electronic personal income tax return (PPDG-2R form) an individual must possess a qualified electronic certificate for accessing the Tax Administration's portal "E-Porezi" or should authorize someone to do so on individual's behalf using the PEP form.

The hardcopy tax return is filed with the branch office of the Tax Administration located in the municipality of the taxpayer's registered address of residence.

## Amendment of the personal income tax return (PPDG-2R form)

Amended annual tax return form, PPDG-2R form was published in the Official Gazette of the Republic of Serbia no. 33 dated on 11 March 2022. The tax return form may still be further amended to accommodate new rules for taxation of qualifying income of taxpayers younger than 40 years.

### Tax assessment

The Tax Administration issues a hardcopy tax assessment. Electronic tax assessment may be issued by sending to the electronic mailbox of the taxpayer on Tax Administration's portal, but only for the taxpayers that gave their consent for this type of delivery.

### Possibility of deadline extension for filing tax return

The Law on Tax Procedure and Tax Administration provides for the possibility of deadline extension for filing a tax return when the following conditions are met:

- a written application must be submitted to the Tax Administration
- the application must be submitted before the deadline for tax return filing
- reasons for deadline extension must be justified (illness, being away from the country, accident, natural disaster of significant scope, etc.).

The application for deadline extension is submitted to the branch office of the Tax Administration with which the tax return is filed. The Tax Administration shall consider the application for deadline extension and issue a decision within five days of receiving such application. The maximum period of extension is six months from the statutory deadline for filing a personal income tax return.

### Approximate estimate of annual income tax\*

Should you wish to estimate the approximate amount of your annual income tax, **without personal deductions**, below are provided tax brackets:

Total personal net income earned in 2021	Tax rate
up to 3,268,224 (non-taxable amount)	0 %
above 3,268,224 up to 9,804,672	10 %
above 9,804,672	15 %

Should you need assistance in preparing and filing your personal income tax return or if you are interested in having a presentation given to your employees, do not hesitate to contact us.

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\* The example is not applicable for taxpayers younger than 40 years of age who has income from employment, self-employment, copyright and related rights and industrial property rights.

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