

Amendments to the Law on Property Taxes adopted

Tax Alert

December 2022

On 9 December 2022, Serbian Parliament adopted the Law on Amendments to the Law on Property Taxes (hereinafter: **Law on Amendments to LPT**) which was published in the Official Gazette of the Republic of Serbia No. 138 dated 12 December 2022.

The Law on Amendments to the LPT comes into force on 1 January 2023.

Important amendments are presented below:

Depreciation of additionally built structure in case of a taxpayer who does not keep business books

For a building over which, or next to which, an appendage is constructed so that the appendage is not a separate part of that building, depreciation is made in the amount:

1. by which the value of the building would be reduced if it was not appendaged - when the usable area of the part of the building before the appendage is higher than the usable area of the appendaged part;
2. by which the value of the appendaged part would be reduced if it was a separate part of that building - when the usable area of the part of the building before appendaged is less than or equal to the usable area of the appendaged part.

A reconstruction and an appendage of a building are considered a reconstruction and an appendage in accordance with the Law governing planning and construction.

Classification of garages where registered activity is carried out

For the purpose of determining the tax base for property tax, garages in which registered activity is carried out (in total or partially) are classified as business premises.

Specifying rules for assessing a tax base

If a local municipality unit (hereinafter: „**LMU**“) did not publish the average price per square meter of suitable land in either a zone or a most infrastructurally equipped zone, and a taxpayer who keeps business books only

recorded buildings in his/her business books, the value of land is equal to property tax base of that of land for the appropriate usable area in that zone, as assessed by a tax payer who does not keep business books for the current year.

When a taxpayer in business books records the value of a building and respective land in a single amount, but LMU did not publish the average price per square meter of:

1. suitable buildings that are neither in a zone, nor in the most infrastructurally equipped zone, but published the average price per square meter of suitable land – the value of a building is its book value, which consists of the value of that building recorded on the last day of taxpayer’s business year in the current year;
2. suitable land that is neither in a zone, nor in the most infrastructurally equipped zone, but published the average price per square meter of suitable buildings - the value of land is its book value, which consists of the value of that land recorded on last day of taxpayer’s business year in the current year.

The law is clarified regarding the tax base for immovable properties of a taxpayer who keeps business books and is established during the tax year (generally, the tax base is the product of the usable area and the average price published by the LMU).

Occurrence of a tax liability

When ownership is acquired over immovable property as a future item, the day of acquisition is considered to be the earlier of the following: the day of registration of acquired ownership in the land register, the day of handover or the day of taking possession of that immovable property.

For buildings under construction built without a permit or for which the construction permit has expired, for which the permit is issued by the competent ministry and which are located in territories of exceptional or special importance (for example, within boundaries of immovable cultural property of exceptional importance, in protected surroundings of cultural property registered

in the list of world cultural and natural heritage) the date of occurrence of the tax liability is determined in accordance with general rules.

Right of permanent usage of a parking unit as a subject of inheritance and gift tax and real estate transfer tax

The subject of inheritance and gift tax and real estate transfer tax is extended to the transfer of the right of permanent usage of a parking unit in an open residential block or residential complex.

The aim of the amendment is harmonizing the subject of property taxes with the types of immovable properties that can be bought and sold.

Postponement of the deadline for transfer of competence from the Tax Authority to the LMU for assessment, collection and audit of inheritance and gift taxes and real estate transfer tax

Starting from 1 January 2024 the LMU will assess, collect and audit inheritance and gift tax and real estate transfer tax. Until 2024, the above mentioned taxes will be assessed, collected and controlled by the Tax Authority.

Postponement of the deadline for transfer of competences should allow additional time for implementation of all necessary requirements for transfer of competences to the LMU, in order to perform those competences efficiently and with needed quality.

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

For previous editions of KPMG Tax Alerts please visit the following web page:

[KPMG Tax Alerts](#)

Contact details

Igor Lončarević

Partner

T: +381 60 20 55 570

iloncarevic@kpmg.com

Biljana Bujić

Partner

T: +381 60 20 55 511

bbujic@kpmg.com

Mirjana Sibinović Bisić

Senior Manager

T: +381 60 20 55 642

msibinovic@kpmg.com

Milijana Micić

Assistant Manager

T: +381 60 20 55 768

milijanamicic@kpmg.com

KPMG Poresko-pravno odeljenje

KPMG d.o.o. Beograd

11070 Belgrade

Serbia

T: +381 11 20 50 500

F: +381 11 20 50 550

tax@kpmg.rs

kpmg.com/rs

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG d.o.o. Beograd, a Serbian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.