

# Amendments to the VAT Law adopted

## Tax Alert

December 2022

At its session held on 9 December 2022, Serbian Parliament adopted the Law on Amendments to the Value Added Tax Law (**Law**). The Law was published in the Official Gazette of the Republic of Serbia No. 138 dated 12 December 2022.

The Law enters into force and applies as of 1 January 2023.

The most important novelties are presented below.

### Tax representative

The scope of foreign entities which do not have the obligation to register for VAT (i.e. to appoint a tax representative in Serbia) has been extended to include entities that sell goods that are in customs storage procedure in accordance with customs regulations.

### Moment of supply of electricity

It is prescribed that in the case of electricity supply, as well as in case of supply of services of taking electricity into the energy system, to which the rules of the relevant European Associations of Operators of Transmission Systems are applied in accordance with the law governing the energy sector, the supply is considered completed, i.e. the service is considered provided on the day of issuance of an invoice.

### Transactions between related parties, concept of related parties and market value

In case of supply of goods or services between related parties for consideration, if consideration is lower than market value and if the acquirer does not have the right to deduct input VAT in full, the tax base is the market value of those goods, i.e. services, excluding VAT.

Related parties are considered related parties in accordance with the Law on Corporate Income Tax, persons with whom there are family or other personal ties, management, ownership, membership, financial or legal ties, including the relationship between an employer and employee, and members of the employee's family household.

The concept of market value is also specified. Market value represents the total amount that the buyer of goods, i.e. the recipient of services would pay at the moment of supply of such goods or services to an independent supplier for supply in Serbia.

### Supply of goods or services in exchange for a multi-purpose voucher

The tax base for supply of goods or services in exchange for a multi-purpose voucher is the fee paid for the multi-purpose voucher, i.e. the monetary value stated on the voucher itself, without VAT.

### Supply of electricity to the producer of electricity from renewable energy sources

In the case when the supplier of electricity performs supply to the producer of electricity from renewable energy sources, the tax base is the amount of compensation for consumed electricity determined in accordance with the law regulating the use of renewable energy sources, without VAT.

### Exercising the right to deduct input tax on the basis of an electronic invoice

The Law stipulates that the right to deduct input VAT can be exercised on the basis of an electronic invoice that has been accepted, or that is considered accepted in accordance with the law regulating electronic invoicing.

The right to deduct input VAT on the basis of an accepted electronic invoice can be exercised at the earliest for the tax period in which the tax liability arose, regardless of whether the electronic invoice was issued on the day the tax liability arose or after that day.

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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