

# Adopted Amendments to the Rulebook on Value Added Tax

## Tax Alert

March 2023



The Minister of Finance of the Republic of Serbia amended the Rulebook on Value Added Tax (**the Rulebook**) on two occasions since the start of 2023 (with the primary purpose being harmonization with fiscalization and e-invoicing regulations).

In regards to this, the following were adopted:

- The Rulebook on Amendments to the Rulebook on Value Added Tax, published in the Official Gazette of the Republic of Serbia, number 7, dated 31 January 2023, and which went into force on 1 February 2023, and
- The Rulebook on Amendments to the Rulebook on Value Added Tax, published in the Official Gazette of the Republic of Serbia, number 15, dated 31 January 2023, and which went into force on 1 March 2023.

A summary of the most important novelties is presented below.

Unless otherwise indicated, amendments are effective as of 1 February 2023.

### Supply of services of foreign entities free of charge

It is prescribed that if the supplier of services free of charge is a foreign entity that is not a registered VAT payer in the Republic of Serbia, the service recipient is required, as the tax debtor, to calculate VAT, regardless of whether the foreign entity provided the service of business or non-business purposes.

### Change of tax debtor after advance payment is made

In accordance with the amendments, special provisions are retracted that relate to advance payments for future supplies in the area of construction for which it is subsequently determined that they do not constitute supply in the area of construction, as well as for advance payments for future supplies that are not considered supplies in the area of construction at the time of payment, and for which it is subsequently determined that they constitute supply in the area of construction.

Furthermore, it is prescribed that in all instances of change of tax debtor after an advance payment, the entity that is the tax debtor at the moment of supply of goods shall calculate VAT on the total amount of remuneration. Furthermore, a VAT payer who calculated VAT for an advance payment shall decrease the calculated VAT, while the advance payment payer shall make a correction in input tax deduction (once prescribed conditions are met).

### Market value as the VAT base

What is considered market value based on which the VAT base is determined is specified, such that the following concepts are regulated more specifically:

- independent supplier,
- similar goods and services, and
- total cost of supply of goods and services.

### Decrease in base after subsequent fulfillment of requirements for tax exemption with a right to deduct input tax

It is specified that a change in the VAT base in the event of subsequent fulfillment of requirement for obtaining a tax exemption with a right to deduct input tax occurs only in the event of supply of goods that are sent or dispatched abroad, and of supply of goods that foreign travelers take abroad in their personal luggage that they carry with them.

### Obtaining tax exemptions with the right to deduct input tax

Numerous amendments have been made that relate to obtaining tax exemptions with the right to deduct input tax.

Among other things, the following is prescribed:

- a customs declaration in electronic form can serve as evidence for obtaining a tax exemption,
- a customs authority can certify a printed copy of an e-invoice that is confirmed with the signature of the persons who issued it,
- a copy of an e-invoice certified by the competent customs authority can also be used as evidence in obtaining tax exemptions,
- a new SNPDV Form and a new LNPVDV Form are prescribed.

## Issuance of invoices

Numerous novelties and specifications are prescribed in respect of issuance of invoices.

Among others:

- It is specified that there is no obligation for issuing a VAT invoice for supply of goods and services to individuals who are not VAT payers, with the exception of entrepreneurs, except for supply for which a fiscal receipt is issued according to regulations that relate to fiscalization.
- It is specified that there is no obligation to issue an invoice for the supply of goods and services for which a tax exemption is prescribed without the right to deduct input tax, except for a supply for which there is an obligation to issue electronic invoice (e-invoice) or fiscal receipt.
- It is specified that there is an obligation to issue invoices for a received advance payment for supply performed in the same tax period as the one in which the advance payment is received, when there is an obligation to issue a fiscal receipt or an electronic invoice for such supply.
- It is specified that in an e-invoice for the supply for which the date of occurrence of the VAT liability is the date of issue of the invoice, the date of supply should be indicated as the date of issue of the e-invoice.

- It is specified that an e-invoice must contain information on the date of supply, even when the date of issue of an e-invoice and the date of supply are the same.
- In cases when a VAT payer has a receivable that does not constitute a contribution for the supply of goods and services, and when a VAT payer transfers a multipurpose value voucher a VAT invoice (i.e., e-invoice) has to be issued if such situation requires the issuance of an e-invoice.

## Invoice for multiple individual supplies

It is prescribed that an e-invoice that is issued for multiple individual supplies to a single person can be issued within 15 days of the expiry of the calendar month for which it is issued.

The date of supply for such e-invoice is indicated as the last day in the calendar month for which such invoice is issued.

This provision is effective starting as of 1 March 2023.

## Invoice in case of VAT exempt supply

The Tax Administration's tax exemption certificate number is entered in the invoice for the supply for which a tax exemption with the right to deduct input tax is prescribed, if the tax exemption for such supply is obtained on the basis of such certificate.



It is additionally prescribed that in the case of issuing an invoice for supply that is partly subject to VAT and partly exempt from VAT, the VAT base and the calculated VAT is stated for the part of the supply that is subject to VAT, and for the part of the supply that is exempt from VAT the amount of remuneration is stated.

### **The concept of a corporate card**

The concept of a corporate card is defined as an instrument issued by the supplier of goods or services, which serves to determine the financial obligations of the recipient of goods and services towards the supplier.

This has been harmonized with the fiscalization regulations.

### **Issuance of a credit note when the collected advance payment ceases to be considered an advance payment**

The obligation is prescribed for issuing a credit note when a collected advance payment for which an advance payment invoice had been issued ceases to be considered an advance payment for the supply of goods and services (e.g. the advance payment is returned as the goods or services supply will not occur). An exception to the obligation exists when the collected advance payment or part of the advance payment becomes a contribution or part of a contribution for the supply.

### **Internal calculation**

The obligation to make an internal calculation has been extended for all cases when the VAT payer, as a tax debtor, calculates VAT for supply for which it is a recipient.

Additionally, the content of the internal calculation that the tax debtor is required to prepare for the supply of another entity is prescribed.

### **Attachment to the invoice**

In the case of submitting a document that is an attachment to an invoice, it is prescribed that such document is not considered an invoice on the basis of which a tax liability arises or the right to deduct input VAT.

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### **Contact details**

#### **Igor Lončarević**

Partner

T: +381 60 20 55 570

[iloncarevic@kpmg.com](mailto:iloncarevic@kpmg.com)

#### **Biljana Bujić**

Partner

T: +381 60 20 55 511

[bbujic@kpmg.com](mailto:bbujic@kpmg.com)

#### **Igor Soldatović**

Departmental Senior Manager

T: +381 60 20 55 548

[isoldatovic@kpmg.com](mailto:isoldatovic@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](mailto:tax@kpmg.rs)

[kpmg.com/rs](http://kpmg.com/rs)

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