

Amended VAT Rulebook

Tax Alert

September 2024

Serbian Ministry of Finance adopted the Amendments to the Rulebook on Value Added Tax (**Rulebook**), which were published in the Official Gazette of the Republic of Serbia No. 65/2024 dated 2 August 2024.

Respective amendments are applicable as of 1 September 2024, except for the provisions related to filling the data in POPDV Form, which will be applied starting with submission of tax returns for the tax periods starting from 1 September 2024.

The most important novelties are presented below.

Change in tax base

It is stipulated that the recipient of goods and services, who is the tax debtor for the performed supply (e.g. supply in construction, supply by foreign person not registered for VAT), can decrease their calculated VAT for the taxable supply of goods and services, if they create an internal invoice and correct the input tax deduction.

Possession of a document on decrease in tax base is no longer a requirement for decreasing calculated VAT.

If the recipient of goods and services, who is the tax debtor for the performed supply, is not entitled to deduct input tax, calculated VAT can be decreased if they possess a document on decrease in the tax base and if they created an internal invoice.

The aforementioned requirements apply when a collected/paid advance payment is no longer considered an advance payment in full or in part, where the decrease in a tax base is not considered a situation when an advance payment becomes part of a contribution for supply.

An invoice as a requirement for tax exemption and for deduction of input VAT

When the possession of an invoice or an invoice stamped by the competent customs authority is stipulated as a requirement for a tax exemption, such requirement shall be considered to have been met if the invoice is issued or stamped by the 10th day in the calendar month following the tax period in which the supply occurred.

Decrease in tax base for an advance payment

It is stipulated that when the base for an advance payment for the supply of goods or services is decreased subsequently, the VAT payer who is the recipient of such supply is required to correct and decrease the deduction of input tax that they realized on this basis.

Cases in which there is no obligation for issuing an invoice

The provision that the VAT payer, in the tax period in which he receives an advance payment and performs supply of goods and services for which he received an advance payment, does not have the obligation to issue an invoice based on the received advance payment, but only an invoice for the supply of goods and services, has been abolished, which achieves alignment with the regulations on electronic invoicing.

Issuing of document on decrease/increase in contribution/base (so-called credit note)

Beside the already stipulated mandatory elements of a credit note, an additional element is introduced as the date of increase in contribution or base, if such increase did not occur on the date of issue of the document on increase.

Mandatory elements of a credit note also apply in the event of decrease in advance payment.

Change in tax debtor after advance payment

The obligation of the VAT payer to cancel the advance invoice has been abolished, but they have the right to correct the calculated VAT if they possess a document from the recipient that they corrected the deduction of input tax, and that they did not use the VAT on the advance invoice as input tax.

Issuing an invoice for multiple supplies to a single person

It is stipulated that a VAT payer can issue one invoice for multiple supplies of goods and services to a single person on the same day, if the tax liability for all supplies occurs on the same day.

One invoice, including an electronic invoice, can still be issued for several individual supplies made to one person in a tax period, but the deadline for issuing an electronic invoice in this case is **8 calendar days** from the end of the tax period.

Issuing invoices for the supply of buildings, economically divisible units

The issuing of a separate invoice is stipulated for the supply of buildings, economically divisible units within buildings and ownership shares, which is also defined by the latest amendments to the regulations on electronic invoicing.

An internal invoice for the supply of goods and services for which the recipient is a tax debtor

Two types of internal invoices are prescribed:

- Internal invoice - foreign person, and
- Internal invoice - VAT payer.

The deadline for issuing an internal invoice is introduced, **eight days** from the end of the tax period.

Internal invoices are issued for reductions and increases in contributions for the supply of goods and services, advance payments and decreases in advance payments.

Additional mandatory elements are introduced, besides the already prescribed mandatory elements of the internal invoice: linking number of the internal invoice, the date of reduction of contribution or advance payment and description.

The most significant changes regarding VAT records

- Interest on demand deposits is presented in VAT records.
- In the general records, it is necessary to record data on the amount of VAT that can and cannot be deducted as input tax and corrections of deductions of input tax (increase or decrease).
- The new articles of the Rulebook prescribe the data that the record must contain of the amount of VAT that can and cannot be deducted, as well as the mandatory data in the record of corrections of the deduction of input tax – increase or decrease. We especially point out that in the special record on corrections of the deduction of input tax, among other things, increases in input tax are recorded based on the right to deduction because of subsequent acceptance of an electronic invoice.
- Data in general records are recorded separately by tax rates.
- Data on the VAT paid on the import of goods that can be deducted as input tax is no longer a mandatory element of the records for the import of goods, because that data is kept in the records on the amount of VAT that can or cannot be deducted.
- In the records related to the purchase of goods and services, except for the purchase of goods and services from farmers, data are recorded by types of invoices: electronic invoices, fiscal receipts and other invoices.

- A special record is introduced for the cancellation of documents: sales invoice, documents on increase or decrease of supply contribution, advance payment invoice, document on decrease of advance payment, internal invoice, and data is prescribed that these records should contain.
- The data that should be contained in special records is prescribed, as related to equipment and facilities for the performance of commercial activities, and investments in facilities for the performance of commercial activities.

Presentation of data in the POPDV form

- There are specially defined rules for filling out the POPDV form in the case of cancellation of an invoice, whereby the increase or decrease of the base and VAT, and of the contribution are reported in the corresponding fields of the POPDV form depending on the document that was cancelled.
- It is specified that the amount of VAT calculated for the supply of goods and services, which is entered in fields 3a.1 to 3a.3 of the form, is reduced by the amount of VAT calculated based on the collected advance payment for such supply, regardless of whether the tax liability arose from the collected advance payment in the same tax period or in a different tax period from the period in which such supply was made.
- It is prescribed that in the case of a reduction of the advance payment, the information on the tax base is not reported in the form, while the information on the VAT amount is reported in the corresponding field of the form.

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