Serbia Country Profile

EU Tax Centre

June 2017

Key tax factors for efficient cross-border business and investment involving Serbia

EU Member State No.

Double Tax Treaties With:

Albania	Estonia	Latvia	Russia
Armenia	Finland	Libya	Slovakia
Austria	France	Lithuania	Slovenia
Azerbaijan	Germany	Luxembourg	Spain
Belarus	Georgia	Macedonia	Sri Lanka
Belgium	Greece	Malaysia	Sweden
Bosnia & Herzegovina	Hungary	Malta	Switzerland
Bulgaria	India	Moldova	Tunisia
Canada	Iran	Montenegro	Turkey
China	Ireland	Netherlands	UAE
Croatia	Italy	Norway	UK
Cyprus	Kazakhstan	Pakistan	Ukraine
Czech Rep.	People's Rep. of Korea	Poland	Vietnam
Denmark	Rep. of Korea	Qatar	
Egypt	Kuwait	Romania	

Most important forms of doing business Civil association, Limited partnership, Limited liability company, Joint-stock company.

Legal entity capital requirement RSD 100 (app. EUR 0.81) minimum share capital for Limited Liability Company. RSD 3 million (app. EUR 24,200) minimum share capital for Joint-stock company.

Residence and tax system A resident is a legal entity that is incorporated or has its place of effective management in the territory of Serbia. Resident taxpayers are taxed on their worldwide income. Non-residents are taxed only on their Serbian source income.

Compliance requirements for CIT purposes

CIT return is to be filed within 180 days. As of 2016, in case of bankruptcy or liquidation, CIT return is to be filed 60 days from the moment of bankruptcy/liquidation procedure initiation and bankruptcy/liquidation procedure closure. In case of mergers and acquisition, when a company ceases to exist, the deadline is 60 days from the merger/acquisition.

Corporate income tax rate

The statutory corporate income tax rate is 15 percent.

Withholdin tax rates

On dividends paid to non-resident companies

20 percent.

On interest paid to non-resident companies

20 percent / 25 percent. 25 percent rate is applicable on interest payments made to legal entities in jurisdictions with preferential tax system.

On patent royalties and certain copyright royalties paid to non-resident companies

20 percent / 25 percent. The 25 percent rate is applicable on royalty payments made to legal entities in jurisdictions with a preferential tax system.

On fees for technical services

20 percent applies on service fees, in case the services are rendered or used in Serbia, or that are to be rendered in Serbia.

25 percent on service fees paid to the legal entities in jurisdictions with preferential tax system.

On other payments

20 percent rate applies to lease and sub-lease payments related to immovable or movable property located in Serbia.

25 percent applies on service fees paid to the legal entities in jurisdictions with preferential tax system, regardless of the place the services are being rendered/used.

20/25 percent WHT applies to entertainment, musical, artistic and sports fees paid to non-residents that are not subject to personal income tax and 1 percent WHT on the purchase of secondary raw materials.

The 25 percent rate applies to certain payments made to legal entities in jurisdictions with a preferential tax system.

Branch withholding tax

No.

Holding rules	Dividend received from resident/non-resident subsidiaries? Dividends received from resident subsidiaries are exempt from taxation. Tax credit is available for withholding tax on dividends and corporate income tax on profits out of which dividends have been distributed, paid by non-resident subsidiaries provided the parent company holds at least 10 percent of the subsidiary for at least one year. Unused tax credit can be carried forward for 5 years. If the above conditions are not met, reduced tax credit related to withholding tax on dividends is still available. Capital gains Capital gains earned in Serbia by non-resident companies are subject to 20 percent capital gains tax (CGT). CGT is assessed by the Tax Authorities based on the tax return filed by the non-resident taxpayer. Capital gains earned abroad by resident companies are subject to 15 percent corporate income tax.
Tax losses	Losses (excluding capital losses) incurred from business, financial, and non-business transactions may be carried forward over the five subsequent tax periods from 2010 (10 years for losses suffered up to 2009) and can be offset against future taxable income. Losses that were carried forward are not forfeited due to mergers, acquisitions, spin-offs, and other reorganization changes. Carry-back of tax losses is not allowed.
Tax consolidation rules/Group relief rules	Yes, Serbian tax resident companies may elect for group consolidation. The parent company and its affiliates can constitute a group of associated companies, if at least 75 percent of the shares of the affiliates are held, either directly or indirectly, by the parent company.
Registration duties	No.
Transfer duties	On the transfer of shares No. On the transfer of land and buildings Real estate (land and buildings) transfer tax rate amounts to 2.5 percent. The tax base is the contract price, unless the Tax Authorities conclude that the contract price is below the market value. Stamp duties No. Real estate taxes Real estate (land and buildings) property tax rate amounts up to 0.4 percent. The tax base is either: 1) the fair market value of the property (if the taxpayer carries land and buildings at fair market value in accordance with IAS and IFRS in its financial statements), 2) the net book value of the property (for certain

	types of buildings), or 3) the product of average market price per square meter as published by the local tax administration and total area of the property.
CFC rules	No.
Transfer pricing rules	General transfer pricing rules Taxpayers are required to separately disclose in their tax balances the value of transactions with related parties. Transfers should be disclosed in transfer pricing documentation. The net positive difference between the price determined by applying the arm's length principle and the taxpayer's transfer price is included in the tax base. There are six methods for determining the arm's length price (based on OECD methodology) that are authorized by the Serbian legislator: comparable uncontrolled price method, cost plus method, resale price method, transactional net margin method, profit split method and any other method, should it prove that any of the above methods cannot be applied. Documentation requirement? Taxpayers are required to prepare and file transfer pricing documentation (a TP study) along with their tax returns.
Thin capitalization rules	Yes: 10:1 debt-to-equity ratio for banks and financial leasing companies and 4:1 debt-to-equity ratio for other companies.
General Anti-Avoidance rules (GAAR)	General anti-avoidance rule is represented by the 'substance over form' principle.
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions/Anti-Hybrid rules	In addition to thin capitalization and transfer pricing rules, there are no other specific anti-avoidance rules applicable in a cross-border context.
Advance Ruling system	No.
IP / R&D incentives	No.
Other incentives	A 10-year tax holiday in proportion to the value of qualifying non-current assets to total non-current assets. In order to qualify, entities must invest at least 1 billion RSD in non-current assets and additionally employ more than 100 employees for an indefinite period of time.
VAT	The standard rate is 20 percent, and the reduced rate is 10 percent.
Other relevant points of attention	No.

Source: Serbian tax law and local tax administration guidelines, updated 2017.

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