



Novelties in Personal Taxation and Labor Law in 2022

Tax Alert

January 2022



The Montenegrin Parliament enacted set of amendments to the tax and labor laws (program "Europe Now") on 31 December 2021. Amendments were published in the Official Gazette of Montenegro no. 145/2021 and 146/2021 dated 31 December 2021.

An overview of the most significant amendments is provided below.

The Labor Law

Minimum net salary is increased from EUR 250 to EUR 450.

A new provision is introduced prescribing that employer is obliged to increase employees net salary for abolishment or decrease in personal income tax or social security contributions borne by employee.

Amendments apply on salary payments performed as of 1 January 2022.

The Personal Income Tax Law

Progressive taxation of salary and income earned by entrepreneurs is introduced. A proportional 15% tax is introduced to other types of income.

Salary is taxed in the following manner:

- Salaries up to EUR 700 (gross) are exempt from tax;
- Salaries ranging from EUR 700 up to EUR 1,000 inclusive (gross) are subject to 9% tax;
- Salaries exceeding EUR 1,000 (gross) are subject to 15% tax.

Amendments apply as of 1 January 2022.

The Law on Mandatory Social Insurance Contributions

Health insurance contribution borne by both employee and employer is abolished (10.8% in total).

A new rule is introduced for assessment and payment of social security contributions. Per new rule, social security contributions are calculated, withheld, and paid by the 15th of the current month for then previous month.

Amendments apply as of 1 January 2022.

If you have any questions or you need assistance of our professionals, please contact us at tax@kpmg.rs

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