

Amendments to the Montenegrin tax laws

Tax Alert

March 2023



The Montenegrin Parliament enacted set of amendments to tax laws. These are published in the Official Gazette of Montenegro no. 028/23 dated 10 March 2023.

An overview of the most significant amendments and start of their application is presented in the following lines.

The Law on real estate sales tax

Progressive taxation of real estate sales is introduced in the following way:

- Sales of real estate up to EUR 150,000 is taxed at a rate of 3%;
- Sales of real estate ranging from EUR 150,000 to EUR 500,000 is taxed at a rate of 5%;
- Sales of real estate above EUR 500,000 is taxed at a rate of 6%.

Amendments apply as of 1 January 2024.

The Corporate Income Tax (CIT) Law

Payments made by taxpayer on the basis of a loan to individuals who do not have the status of a related party up to the amount of EUR 5,000 on an annual basis are exempt from withholding tax.

The obligation to pay withholding tax at a rate of 30% on payments made by CIT payer to non-resident legal entity that is established or has a registered seat or has a seat of management or has a place of effective management in a territory with tax sovereignty is introduced. The list of territories with tax sovereignty is to be published by the Ministry of Finance on its website. This provision does not apply to a non-resident legal entity with a tax residence status in a country with which Montenegro has concluded Double Tax Treaty.

In addition, entity that is established or has a registered seat or has a seat of management or has a place of effective management in a territory with tax sovereignty is considered a related party to tax resident income distributor.

Beneficiary of incentives for research and development in accordance with the law regulating incentives for research and development are exempt from CIT payment.

A new provision is introduced which defines that transactions between Montenegrin branch office and its non-resident headquarter are to be included in local transfer pricing documentation file.

Amendments apply as of 18 March 2023.

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

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KPMG Tax Alerts

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