

# Amendments to the VAT Law in Montenegro

## Tax Alert

March 2026



The Montenegrin Parliament enacted set of amendments to the VAT law. These are published in the Official Gazette of Montenegro no. 012/26 dated 6 February 2026.

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

### **Extension of the Scope of Supply of Goods – Construction Land**

One of the key amendments extends the scope of supply of goods to include the sale of construction land for which a building permit has been issued, in accordance with the relevant construction laws.

As a result, the sale of construction land, both stand alone and as part of first sale of a newly constructed building, will be regarded as supply of goods subject to VAT.

It is important to note that the supply of land for which a building permit has not been issued is still not considered a supply of goods and is therefore not subject to VAT.

This amendment clearly distinguishes between construction land (for which a building permit has been issued) and other land for which a building permit has not been issued.

The amendment applies as of 1 April 2026.

### Transitional Provisions Applicable to Advance Payments Made Prior to the Amendments Entering Into Force

New rule does not apply to advance payments made for sale of construction land and first sale of newly constructed buildings made prior to 1 April 2026. In addition, no adjustment of VAT is needed with respect to final invoices issued after this date, for the portion that relates to the advance payment already received.

### **Extension of the Definition of a Taxpayer Who Occasionally Performs Activities**

The definition of a taxpayer is extended to include persons who occasionally supply construction land.

### **Clarification of Rules for Appointing a VAT Representative for Non-Residents**

The rules for appointing a VAT representative have been further clarified in cases where non-resident taxpayers provide services to persons who are not taxpayers in Montenegro (so called B2C supplies), and place of supply of those services is Montenegro.

In such cases, non-resident taxpayers are required to register a permanent establishment in Montenegro or to appoint Montenegrin VAT representative.

This amendment applies as of 6 February 2026.

### **Systematization of Rules on the Place of Supply of Services**

The rules for determining the place of supply of services have been systematized through several specific provisions, with the aim of improving clarity and transparency.

These amendments do not introduce substantive changes to the rules for determining the place of supply of services. General and specific rules for determining the place of supply in B2B (supplies to taxpayers) and B2C (supplies to non-taxpayers) transactions are now spread over several articles.

This amendment applies as of 6 February 2026.

### **Other Amendments**

#### **Adjustment (Decrease) of Output VAT Amount Due to Uncollectible Receivables**

Amendments specify that a taxpayer may make a correction (decrease) of output VAT in the case of uncollectible receivables, based on a final court decision on completed bankruptcy proceedings, discontinued

enforcement proceedings, or concluded compulsory settlement proceedings.

The key novelty is the introduction of a condition that the relevant receivables must be subject to litigation before the initiation of the aforementioned proceedings.

### **Adjustment of Input VAT Deduction**

Amendments clarify cases when input VAT deductions must be adjusted if conditions (based on which initial input VAT deduction was performed) change during the year.

The amendments apply as of 6 February 2026.

If you have any questions or need the support of our experts, feel free to contact us at [tax@kpmg.rs](mailto:tax@kpmg.rs)

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