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Amendments to the Law on Electronic Invoicing adopted

Tax Alert

December 2024

At its session held on 27 November 2024, the National Assembly of the Republic of Serbia adopted the Law on Amendments to the Law on Electronic Invoicing (**Law**). The Law was published in the Official Gazette of the Republic of Serbia No. 94/2024.

The Law enters into force on 15 December 2024, and shall apply as of January 1, 2025, with the following exceptions:

1. Provisions related to determining the status of an entity shall apply as of 15th December 2024,
2. Provisions related to electronic recording of VAT and electronic recording of input VAT shall apply for tax periods starting after 31st December 2024,
3. Provision related to the preparation of the preliminary tax return shall apply to tax periods starting after 31st December 2025.

The most important changes are presented below.

Determining the subject status

There is an obligation to provide data on the status of an entity in the System of Electronic Invoices (**SEF**), in terms of whether the user is VAT payer or not.

In this respect, entities that are VAT payers determine the tax period by selecting a calendar month or calendar quarter.

Each SEF user has the obligation to provide data on the status of an entity in SEF within 5 days from the date of entry into the list of SEF users.

For entities registered in the list of SEF users, who have not declared their entity status in SEF by 15th December 2024, relevant data will be entered based on data taken from the Tax Administration.

Electronic recording of VAT

It is specified that electronic recording of VAT includes both increase and decrease, both when summary and individual recording is performed.

The exception based on which the obligation to electronically record VAT does not exist for retail supply for which a fiscal invoice has been issued, has been abolished. Accordingly, these supplies are recorded in summary records, in accordance with the general rule.

There is an exception to the individual recording for supplies (including advance payments) of travel agencies and second-hand goods, works of art, collectibles and antiques.

It is prescribed that the first transfer of ownership rights over a newly built construction facilities, economically divisible units within those facilities and ownership shares in such properties, is to be recorded individually.

The deadline for electronic recording of VAT has been extended from 10 to 12 calendar days after the end of the tax period for which electronic recording of VAT is performed.

It is envisaged that the electronic recording of VAT can be corrected.

Electronic recording of input VAT

The deadline for electronic recording of input VAT (including increase and decrease) has been extended from 10 to 12 calendar days after the end of the period for which electronic recording of input VAT is performed.

Recording is performed based on the data as of the day preceding the day of recording of input VAT, except when it is performed after the 10th day of the calendar month, in which case it will be performed based on data as of the 10th day of that calendar month.

It is envisaged that the electronic recording of input VAT can be corrected.

Cross border supplies

It is envisaged that in SEF, a user can see data on import, that is, the delivery of goods put into free circulation in accordance with customs regulations.

Viewing of relevant data is performed by accessing the list of customs declarations for import, that is, delivery of goods, which is compiled on the basis of customs declarations and other relevant documentation.

The overview is based on data from the information system of the Customs Administration.

Preliminary VAT return

It is envisaged that a preliminary VAT return shall be prepared in SEF in accordance with the VAT Law, based on data available in the SEF.

Factoring

If the issuer of an electronic invoice has disposed of a monetary claim not yet due, as stated in that electronic invoice (factoring), they cannot process further any such invoice (e.g. cancel it).

Penalty provisions

A misdemeanor penalty is prescribed in case of violation of the obligation to disclose data on the status of an entity, i.e. the obligation to update data on the status of an entity.

In addition, in case of a correction of electronic recording of VAT and electronic recording of input VAT in which an error was identified, it will be considered that no offense has been committed, provided that the correction was made before the initiation of any tax audit procedure in accordance with the Law.

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

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