

Serbia VAT guide

This guide is an overview of Serbia's Value Added Tax ("VAT") system, focussed on how it affects foreign businesses trading with Serbia. It is general in nature and unlikely to cover the specifics of your scenario. It should be read as such and not be construed as advice. For advice as to how your business is affected by Serbia VAT please contact a Kreston Global Serbia VAT specialist.

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Commented [DG1]: Tax Rate

Article 23

The general VAT rate for the trade of goods and services or imports of goods subject to taxation shall be 20%.

Special 10% VAT rate shall apply to the trade of goods and services or the imports of goods to the following items:

- 1) bread and other bakery products, milk and milk products, flour, sugar, edible sunflower oil, corn, turnip and soy bean oils, olive-oil, edible animal and vegetable fats and honey;
 - 1a) *(deleted)*
 - 2) fresh, refrigerated and frozen fruit, vegetable, meat, including entrails and other meat offal, fish and eggs;
 - 2a) cereals, sunflower, soy beans, sugar-beet, and oleiferous rape;
 - 3) medicines, including medicines for veterinary use;
 - 4) orthotic and prosthetic appliances as well as medical appliances - products that are built into the organism by surgical means;
 - 5) dialyse material;
 - 6) fertilizers, plant-protection substances, reproduction seeds; planting material, compost with mycelium, complete and supplementary mixture for cattle and livestock fodder;
 - 7) text-books and teaching appliances;
 - 7a) *(deleted)*
 - 8) daily newspapers
 - 9) monographic and serial publications;
 - 10) fuel wood, including briquettes, pellet and other similar goods made of wood biomass;
 - 11) accommodation in hospitality facilities for accommodation in accordance with the law regulating tourism;
 - 12) services charged through tickets for the cinema and theater shows, fairs, circuses, amusement parks, concerts (music events), exhibitions, sporting events, museums and galleries, botanical gardens and zoos, if the trade of the service is not exempt from VAT;
 - 12a) *(deleted)*
 - 13) natural power gas;
 - 13a) thermal energy for heating purposes;
 - 14) transfer of the right of disposal over residential buildings, economically divisible entireties within those buildings, as well as over equity stakes on such properties;
 - 15) services that precede the supply of drinking water through water supply network, as well as drinking water other than bottled water;
 - 16) treatment and disposal of storm water and wastewater;
 - 17) management of municipal waste;
 - 18) rubbish cleaning in the areas for public use;
 - 19) rubbish cleaning in green spaces and coastal areas;
 - 20) passenger transport and transport of accompanying passenger baggage;
 - 21) managing cemeteries and funeral services.
- The minister shall regulate the details of what shall be considered, in terms of the present Law, as goods and services specified in paragraph 2, items 1), 2), 2a), 4) through 11), and 15) through 21) of the present Article.

What is the tax called

VAT – Value Added Tax

What is the tax authority

Tax Authority of the Republic of Serbia

What type of tax is it

Consumption based tax on consumers, on business transactions and imports

What is it due on

Taxable turnover - VAT is added to the value of supplies of goods and services where the 'place of supply' is Serbia and the import of goods in Serbia

What are the VAT rates

Taxable:
20% - default (standard) rate
10% – reduced rate

Reduced rate (10%), e.g.

- Medicines
- Food
- Hotel accommodation and similar
- Agricultural inputs
- Water supply and sewage services
- Books and teaching aids
- Communal services

Zero-rated VAT, e.g.

- Export of goods
- Entry of goods into a free trade zone
- Trade of goods that are in the customs warehousing procedure
- Transport and other services that are directly connected to exports, transit or temporary imports of goods

Exempt from VAT, e.g.

- Finance and banking services

What does a VAT number look like

- Insurance services
- Supply of land (agricultural, forest, etc.), as well as the letting of such land
- Transfer of shares, securities, postal securities
- Healthcare and educational services

In Serbia there is no VAT number, only the Tax identification number (TIN) with 9 numbers – 036549301.

Local name	Abbreviation/ Country code		Format
Poreski identifikacioni broj Tax identification number	PIB TIN	RS	9 digits (E.g 113112332) of which the first 8 are the actual ID number, and the last digit is a checksum digit, calculated according to ISO 7064 , MOD 11-10

Is there a registration limit

For Serbian established businesses – RSD 8.000,000 (approx. EUR 68,000).

For non-Serbian established businesses – NIL

When does a non-established entity need to register

If it imports into or trades goods in Serbia or if the place of supply of services is deemed to be Serbia unless the buyer is considered the entity in charge of paying the tax.

When is the place of supply in the Serbia

A supply of goods that takes place in Serbia. Also, special rules for services, no matter where the supplier belongs, such as:

- B2B services (to Serbian businesses)
- Land and property related
- Digital, telecommunications and broadcasting
- Services, including admissions, linked to physical performance, including artistic, cultural, educational, sporting, entertainment, exhibition and conferences/meetings
- B2C intermediary services
- Hire of means of transport
- Passenger and freight transport

Any special rules

- Small taxpayers
- Farmers
- Services provided by tourist agency
- Used goods, objects of art, collection work and antiques
- Gold as investment

Does a non-established entity need a fiscal representative

Yes, and the representative must accept joint responsibility for the payment of the tax.

Commented [DG2]: Article 38

A taxpayer who has realised in the preceding 12 months the total trade exceeding 8,000,000 dinars, shall be obliged to submit a record keeping application to the responsible tax authority until the expiration of the first tax period for submitting the periodical tax return, at the latest.

If the taxpayer referred to in paragraph 1 of this Article has not submitted the record keeping application within the time limit referred to in paragraph 1 of this Article, he may submit the record keeping application even after that time limit i.e. the competent tax authority shall submit it ex officio.

The taxpayer referred to in paragraph 2 of this Article shall have the right to deduct the preliminary tax in accordance with this Law, for the procurement of goods and services, including the advance, starting from the day of submitting the record keeping application.

A record keeping application shall also be submitted by a small taxpayer, or farmer, who opted for VAT payment obligation, within a time period specified in paragraph 1 of the present Article.

... [1]

Commented [DG3]: The Place of Trade of Goods Article 11

A place of the trade of goods shall be the place:

- 1) at which goods are situated at the moment of forwarding or carriage to the recipient or, at his order, to a third party, in the event the goods are forwarded or carried by a supplier, a recipient or a third party at his order;
- 2) of fitting or assembly of goods, should these be fitted or assembled by the supplier or, at his order, by a third party;
- 3) at which goods are situated at the moment of delivery, if the goods are delivered without forwarding and/or carriage;
- 4) in which the recipient of electricity, natural gas and energy for heating or cooling, whose delivery is done through the transmission, transportation and distribution networks, in the event that such recipient has purchased these goods for resale, has its head office or a permanent branch office to which these goods are delivered;

... [2]

Commented [DG4]: Tax Proxy

Article 10a

A foreign person in the Republic that circulates the goods and services for which there is an obligation to charge VAT, i.e. circulates the goods and services for which a tax exemption is prescribed with the right to deduct preliminary tax in accordance with this Law, shall designate a tax proxy and apply for VAT payment, regardless of the amount of such trade in the previous 12 months, unless this Law stipulates otherwise.

A foreign person which engages in trade of goods and services in the Republic referred to in paragraph 1 of this Article only with VAT payers, i.e. persons referred to in Article 9, paragraph 1 of this Law, trade of goods that are in the procedure of customs storage in accordance with customs regulations, as well as in trade of services of transport of passengers by buses for which an average transportation fee for each transport is used as a basis for calculating VAT, in accordance with this Law, is not required to appoint a tax proxy and to apply for VAT payment.

... [3]

How often do VAT returns need to be submitted	Monthly, or quarterly for small business (yearly taxable sales below EUR 426,000)
Are penalties imposed for late registration	Interest is calculated on the amount of unpaid VAT at a rate that is the sum of the reference interest rate of the National Bank of Serbia (1 st June 2023 – 6%) and a percentage of 10%.
Are penalties imposed in other circumstances	A VAT payer who fails to submit VAT return, calculate and pay VAT will be fined 30% to 100% of the amount of VAT owed, but not less than EUR 4,300.
Can VAT incurred by overseas businesses be recovered	VAT reimbursement is available in the Republic, provided certain conditions are met, including that the claimant's country has reciprocal arrangements.
Can VAT be deducted	<p>VAT incurred on expenditure can be reclaimed where it is used in connection with 'taxable' sales (i.e. those subject to VAT at a rate, exports, and B2B services that are taxable in another country)</p> <p>Formal requirements are added.</p> <p>VAT on expenditure used in connection with exempt supplies cannot usually be reclaimed.</p>
Do I need to issue an invoice	<p>Invoices must be raised except for sales made by shops if an electronic receipt is issued.</p> <p>There are specific requirements for what is included in VAT invoices.</p> <p>VAT invoices are issued in electronic form (<i>eInvoice</i>) through a system managed by the Tax Authority (<i>SEF</i>).</p> <p>Invoices may be raised in foreign currency, but the VAT amount must be quoted in local currency (RSD).</p>
Other	Reverse charge is applicable for domestic transactions such as construction-related services.

Article 38

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The taxpayer referred to in paragraph 2 of this Article shall have the right to deduct the preliminary tax in accordance with this Law, for the procurement of goods and services, including the advance, starting from the day of submitting the record keeping application.

A record keeping application shall also be submitted by a small taxpayer, or farmer, who opted for VAT payment obligation, within a time period specified in paragraph 1 of the present Article.

The responsible tax authority shall issue to the taxpayer a certificate on effected record keeping relating to the VAT.

The taxpayer shall be obliged to indicate the tax identification number (hereinafter: TIN) in all the documents, in conformity with the present Law.

The Place of Trade of Goods**Article 11**

A place of the trade of goods shall be the place:

- 1) at which goods are situated at the moment of forwarding or carriage to the recipient or, at his order, to a third party, in the event the goods are forwarded or carried by a supplier, a recipient or a third party at his order;
 - 2) of fitting or assembly of goods, should these be fitted or assembled by the supplier or, at his order, by a third party;
 - 3) at which goods are situated at the moment of delivery, if the goods are delivered without forwarding and/or carriage;
 - 4) in which the recipient of electricity, natural gas and energy for heating or cooling, whose delivery is done through the transmission, transportation and distribution networks, in the event that such recipient has purchased these goods for resale, has its head office or a permanent branch office to which these goods are delivered;
 - 5) of receiving water, electricity, natural gas and energy for heating or cooling, for final consumption.
- In the event of the trade of goods within the framework of commission or consignment transactions, the place of the trade of goods on the part of a commission agent or a consignee shall be determined, in conformity with paragraph 1 of the present Article, also for the delivery to the commission agent or the consignee.

Place of Trade of Services**Article 12**

This Article determines a taxpayer solely for the purpose of applying the rules that relate to determination of the place of trade of services.

When a service is provided by a person who is a VAT payer in accordance with this law, a taxpayer to whom the service is provided is deemed to be:

- 1) Any person who carries out the business as a permanent activity regardless of the purpose of carrying out such business;
- 2) A legal person, state authority, territorial autonomy and local government body seated in the Republic;
- 3) A foreign legal entity, state authority, territorial autonomy and local government body registered to pay taxes on consumption in the country where they have their seat.

When the service is provided by a foreign entity which did not register for VAT payment in accordance with this Law, a taxpayer to whom the service is provided is deemed to be:

- 1) Any person who carries out business as a permanent activity regardless of the purpose of performing such business;
- 2) A legal person, state authority, territorial autonomy and local government body.

If the services are provided to a tax payer, the place of trade of services is considered to be the place where the recipient of services has its seat or a permanent branch office, if the services are provided to the permanent branch office which is not located in the place where the recipient of services has its seat, i.e. place where the recipient of services has permanent or temporary residence.

If services are provided to a person who is not a tax payer, the place of trade of services is considered to be the place where the service provider has its seat or a permanent branch office, if the trade of services is carried out from the permanent branch office which is not located in the place where the service provider has its seat, i.e. place where the service provider has permanent or temporary residence.

Notwithstanding paras. 4 and 5 of this Article, the place of trade of services:

1) With respect to real estate, including the agency services in real estate transactions is considered to be the place where the real estate is located;

2) Of transportation of persons, is considered to be a place where the transport is carried out, and if transport is carried out both, in the Republic and abroad, the provisions of this Law apply only to the part of transport carried out in the Republic;

3) Of transport of goods provided to a person who is not a taxpayer, is considered to be the place where the transport is carried out, and if transport is carried out both, in the Republic and abroad, the provisions of this Law apply only to the part of transport carried out in the Republic;

4) Is considered to be a place where services were actually provided, in the case of:

(1) Services related to attending cultural, artistic, sporting, scientific, educational, entertainment or similar events (fairs, exhibitions, etc.), including ancillary services related to attending these events;

(2) Services of the organizers of events referred to in sub item (1) of this item, provided to a person who is not a tax payer;

(3) Ancillary services related to transport, such as loading, unloading, reloading, and similar, provided to a person who is not a tax payer;

(4) Services related to appraisal of movable property, i.e. works on movable property provided to a person who is not a tax payer;

(5) Services of providing meals and drinks for consumption on the spot;

5) Of rental of means of transport for a shorter period of time, is considered to be a place where the means of transport are actually made available to usage by the recipient of service;

6) Of rental of means of transport, except for the ones mentioned in item 5) of this paragraph, made available to a person who is not a tax payer, is considered to be a place where that person has its seat, or permanent or temporary residence;

7) That are provided to a person who is not a tax payer, is considered to be the place of its seat, or permanent or temporary residence of the recipient of services, in case of following services:

(1) Transfer, assignment and licensing of copyright and related rights, rights to patents, licenses, trademarks and other intellectual property rights;

(2) Advertising;

(3) Of consultants, engineers, lawyers, auditors and other similar services, as well as translators for translation services, including translation in written format;

(4) Data processing and assignment, i.e. giving of information, including information on business procedures and experience;

(5) Undertaking an obligation to fully or partially relinquish the performance of some activity or usage of a right referred to in this item;

(6) Banking and financial operations and operations in the area of insurance, including reinsurance, except for renting safe deposit boxes;

(7) Staff leasing;

(8) Rental of movable property, except for means of transport;

(9) Enabling access to the supply network of natural gas, electricity transmission grid, and heating, i.e. cooling supply network, transport and distribution via those networks, as well as other services that are directly related to those services;

(10) Telecommunications;

(11) Radio and television broadcasting;

(12) Services provided in electronically;

8) Of agency in trade of goods or services provided to a person who is not a tax payer, is considered to be a place where the trade of goods or services subject to agency has been carried out.

The place of trade of the service of agency provided to a tax payer, except for services of agency referred to in paragraph 6, item 1) of this Article, is determined in accordance with paragraph 4 of this Article.

Shorter period of time referred to in paragraph 6, item 5) of this Article is considered to be an uninterrupted period of time that does not exceed 30 days and in the case of vessels 90 days.

The minister regulates in detail what are considered to be services referred to in paragraph 6, item 1), item 4) sub item (5), means of transport from items 5), 6) and sub item (8) of item 7), as well as services referred to in item 7) sub item (12) of this Article.

The Place of Imports of Goods

Article 13

The place of imports of goods shall be a place at which the imported goods are taken into the customs area of the Repub

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Tax Proxy

Article 10a

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The foreign person referred to in paragraph 1 of this Article may appoint only one tax proxy.

Tax proxy of a foreign person may be a natural person, including a sole proprietor or a legal person who has a residence or head office in the Republic, who has been a registered VAT payer for at least 12 months before applying for approval of the tax power of attorney, who on the day of application has no due, and unpaid obligations for public revenues on the basis of conducting business as determined by the Tax Administration and to which the relevant tax authority, on the basis of the submitted application for approval of a tax power of attorney accompanied by the prescribed documentation (hereinafter: the application for tax proxy), issued a decision approving the tax proxy.

Tax proxy of a foreign person may not be the permanent branch office of that foreign person.

Tax proxy of a foreign person, in the name and on behalf of that foreign person, performs all tasks related to fulfilling the obligations and exercising rights that a foreign person has as a VAT payer in accordance with this law (filing of a registration form, calculation of VAT, invoicing, filing tax returns, payment of VAT, and other).

The competent tax authority shall not issue an approval for tax proxy to a person who has been convicted for a tax crime.

The competent tax authority shall cancel the approval for tax proxy to a person who has been convicted for a tax crime.

In the event of cancellation of approval for tax proxy referred to in paragraph 8 of this Article, or termination of the tax power of attorney on any other basis, all legal consequences of the erasure from the register for VAT in terms of this Law arise, unless the foreign person within 15 days of the cancellation of approval for tax proxy, or termination of the tax power of attorney on other grounds, appoints another proxy, and such proxy, in the same term, files an application for tax proxy to the competent tax authority.

If the competent tax authority does not approve the tax power of attorney to the proxy referred to in paragraph 9 above, all legal consequences under that paragraph arise.

In case of revocation or cancellation of the power of attorney, tax power of attorney shall terminate on the day when the competent tax authority received a notice of revocation or cancellation of power of attorney, sent by the person whose power of attorney ceased by revocation or cancellation.

Tax proxy of a foreign legal person shall be jointly and severally liable for all obligations of the foreign person as a VAT payer, including liabilities arising from the deletion from the VAT register, and in particular for the payment of VAT, penalties and interest in respect to the VAT debt.

Act for the enforcement of this Article shall be rendered by the Minister.