

Serbia Country Profile

EU Tax Centre

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Key tax factors for efficient cross-border business and investment involving Serbia

EU Member State No

Double Tax Treaties With:

Albania	Finland	Latvia	Slovakia
Austria	France	Libya	Slovenia
Azerbaijan	Germany	Lithuania	Spain
Belarus	Georgia	Macedonia	Sri Lanka
Belgium	Ghana ^(a)	Malaysia	Sweden
Bosnia & Herzegovina	Greece	Malta	Switzerland
Bulgaria	Guinea ^(a)	Moldova	Tunisia
Canada	Hungary	Montenegro	Turkey
China	India	Netherlands	UAE
Croatia	Indonesia ^(a)	Norway	UK
Cyprus	Iran	Pakistan	Ukraine
Czech Rep.	Rep. of Ireland	Poland	Vietnam
Denmark	Italy	Qatar	Zimbabwe ^(a)
Egypt	People's Rep. of Korea	Romania	
Estonia	Kuwait	Russia	

Note: (a) Treaties signed but not yet in force.

Forms of doing business

Civil association, Limited partnership, Limited liability company, Joint-stock company.

Legal entity requirement

RSD 100 (acc. EUR 0.83) minimum share capital

Residence and tax system

A resident is a legal entity that is incorporated or has its place of effective management in the territory of Serbia.

Resident taxpayers are taxed on their worldwide income. Non-residents are taxed only on their Serbian source income.



Compliance requirements for CIT purposes

As of 2013, the CIT return must be filed within 180 days from the end of the tax period, except in cases of a statutory change which results in the liquidation of a company, where the deadline is 60 days from the filing of the financial statements.

Tax rate

The statutory corporate income tax rate is 15 percent.

Withholding tax rates

On dividends paid to non-resident companies

20 percent

On interest paid to non-resident companies

20 percent / 25 percent. 25 percent rate is applicable on interest payments made to legal entities in jurisdictions with preferential tax system.

On patent royalties and certain copyright royalties paid to non-resident companies

20 percent / 25 percent. The 25 percent rate is applicable on royalty payments made to legal entities in jurisdictions with a preferential tax system.

On fees for technical services

25 percent on service fees paid to the legal entities in jurisdictions with preferential tax system.

On other payments

20/25 percent WHT applies to entertainment, musical, artistic and sports fees paid to non-residents that are not subject to personal income tax and 1 percent WHT on the purchase of secondary raw materials.

The 25 percent rate applies to certain payments made to legal entities in jurisdictions with a preferential tax system.

Branch withholding tax

No

Holding rules

Dividend received from resident/non-resident subsidiaries?

Dividends received from resident subsidiaries are exempt from taxation.

Tax credit is available for withholding tax on dividends and corporate income tax on profits out of which dividends have been distributed, paid by non-resident subsidiaries provided the parent company holds at least 10 percent of the subsidiary for at least one year. Unused tax credit can be carried forward for 5 years. If the above conditions are not met, reduced tax credit related to withholding tax on dividends is still available.

Capital gains

Capital gains earned in Serbia by non-resident companies are subject to 20 percent capital gains tax (CGT). CGT is assessed by the Tax Authorities based



on the tax return filed by the non-resident taxpayer. Capital gains earned abroad by resident companies are subject to 15 percent corporate income tax.

Tax losses

Losses (excluding capital losses) incurred from business, financial, and non-business transactions may be carried forward over the 5 subsequent tax periods from 2010 (10 years for losses suffered up to 2009) and can be offset against future taxable income. Losses that were carried forward are not forfeited due to mergers, acquisitions, spin-offs, and other reorganization changes.

Carry-back of tax losses is not allowed.

Tax consolidation rules/Group relief rules

Yes, Serbian tax resident companies may elect for group consolidation. The parent company and its affiliates can constitute a group of associated companies, if at least 75 percent of the shares of the affiliates are held, either directly or indirectly, by the parent company.

Registration duties

No

Transfer duties

On the transfer of shares

No

On the transfer of land and buildings

Real estate (land and buildings) transfer tax rate amounts to 2.5 percent. The tax base is the contract price, unless the Tax Authorities conclude that the contract price is below the market value.

Stamp duties

No

Real estate taxes

Real estate (land and buildings) property tax rate amounts up to 0.4%. The tax base is either 1) the fair market value of the property (if the taxpayer carries land and buildings at fair market value in accordance with IAS and IFRS in its financial statements), 2) net book value of the property (for certain types of buildings) or 3) the product of average market price per square meter as published by the local tax administration and total area of the property.

Controlled Foreign Company rules

No

Transfer pricing rules

General transfer pricing rules

Taxpayers are obliged to separately disclose in their tax balances the value of transactions with related parties. Transfers should be disclosed in transfer pricing documentation. The net positive difference between the price determined in applying arm's length principle and taxpayer's transfer price is included in the tax base. There are six methods for determination of arm's length price that are authorized by the Serbian legislator and which are based on OECD



methodology: comparable uncontrolled price method, cost plus method, resale price method, transactional net margin method, profit split method and any other method, should it prove that any of the above methods cannot be applied.

Documentation requirement?

Taxpayers are obliged to prepare and file transfer pricing documentation (a TP study) along with their tax returns.

Thin capitalization rules

Yes; 10:1 debt-to-equity ratio for banks and financial leasing companies and 4:1 debt-to-equity ratio for other companies.

General Anti-Avoidance rules (GAAR)

General anti-avoidance rule is represented by the 'substance over form' principle.

Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions

In addition to thin capitalization and transfer pricing rules, there are no other specific anti-avoidance rules applicable in a cross-border context.

Advance Ruling system

No

IP / R&D incentives

No

Other incentives

A 10-year tax holiday in proportion to the value of qualifying non-current assets to total non-current assets. In order to qualify, entities must invest at least 1 billion RSD in non-current assets and additionally employ more than 100 employees for an indefinite period of time.

VAT

The standard rate is 20 percent, and the reduced rate is 10 percent.

Other relevant points of attention

No

Source: Serbian tax law and local tax administration guidelines, updated 2015.



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