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Changes in Serbian tax legislation

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Amendments to Tax Procedure and Tax Administration Law

The Serbian Parliament has enacted a new law to amend the Law on Tax Procedure and Tax Administration, as published in Official Gazette No. 94/2024 of the Republic of Serbia dated 28 November 2024.

The key changes are as follows.

Option to pay taxes in a foreign currency

From 1 January 2026 a non-resident can pay taxes by paying in a foreign currency into a dedicated foreign currency account of public revenues.

The tax authorities will no longer have a discretionary right to decide on tax reprogramming applications

The new rules prescribe that the tax authority must approve postponing paying tax owed to every taxpayer that meets the conditions prescribed by the law for the same, except for postponing annual income tax.

Register of individuals

The amendments establish the register of individuals as an electronic database maintained by the tax authority.

The register will contain a set of data taken from various state authorities. In addition to general information about the individual, the register will include data on residence (both citizens and foreigners), basis of income, assets, household members, dependants, property status, data on bank accounts, data on motor vehicles owned by a natural person, and data from the records of weapons in legal possession.

The listed amendments will apply from 1 January 2026, and a set of bylaws are due to be published by the Minister of Finance by July 2025.

Changes to electronic invoicing

The parliament recently enacted the Law on Amendments to the Law on Electronic Invoicing, as published in Official Gazette No. 94/2024 of the Republic of Serbia dated 28 November 2024.

The most significant changes are set out below.

Determining VAT status in SEF

Each System of Electronic Invoices (SEF) user must provide data on their VAT status in SEF within 5 days after the date of entry into the list of SEF users.

Changes in electronic recording of VAT

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

The amendments abolish the exception that for prescribed retail supplies with a fiscal invoice taxpayers are not obliged to electronically record VAT. Hence taxpayers must record these supplies in summary records according to the general rule.

Electronic recording of input VAT

The new rules extend the deadline for the electronic recording of input VAT (including any changes) 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 the data as of the 10th day of that calendar month.

Automatically generated preliminary VAT returns

Preliminary VAT returns must be generated in SEF (*Sistem E-Faktura*) in accordance with VAT Law, based on data in the SEF.

Penalty provisions

A new misdemeanour-type penalty is prescribed for violating 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, if an error is identified in the electronic recording of VAT or input VAT and the taxpayer corrects it before the authorities initiate any tax audit procedure in accordance with the law, it is no longer considered an offence.

The amendments came into effect on 15 December 2024 and apply from 1 January 2025, with the following exceptions:

- provisions related to determining the status of an entity apply as of 15 December 2024
- provisions related to the electronic recording of VAT and the electronic recording of input VAT apply for tax periods starting after 31 December 2024
- provisions related to preparing preliminary tax returns apply to tax periods beginning after 31 December 2025

Parliament enacts amendments to VAT law

The parliament has enacted the Law on Amendments to the VAT Law, as published in Official Gazette No. 94/2024 of the Republic of Serbia dated 28 November 2024.

The most significant changes are listed below.

Introduction of preliminary VAT return

The preliminary VAT return for the VAT payer's tax period is created in the System of Electronic Invoices (SEF) based on data in the system.

The preliminary VAT return must be submitted within the prescribed deadline, or the tax authority will issue a request for submission.

The POPDV form and obligation to submit it will no longer apply.

Change to the tax base

A VAT payer required to calculate VAT on a supply to another VAT payer can reduce the amount of VAT provided that:

- they issued a credit note
- the recipient corrected input VAT if they used calculated VAT as input VAT
- the VAT payer has confirmation from the recipient that they corrected input VAT and did not use the calculated VAT as input VAT

If the supply was to an entity that is not a VAT payer, the VAT payer can make a correction provided that:

- they issued a credit note
- they have confirmation of the tax base reduction
- they have confirmation that the VAT amount was not and will not be used for a VAT refund if the supply has been made to an entity entitled to a VAT refund

Due to a subsequent reduction of the tax base on a supply for which the recipient VAT payer is a tax debtor, and who has the right to deduct input VAT, the tax debtor can lower the amount of calculated VAT provided that:

- they created an internal invoice
- they corrected the input tax if the calculated VAT was used as input tax

Due to a subsequent decrease in the tax base for the supply of goods and services for which the VAT payer is a tax debtor, and who does not have the right to deduct input VAT, the tax debtor can reduce the amount of calculated VAT provided that:

- they created an internal invoice
- they have a document that confirms there has been a fee reduction

Rules on the decrease of the tax base also apply on reductions of advance payments.

Requirements for input VAT deduction

The right to deduct input VAT for supplies with an electronic invoice (e-invoice) can be exercised based only on an accepted e-invoice.

A VAT payer can exercise the right to input VAT deduction for a certain tax period if the e-invoice is accepted no later than the day preceding the day of submitting the tax return for that tax period, and no later than the 10th of the calendar month following the tax period, irrespective of the tax period in which the obligation arose and from the date of issuance of the e-invoice.

If the e-invoice is accepted starting from the day of submitting the tax return, i.e. the 11th of the calendar month following the tax period, the VAT payer can exercise the right to deduct input VAT for the tax period in which the e-invoice was accepted.

Regarding formal invoice deficiencies related to identifying the recipient of an invoice, aside from the TIN, this does not undermine the right to deduct the input VAT of the VAT payer.

Cancelled invoices

The amendments state that if the VAT payer cancels an invoice with calculated VAT then they reduce the tax base amount, and can reduce the VAT, provided that:

- they issued a new invoice when an obligation to issue an invoice arose
- they have confirmation from the recipient, the VAT payer, that the VAT on the invoice was not used as input VAT and no VAT refund request was, and will not be, submitted

A VAT reduction can be made for the tax period for which the stated requirements are met.

Changes to Input VAT

The amendments prescribe that a correction of input VAT is also made based on a reduction of the advance payment and cancellation of invoices and other documents.

A VAT payer who has corrected / reduced input VAT can provide confirmation about such to the VAT payer, provided that they have received a credit note from them if there is an obligation to issue one.

Import tax base for fees included in the customs value

The amendments state that in the event of the supply of services for which the fee is included in the customs value of the imported good, the tax base is the difference between the total fee for such supply and the amount of fee included in the customs value of the imported good.

Shorter deadline for registering VAT Payer

Taxpayers that meet the prescribed limit for registration must register as VAT payers with the tax authority within 5 days after reaching the prescribed turnover for registration.

Transfer of assets or portion of assets

Taxpayers can agree on the payment of VAT in the event of transferring all or part of assets that constitute a business unit.

The amendments came into effect on 15 December 2024 and apply from 1 January 2025, with the following exceptions:

- provisions related to the change of the tax period apply as of 20 December 2024
- provisions related to preliminary VAT returns apply starting from the VAT period January 2026, i.e. January to March 2026

Parliament approves excise duty changes for road transport fuel and herbal products for smoking or heating and water pipes

The parliament has enacted the Law on Amendments to the Law on Excise Duties, as published in Official Gazette No. 94/2024 of the Republic of Serbia, dated 28 November 2024.

The changes specify that business entities engaged in road transport will now be eligible for a 50% refund of excise duty paid on motor fuel used to transport passengers and cargo.

According to the amendments, the following are also subject to excise duties:

- herbal products for smoking or heating
- products (aromas) for water pipes

Under the amendments, the payer of excise duties is obliged to submit the tax return for the calculation of the excise duties as follows:

- no later than the last working day of the month for excise duties calculated for the period from the 1st to 15th day of the month

- no later than the 15th day after the end of the month for excise duties calculated for the period from the 16th to the end of the previous month

The amendment applies from 1 January 2026.

All amendments other than those related to the submission of tax returns apply from 1 January 2025.

Parliament introduces administrative changes for liquidation, bankruptcy, and company status

The parliament has enacted the Law on Amendments to the Corporate Income Tax Law as published in Official Gazette No. 94/2024 dated 28 November 2024. The amendments apply from 1 January 2025. The key changes are as follows:

- Making the liquidation or bankruptcy administrator responsible for submitting tax returns for taxpayers during the liquidation or bankruptcy procedure, within 60 days after the date of registration of the respective change in the competent register (for companies, the competent register is the Agency for Business Registers, APR). The amendments prescribe that tax returns / tax balances be prepared on the day preceding the day of:
 - registering the initiation of liquidation or termination/suspension of liquidation
 - a court decision on the initiation of bankruptcy
 - a final court decision to confirm a reorganisation plan
- Introducing joint and several liability of the owners of a liquidated company for fulfilling the liabilities of that company, which was determined in the tax return submitted after the end of the liquidation. Liability is proportional to the value of the property assigned to them after the liquidation.
- The amendments prescribe that tax returns tax balances be prepared on the day preceding the day of:
 - the final decision on bankruptcy
 - the final decision on the conclusion of bankruptcy proceedings by bankruptcy or final decision on the suspension of bankruptcy proceedings due to the sale of the legal entity

- When terminating a branch of a foreign company, the deadline for submitting the tax return and tax balance is 60 days after registering the closure of the branch, prepared on the day preceding the day of registering the decision in the APR.
- In the event of a status change resulting in the termination of the company, the tax return is submitted by the legal successor of the company that has ceased to exist within 60 days after the entry of the status change in APR.
- In the event of a demerger or spin-off, the respective legal successors must submit a report to the tax authority on the division of rights and obligations within 60 days after the date of registering the status change in the APR.

All amendments apply from 1 January 2025.

Parliament approves new rules for property tax valuation, exemptions, and transfer tax calculations

The parliament has enacted the Law on Amendments to the Law on Property Taxes as published in Official Gazette No. 94/2024 dated 28 November 2024. The amendments apply from 1 January 2025. The most significant changes are as follows:

- For the use of average prices to determine the property tax base, it is necessary to publish average prices by 30 November of the year preceding the tax year.
- The property taxpayer did not declare the value of certain buildings (e.g. production, storage and warehousing facilities) in its business books (for which the tax base is determined based on its book value) the value of those buildings is their construction value as assessed by an authorised construction expert.
- Expanding the provision that enumerates immovable properties for which the property tax base is always the book value (e.g. industrial railways).
- The amendments prescribe that the property tax exemption for agricultural and forest land applies to uncultivable agricultural land that is re-purposed as arable land or which is used for growing forests.
- When determining the tax base for real estate transfer tax, provided that the transfer fee is agreed upon as an alternative or optional amount, the highest contracted price is used as the tax base.

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