

THE CURRENT TAX SYSTEM IN SERBIA

TPA offers an overview of the most important tax innovations. 2022 is bringing changes in the areas of taxes, duties and social contributions in all CEE and SEE countries. This summary covers the essential changes effective as of 2022.

Corporate Income Tax Law (CIT):

Amendments applicable as of 1st January 2022

The latest amendments envisage that the taxpayer may decide not to include capital gains realized by transferring intellectual property rights (royalties and related rights, as well as invention rights) to the capital of a resident legal entity in the taxable base, provided that the resident legal entity does not alienate such acquired rights within two years as of the date of acquisition, as well as that the right is not conceded for use in whole or in part at a price lower than the market price, if the cession was made to a related party.

Personal Income Tax Law (PIT):

Amendments applicable as of 1st January 2022

- Increase of the non-taxable amount of salary from RSD 18,300 to RSD 19,300.
- An employer performing R&D activities in Serbia is exempt from paying 70% payroll tax on employees directly engaged in R&D, in proportion to the time such persons spend on R&D in relation to full-time work, under certain conditions (applicable as of 1st March 2022).
- An employer who establishes an employment relationship with a newly employed person is released from the obligation to pay 70% of the payroll tax of the newly employed person, under certain conditions (applicable as of 1st March 2022).
- Exemption from capital gains tax for a taxpayer who contributes royalties in its entirety as a non-monetary contribution to the capital of a company resident in Serbia, under certain conditions.
- Reduction of income subject to annual personal income tax for taxpayers under 40 years of age, under certain conditions.

Law on Tax Procedure and Tax Administration:

Amendments applicable as of 1st January 2022

The Tax Authority submits ex officio tax return on calculated social security contributions for the founders, i.e., members of the company, when the tax return is not submitted within the deadline.

Law on Contributions for Compulsory Social Insurance:

Amendments applicable as of 1st January 2022

Reduction of the contribution rate for pension and disability from 25.5% to 25% (the contribution rate at the expense of the employer is reduced by 0.5%).

Property Law:

Amendments applicable as of 31st March 2022

- The buyer will be the taxpayer for the tax on the transfer of absolute rights regarding transfer of used motor vehicles.
- The tax base for inheritance and gift tax, as well as tax on the transfer of absolute rights related to the transfer of property rights on used motor vehicle will no longer be the market value, but it will be determined by applying the appropriate formula.
- Starting from 1.1.2023, Public Revenue Offices fully determine, collect and control inheritance and gift taxes and transfer tax.