



Serbia

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**GUIDE
TO DOING
BUSINESS IN
SERBIA**

ИЗДАТ

Guide to Doing Business in Serbia

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Disclaimer:

High level of accuracy and exactness of the Guide was the intended aim of strong effort made by the Authors
However, the information contained in the Guide is not envisioned to be considered as an advice but only as the pamphlet designed to provide relevant information
By this, readers are instructed to request the specialist advice on particular issues emphasized herein and to verify above introduced statements before acting upon them.

I | THE COUNTRY AT A GLANCE



I. THE COUNTRY AT A GLANCE

Serbian is the official language in the Republic of Serbia. The official alphabet is Cyrillic although the Latin alphabet is in equally common usage. Since the Republic of Serbia's minorities are permitted a great deal of cultural autonomy they are allowed to freely use their own languages and, consequently, in many schools in Republic of Serbia the teaching is directed in minority languages. Most significant minority languages are Hungarian language, spoken in Northern Serbia and Albanian language, spoken in Southeastern Serbia and in the province of Kosovo and Metohija.

Official currency in Republic of Serbia is "dinar" – RSD. The official exchange rate for EUR and USD is daily declared by National Bank of Serbia (http://www.nbs.rs/export/sites/default/internet/english/scripts/kl_srednji.html). Roughly, indicative exchange rate in past few years is between circa RSD 120 and RSD 125 for one EUR and between circa RSD 109 and RSD 111 for one USD. For example, middle exchange rate on 29.08.2016. is 123, 3 RSD for one EUR and 110, 06 RSD for one USD.

Republic of Serbia occupies a total surface range of 88,361 km² and it is widespread across the area of Balkan Peninsula and Pannonia Plain. The terrain ranges from rich, fertile plains of the northern Vojvodina region, limestone ranges and basins in the eastern territories and ancient mountains and hills in the southeast of the country. The north is dominated by the Danube River. A tributary, the Morava River flows through the more mountainous southern regions.

In Central Serbia, the terrain consists chiefly of hills, low and medium-high mountains, interspersed with numerous rivers and creeks. The main communication and development line stretches southeast of Belgrade, towards third most populous city of Niš, along the valley of Velika and Južna Morava River. Most of major cities are located on or around that line, as well as the main railroad and highway. On the East the terrain quickly rises to limestone ranges of Stara Planina and Serbian Carpathians which are relatively sparsely populated. On the West, height of mountains slowly rises towards southwest, but they do not form real ridges. The highest mountains of that area are Zlatibor and Kopaonik.

Republic of Serbia shares borders with Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, the Former Yugoslav Republic of Macedonia, Montenegro, Romania and Albania. Serbia borders Albania through its southern province of Kosovo and Metohija which is currently under UN administration and which is, for many years, the subject of long-running political and territorial dispute between the Serbian government and Kosovo's largely ethnic-Albanian population.

Republic of Serbia is landlocked country with the access to the Adriatic Sea through Montenegro and the shipping access to inland Europe and the Black Sea through Danube River.

Serbian climate varies between a continental climate in the north, with cold winters, and hot, humid summers with well distributed rainfall patterns and more Adriatic climate in the south with hot, dry summers and autumns and relatively cold winters with heavy inland snowfall. Differences in elevation, proximity to the Adriatic Sea and large river basins, as well as exposure to the winds account for climate differences.

Through the centuries Republic of Serbia has been a subject of various cultural and religious impacts and influences and so the diversity between the ethnic groups is noticeable. However, cultural and religious aspects are not the cause of any prohibitions, bans or exclusions, especially in the business conduction sphere.

The infrastructure in Republic of Serbia is established in very well positioned area of Europe and, following the existing road connections, a shipment from Republic of Serbia can reach even remotest parts of Europe in less than 72 hours. Products can also move rapidly cross-country since the road network of the Republic of Serbia is 40,845 km (25,380 miles) long, with 709,4 km (4,408 miles) of highways with toll collection, 5,191 km (3,225 miles) of 1st category state roads, 10,993 km (6,831 miles) of 2nd category state roads and 23,780 km (14,776 miles) of local roads. By the end of 2013, the Government of Republic of Serbia plans to invest EUR 2 billion in the construction of the six major highways.

The railway network in Republic of Serbia has the length of 3,809 km (2,367 miles). The main lines are designed for freight trains of 1,000 up to 1,200 t and 120 axles. Passenger trains of 600 t are also allowed. Republic of Serbia is a member of the International Union of Railways.

A highly cost effective way of transport can be pursued on Serbia's rivers giving a total of 1,680 km (1044 miles) of safe navigable routes at middle water levels. The international River Danube, with 588 km (365 miles) long flow through Republic of Serbia, represents the most reliable navigable route, available for transportation throughout the year. Sava River, which gained international navigable route status in 2012, links Republic of Serbia with Slovenia, Croatia and Bosnia and Herzegovina. Tisa River has status of interstate waterway and connects Serbia with Hungary.

Republic of Serbia can be reached by air using one of two available international airports: Nikola Tesla Airport in Belgrade, Konstantin Veliki International Airport in Niš (Southern Serbia), Transportation by air to and from Belgrade is established for almost every destination in the world, either directly or by layover.

Undergoing works are performing in order to transform military airports in towns of Batajnica and Užice into as civil airports and such projects are expected to be completed in near future.

Public services are the activities of national interest in Republic of Serbia which are conducted by public companies. The main public services are related to electrics, gasification and waterworks.

Electric Power Industry of Serbia, as 100% state owned company, is the main but not the sole electricity supplier, given that the new Energy law prescribed that the end users are free to choose their electricity supplier. The electricity price varies according to the consumption category and daily tariff rate.

As a natural gas supplier, the state owned company "Srbijagas" pursues its pricing policy in accordance with world prices of oil derivatives and the US dollar exchange rate fluctuations.

The waterworks in Republic of Serbia are operated at the municipality level with water prices set by local authorities. For example, the public utility company Belgrade Waterworks and Sewerage is conducting the treatment and distribution of drinking water and removal of rain and waste water in the area of the capital city of Belgrade.



II GENERAL CONSIDERATIONS

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1. Investment policies

Republic of Serbia welcomes the investments to a large degree and such attitude is confirmed by the Law on Investments which prescribes certain exemptions and liberations exclusively assigned to foreign investors. Mentioned Law introduces a freedom of foreign investment, national treatment principle, legal security, conversion and unrestricted payment, right to book-keeping, right to profit and assets transfer and even the appliance of more favorable treatment than provided by this Law for a foreign investor or its investment, if an international or bilateral agreement was signed by a foreign investor's country and Republic of Serbia. Since the democratic revolution in year 2000, investments are one of the highest priorities of every Serbian Government.

Serbian Development Agency (RAS) is a government organization with a wide range of services, including support of direct investments and export promotion, and leading the implementation of projects with the aim of improving Serbia's competitiveness and reputation in order to support the economic and regional development.

RAS serves as a one-stop-shop for both domestic and international companies with a single goal of building a strong and sustainable economy, and increasing the quality of life for the people in Serbia.

The investor may encounter various financial incentives since an investment package has been prepared for investors into Republic of Serbia. State grants are offered for Greenfield and Brownfield projects in all industries, except for primary agriculture, the hospitality industry, retail, and the production of synthetic fibers and coal.

Tax incentives are also introduced in Republic of Serbia since the companies are exempt from Corporate Income Tax for a period of 10 years starting from the first year in which they report taxable profit if they invest in their fixed assets or other person invest in their fixed assets for the purpose of conduction their prevailing business activity an amount exceeding approximately RSD 1 billion (cca. EUR 8, 130,000) and if they, throughout the investment period, employ at least 100 additional employees for an indefinite period of time.

Additionally, if a taxpayer already paid tax on the profit generated abroad, he is entitled to a Corporate Income Tax credit in Republic of Serbia in regards to already paid amount. The same right is enjoyed by a taxpayer who earns revenue and pays Personal Income Tax in another country, provided that there is a Double Taxation Treaty with that country.

In relation to the social policy principles, the employer who hires certain categories of workers on a permanent basis is exempt from paying Salary Tax over the period of 2 or 3 years. The employer is exempt from paying social insurance contributions over the period of 2 or 3 years, depending on the category of workers hired.

For non-residents, the annual income is taxed if exceeds threefold amount of the average annual salary in Republic of Serbia. The tax rate is 10% for the annual income which stands below the amount of 6 times average annual salary in Republic of Serbia and 15% for the annual income above the amount of 6 times average annual salary in Republic of Serbia. The taxable income is further reduced by 40% of an average annual salary for the taxpayer and by 15% of an average annual salary for each dependent member of the family. The total amount of deductions cannot exceed 50% of the taxable income.

Income generated through commercial activities in the Free Zones in Republic of Serbia is exempted from Value Added Tax. There are 14 Free Zones, currently operating in the country: Belgrade, Subotica, Novi Sad, Zrenjanin, Šabac, Kragujevac, Pirot, Smederevo, Užice, Kruševac, Svilajnac, Apatin, Vranje and Priboj.

There are also other incentives especially related to customs-free Imports of Raw Materials and Semi-Finished Goods. Foreign investors in Republic of Serbia can enjoy the benefit of customs free import of raw material and semi-finished goods for export oriented production. This benefit can either be achieved by operating in one of the free zones in Serbia or by a permit from custom office for outward processing production. In both cases finished products must be 100% designated for export. Additionally, foreign investors are exempt from paying customs duty on imported equipment and machinery which represents the share of a foreign investor in a capital of a company in Republic of Serbia.

Local incentives are also available at appropriate level, varying in scope and size from one city to another. The major ones comprise city construction land lease fee exemptions or deductions, including the option of paying in installments (with the prior consent of the Serbian Government), city construction land development fee relief such as fee exemptions or discounts for one-off payments and other local fees exemptions or deductions (e.g. the fee for displaying the company's name).

In general, the administration of Republic of Serbia attempts to create investment-friendly atmosphere in the country. However, regardless from the fact that Republic of Serbia is highly dependent on foreign investments, Serbian bureaucratic system, which still tries to overcome the socialist heritage, sometimes slows down and delays the foreign investment process. The cause of such atmosphere are formal requirements related to various approvals, permits and licenses which are mandatory to be issued by different central and/or local administration departments which legal competence is sometimes undefined. Consequences of such bureaucratic system are additional costs, in sense of many administrative taxes, and time loss. Other significant deficiencies and obstacles are related to undeveloped e-business systems, duration of the court proceedings, unpredictability and insecurity in some fields of the legal system as the result of inconsistent appliance of some provisions of law.

One of the main achievements of the Serbian economy in past decades was establishment of inflation control mechanism and suspension of the government-controlled economy. After the Republic of Serbia (then Yugoslavia) went through a period of hyperinflation and subsequent currency reforms, the inflation was tamed. Nowadays, the inflation rate is not satisfactory but it is relatively stable and in December 2015 in relation to December 2014 the inflation rate was 1, 75%..

Unquestionably the transition process initiated growth and the transformation into the market driven economy was a boost. However, different markets have different tempo of development and it is noticeable that some markets, like bank services market, are quite developed while other markets, have not shown that level of progress yet.

In general, a service sector is the most developed one and competition within is very strong and progressive. On the other side, Republic of Serbia is full of other developing opportunities since it is now in the process of liberalization of some crucial markets, e.g. energy market. Problem that still stands for any business in Republic of Serbia is strong existence of monopolies and, since the monopoly decreasing process demands some period of time, such circumstance postpones some of the foreign investments. One of the biggest potentials in Serbia is its agricultural heritage. Still not used in its full capacity and without big competition in the game, agricultural market opens many possibilities for companies in this business. Serbia's constant approach towards EU, without any doubt, leads to the opening of all markets and big possibilities for all foreign investors.

Traditionally observing and generally speaking, Republic of Serbia is agricultural country with large potential in mining industry and constant development of tertiary sector. However, the differences in expansion between separate businesses are striking and it could be stated that general economic improvement is highly inconsistent, due to that reason.

The tertiary sector is supremely advanced in comparison to the other subdivisions and the most developed business, among others, are accounting services, engineer services, architects services, law consulting services, manager services, financial consulting services, touristic agency services, catering services, entertainment providing services etc.

2. Diplomatic Relations

Foreign relations of Republic of Serbia are accomplished by efforts of the Ministry of Foreign Affairs. Most important foreign policy aims of Republic of Serbia are taking part in the activities of international organizations and it seems that Serbian Government works hard in order to strengthen Serbia's role in those organization - EU, NATO, UN, Council of Europe, OSCE, and other international institutions.

Republic of Serbia is a member of the UN, Council of Europe, PFP, BSEC and CEFTA. It is also the EU membership candidate and a self-declared neutral country.

Apart from this, Republic of Serbia develops its relations with neighbor countries based on the principles of good-neighborliness, mutual respect of sovereignty, independence and territorial integrity, equality and solving of open issues through political dialogue, based on the principles of international law or with international legal help.

In relation to the travel restrictions and visa arrangements it is important to notice that citizens of EU member countries, EU membership candidate countries and citizens of numerous other countries do not need a visa to enter Serbia if staying in Serbia less than 90 days.

Persons, who are not citizens or permanent residents of Republic of Serbia and who come for business purposes or permanent employment, may obtain, from the Embassy of Serbia, a business visa valid for up to 1 year. Until the expiration of the visa, they have right on temporary residence in the Republic of Serbia.

Administrative border between Serbian southern province of Kosovo and Metohija and the rest of the country is under administration of UN and KFOR missions in Kosovo and Metohija. Hence, the travel restriction in that area of Republic of Serbia de facto differs from the general state regime.

3. Government

On national level citizens of Republic of Serbia elect a legislative body and a president. The National Assembly of Republic of Serbia has 250 members elected for a four year term. Serbia has a multi-party system, with numerous parties which no one has a chance of gaining power alone and parties must work with each other to form coalition governments. A party must receive at least 5% of the votes in the entire country to qualify for any seats, except for national minorities' parties, who only have to reach 0, 4%.

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4. Judicial and legislative system

Republic of Serbia possesses unique legal system based on the Constitution, without presence of multilayered bodies within the country or its political subdivisions.

The time needed for resolving disputes is often recognized as a main deficiency of Serbian judicial system but it could be stated that it varies depending on the type of the proceeding. Current practice suggests that the implementation and long-lasting changes to the law are moving in direction of speeding up decision-making process. Therefore, new Law on litigation proceedings came in force in 2011 and by it the judge is due to determine the time framework in which a proceeding would be conducted.

It is important to note that disputes may not, necessarily, be resolved in Serbia. Arbitration may be agreed to resolve property disputes on the rights with which the parties may freely dispose of, except for disputes on which exclusive jurisdiction of the court is assigned. Arbitration may be agreed by anyone who, in accordance with the provisions of the law regulating civil procedure, has the ability to be a party in the proceedings. It is important to know, that, when agreeing the international arbitration, the dispute must contain at least one foreign element.

On the other hand, foreign judicial decisions can be enforced in the country and there is a legal institute of recognizing the foreign court decision which then becomes equal with the decision of the Court of the Republic of Serbia. The conditions for this are that the decision is final, that the person against whom it was made was given the opportunity to participate in the proceedings, that there is no exclusive jurisdiction of the Republic of Serbia's authorities in the matter, that the court of the Republic of Serbia has not ruled in that matter i.e. that there is no pending litigation regarding the same matter and that some other decision in the same matter was not already admitted. Other conditions that need to be fulfilled are reciprocity and that the foreign decision does not conflict with the Constitution of the Republic of Serbia.

If all the conditions, set by the country in which recognition is sought, are met, the decisions from the issuing country can be enforced outside the country.

Judiciary system in Serbia is divided between courts of general jurisdiction and courts of special jurisdiction. The court of special jurisdiction is: administrative, commercial and misdemeanor courts.

Concerning the Republic of Serbia legislative system, it is very important to stress that the right on laws proposal has the Government, every representative in National Assembly, the assembly of the autonomous province and at least 30,000 voters. As a rule, the appointed ministries prepare drafts of the laws for the Government.

The Government proposes the drafts to the National Assembly and then the relevant parliamentary committee considers the bill and chooses to accept it or not. If the National Assembly accepts the bill, it is put on the assembly agenda within 60 days. Consequently, the parliamentary debate is being performed and voting on the bill may commence. The law is accepted if an absolute majority voted for it (50% + 1, i.e. 126 deputies). The adopted legislation must be confirmed by the president of the Republic of Serbia.

5. Environmental Considerations

The structure of the environmental regulation is based on the Constitution of Republic of Serbia which guaranties the environment protection and sustainable development as the civil right of every citizen. In addition, the ultimate legal act strictly introduces Republic of Serbia and autonomous province of Vojvodina as the entities which are responsible for the environment protection and obliged to secure the systems of sustainable development, protection and improvement of environment and protection and improvement of flora and fauna. The configuration of liability and supervision is multilayered since it is shared between the Republic of Serbia, autonomous province of Vojvodina and even municipalities of Republic of Serbia.

The Law on Environmental Protection is a framework law and a legal basis for adoption of special laws which have particular natural resources as the object the protection. Thus, specific laws concerning nature protection, air protection and waste management have been adopted.

The said Law provides an integral system established to ensure the human existence in healthy environment and to retain the balance between economic development and environmental protection. It conducts the management of the natural resources, prescribes the measures and conditions for environmental protection, introduces the system for the environmental monitoring, prescribes the rules of the information publishing and public participation, defines the economic instruments and the responsibility for environmental pollution, proposes penalty provisions etc. For the purpose of appropriate implementation of this Law, certain questions are particularly resolved in relevant by-laws.

Main principles of the Law on Environmental Protection are principles of prevention and precaution, principles of polluter's responsibility and secondary responsibility of governing bodies, principles "polluter pays" and "user pays" and principle of protection integration and improvement of environment in all sectorial structures of the governing policy.

Furthermore, this Law regulates the main guidelines of the integration policy for the protection and development of the environment, establishes the harmonization of the decisions at all levels of administration and demands the obligation of payment of the reimbursement fee for the usage of natural resources and for the spatial re-cultivation. Moreover, it mandatory introduces the obligation of the polluter to pay a flat fee for the environment pollution and it requires strong implementation of the economic instruments and other measures in order to improve the quality of the environment.

In addition to Serbian legislature, the National Sustainable Development Strategy for the period 2009-2017 (along with Action plan for the executing of the Strategy) is rendered as the document that contains the vision of establishment of three crucial factors of sustainable development - sustainable development of economy, sustainable development of society and environment protection with the rational use of natural resources.

6. Intellectual property

The protection of intellectual property rights in Republic of Serbia is regulated by Law on Copyright and Related Rights, Patent Law, Law on Trademarks, Law on Legal Protection of Industrial Design, Law on Indications of Geographical Origin, Law on the Protection of Topographies of Integrated Circuits and Law on Optical Discs.

Copyrights are regulated by the Law on Copyright and Related Rights which defines the work of authorship as an author's original intellectual creation, expressed in a certain form, regardless of its artistic, scientific or some other value, its purpose, size, contents and way of manifestation, as well as the permissibility of public communication of its contents.

This Law defines the works of authorship and especially lists written works, spoken works, dramatic, dramatic-musical, choreographic and pantomime works, as well as works originating from folklore, cinema and television movies, fine art works, architecture, applied art and industrial design works, drawings, sketches, dummies and photographs works, the direction of a theatre play and cartographic works as the works of authorship.

Besides, the mentioned Law prescribes that unfinished work of authorship, parts of a work of authorship, as well as the title of a work of authorship, shall be deemed as a work of authorship, if they fulfill the conditions of originality and is expressed in a certain form.

Author enjoys the exclusive moral and pecuniary rights in respect to his work of authorship from the moment of its creation.

The moral rights include the exclusive rights of author to be recognized as the author of his work, that his name, pseudonym or mark are indicated on each copy of his work and that they will be quoted in any public communication. Furthermore, author has the right to disclose his work and set the way in which it is to be disclosed, he/she has the right to protect the integrity of his work and, consequently, to oppose to exploitation of his work in a manner that endangers or may endanger his honor and reputation.

The pecuniary rights include the exclusive rights of author to commercially exploit his work.

Pecuniary rights shall last for the life of an author and 70 years after his/her death, while moral rights of an author last even after the expiration of his/her pecuniary rights.

The infringement of the copyright is defined as an unauthorized performance of any act encompassed by the exclusive rights of the holder of copyright, not paying remuneration prescribed by the Law or contract, as well as inobservance of other obligations due to the holder of copyright, as prescribed by the Law.

Any holder of copyright may file a lawsuit and request particularly the determination of the infringement of a right, termination of the infringement of a right, destruction or alteration of the objects instrumental to the infringement on rights, including copies of the subject-matter of protection, their packaging, stencils, negatives and the like, destruction or alteration of the tools and equipment that has been used for production of the objects instrumental to the infringement of rights, if so is necessary for the protection of rights, compensation for material damages and publication of the court decision at the defendant's expense.

Any author also has the right to file a law suit and request compensation for non-material damage for infringement of his/her moral rights.

Trademark is defined as a right that protects a mark used in the course of trade in order to distinguish goods and/or services of one natural or legal person from identical or similar goods and/or services of another natural or legal person's right. Any mark that is used to distinguish goods and/or services in trade and that may be graphically presented shall be protected by the trademark. Filing of a trademark application requires the inscription of name, address or business seat of the applicant, appearance of the mark, the list of goods and/or services for which the protection is desired and a priority document, if the applicant wishes to claim priority.

The right to a trademark shall be acquired by the entry into the Register of Trademarks and shall be effective as of the filing date of the application. The duration of a trademark is 10 years, counting from the date of application filing and its validity may be renewed for an indefinite number of times upon filing a request and payment of the prescribed fee.

A trademark holder has the exclusive right to use a mark protected by a trademark for designating the goods and/or services the mark refers to. These rights also belong to the applicant from the date of filing the application. In the event of a trademark infringement, or an infringement of the right from the trademark application, the lawsuit may be filed and the plaintiff may request the determination of infringement, termination of the infringement, destruction or alteration of the infringing objects, destruction or alteration of the tools and equipment used to manufacture the infringing objects (if necessary for the protection of rights), reimbursement of pecuniary damages and justifiable legal costs and expenses, publication of the court decision at the expense of the defendant and supplying of information about third parties participating in the infringement of rights.

If the infringement was intentional, the plaintiff may, instead of remuneration of the pecuniary damage, request from defendant the compensation amounting up to three times of usual license fee that he would have obtained for the use of the trademark.

Patent is defined as a right granted for an invention in any field of technology, which is new, which involves an inventive step and which is susceptible of industrial application. The patent grant procedure is started by the filing of an application with the Serbian Intellectual Property Office.

A patent is obtained from its publication in the Official Bulletin and has effect as of the filing date of the application. The scope of protection conferred by a patent shall be determined by the content of the claims, whereby the description and drawings shall be used to interpret the claims. The term of a patent shall be 20 years from the filing date of the application.

The owner of a patent shall have the exclusive right to use the protected invention in production, a right to place on the market products made by means of the protected invention and a right to dispose the patent. The owner of a patent or holder of an exclusive license shall be entitled to initiate the civil proceeding against any person infringing his exclusive rights by means of any unauthorized action.

Civil proceedings may be instituted to claim establishment of the fact that a patent infringement exists, may be instituted to request prohibition of acts constituting patent infringement, to request compensation for damages caused by infringement, to request publication of the court decision at the expense of the defendant, to initiate seizure and/or destruction (without compensation of any sort) of products made or obtained by means of patent infringement and to initiate the seizure and/or destruction (without compensation of any sort) of material or articles (equipment, tools) predominantly used in the creation of infringing products.

Petty patent is defined as a right of protection for a new, industrially applicable invention that involves an inventive step and which is the result of activities extending beyond the routine use of the state of the art by a skilled person, but lacks the inventive step required for a patent protection.

Subject matter of an invention protected by a petty patent can be only a solution relating to the configuration or structure of a product or the layout of its components. The initial term of a petty patent is ten years from the filing date of the application, with the possibility of two two-year extensions to be granted.

Industrial design is defined as a three-dimensional or two-dimensional appearance of the entire product or a part thereof, defined by its features, in particular the lines, contours, colors, shape, texture and materials of the product itself or its ornamentation, as well as their combination.

The industrial design right shall be acquired by entering into the Industrial Design Register and is valid for 25 years from the filing date of the application. The holder of the industrial design right shall have the exclusive right to exploit the protected industrial design for commercial purposes and to deny such right to any third party.

Author of the industrial design shall have moral and pecuniary rights. The moral aspect includes the right of the industrial design author to have his name indicated in the registration application, documents and certificate of the industrial design. The economic right shall be understood as the right of the industrial design author to enjoy economic benefits from utilization of the protected industrial design.

In case of infringement of the industrial design right, the plaintiff may request the determination of the infringement of the right, cessation of the infringement of right, that the articles used in infringement of the right be destroyed or modified, that the tools and equipment used for production of the articles used in infringement of the right be destroyed or modified, if that is necessary for protection of the right, compensation for material injury and reasonable costs of procedure, compensation for moral injury, publication of the verdict at the expense of the defendant and information on any third persons participating in infringement of the right to be revealed.

Indications of Geographical Origin are appellation of origin and geographical indications. They are used to mark natural, agricultural, food and industrial products, traditional handicrafts products and services.

Legal protection of indications of geographical origin is exercised in procedure before the Serbian Intellectual Property Office. Period of validity of the registered appellation of origin or registered geographical indication is not limited.

Every natural or legal person can gain the status of the authorized user of the indication of geographical origin if, on the specific geographical area, it produces goods named after that geographical area which possess the quality and specific characteristics or reputation in compliance with the data on specific characteristics of products.

Topographies of integrated circuits are related to topography, as a three-dimensional disposition of elements (however expressed) at least one of which is active and of the interconnections of an integrated circuit or a three-dimensional disposition of that kind prepared for manufacturing a certain integrated circuit.

An integrated circuit is a finished or an intermediate product within which certain electronic function is performed or within which the elements (at least one must be an active element) and interconnections are being integrally formed in.

The topography right holder has the exclusive right to reproduce the protected topography as a whole or its essential parts, to produce integrated circuits containing the protected topography or its essential parts and to import, offer for the purpose of trading, or trade in, or otherwise commercially exploit, the specimens of the protected topography or its essential parts, or integrated circuits comprising the protected topography, or its essential parts. The term of validity of the right to topography is 10 years, from the date of filing an application or from the date of the first commercial use of the topography, depending on which of the two dates occurs first.

The Law on Optical Discs regulates the conditions for the production of optical discs and production parts, import and export of production parts and equipment used for the production of optical discs, as well as commercial multiplication, import, export and marketing of optical discs.

As for the IP-related Laws, the Law on the protection of trade secrets is applied in Serbia, and it regulates the legal protection of trade secret against all acts of unfair competition.

Republic of Serbia has ratified various international treaties which subject is protection of the intellectual property rights. Most relevant international treaties are: Paris Convention for the Protection of Industrial Property, Patent Cooperation Treaty (PCT), European Patent Convention (EPC), Madrid Agreement Concerning the International Registration of Marks, Protocol relating to the Madrid Agreement Concerning the International Registration of Marks, The Hague Agreement Concerning the International Deposit of Industrial Designs, The WIPO Copyright Treaty, The Berne Convention for the Protection of Literary and Artistic Works, Universal Copyright Convention, The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (“the Rome Convention”) etc.

It is important to note that in this field of law there are no substantive prior approvals by national investment boards nor the specific exceptions or requirements relation to a particular product(s).

Concerning notarization requirements, the relevant laws exempts from legalization the original documents filed with the IP Office as evidence of the legal grounds for the respective changes. In other words, they are not subject to the legalization of signatures by any state authority. On the other hand, photocopies of the documents filed to the IP Office have to be verified by the appropriate state authority. The original documents filed with the Serbian Intellectual Property Office will not be required to have an Apostille. On the other hand, the obligation of providing an Apostille remains in the case where verified photocopies of the above documents are filed.

Concerning the licenses regulatory guidelines, it is significant that the license agreements (often accompanied with distribution agreements), as typical agreements which foreign corporations usually execute with their wholly owned subsidiaries, must contain the date of signing, name and surname or business name, domicile or place of residence, and/or seat of the contractual parties, the registration number and/or the number of the application, the term of validity of the license and the scope of the license.

III FINANCIAL INSTITUTIONS

III. FINANCIAL FACILITIES

1. Banking/Financial Facilities

The financial system in the Republic of Serbia is frequently depicted as “bank-centric” since the financing through the bank credits is dominant. The shares and bonds issuance on the securities market is relatively rare and the most dominant financial facilities in the Republic of Serbia are banks.

Beside the banks, the financial system of the Republic of Serbia involves leasing institutions, insurance companies and pension funds which are, along with the banks, the financial institutions that fall within direct control of the National Bank of Serbia as dominant financial institution. Other relevant financial institutions are investment funds (open and closed), broker – dealer companies, stock market etc.

Leasing institutions are the lessors in the leasing contracts, incorporated as a limited liability or joint-stock company, with minimum capital contribution of:

- EUR 500.000,00 for performing of financial leasing of movable assets and
- EUR 5.000.000,00 for performing of financial leasing of immovable assets.

Leasing institutions must obtain the Approval from the National Bank of Serbia, prior to business conduction commencing.

The insurance as the business activity is conducted, as their only business activity, by insurance companies which can be incorporated as a joint-stock companies or companies for mutual insurance. Such business activity can be conducted upon the Approval of the National Bank of Serbia. It is prescribed by the Law on Insurance that the branch office of foreign legal entity could also perform such activity upon the Approval of the National Bank of Serbia. However, this provision of the Law shall be applied five years following the membership status acquisition of the Republic of Serbia in the World Trade Organization.

Societies for voluntary pension fund management are the companies which organize and manage pension funds as collective investment institutions in which the pension contributions in different types of assets are collected and invested in order to generate revenue and reduce the investment risk. Such companies are incorporated as closed joint - stock companies, i.e. non-public joint-stock companies (the name “non-public joint-stock company” was introduced by the new Company Law) with minimum capital contribution of EUR 1.000.000, 00. The business activity of the societies for voluntary pension fund management can be conducted upon the Approval of the National Bank of Serbia.

Societies for investment funds management are the companies which organize and manage investment funds as collective investment institutions in which the funds are collected and, consequently, invested in different types of assets in order to generate revenue and reduce the investment risk. Such companies are incorporated as two-tier non-public joint-stock companies with minimum capital contribution of EUR 125.000, 00. The supervision over the business activity of societies for investment funds management as well as investment funds is within the competence of the Securities commission.

Broker – dealer companies are legal entities organized in the form of joint-stock companies which perform its business activity on the organized securities market. The broker – dealer company could perform its business activity as a broker, dealer, market – maker, portfolio manager, emission agent etc.

The National Bank of Serbia, as a dominant financial institution, is an autonomous and independent body which performs various activities and which falls within the supervision of the National Assembly of the Republic of Serbia. Its main aim is to achieve and maintain the price stability and also to strengthen the financial system of the Republic of Serbia.

Beside the National Bank of Serbia, the other governing body which performs constant monitoring and supervision on financial institutions is Securities Commission, as an independent and autonomous organization of the Republic of Serbia. The Commission is accountable to the Assembly of the Republic of Serbia for activities carried within its competence.

In general, Serbian economic system follows the standards of modern economic structure and free market model. Highest fragment in Serbian economy belongs to services – tertiary sector.

Favorable economic position reached during the eighties was lost due to the embargo and NATO bombardment. However, following the sharp political modifications in October 2000, the country went through an economic liberalization process, it experienced fast economic growth and it has been preparing for membership in the European Union. In year 2010, Serbia had the highest economic growth in the region. Main economic problems are high unemployment rate and a large trade deficit.

Following the political changes in year 2000, Serbian banking and securities trade sector had a significant growth. Past decade has been noticeable for the closure of the main banks (almost 60%), entrance of the foreign banks through green - field investments and the privatization process as the main growth driver of financial sector development. Financial system in Serbia is based on bank services, due to the fact that the financing through the bank loans is more frequently practiced than by issuing of the shares and bonds on the securities market.

The highlights of the banking sector in Serbia are relatively high interest rates (due to the business conduct risks, inflation, monetary policy restrictiveness, high interest rate on securities and insufficient competition in banking sector), high bank solvency (which is expressed through a high capital adequacy ratio), numerous banks with capital share less than 1% and the growth of non - payable debts due to economic over - indebtedness and Global Financial Crisis (as a main future danger which might befall the Serbian economy).

The banking system is consisted of commercial banks and the central bank (National Bank of Serbia) which performs supervision over the commercial banks. Commercial banks conduct their activity independently, for the purpose of profit gain and on the principles of solvency, profitability and liquidity. Based on information provided by the National Bank of Serbia, there are 28 commercial banks (of which 31 are authorized to perform the international operations) and 6 representative offices of foreign banks.

It is important to notice that some of the commercial banks (nine as per information provided by Securities Commission) have the status of “custody banks” with licenses obtained from the Securities Commission in order to perform activities of client’s securities accounts keeping, acting on their behalf and performing other duties on behalf of client. Those banks are simultaneously under the supervision of the National Bank of Serbia and Securities Commission due to the fact that they are part of the banking system and participants on the financial market, at the same time. According to the Law on Banks, the bank is a joint-stock company registered in the Republic of Serbia and licensed by the National Bank of Serbia which operates with deposit and credit transactions (the banks are allowed to perform other business activities in accordance with said law). It is precisely determined that no other institution in Serbia is allowed to receive deposits, to execute credit transactions and issue credit cards.

The bank can be incorporated by both domestic and foreign legal entities or natural persons and with capital contribution of minimum EUR 10.000.000, 00.

The decisive role in the process of incorporation of a bank has the National Bank of Serbia since it renders both preliminary and final Approval on bank foundation. Every bank must be inscribed in the Registry of Business Entities within the Business Registers Agency.

In accordance with the recommendations of the Basel Committee on Banking Supervision, the National Bank of Serbia initiated the process of Basel II standards implementation. 2011 Basel II standards were fully implemented in Serbia after the NBS Executive Board adopted a set of regulations in June 2011. With a view to continuous updating of the regulatory framework and alignment with the international standards and EU regulations, the Executive Board of the National Bank of Serbia adopted the Strategy for Implementation of Basel III Standards in Serbia, envisaging a three-phased implementation: (1) analysis of compliance of domestic regulations with the international standards – first quarter of 2014, (2) assessment of effects and determining the dynamics of introduction of new standards – by the end of 2014 and (3) drafting of legislation which will implement Basel III standards in the Republic of Serbia – by the end of 2015.

According to the Law on Capital Market (former Law on securities market), the stock market is a legal entity organized in the form of a joint-stock company which conducts the business activity related to the trade of securities and other financial instruments. Such joint-stock company can be founded by the Republic of Serbia and both foreign and domestic legal entities or natural persons with minimal capital contribution of EUR 1.000.000, 00. The operation approval for stock market is mandatory to be issued by Securities Commission prior to business activity commencing. The same law stipulates that any person intending to acquire a qualified participation in the capital of the stock market i.e. achieve voting shares which exceeds or falls below 5%, 10%, 15%, 20%, 33% or 50% of total voting shares in the General Meeting of the stock market, is obliged to obtain prior approval of the Securities Commission.

Belgrade stock market i.e. BELEX is non-public joint-stock company which shareholder structure includes the Republic of Serbia, brokers – dealer companies, banks, insurance companies and other legal entities for the production of goods.

Slight growth of the BELEX activity occurred during the nineties, when the first Law on money and capital trade has been adopted. At that time BELEX generally traded with short-term debt securities, government bonds etc. In 1991 it performed first shared trade (companies Sintelon and Auto – Dealer Kikinda) but a significant expansion in trading on the BELEX occurred in year 2000 when the secondary trading of shares included the shares from previously conducted privatization processes. The trading continues to be even more intense since year 2001. During year 2003 and year 2004 the significant improvements were made in the development of BELEX trading system, since the continuous and remote trading were introduced and since the international cooperation with other developed stock markets and stock exchanges in the region was intensified. The first index of the BELEX was released at the end of year 2004 while the process stock market indicators development has been continued. In year 2005 the improving of the informing and reporting process has been performed and the first real time information services for the distribution of trading data were released. In the course of year 2006, the BELEX has initiated the process of general public education and promoting of the cooperation with issuers of securities.

Basic data on Belgrade stock market:

Address: 1 Omladinskih brigada Street, 11070 Novi Beograd, Serbia

Telephone: + 381 11.311.53.28; + 381 11.311.73.11

Fax: +381 11.2138.242; + 381 11.311.73.34

Contact e-mail: info@belex.rs

Tax identification number: 100830914

Registration number: 07469179

<http://www.belex.rs/>

In relation to the banking/financial institutions positioning towards foreign investors it is arguably stated that such entities follow the guidelines of the Law on Investments and apply the tendencies of assistance and simplification of foreign investor's business conducting in the Republic of Serbia.

In accordance with above mentioned, the Law on Investments does not prescribe mandatory maintenance of the foreign investor's bank account. Furthermore, the Law on Foreign Exchange Operations determines that payment, collection and money transfers related to day to day business between residents and non-residents is to be conducted freely, with certain restrictions which shall be appropriately examined.

However, in certain situations the business interests of foreign investor will require the non-resident bank account opening, for example if foreign investor unsuccessfully attempts to charge its debt claim towards domestic entity. In that case, if decides to initiate a court dispute, the foreign investor is obliged to maintain such account in order to receive the payment determined in the judgment following the court proceeding.

Requirements for opening a non-resident bank account may vary between banks and depend on internal policy of a bank. Usual documentation that banks may require are: application form, extract from the Registry of Legal Entities of the founding country not older than 3 months (duly translated to Serbian language, notarized and apostiled if necessary), special permission for the person authorized to open the account on behalf of the investor not older than 3 months (duly translated to Serbian language, notarized and apostiled if necessary), the liquidity confirmation of the investor's domicile business bank, identification confirmation of the entities with over 10% of the ownership in the investor (passport for natural persons or status documentation of the legal entities) and recommendation letter issued by investor's domicile business bank.

Usage of the non-resident bank account is generally unrestricted and the transfers might be freely performed from foreign entity's account in Serbia. Since a foreign investor, in terms of its investments, enjoys equal status and the same rights and obligations as domestic natural and legal persons there is no certain restrictions in regards to any business aspect including the account operation. Therefore even the payments for the purpose of acquiring ownership of real estate of non-residents in the Republic of Serbia shall be executed freely, in line with the law governing legal ownership relations (condition of reciprocity must be fulfilled).

Furthermore, non-residents may keep foreign exchange and dinars on accounts with banks without any restrictions in accordance with the Law on Foreign Exchange Operations. There are no restrictions on the transfer of funds abroad from the foreign currency and dinar savings accounts of non-residents., after all tax and other obligations related to public funds are settled. Besides, at the order of a non-resident buyer of goods or services to whom it has granted a trade credit, a bank may execute payment in foreign currency in the Republic of Serbia to a resident seller of those goods or provider of services in foreign trade. Generally, payment and transfer of capital with regard to direct investments of non-residents in the Republic of Serbia can be executed freely as well as payment, collection and transfer under capital transactions between residents and non-residents, unless otherwise is stipulated by the Law on Foreign Exchange Operations. Consequently, aforementioned law prescribes certain limitations which shall be duly examined in appropriate chapter.

Regarding the bank loans granting issue, it is prescribed that banks may grant credits in RSD to non-residents under the terms and conditions arranged by the National Bank of Serbia. Those conditions may be determined as very restrictive.

Furthermore, considering the operation of the Serbian commercial banks, the bank loan granting to foreign legal entity or natural person is sensitive issue. It is even the practice of some commercial banks that if a non - resident is the owner of a domestic legal entity he/she cannot issue a personal promissory note or any other kind of personal assurance as guarantor or collateral in order to secure the fulfillment of the obligations of the domestic legal entity. In such cases it is often required that other owner who is domestic legal entity or natural person (if exists) or even director of the company (if he/she is resident natural person) acts as a collateral.

It is prescribed by the Law on Foreign Exchange Operations that resident legal entities may grant financial credits to non-residents from the profit realized by the residents' business abroad provided that the resident is the majority owner of the non-resident borrower. Under the same conditions resident legal entities may issue warranties under credit operations between two non-residents abroad. When performing those foreign credit operations a resident legal entity is obliged to contract and acquire collateral instruments from a non-resident. The National Bank of Serbia may prescribe the manner and conditions under which banks and resident legal entities may grant financial credits to non-residents and issue bank guarantees and warranties under credit operations between two non-residents abroad.

IV EXCHANGE CONTROLS



IV. EXCHANGE CONTROLS

1. Business Transactions with Nationals, Residents or Non-Residents

In the sense of the Law on Foreign Exchange Operations, which is competent to define such terms in the light of this issue, the resident is:

1. a legal entity registered and headquartered in the Republic of Serbia;
2. an entrepreneur - a natural person registered in the Republic of Serbia which conducts legally permitted and profit-oriented activity as a profession;
3. a branch office of a foreign legal entity inscribed into the register of the competent authority in the Republic of Serbia;
4. a natural person residing in the Republic of Serbia, except for a natural person holding a temporary residence abroad for over a year; a natural person - foreign citizen residing for over a year in the Republic of Serbia on the basis of residence permit and/or work visa (except for diplomatic-consular representatives of foreign countries and members of their families);
5. a state body and organization, beneficiaries of budget funds of the Republic of Serbia, beneficiaries of funds of mandatory social insurance organizations and beneficiaries of local government budget funds; and
6. A diplomatic, consular or other representative office abroad financed from the budget of the Republic of Serbia, domestic citizens employed in those offices, as well their family members.

On the other hand, non-residents are all persons that are not listed above.

The main restrictions related to business conducting with nationals, residents or non-residents are defined in the Law on Foreign Exchange Operations. Namely, non-residents may purchase claims and payables arising from foreign trade activities only under terms and conditions prescribed by the Government. However, resident cannot execute transfer to non-resident, on the basis of contract where the actual price has not been stated or on the basis of untrue document. Non-residents cannot effect payment for the purpose of purchasing domestic short-term securities. Additionally, a bank may obtain guarantees, warranties and other types of collateral from non-residents on the basis of credits that it grants to non-residents. Additionally, it may issue guarantees, sureties and other types of warranties under credit operations between two non-residents abroad if it obtains collateral instruments from the non-resident.

Non-residents may purchase claims and debt from residents under foreign credit operations only under the terms and conditions prescribed by the National Bank of Serbia. A non-resident transacting business through a non-resident account and a resident - branch of a foreign legal entity transacting business through a resident account shall effect transfers from those accounts to accounts abroad only after all tax liabilities to the Republic of Serbia arising from the relevant business operation have been settled (of which proof issued by the competent tax authorities shall be presented).

Payments, collections and transfers between residents and between residents and non-residents in the Republic of Serbia shall be effected in dinars except if the collections and transfers are related to foreign currency-denominated lending in the country for the purposes of payment of imports of goods and services from abroad, payment of deposit as collateral, insurance premiums and transfer in respect of life insurance etc. The Foreign Exchange Inspectorate shall supervise foreign exchange operations of residents and non-residents, as well as exchange operations. The custom authority at the customs border shall temporarily seize from residents and non-residents the amount of dinars, foreign cash, checks and securities denominated in foreign currency that exceeding the amount prescribed by the National Bank of Serbia. Both residents and non-residents shall keep records of the operations determined by the provisions of Law on Foreign Exchange Operations.

Concerning the report obligations, the Law on Foreign Exchange Operations prescribes that a resident – legal entity and entrepreneur may offset their debt and claims under effectuated foreign trade in goods and services. The terms and conditions of performing and reporting on those operations to the Foreign Exchange Inspectorate shall be prescribed by the Government. Additionally, a resident shall report to the Foreign Exchange Inspectorate the profit made under direct investment, as well as the financial effect of the sale of paid goods located abroad and delivered directly abroad. Payments made for the purpose of acquiring ownership of real estate by residents abroad and non-residents in the Republic of Serbia shall be executed freely, in accordance with the law governing legal property relations, and National Bank of Serbia shall prescribe the timeframe and manner of reporting of such transactions. Non-residents may execute the payment for the purpose of buying long-term debt and equity securities in the Republic of Serbia in accordance with the law governing the market of securities while the timeframe and manner of reporting of such transactions shall be prescribed by the National Bank of Serbia. In general, payment, collection, transfer, offsetting and reporting on financial derivative transactions shall be performed under the terms and conditions prescribed by the National Bank of Serbia. Residents and non-residents shall keep records on the operations determined by the provisions of the Law on Foreign Exchange Operations while the Government shall prescribe the conditions and manner of conducting supervision of foreign exchange operations of residents and non-residents, as well as the conditions and manner of reporting and keeping records.

A resident legal entity, bank and non-resident legal entity shall be fined from RSD 100,000.00 to RSD 2,000,000.00 if omit to comply with above mentioned conditions.

Concerning the provisions of Law on Foreign Exchange Operations, foreign credit operations are credits and loans concluded between a resident and a non-resident in foreign currency with credits granted by a bank or by a foreign bank. Those credit operations include commercial loans granted by a seller to a buyer through sale of goods or services in foreign trade with deferred payment of up to one year and payment of interest and/or with deferred payment of over one year. Besides, this Law also prescribes a trade credits and loans granted by a creditor and/or lender to a borrower for the purpose of financing foreign trade in goods and services by directly settling upon the borrower's request its liability to the supplier of goods and/or services and financial credits and loans granted by a creditor and/or lender to a borrower by crediting the borrower's account.

Trade and financial credits and loans may be granted to a borrower by one creditor and/or lender or a group of creditors and/or lenders (syndicated trade or financial credit or loan). Foreign credit operations also include subordinated credits and loans, deposits with maturity up to one year contracted between a bank and a foreign bank where the creditor bank credits the account of the debtor bank, short-term bank credit lines with the term of repayment of up to one year, imports and exports of goods or services which are considered as foreign credit operations under the terms of this Law and other operations having the characteristics of foreign credit operations.

Foreign credit operations shall also include bank guarantees, sureties and other types of warranties issued by a bank in favor of a non-resident creditor against foreign credits taken by residents from non-residents and foreign credit operations between two non-residents, as well as warranties and other means of collateral that the resident – legal entity and entrepreneur issue in favor of a non-resident creditor against foreign credits taken by residents from non-residents, and also a warranties and other means of collateral that a resident – legal entity issues against foreign credit operations between two non-residents. Moreover, foreign credit operations include a dinar-denominated credits and loans granted to residents in accordance with the provisions of this Law by international financial organizations and development banks or financial institutions founded by foreign states, as well as dinar-denominated credits that banks grant to non-residents.

Such foreign credit operations shall be always recorded with the National Bank of Serbia.

2. Investment Controls

Generally, the restrictions for foreign investors are rare due to the fact that Serbia, as an “in transition” country does not have a “level playing field” and there is a kind of a positive discrimination in favor of foreign to the detriment of domestic investors. It is even prescribed that a foreign investor is a citizen of the Republic of Serbia with residence abroad but with minimum resident duration over one year. The purpose of such reasoning is to prevent domestic investors to leave the country with capital and to simply enter into the Republic of Serbia representing its appearance as a foreign investment action with an intention to gain the exemptions and benefits reserved for such category of investor.

New Investment Law, that is applicable as of November 4th, 2015, regulates general legal framework for investment in the Republic of Serbia which applies both to foreign and domestic investors.

Main goals of the Investment Law are following:

1. Improvement of the investment environment in the Republic of Serbia;
2. Support for the direct investments, in order to achieve economic and commercial development, better employment rate, and better conditions for society in general;
3. Equal treatment and conditions for domestic and foreign investors;
4. Improvement efficiency of the services provided by the state bodies, related to the investment;
5. Creation of attractive business environment for the domestic and foreign investors.

In accordance with the Investment Law, the foreign investor is an entity which has invested capital, as well as the entity which has acquired foreign investment and which is a (i) foreign legal entity with registered seat abroad, including a branch office of a foreign legal entity registered in the Republic of Serbia, (ii) foreign citizen, regardless of the permanent place of residence and (iii) any Serbian citizen who has been residing abroad for more than a year.

In terms of Investment Law, the following shall be considered an investment:

1. a company or a branch office of a company which was founded by the investor, in accordance with the law governing commercial companies in the Republic of Serbia;
2. the stake in the company, company’s shares or other securities equivalent to shares of the company in terms of the law governing the capital market in the Republic of Serbia;
3. the rights that the investor acquired on the basis of public-private partnership in accordance with the law governing public-private partnership in the Republic of Serbia;
4. property rights, servitudes, pledges and other rights in respect of movable property and real estate located in the territory of the Republic of Serbia, which has an investor acquired for the purpose of performing of business activities;
5. intellectual property rights, which are protected by the applicable law of the Republic of Serbia;
6. the right to perform business activities carried out on the basis of a license or approval of a state authority, acquired in order to perform the business activities of investors in the Republic of Serbia.

The law specifies that trade receivables, receivables under a loan extended for “trade financing” and portfolio investments are not captured by the notion of “investment”.

The Law categorizes investments based on importance in two categories: (i) Investments of special importance for Republic of Serbia and (ii) Investments of local importance.

The criteria used for categorization of investments are:

1. Number of jobs created;
2. Investment type and amount;
3. Impact of an investment on Serbia's Balance of Trade (BOT) and impact on individual industries and targeted export markets;
4. Duration of an investment;
5. Creation of high value or high added value by an investment;
6. Demonstrated credibility and references provided by an investor.

Investors can benefit from investment incentives, such as state aid, tax incentives and tax relief, customs incentives, as well as incentives covering compulsory social security obligations. Additionally, equipment that is contributed by a foreign investor is generally duty free, with few exceptions.

With respect to investment incentives, the new institutional framework foresees the Council for Economic Development (Savet za ekonomski razvoj) and the Serbian Agency for Development (Razvojna agencije Srbije) as the key institutions for investment incentives. SIEPA, the standing competent authority in these matters, as well as the National Regional Development Agency must cease operations within 120 days of the date on which new law comes into effect.

For the purpose of lessening the administrative burdens, local or regional governments can establish an investment program, laying out the timeline and steps for submission of relevant documents by an investor and, in return, the issuing of licenses, consents, approvals by local authorities. Furthermore, the local government can form project teams to provide expert support to the investor.

Moreover, in order to ensure investment protection in cases of expropriation, investors will be entitled to compensation not only for seized real property but also for any devaluation of business caused by such expropriation.

In respect to dispute resolution mechanisms, the new law simply allows investment disputes to be settled before courts and arbitral tribunals, whereas the previous law reserved exclusive jurisdiction for the Serbian courts (alternatively allowing for arbitration).

Considering the Law on Foreign Exchange Operations, direct investments (as the type of Capital investments) are resident's investments into legal entity abroad and non-resident's investments into legal entity in the Republic of Serbia for the purpose of getting included in the management of such legal entity's activities.

Such investment includes incorporation of a legal entity, branch or representative office, purchase of shares or stake in the capital of legal entity, recapitalization of legal entity, as well as any other form of investment whereby the investor acquires more than a 10% stake in share capital and/or more than 10% of voting rights, in a period not longer than one year following the first investment into that legal entity in the event of successive investments (for the purpose of reaching the threshold of 10%). Such investment also includes credits and loans with maturity of five years or longer provided they have the characteristics of subordinated claims (subordinated credits and loans).

Described activities are subject of protection provided by the law of the Republic of Serbia and it is prescribed that payments, collection and transfer under current transactions between residents and non-residents as well as return of investment funds, transfer abroad and repatriation of profit from direct investments shall be executed freely and without restrictions.

3. Money Transfer

Decision on conditions and manner of foreign exchange market functioning determines the mode of foreign exchange market operating and the method of the dinar (RSD) official middle exchange rate forming in comparison to foreign currencies. Banks and the National Bank of Serbia buy and sell foreign currencies in the Interbank Foreign Exchange Market in accordance with the courses which are determined freely, on the basis of supply and demand.

On daily basis, the banks create and publish their exchange rates for foreign currencies and exchange rate lists of foreign cash by applying the principles of correctly rates and in accordance with the currency rates on foreign relations markets that are valid at the time of formation of these exchange rates. National Bank of Serbia determines official exchange rates of dinar (RSD) against the euro on basis of data of concluded spot sale of foreign currency (EUR) and concluded sale of foreign currency (EUR), each business day.

Law on Foreign Investments prescribes that, in accordance with Law on Foreign Exchange Operations, a foreign investor's investment may consist of dinars and that it may be transferred abroad. Furthermore, having discharged its obligations under domestic regulations, a foreign investor may transfer abroad, without any delay and in convertible currency, all financial and other assets in connection with foreign investment, which applies to the gains stemming from foreign investment (profit, dividends, etc.), assets due to dissolution of the company in which it has invested or on the basis of termination of the investment contract, as well as proceeds from the sale of shares or interests in an company in which a foreign investment has been made, amounts obtained on the basis of decreasing the authorized capital of an company in which a foreign investment has been made (these amounts may be transferred only if the customs debt, related to the equipment imported free of duty, was previously paid, if such debt, after reduction of the share capital of foreign investment, remains uncovered) and supplementary payments.

The transfer of the mentioned and other assets may be executed upon the payment of the corporate income tax, dividend tax and other public debts that are related to the transferred amount. Additionally, with regard to any payment associated with a foreign investment, any foreign investor may convert domestic currency into a convertible foreign currency without any restrictions while the company in which a foreign investment has been made is allowed to make payments in the scope of international business relations without any restrictions.

The Law on Foreign Exchange Operations prescribes that transfer of funds to accounts abroad is conditioned by few limitations. Namely, a non-resident transacting business through a non-resident account and a resident – branch office of a foreign legal entity transacting business through a resident account shall effect transfers from those accounts to accounts abroad only after all tax liabilities to the Republic of Serbia arising from the relevant business operation have been settled. Consequently, the appropriate proof issued by the competent tax authorities must be presented. Nonetheless, here shall be no restrictions on the transfer of funds abroad from the foreign currency and dinar savings accounts of non-residents while the foreign banks that keep funds in accounts with banks in the Republic of Serbia shall not be liable to the mentioned obligation related to tax payment proof issuance. Such obligation shall not be applied to transfers abroad from non-resident accounts opened for the purposes of securities trading, if so envisaged by the international agreement on avoidance of double taxation.

The National Bank of Serbia rendered a Decision on the Conditions for Effecting Personal and Physical Transfers of Means of Payment to and from abroad which regulates all transfers related to gifts and assistance, assistance to family members, inheritance, annuities, funds for settling the debt of immigrants in the Republic of Serbia and funds that emigrants take out (transfer abroad). Physical transfers encompass the transfer of cash in dinars, in foreign currency, in cheques and material securities.

Following the provisions of this Decision, a non-resident natural person may bring foreign cash in the Republic of Serbia without any restrictions, provided however that any amount in excess of EUR 10,000.00 and/or its equivalent in another foreign currency must be declared to the customs authority (which issues a certificate thereof). A non-resident natural person may take abroad foreign cash in the amount of no more than EUR 10,000.00 or its equivalent value in another foreign currency. If a non-resident takes dinars and foreign cash abroad at the same time, the sum of these means of payments cannot exceed EUR 10,000.00 or its equivalent value in another foreign currency.

In practice, it is possible that the commercial bank shall seek for an additional documentation or that the procedure in front of the bank window shall be slower if the remittance exceeds certain amount. Some banks limit the assistance transfers up to EUR 500,00 per month while, on the basis of gift contract, the limitation is, somewhere, EUR 3,000.00. The uniform bank reimbursement for the remittances is not established but it could be noted that usual provision that shall be paid is around 1% of the remittance.

A non-resident natural person may take abroad foreign cash in the amount higher than EUR 10,000.00 if it has declared such foreign cash on entering the Republic of Serbia (proved by the certificate of bringing foreign cash into the Republic of Serbia issued and certified by the customs authority), if it has withdrawn such foreign cash from a foreign currency account or foreign currency passbook in a bank in the Republic of Serbia based on a certificate issued by such bank and if it has acquired such foreign cash by selling dinars obtained through previous use of a payment card in the Republic of Serbia, (proved by the certificate issued by an exchange office).

The customs authority shall annul the above mentioned certificates on first next exit from the Republic of Serbia.

Any natural person crossing the state border carrying bearer negotiable instruments amounting to EUR 10,000.00 or more either in RSD or foreign currency must declare it to the competent customs body.



V IMPORT/EXPORT REGULATIONS

V. IMPORT/EXPORT REGULATIONS

1. Customs Regulations

Republic of Serbia is still not a member of the European Economic Community but the process of accession to the European Union is ongoing.

Yugoslavia (Socialist Federal Republic of Yugoslavia at the time) was a member of GATT since 1966. Membership, and therefore, the participation in the Uruguay Round of negotiations were suspended in the 1993. Yugoslavia was thus barred from participating in the following consultations and lost the opportunity to be one of the original members of the WTO. Accession to the WTO is certainly a priority for the Government of the Republic of Serbia since that organization, with 160 members, covers the 80% of world trade-ongoing area.

On the other hand, Serbia is, since 2007, the member of South East Europe Free Trade Agreement – CEFTA which aims are to expand and modernize the domain of free trade, expansion of markets for all products as well as to inaugurate the trade under the same conditions for all manufacturers.

In regards to the internal custom regulations in Republic of Serbia, the system introduces the nomination of the appropriate body which determines the customs value of goods for the implementation of the Customs Tariff, as well as non-tariff measures that are postulated by special rules governing trade in goods.

The customs value of imported goods is the transaction value, as the price actually paid or the price that should be paid for the goods which are intended for export to the Republic of Serbia in line with the provisions of the Customs Law prescribing the costs and expenses which are not included in the customs value.

The Government of the Republic of Serbia prescribes the terms and manner of determining the customs value of goods. The goods that the traveler brings from abroad are cleared through the customs office on the basis of expedited procedures or through the regular customs measures. For example, goods intended for use in own household, whose value does not exceed EUR 3,000 in dinar counter-value, are cleared in expedited procedures and are paid at a uniform customs duty rate of 10%.

Goods whose quantity, type and value cannot be determined in expedited procedures (i.e. goods whose value exceeds EUR 3,000) are cleared on regular customs procedures. Goods will also be cleared through regular customs procedures in the event that the passenger does not agree with the findings of the customs employees and with the amount of calculated customs and other import duties.

Naturally, all goods entering or leaving the customs territory of Republic of Serbia must pass through the customs border crossings – the place that is determined for the import, export, transit of goods, persons and vehicles crossings site marked with appropriate customs line.

A person who imports goods shall be obliged to register and promptly transport the goods to the customs office or other place designated by the customs authority. Prior to delivery and before declaring, with the approval of the customs, the goods may be viewed and sampled with the aim of determining the customs treatment.

Goods delivered to the customs authority must be included in a summary declaration. Summary declaration contains the information necessary to identify the goods and shall be submitted on the prescribed form.

Goods imported into the customs territory of Republic of Serbia are subject to customs duties at rates established by the Customs Tariff. The rates specified in the Customs Tariff shall apply to goods originating from countries to which the most favored nation clause is applied or from countries that apply this clause to the goods originating from Republic of Serbia. The importation of goods originating from countries with which Republic of Serbia has concluded free trade agreements the customs duties shall be provided by such agreements. On goods from other countries rates specified in the Customs Tariff are applied increased by 70%.

It is important to note that the Government of Republic of Serbia prescribed the seasonal tariff rates for certain agricultural products to ensure the stability of domestic production and domestic market. Seasonal customs duties are charged at rate up to 20% of the customs basis.

In addition to being compliant with the Combined Nomenclature of EU, the harmonization of the nomenclature is done in accordance with commitments made under international agreements (Free Trade Agreement). Synchronization involves changes i.e. amendments to description, numerical codes, notes and ground rules for the application of the Customs Tariff.

Worth mentioning is the fact that as a part of Serbia's way to the EU as of January 1st 2013 Serbia additionally decreased import taxes for certain goods from EU.

2. Exports

According to the regulations of Republic of Serbia, export of goods, as sending or delivery of goods from the territory of the Republic of Serbia to the territory of another State, shall be performed in accordance with customs regulations. On the foreigners who export goods from the territory of the Republic of Serbia, the rules prescribed for domestic persons, shall be applied.

The regulations introduce a quantitative limit, as the maximum total amount of certain goods, determined by value or quantity, which can be imported or exported within a specified period of time. Such quantitative limit includes a ban on imports or exports. Quantitative restrictions are introduced in the form of quotas - the share in quantitative limits assigned to a specific person or group of persons.

Quantitative restriction on exports may be imposed only in the event of critical shortages of essential goods or the due to the necessity of elimination of consequences of such shortages or in order to protect the exhaustible natural resources if export restrictions are applied along with restrictions on domestic production or consumption.

On the basis of public invitation for application for quota granting, the competent Ministry grants quotas to various persons.

The Ministry grants quotas in accordance with the terms that specifically include economically justifiable amount of goods under quotas, utilization rate of previously granted quotas and possibility of granting quotas to persons to whom quotas have not yet been assigned.

If a person does not use quotas in accordance with the terms provided by the decision on quota allocation, the competent Ministry may revoke a decision on the allocation of quotas and grants quota to the next person which has responded to the public invitation and to whom quota has not yet been assigned.

The number of deliveries during the period in which the quota can be utilized shall not be limited. Allocated quota is not transferable. Furthermore, a person to whom quota is not granted cannot use the quota granted to another person.

Performance of foreign trade operations in Republic of Serbia could be conditioned by an approval of the competent state authority and this by permit which authorizes an exporter to transfer a certain amount of goods at the agreed terms. The permit is a document that is issued on request for the import, transit or export of goods.

An export license may be introduced only for the purpose of protection of artistic, historic or archaeological value, protection of natural rarities and endangered plant and animal species, protection of national security, protection of exhaustible natural resources or application of special rules for trade in gold and silver.

Request for the issuance of the license has to be submitted to the competent Ministry. However, for the export of arms and military equipment, the approval (consent) from the Ministry of Defense, Ministry of Foreign Affairs, Ministry of Internal Affairs and state administration body in charge for national security. Depending on the type of goods that are being imported or exported, permits or licenses may be issued by other relevant bodies.

Decision on request for the issuance of the license shall be issued by the time of receipt of the request, in the deadline that cannot be longer than 30 days from the date of the applicant's submission of the required documents, except in some specific cases when the issuance of the license cannot be longer than 60 days.

Additional restrictions on exports are possible for the purpose of issuance or verification of certain documents, fulfillment of sanitary, veterinary and phytosanitary requirements and appliance of technical regulations and standards. There are also significant limitations related to the performances of financial services and insurance services.

3. Imports

According to the regulations of Republic of Serbia, import of goods is free. Restrictions on imports are possible only if certain law prescribes them. The important formal requirement is the license, as a document that is issued on the import, transit or export of goods request.

Import license, may be introduced for the purpose of protection of public moral, protection of the health of humans, animals and plants, protection of national security, protection of the Environment and Natural Resources or application of special rules for trade of gold and silver, and so on.

Request for the issuance of the import license has to be submitted to the competent Ministry and, for the export of arms and military equipment, it is also needed an approval (consent) from the Ministry of Defense, the Ministry of Foreign Affairs, Ministry of Internal Affairs and state administration body in charge for national security. Depending on the type of goods being imported or exported, permit or licenses may be issued by other relevant bodies.

The permit shall be valid for the period specified in the very permit and the number of deliveries during the period of validity of license is not limited.

On the basis of public invitation for application related to quota granting, competent Ministry of the Republic of Serbia grants quotas to certain persons. The competent Ministry grants quotas in accordance with the terms that specifically include economically justifiable amount of goods under the quota, utilization grade of previously granted quotas and possibility of granting quotas to persons to whom quotas have not been allocated still. Government of Republic of Serbia, in special cases stipulated by the Law on Foreign Trade Operations, may introduce precautionary measures upon the investigations such as anti-dumping measures, countervailing measures, measures for protection against excessive imports and measures for balance of payments protection.

Anti-dumping duty is a special liability levied on imported goods which was introduced by the Government in order to remove the consequences of dumping, as the import of goods at a price lower than the normal value of the goods (with material injury to domestic production consequences). The anti-dumping duties shall be levied at a rate that is sufficient to remedy an injury but which cannot be higher than the dumping margin. On the other hand, countervailing measures on imports are introduced in order to remove consequences of approved subsidies for the production or export of such goods to Serbia. The countervailing duty shall be the amount required in order to remove consequences of importing certain goods, but it cannot be higher than the full amount of subsidy. Furthermore, the certain measures, such as quantitative restrictions on imports of certain goods or introduction of additional import duties on imports of certain goods, are sometimes imposed in order to prevent the excessive import. Finally, the measures for balance of payments protection are imposed if it is necessary to stop a considerable decrease in foreign exchange reserves and increase very low foreign exchange reserves.

4. Manufacturing Requirements

In relation to manufacturing requirements, it is important to stress that, in Republic of Serbia, it is not required that the product must contain ingredients or components which are found or produced only in the scope of the territory of Republic of Serbia. Notwithstanding, there is no legislation adopted in Republic of Serbia which provides obligatory and mandatory incorporation of certain component parts in final product manufactured in Republic in Serbia.

5. Product Labeling

All products intended for the market of Republic of Serbia have to be marked i.e. to be supplied with the label (our regulation defines label as “declaration”). From January 1st 2011, in accordance with the Trade Law and its amendments from February 7th 2013, all products have to be accompanied with a declaration which contains name and type of goods, composition and quantity, manufacturer, country of production i.e. country of importer, production and expiration date, importer, quality notification, warning on possible danger or harm to the goods and other information in accordance with special regulations related to the nature of the goods (for example regulations on quality control, standardization, technical requirements etc.).

Declaration has to be attached significantly to goods directly or on its original packing (including pendant, label, ring and cover) or directly next to the goods at the point of sale (e.g. bulk goods), in accordance with the special characteristics of the goods, displayed noticeably, or in the catalog or other material which is available freely before the purchase to the consumers at point of sale together with the offered goods.

All information has to be provided in a clearly understandable, easily visible and legible manner, in the Serbian language (in Cyrillic or Latin script), as well as in other languages that are in official use, in accordance with the law.

The declaration may also contain information in foreign languages, as well as mark, GTIN identification (bar code) and other data that closely identify the goods and its properties.

In Republic of Serbia, there are specific regulations governing the declaration and packaging, such as packaging of hair shampoo, toothpaste, detergents in the form of washing powder for textile products, liquid detergent for hand washing of the dishes etc. Mentioned regulations more closely define the requests that have to be fulfilled (packaging, declaration), in order to provide the consumer with all necessary information for safe usage of the product during. They are prescribing mandatory information that has to be printed on original packaging or on envelope so the provided information is easily visible, readable and providing information in order to satisfy the consumer’s right on information about characteristics the product.

The Rulebook on marking and labeling of textile products that is applied as of July 1st 2015 prescribes the list of Serbian standards for marking, labeling and packaging of textile products.

Rulebook is harmonized with Regulation on textile fiber names and labeling and marking of raw material composition of textile products no. 1007/11 of the European Parliament and Council, by which cease to be valid Directive 73/44 / EC of Council and Directive 96/73/EC and 2008/121/EC of the European Parliament and Council, as well as with the requirements of Commission Regulation no. 286/2012 by which the Regulation no. 1007/11 of the European Parliament and the Council is amended.

VI STRUCTURES FOR DOING BUSINESS



VI. STRUCTURES FOR DOING BUSINESS

1. Governmental Participation

Concerning the provisions of the Law on Public Companies, certain business activities shall be maintained by public companies i.e. the legal entities which are incorporated by Republic of Serbia or autonomous province of Vojvodina or local government (municipality or city). Such business activities are considered as a field of strategic importance of Republic of Serbia and they are related to generation, transmission and distribution of electricity, coal production and processing, research, production, processing, transportation and distribution of oil and natural gas, sale of oil and petroleum products, railway, postal and air transport, telecommunications, the official gazette of the Republic of Serbia publishing, media, school textbooks publishing, use, management, protection and promotion of goods of common interest (water, roads, mineral resources, forests, navigable rivers, lakes, coasts, spa centers) and utilities.

However, same Law provides an opportunity for other legal entities to conduct mentioned business activities upon the approval on delegation issued by the authorized governing body.

On the other hand, it is even possible for the public authority to enter into partnership with a private partner. The main shape of collaboration between the Government and the investors is Public Private Partnership or Concession agreement which is regulated by the Law on Public Private Partnership and Concessions and partially by several other laws. Under such laws, an activity of public interest can be assigned to a private partner, entirely or partially, based on contractual PPP, institutionalized PPP or concession.

The Law on Public Private Partnership and Concessions sets out various activities of the public interest which could be granted as a PPP or concession to a private entity. The duration of the granted contractual PPP or concession may be up to 50 years.

The Law on Communal Activities stipulates in a general manner that communal activities may be performed by public or commercial (private) companies. . So far, it is common practice that public and private partners establish a joint venture company, as a carrier of the subject communal activity.

In regards to extent of government participation, it is certainly that it depends on the business activity which is conducted. Public air transport, for example, can be performed by a company or other legal entity that has operating license issued to the company or other legal entity with a seat in the Republic of Serbia, which is registered to conduct public air transportation and that is the sole or majority ownership of the Republic of Serbia.

For certain institution is explicitly prescribed that a Republic of Serbia must possess a share capital in a certain amount. For example, following the provisions of The Law on Securities, the Central Securities Depository and Clearing House is an independent institution – joint stock Company in which 51% of the shares is owned by Republic of Serbia.

However, it is possible that specific laws require a minimum founding capital for incorporation of the company which conducts certain business activity. For example, numerous financial institutions, such as banks and insurance companies, are mandatory to subscribe different amounts of founding capital depending on the type of the institution.

2. Joint Ventures

A joint venture, as a cooperation of two or more entities with a profit, loss and control share intention in a specific enterprise, is allowed and fairly common mode of business collaboration in Republic of Serbia. The joint venture concept can also be based on collaboration between private subjects and the state. However, such co-investments which are involved in public sector are subject to additional restrictions since any procurement of goods and services or transfer of building rights by the public sector is subject to a public tender procedure.

In Republic of Serbia joint venture companies are traditionally incorporated in the form of limited liability companies and joint stock companies. Founding, internal organization and registration of that companies are governed by the Law on Commercial Companies and Law on Registration of Business Entities. These laws and the solutions they offer, are mostly harmonized with the standards valid within the EU and other developed market economies.

All required information related to registration or incorporation procedure, duration and costs of incorporation proceeding, liabilities, management and capitalization issues in regards to the joint venture companies shall be duly examined and explained in the following chapters related to limited liability companies and joint stock companies, as well. Namely, the dominant legal forms prescribed in the Law on Commercial Companies are limited liability companies (intended for a medium enterprises) and joint stock companies (intended for a most demanding businesses), as a capital societies, and General partnership and Limited partnership, as personal societies. The main difference is liability - the shareholders in capital societies have the liability limited with the value of their stake or shares they possess, while the partners in personal societies have an unlimited liability which encompasses all its propriety.

3. Limited Liability Companies

In Republic of Serbia, the limited liability company is the most dominant legal form of the business entity. Pursuant to the Serbian Law on Commercial Companies, limited liability company (LLC) is a company founded by one or more foreign and/or domestic, natural persons and/or legal entities, acting as the company stakeholder(s), in order to perform certain business activities. LLC is legally responsible for its commitments with its total assets while the stakeholder is not liable for the obligations of the company, except to the amount of stake in the company's assets.

The LLC is, subject to satisfaction of the requirements in terms of technical equipment, protection at work, environmental protection and improvement, as well as other requirements provided by the law, entitled to engage in all business activities permitted under the law. The LLC shall also be entitled to perform the activities requiring previous approval, license or other governmental authority act only after such approval, license or other governmental authority act have been obtained.

LLC is founded by an act which is in the form of Resolution on Incorporation (in case of wholly owned subsidiary) or in the form of Agreement on incorporation (in case of two or more shareholders), whereas the status of legal entity is acquired by the registration process, i.e. in the moment of entering the data in the Business Registers Agency.

The corporate bodies of the LLC are the General Meeting (consisting of the stakeholder/s) and one or more Directors in case of one tier management system). and General Meeting, one or more Directors and the Supervisory Board in case of two tier management system. The authorizations of the General Meeting are determined by the law and the Incorporation act of the subject LLC. Further, the Incorporation Act determines the competence of the Director and manner of representation of the company.

The LLC is represented by the legal representatives i.e. one or more Directors. Besides a natural person, a legal entity, registered in the Republic of Serbia, can also be a representative of a company. Apart from this, in case that the Director is appointed, it can be stipulated by the Incorporation Act that the LLC has other representatives - statutory representatives who are also registered as the representatives in the respective Register, as well as their limitation in representation, if any.

Signature/s of the founder/s on the Incorporation Act of the LLC must be verified before the respective verification body (Serbian court or Notary Public) and can be done by proxy on the ground of power of attorney. Upon rendering and verification of the Incorporation Act and preparation of all other documents to be submitted with the registration application for the establishment of the LLC, the company is being registered in the competent companies' register -of the Business Registers Agency of the Republic of Serbia.

The Business Registers Agency issues the Decree on Incorporation, within 5 working days from the day of submission of the registration application. The duration of whole procedure depends on the availabilities of the founders and on the time frame in which they can perform all required formalities of incorporation.

Within 5 days from the date of registration, the Company shall settle its tax obligations, such as submission of the tax applications and documents to the competent Tax Department, submitting the application for communal taxes to the municipality etc.

The Director of the LLC can be both national of the Republic of Serbia or citizen of any other country. However, the Director must regulate his employment status in the company either by the employment agreement or by the agreement on mutual rights and obligations. In case the employment status of Director is regulated by the employment agreement, his salary cannot be lower than the minimal salary in the Republic of Serbia and it is subject to the tax and social and pension contribution payment. While in line with the latest amendments of the Labor Law, the compensation of the Director on the basis of the agreement on mutual rights and obligations has no longer the same tax treatment as salary. Therefore, the aforementioned compensation can be agreed in a lower amount than the minimal salary in the Republic of Serbia. For the purpose of the regulation of such status, a foreign citizen must regulate a temporary residence approval and work permit.

The stake in the LLC can be both pecuniary and non-pecuniary though the pecuniary part of the initial capital on the payment day is at least RSD 100, 00, if higher amount is not prescribed for certain business activities by the law, as mentioned in this Guide. The initial capital can be paid in before the registration of the incorporation of LLC or after the registration, at latest within the period of 5 years. However, when determining the amount of the initial capital it is recommended to take into consideration the real amount that the company would need at the beginning for start up the business.

There is a possibility of capital increase or capital decrease. If the LLC performs a reduction of the capital so that the capital reaches the amount lesser than minimal initial capital sum, the company must increase it to the required level within six months.

4. Joint Stock Companies

Joint Stock Company (JSC) is a company founded by one or more legal and/or physical persons in the capacity of shareholders in order to perform certain activities under the same business name whose initial capital is determined and divided in shares. The sum total value of all shares makes the startup capital of the joint stock company which is liable by the entirety of its property for its obligations and debts.

The main documents required for the incorporation of the JSC are the Incorporation act and the Articles of Association consisted of various provisions related to business name and seat of the company, core business activity of the company, details of the amount of the subscribed and paid in registered capital, and details of the number and total par value of authorised shares, if any, essential elements of each type and class of issued shares in compliance with the law governing the capital market, types and classes of shares and other securities that the company is authorized to issue, special conditions for the transfer of shares, if any, procedure for the convening of sessions of the General Meeting, determination of corporate governance bodies and their competences, number of their members, specification of the manner of appointment and dismissal of such members, and the manner of decision-making of such bodies and other matters specified by the law to be contained in the Articles of Association of the joint stock company. The Incorporation Acts of JSC cannot be amended, as the sole purpose of this Act is limited to the incorporation of a JSC. Consequently, JSC shall adopt Articles of Associations and all relevant changes are regulated by amendments of the Articles of Association. Apart from Articles of Association a joint stock company may have By-laws containing provisions with specifics regarding business operations and management. A public JSC corresponds to the concept of public company as defined by the Law on the Capital Market, meaning that it shall fulfill one of the following two conditions: i) it made a successful public offer of securities which is in accordance with the prospectus approved by the Securities Commission; ii) its shares have been admitted in the regulated market.

Minimal stake of the initial capital for the JSC is the amount of 3,000,000.00 RSD. Shareholders contributions may be pecuniary, in kind and rights expressed in monetary value. Contributions in kind and rights are evaluated by the authorized assessor. JSC may issue either ordinary or preference shares, whereas the total par value of issued and authorized preference shares may not exceed 50% of the registered capital of the company. Shares with the same rights belong to the same stock class. Each issued ordinary share gives a right to one vote on all issues which are put to vote during Shareholders Assembly. Shares held by the joint stock company as their own do not grant a voting right.

Shareholder enjoys the right of annual slice of profits defined by the Assembly – so called dividends. Dividends may be paid in cash or in shares of the company, in accordance with the resolution on payment of dividends. Unless specified otherwise in the Articles of Association, the company may also make payments of interim dividends at any time between the regular sessions of the general meeting if: (i) the reports on business operations of the company and its financial results prepared for such purpose clearly indicate that the company has earned profit in the period for which the interim dividends are paid and that the available funds of the company are sufficient for payment of such interim dividends, (ii) the amount of interim dividends to be paid is not higher than the total profit earned after the closing of the preceding business year for which the financial statements have been prepared, increased for the retained earnings and the amount of reserves that may be used for such purpose, and decreased for the reported losses and the amount that has to be allocated to the reserves in accordance with the law or the Articles of Association.

Dividends on shares shall be paid to shareholders in accordance with the rights attached to the type and class of shares held on the record date, in proportion to the number of shares held in the total number of shares of that class.

The registration procedure is launched by filing the registration form to the Serbian Business Register Agency. Along with the provided application registration, the documents in compliance with Law on Commercial Companies and the proof of payment of the registration fee credited to the Agency must be enclosed.

Management of JSCs can be: a) one-tier (Shareholders' Meeting, one or more Directors, i.e. Board of Directors); b) Two-tier (Shareholders' Meeting, Supervisory Board and one or more Executive Directors, i.e. Executive Board).

a) One-tier management: A JSC can have one or more Directors (Board of Directors), while a public JSC has the Board of Directors consisting of at least three Directors. Directors of JSC can be executive or non-executive. Executive Directors are at the same time authorized representatives (legal representatives), while non-executive Directors - persons who are not employees of the JSC, supervise the work of the executive Directors, propose the business strategy of the JSC and supervise its execution. Among the executive Directors one can be elected to the position of General Manager. A public JSC has at least one non-executive Director, who is at the same time independent from the company (independent director.). In any case, the number of non-executive shall be greater than the number of executive Directors. Among other competencies, Board of Directors supervises the business of the company, grants and revokes Procura and it is responsible for the accuracy of the financial books and reports.

b) Two-tier management: In this form of management, executive Directors (members of the Executive Board) are appointed by the Supervisory Board, while one of the members of the Executive Board may be appointed to the position of General Director. It can be stipulated in the Articles of Association that executive Directors can perform certain activities only with the previous consent of the Supervisory Board. In case of the two-tier system of management, competencies of the Supervisory Board are similar to the competencies of the Board of Directors.

5. General partnerships

A General Partnership (GP) is a company founded by two or more physical persons and/or legal entities in the capacity of partners with the objective of performing certain activities under mutual business name. The partners in the GP have unlimited joint and several liability for obligations of its the partnership up to the value of their entire assets.

The main incorporation document of the GP is the Agreement on incorporation which contains the provisions related to names and domiciles of all physical persons - partners and the business name with the business seat of the legal entity. Besides, the said document contains the business name and seat of the company, business activity code, designated type and value of the partners' stakes and other elements significant for the business operations.

The stake of the partner may be consisted of money, rights, work or services while all the stakes of partners are equal. unless specified otherwise in the Agreement on incorporation. However, a partner is not obliged to increase his/her contribution above the amount specified in the Agreement on incorporation, unless specified otherwise in the Agreement on incorporation. A partner, on the other hand, cannot decrease his/hers investment stake without the consent of all the other partners. Additionally, transfer of interests among the partners is free.

Partners shall pass their resolutions unanimously, unless specified otherwise in the Agreement on incorporation. If the Agreement on incorporation stipulates that certain or all resolutions shall be passed by a majority of votes, each partner shall have one vote, unless specified otherwise in the Agreement on incorporation. The decision-making on matters that are outside the ordinary course of business of the partnership, as well as on admission of a new partner into the partnership, shall require the consent of all partners.

Profit and loss of the GP is distributed in equal parts between the partners.

Each partner shall have the authorization to take actions in the ordinary course of business of the partnership (business management). The actions that fall outside the ordinary business of the partnership may be taken only with the consent of all partners, unless specified otherwise in the Agreement on incorporation. By way of exception, if the Agreement on incorporation or the Partners' Agreement stipulates that one or more partners are authorized for business management of the partnership, other partners shall not have the authorization to manage the business of the partnership.

In case several partners have the authorization to manage the business of the partnership, each partner shall be authorized to act independently, but another partner who is authorized to manage the business of the partnership may object to taking of a certain action, in which case such action may not be taken. Moreover, if the Agreement on incorporation stipulates that the partners authorized to manage the business of the partnership are to act jointly: (i) taking of any action shall require the consent of all partners authorized to manage the business of the partnership, unless the failure to take such action due to unavailability of one of the partners may incur damage to the partnership; (ii) any partner shall be obliged to act on instructions of each of the other partners authorized to manage the business of the partnership.

Furthermore, the partner authorized to manage the business of the partnership may transfer his/her authorization to a third party or another partner, if all partners have agreed to such transfer. However, the partner who has transferred his/her authorization to manage the business of the partnership to a third party shall be liable for actions taken by such person in managing the business of the partnership as if he/she personally has taken such actions.

Procedure of the registration of the General partnership is initiated by the submission of the Registration application form to the Business Registers Agency. Along with the provided registration the documents in compliance with this Law the law and the proof of payment of the registration fee credited to the Agency must be enclosed.

Necessary documentation is proof of identity of the founder-photocopy of the ID card or passport, Agreement on incorporation of the GP.

6. Limited partnership

Limited Partnership (LP) is the company founded by two or more physical persons and/or legal subjects in the capacity of partners in order to engage in certain activities under the same business name out of whom one person is liable in full for the obligations of the company (general partner – with the status of a partner of the company), while at least one person is liable in limited value and up to the amount of its own contracted stake of investment (limited partner). Limited partnership is bound for its outstanding obligations with the entirety of its assets.

General partners shall have the status of partners in a General Partnership. In the Agreement on incorporation it shall be specified which member is a general partner and which is a limited partner.

General partners manage the business of the partnership and represent the partnership, whereas limited partners may not manage the business or represent the partnership. Yet, limited partner may be granted a procuration by the resolution of all general partners.

An interest in the profit shall be paid to a limited partner in proportion to the amount of his/her contribution, unless specified otherwise in the Agreement on incorporation, within the period specified in the Agreement on incorporation or in the resolution of general partners if the period is not specified in the Agreement on incorporation.

The limited partner shall not be liable for obligations of the partnership if he/she has fully paid in the contribution specified in the Agreement on incorporation. In case the limited partner fails to fully pay in the contribution he/she has undertaken to pay in the Agreement on incorporation, the limited partner shall have joint and several liability with the general partners - creditors of the partnership up to the amount of not paid or not made contribution. Moreover, the limited partner shall be liable as a general partner to third parties if his/her name, with his/her consent, has been included in the business name of the limited partnership.

Apart from the registration application form, other documents that are needed to be submitted to the Business Register Agency in order to incorporate the LP are documents in accordance with law and receipt of payment for the registration fee credited to the Business Register Agency.

Required documentation relates to the proof of identity of the founder- photocopy of the ID card or passport of the physical person and/or excerpt from the registry where the legal subject is registered, Agreement on incorporation of the LP with certified signature of the founder, bank receipt of the payment of the initial capital in case it is being paid before the incorporation of the partnership, or the founders' agreement on the value of the contribution in kind of in case it is being entered before the incorporation of the partnership, decision on the appointment of the representative in case it is not contained in the Agreement on incorporation.

7. Sole Proprietorships

In accordance with the laws of Republic of Serbia, Sole Proprietor (SP) or Entrepreneur is a natural person who is registered within the Business Register Agency and who may conduct any commercial activity which is not forbidden by the law. The entrepreneur can be a foreign citizen. The entrepreneur, within the meaning of Law on Commercial Companies, shall also be deemed to be a natural person entered into a separate register, who engages in a free-lance business activity, which is governed by a separate regulation, if so specified in that regulation.

The entrepreneur may entrust the management of his/her business to a natural person with business capacity based on a written authorisation (the manager). The manager must be employed with the entrepreneur and shall have the status of a legal representative.

The entrepreneur shall be liable for all his/her obligations arising from the conduct of his/her business activity up to the value of all his/her assets, which assets shall also include the assets acquired from the conduct of his/her business activity. The liability shall not end with the deletion of the entrepreneur from the register.

The entrepreneur is registered within the Business Register Agency and the Registration application is to be accompanied by a copy of investor's - entrepreneur's passport and evidence on payment of registration fees.

Additionally, if a commercial activity which shall be carried out by the entrepreneur is subject to prior approval of competent bodies, original of this approval should be submitted for registration purposes as well. The activities which require previous approval include: healthcare, veterinary services, taxi services, trade of weapons, weapon parts and ammunition, public interest and communal services, insurance sale mediation, bankruptcy administrator activities, court interpreter activities, manpower agencies activities and finally psychological counseling activities. The time necessary to acquire these approvals varies significantly depending on nature of activity and the competent issuing body. Furthermore, in some cases it may be required that the investor-applicant submits the confirmation that all relevant conditions regarding workplace have been met, which issued by a competent authority within inspection supervision.

After the submission of all required documents, the registration is carried out within 5 days.

8. Subsidiaries/Branches/Representative Offices

Investors are entitled to invest in business organized as a subsidiary company, a branch of a foreign company, or a representative office of a foreign company.

It is very common to have single stakeholder LLC (described above) incorporated and serving as a direct subsidiary.

Investors may as well incorporate branch of a foreign entity, which is registered but does not represent a legal entity. The branch is to be incorporated to perform activities which are performed by its founder. It shall have one prevailing activity which is subject to registration in the respective Register of the Business Registers Agency. On the other hand, other activities of the Branch which are to be performed shall be defined by Resolution on Incorporation of the Branch. The Branch cannot perform most of activities which are connected to public domain and which are subject to approval/consent of competent authorities.

As per legal capacity, the Branch is considered as an organizational part of the founder/foreign legal entity i.e. it performs legal actions in the name and on behalf of the founder. It is not a legal entity. The Branch has limited contractual capacity – it is authorized to conclude most of contracts (in the name and on behalf of the founder).

The founder of the Branch is liable for all obligations arising in the course of performance of activities of the Branch.

In regard to tax treatment, the Branch is considered as resident. It is subject to all applicable taxes connected to performance of business of domestic legal entities.

Foreign legal entity may also conduct business via Representative Office. The activities of Representative Office are limited to market research, preliminary activities and preparation for execution of contracts by its founder. It is not authorized to execute commercial transactions (meaning execution of contracts, payment or collection from the commercial contracts). As an exception, it is allowed to execute contracts for its own needs. The Representative Office has no legal capacity.

The founder of the Representative Office is liable for all obligations arising in the course of performance of activities of the Representative Office. In regard to tax treatment, the Representative Office is considered as resident. The Representative Office is subject to payment of taxes and social contributions for its employees and lease tax. For further explanation of tax consequences, please revert to respective answers dealing with tax issues.

Upon rendering and verification of all documents, the branch or representative office shall be registered in the respective Register of the Business Registers Agency within 5 days upon the day of submission of the registration application accompanied with accurate documents.

9. Trusts and other Fiduciary Entities

Serbian law does recognize neither trust nor fiduciary entities as legal institutes.

VII REQUIREMENTS FOR THE ESTABLISHMENT OF A BUSINESS

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1. Business Law regulating foreign investments

Foreign investor's operations are regulated by the Law on Investments which provides business guarantees dedicated to foreign legal entities having seat outside of Republic of Serbia, foreign natural persons, and Serbian citizens having residence outside of Republic of Serbia for more than one year.

Foreign investor is entitled to incorporate a company, acquire stake or shares of existing company, acquire approval for utilization of natural assets, conduct activities of general interest, make B.O.T projects and acquire any other property right.

Registration of foreign investments is done within registries competent for the nature of subject business, including the Serbian Business Registers Agency.

2. Antitrust Laws

All legal and natural persons who participate in trade of goods and services are subject to the provisions of the Law on Protection of Competition.

In accordance to the provisions of the said law, merger, which is subject to control, may exist in cases of reorganizations of companies where one company becomes a part of another, acquiring of direct or indirect control over another market participant and establishment of joint venture by two or more undertakings with the intention of creating a new market participant or by the acquisition of the joint control over the existing market participant which performs its activities on the lasting bases and has all functions of the autonomous market participant.

The obligation for merger control notification exists when combined worldwide annual turnover of all the undertakings concerned achieved in the previous business year exceeds EUR 100 million, provided that at least one undertaking concerned achieves a turnover exceeding EUR 10 million on the Serbian market or when combined annual turnover of at least two undertakings concerned achieved in the previous business year on the Serbian market exceeds EUR 20 million, provided that each of the at least two undertakings concerned achieves a turnover exceeding EUR 1 million on the Serbian market.

The merger control notification is to be filed within fifteen days from the day of an agreement execution, publication of a public bid i.e. an offer or closing of the bid or the acquisition of control performance.

3. Environmental Regulations

Generally speaking, the business of the foreign investor is obliged to comply with the environmental protection regulations. For detailed outlook on environmental protection regulations in Republic of Serbia it is advisable to revert to the respective aforementioned topic.

4. Government Approvals, Licenses and Permits

A company can be incorporated in Republic of Serbia without acquiring government approval. A company is likewise entitled to perform all activities which are allowed by the law.

However, a company which shall perform a business activity which is subject to previous approval may not start to perform business within that activity prior to acquiring the respective approval or license.

5. Insurance

Serbian insurance law is based on the principle of voluntary insurance. However, there are several obligatory insurances, prescribed for specific issues. Accordingly, business enterprise is not bound to conclude any insurance, if it does not fall under the scope of some case where obligatory insurance is prescribed.

The most common obligatory insurances for companies include motor vehicle's owner's insurance for damage towards third persons, and insurance of employees for hazards of injury at work, professional illness and illnesses related to work.

There is no state monopoly on insurance.

VIII OPERATION OF A BUSINESS



VIII. OPERATION OF THE BUSINESS

1. Advertising

Advertising Law of Republic of Serbia prescribes that the message in the advertisement has to be true, in compliance with the law, good business practice, of fair competition and professional ethics.

Any legal entity or natural person deeming that its/his/her rights or interest have been infringed, in terms of this act, shall be entitled to file a claim within the regular litigation proceedings, if other is not specified, while the advertiser and advertisement producer (e.g. the marketing agency which has created and produced the advertisement) shall be jointly liable.

Advertising Law stipulates the prohibition of direct and indirect discrimination. It is prohibited to encourage the discrimination on any basis, particularly based on beliefs, national origin, ethnic origin, religion, gender or race, political views, sexual orientation or other beliefs, social origin, property status, culture, language, age and mental or physical disability.

Advertising message may not contain statements or visual presentation which causes association that may be considered as rude.

Furthermore, deceiving advertising is the one that is in any manner whatsoever (including the manner of showing) deceiving or is most likely to deceive the recipients of advertising message, and the deceiving nature of which may affect the economic behavior of the recipients of advertising message, negatively affect or may affect the advertiser's competitors.

When determining if the specific advertisement is deceiving, all its characteristics are taken into account, especially each contained information that is related to (i) the characteristics of the goods/services, (ii) the price or the manner of calculation of the price as well as the manner of sale of goods, i.e. provision of services, and (iii) business data, characteristics and rights of the advertiser, such as his identity, property, qualifications, commercial property or intellectual property rights, awards and certifications which he received as an advertiser.

Advertising Law stipulates that advertising message cannot contain symbols whose use is contrary to the Serbian regulations, business practices or ethics. Furthermore, use of the Serbian flag, anthem and emblem in advertising has to be in compliance with the law governing the use of state symbols.

It is also prohibited for the advertisement to encourage any behavior which jeopardizes the health or security of the recipient of advertising message, in particular: scenes of violence and means-destruction, except for the purpose of suppression of such behavior; scenes which may cause aggressiveness and fear; sexual abuse shown as acceptable, desirable or as a common social behavior; showing minors in a sexual manner as well as men and women as boys or girls with sexual characteristics of an adult and finally, encouraging or approving any actions, forbidden by the regulations on environmental protection. , as well as bringing false allegations (by emphasizing the words "environmentally safe", "environmentally friendly", "eco-food", "organic food" ") that certain goods or services have the same meaningful positive effect or have no harmful effect on health protection or environment.

Advertising Law also prescribes specific conditions for advertising of tobacco, electronic cigarettes, medicines and medical devices, alcohol, drugs, weapons, and etc.

2. Attorneys

There are some cases when representation by an attorney is explicitly required such as in criminal proceedings and some stages of civil litigation. In civil litigation if the party is not represented by himself in court, the party can be represented by attorney at law, a relative by blood in direct line, a sibling, a spouse or a person with bar exam who is engaged by a local municipality to provide legal aid. Legal entity can be represented by an employee who has passed bar exam, while an employee party to a labor dispute can be represented by a representative of his/her trade union who also has passed bar exam. There is no mandatory representation by a local lawyer. However, foreign investors may find it helpful to have a local lawyer as a representative for the negotiations in a domestic market, due to the fact that local attorneys certainly know the rules, the market and its participants. Law on Advocacy allows foreign citizens to carry out legal activities on the territory of Serbia, under certain circumstances prescribed by law. Foreign citizens are listed in special books of attorneys. There are two such books, A and B. Attorneys listed in book A can only provide legal advice relating to the law of the country of origin and international law, while attorneys in the book B in their position are equal to the domestic attorneys in accordance with the law after meeting the condition of performing activities jointly with the domestic lawyer for 3 years of period of time.

The selection of Attorneys can be carried out at the local bar association (Bar association of Serbia <http://www.advokatska-komora.co.rs>), which keeps records of a list of lawyers who have that status. Besides bar associations selection could be performed through international legal associations (Lex Mundi) and based on client's recommendations.

Bar association of Republic of Serbia has rendered Tariff of costs and fees for Attorneys that stipulates fees for legal services. On the other hand, reputable Law firms are usually charging hourly fees for their services. In addition to fees in amount determined by the Tariff, the Attorney and client may agree in writing on a lump sum or fee in percentages.

3. Bookkeeping Requirements

Every legal entity and entrepreneur is obliged to keep books, prepare, present, deliver and disclose their financial statements in accordance with legal, professional and internal regulations.

The main sources of provisions are the Code of Ethics for Professional Accountants, International Accounting Standards (IAS), International Standards on Auditing (ISA), national standard governing the requirements for the training of accountants and auditors and gain professional titles, a national standard for accounting software and other national standards established in accordance to statements issued by the bodies of the International Federation of Accountants (IFAC).

Financial books are uniform records and other records of the status and changes in assets, liabilities and equity, revenues, expenses and results of legal entities and entrepreneurs. Books are kept in a double-entry bookkeeping system.

Financial books are maintained and financial statements are prepared and presented in the Serbian language and in the official national currency i.e. RSD. Transactions in other currencies are translated into dinars at the official value of the average exchange rate of National Bank of Serbia on the date of the transaction.

4. Business Ethics/Codes

In Republic of Serbia there is a large number of Chambers organized for economic branches or specific fields of practice. Each of these bodies (Chamber of Engineers, Medical Chamber, BAR association of Serbia etc.) has its own rules of practice and codes of conduct.

Chamber of Commerce of Republic of Serbia represents master chamber which assembles all entities that are operating or doing business in the territory of Republic of Serbia. ItAs of 1 January, 2017, membership in the Serbian Chamber of Commerce and paying membership fees will become compulsory. The fee will be determined by the Assembly of the Serbian Chamber of Commerce, depending on commercial standing and interests of a business entity. The Chamber of Commerce has enacted a Code of Business Ethics and Code for Corporate Governance in order to contribute to the further development of business practices based on ethical principles. In order to secure implementation of mentioned Codes the bodies of Chamber of Commerce impose appropriate measures to entities that have violated its provisions. Court of Honor was established by the Act on Chambers of Commerce for the purpose of determining violations of fair business practices, breach of unique market and monopolistic practices in this market.

Court of Honor, as a special court in commercial law and in economic system of the Republic of Serbia, sanctions the acts of business entities that might jeopardize the public interest, threaten the reputation of the Republic of Serbia abroad and violate the rights of consumers and other participants in the legal system. It has jurisdiction to act even when one party has its seat or residence outside the territory of the Republic of Serbia. If it determines that the infringement was committed, the Court of Honor imposes moral sanctions or measures of social discipline to the infringer.. In exercising its functions, the Court of Honor is independent and autonomous - it decides and judges on the basis of laws, Rulebook on Court of Honor, Code of Business Ethics, Corporate Governance, common practices, good business practices and business ethics.

5. Consumer Protection Laws

Law on Consumer Protection of Republic of Serbia prescribes that the consumer is defined as any individual who purchases any goods and services that are not related to his business or other commercial activity, meaning that consumers are defined only as natural persons, not a legal entities, which is fully compliant with EU law and the logic of consumer protection. Law prescribes more strict obligations for traders, such as providing unambiguous and clear explanations to the consumers prior to conclusion of the sale and purchase agreement, clear and proper indication of the prices etc. It became applicable on September 22nd, 2014, and the main reason for its adoption was harmonization with EU legislation.

6. Construction

Planning and Construction Act was recently amended with the aim to make the procedure of obtaining of the construction permit more efficient and investor-friendly.

One-stop-shop system

The amended Act offers significant improvements in the procedure of the obtaining of construction and utilization permits, by introducing the unified procedure which is followed before “one-stop-shop”. Upon implementation of changes, all necessary documents for construction are obtained before single public authority. The amended Act shortens the deadlines for issuance of construction permits and other documents.

The implementation of the unified procedure was gradual, beginning on 1st March 2015 and is practically fully implemented as of 1st January 2016.

The relevant authorities at all levels (e.g. republic authority, autonomous province or local authority) shall establish or designate a special internal body or service, which implements unified procedure. Unified procedure before such “one-stop-shop” shall apply for obtaining all the documents necessary for construction from designing phase up to issuance of utilization permit.

The one-stop-shops shall act on behalf the investor before all other public authorities or public companies competent for issuance of conditions and consents during construction and control work of such other public authorities and public competence.

The effect of introducing of unified procedure should be easier and faster obtaining of the permits necessary for each phase of construction – designing, construction, connecting to infrastructure and issuance of utilization permit through limitation of deadlines for issuance of construction documents and side-documents, obtaining of side-documents on behalf of the investor by “one-stop-shop” and Decreasing of the competence of the public authorities for controlling of the contents of the designs.

Other improvements

Resolving on problem of lack of urban-planning documents

According to the amended Planning and Construction Act, if the issuance of location conditions is needed, and urban planning documentation does not exist, the location conditions may be rendered on the basis of general rules of the planning and construction (under some conditions), which represents that the investors can no longer suffer the lack of the planning documentations in the process of the obtaining necessary permits.

This possibility enables the construction over locations which are not encompassed with urban planning documents, which was not the case until enacting of the amendments.

Contents of the designs necessary for obtaining construction documents

The Planning and Construction Act makes a distinction between design for construction permit and design for execution of construction works.

One-stop-shops are not authorized to examine the contents of the designs. The investor is only required to prove the compliance of the design with the urban conditions and the proof on this fact is the extract from the relevant design prepared by the designing engineer which created subject design.

Amendments of the Planning and Construction Act transfer significant parts of the designing phase and control of the designing phase from public authorities to the investors, which should additionally shorten the procedures for issuance.

Infrastructure fee

The investor shall pay a specified, calculated amount as infrastructure fee. This amount is reduced by the costs that the investor himself paid for the development of infrastructure on the construction land. The infrastructure fee may be reduced up to 100%, depending on the costs the investor sustains when developing infrastructure itself.

The by-laws provide detailed technical rules for implementation.

Remaining problems

The amendments of the Planning and Construction Act do not resolve the proprietary problems over the construction land, which is, mainly in public ownership of the Republic of Serbia or local self-government units. Absence on resolution of this problem blocked the commercial construction on main locations in Republic of Serbia from 2009, since the rights over the land acquired up to enactment of the Planning and Construction Act were declared as inadequate for obtaining of the construction permit.

In this respect, existing investors, which already acquired rights publicly owned land, shall not be in position to acquire and obtain construction permit until enacting separate law regulating this issue.

7. Contracts

Contract is defined as a mutual agreement made between two or more persons intending to achieve certain legal effect. Any person may freely enter into the contract except in cases strictly prescribed by the Serbian law. Such limitations could be divided into certain groups.

Public order limitation – Serbian Law on Contracts and Torts prescribes that all participants on the market may freely arrange their contractual relations, only if such relations are not contrary to the Constitutional principles (economic system, citizens' freedoms and rights, legality etc.), mandatory legal provisions (for example prohibition of abuse of rights, prohibition of abuse monopolistic position etc.) and moral. Public order could be defined as a collection of basic principles in the society.

Limitations regarding execution – Mandatory execution of contracts is quite rare but exists in Serbian law, for example certain laws prescribe mandatory insurance for vehicles, passengers in public transportation, airplanes, mandatory obligations for trader to sell all the goods placed in a market window, obligations to deliver electric energy, water, etc.

Limitations regarding the termination – Serbian Law on Contracts and torts prescribe general conditions for termination. For example, contracts concluded for indefinite period of time could be terminated at any time, by written notice.

Mandatory form for execution – Serbian law prescribes mandatory form for execution for certain types of contracts, most common form is court verification of signatures or before the public notary (for example this form is mandatory for real estate sale and purchase agreements). Also, Serbian law prescribes reciprocity condition for real estate purchase by foreign entities. In some cases it is necessary to obtain approval for execution that could be granted before or after the contract is being concluded. Such approval could be issued in a form of administrative approval granted by administrative authority in cases of: foreign trade, sale and purchase of business residential premises or agricultural land, etc. Another limitation is pre-emption right, as a restriction of freedom to choose contractual party. These limitations are related to acquiring of ownership rights over real estate. For example, co-owners firstly have to offer sale to the other owner.

Mandatory content – Typical example are standard clause contracts, which are usually being concluded in transportation – such as mandatory insurance of vehicles or passengers. In this case one party because of its economic superiority or for practical purposes pre-determines the elements of the contract (General Conditions), and the other party accesses such contract.

In the field of contractual relations autonomy of will of contractual parties is applied, meaning that the parties are authorized to choose governing law for their contract.

On the other hand, Serbian legislation prescribes mandatory application of Serbian law on certain types of contracts, for example contracts related to the real estate rights (*lex rei sitae*). Similar solutions are included in numerous foreign legislations.

8. Price Controls

Price regulation is not general practice in Republic of Serbia, considering that the market is governed by the principles of liberal economics. However, Government of Republic of Serbia has influence on prices of in the fields of food, energy and excise goods.

9. Product Registration

The companies which are producing specific products, such as the products from the field of chemical industry (medicines and medical devices, biocide products, pesticides), are obliged to get the approval from an authorized state body to be able to place such products on the market, as well as to register such products. Such products are inscribed in the registries managed by the authorized agencies (for example Agency for medicines and medical devices or Ministry of agriculture) after the conducted registration procedure. The procedure for approval and registration of such products lasts for a couple of months, and the company which initiates such procedure is obliged to pay the certain fees.

10. Sale of Goods

Law on Trade stipulates that the trader may offer goods with special sales incentives (stock, discount, sale, promotion, etc.) or under more favorable conditions compared to the regular or previous offer, especially with a reduced price, special conditions of sale, delivery or other benefits, with a promise of rewards, participation in a contest, accompanying gifts or other benefits in accordance with this Law.

If the reason for sale incentive is potential reduction of use value of the goods (flawed goods, damaged goods, near expiration date etc.) this reason must be indicated. Trader is also obliged to specify the type of incentive (discount, gift, participation in a prize-winning game) and give a precise and clear distinction as to which goods the incentive refers and to the list the validity period of the incentive, with the starting date set forth.

Furthermore, the Law prescribes obligation for a trader to list all special requirements relating to acquiring the right to an incentive, to list the total costs of acquiring or taking over the goods, including delivery and all costs for the buyers. Trader is obliged to explicitly state a comparison of the selling price with the previous (regular) price in case the incentive refers to price discount.

11. Trade Associations

Republic of Serbia has various trade associations but the investor is not in obligation to join to the trade association. Membership in trade associations is conditioned with payment of membership fees which are diverse and particularly determined for each association.

There are no mandatory trade practices in Serbia.

IX CESSATION OR TERMINATION OF BUSINESS

IX. CESSATION OR TERMINATION OF BUSINESS

There are two manners of cessation of company in Serbia – through liquidation proceeding (when a company is solvent, i.e. has sufficient assets to settle all of its liabilities) and through bankruptcy proceeding (when a company is insolvent, i.e. does not have sufficient assets to settle all of its liabilities).

1. Termination - Liquidation

Liquidation is the manner of cessation and deletion of a company which has sufficient assets to settle all of its liabilities. The initiation and closure of liquidation proceeding must be registered within Business Registers Agency (hereinafter referred to as: BRA). According to the Company law, there are two types of liquidation: voluntary and forced liquidation.

Voluntary liquidation shall be initiated by decision on initiation of liquidation made by all partners (in the case of general partnership,) or by General Meeting (in the case of limited liability company, and joint-stock company).

Forced liquidation shall be initiated by the BRA ex officio, if one of conditions is met, such as: If within 30 days of expiration of its duration a company does not register an extension of duration or fails to initiate a liquidation proceeding within the same period, if a company's share capital falls below the minimum amount provided by the Company law and company fails to increase it or to change a legal form and other conditions prescribed by the Company law. So far, it has not been recorded any case of forced liquidation.

Liquidation administrator

During liquidation a company is represented only by the liquidation administrator (it can also be a current legal representative). Liquidation administrator should be appointed by the decision on initiation of liquidation. The company may have several liquidation administrators in which case they shall represent the company jointly, unless otherwise is specified in the decision on their appointment. Liquidation administrator, from the moment of appointment is taking over the place of legal representative with all of his authorizations. From that moment, the representation rights of all representatives of the company shall terminate.

Limited legal capacity of a company

During the liquidation proceeding, a company has limited legal capacity – it is only entitled to conclude ongoing business operations, as well as to perform operations related to the liquidation proceeding. No dividends or property may be transferred during the liquidation proceeding.

Creditors' claims and distribution of liquidation estate

The company must inform all creditors about the initiation of liquidation proceeding. Company is obliged to register notification on liquidation at the BRA, together with decision on liquidation. Notification shall be published on the BRA's website for 90 days in order to enable to all creditors to report their claims. Beside notification, the liquidation administrator is obliged to send a written notice on initiation of liquidation proceeding to all creditors known to the company whose individual claims exceeds the amount of RSD 2,000,000.

After reception of all claims (within the timeline), the liquidation administrator should compose the list of the known, negated (opposed), registered claims, as well as the data about the fact whether the property of the Company is enough in order to cover all creditors' obligations.

After reception of all claims (within the timeline), the liquidation administrator should compose the list of the known, negated (opposed), registered claims, as well as the data about the fact whether the property of the Company is enough in order to cover all creditors' obligations. If during liquidation proceeding turns out that the company is insolvent, liquidation administrator is obliged to file a motion for initiation of bankruptcy proceeding to the competent court. The property that remains after all creditors have been settled (hereinafter referred to as: liquidation estate) should be divided between shareholders. Shareholders remain liable for company's potential liabilities which were not settled, up to the of the received amount of liquidation estate for the period of 3 years upon deletion of a company from BRA. .

If the value of received liquidation estate is above the value of invested capital, that difference shall be treated as a dividend and will be subject to taxation in accordance with the laws regulating corporate income tax and individual income tax.

2. Insolvency/Bankruptcy

Bankruptcy represents the manner of cessation of an insolvent company through collective settlement of creditors.

Serbian Bankruptcy law allows an alternative to bankruptcy proceedings, the procedure named Reorganization, which is also regulated by the Insolvency Law.

Reorganization is a set of measures directed toward an insolvent company, which in case of success results in settlement of creditors without bankruptcy of the subject company. It is conducted pursuant to the approved Reorganization plan, which may be submitted by entitled persons, including the company and qualified creditors. Reorganization is carried out especially if there are economic conditions for the continued operating of subject business. The measures within Reorganization procedure are not limited and should be conducted in accordance with the goal of the Reorganization procedure, which may be improvement of company business success, aid intended for the company, creditors control over the company etc.

3. Essential reasons for bankruptcy

1. Permanent insolvency – represents alternative situations when i) company is unable to pay its debts within 45 days from the date they became due² or ii) company put on hold all payments for a consecutive period of 30 days;
2. Pending insolvency - if the bankruptcy debtor makes it apparent that it will not be able to pay its debts as they become due;
3. Over-indebtedness - exists if the liabilities of the bankruptcy debtor exceed its assets;
4. Failure to comply with the adopted reorganization plan or if the reorganization plan was put into effect in a fraudulent or unlawful manner - failure to comply with the adopted reorganization plan shall be deemed to exist if the bankruptcy debtor fails to act in accordance with or acts in contravention of the reorganization plan in a manner that substantially jeopardizes the implementation of the reorganization plan.

4. Immediate closing of bankruptcy proceedings

If the bankruptcy debtor faces with over-indebtedness, as well as if it has only one creditor, the bankruptcy proceeding will be closed without delay. The same applies if it is determined that the asset of bankruptcy debtor is less than the costs of the bankruptcy proceeding itself.

5. Initiation of bankruptcy proceeding and its consequences

The bankruptcy proceeding can be initiated by the petition of:

1. Creditor;
2. Bankruptcy debtor; or
3. Liquidation Administrator (if during the liquidation proceeding appears a doubt in solvency of a debtor).

In Bankruptcy proceeding is a court procedure and shall be initiated by a decision on opening of bankruptcy proceeding rendered by bankruptcy judge and by election of Bankruptcy Administrator from the list of authorized bankruptcy administrators. Bankruptcy administrator becomes the only legal representative of a bankruptcy debtor and is authorized to manage with assets of bankruptcy debtor in the course of settlements of creditors.

Bankruptcy proceeding has major consequences on bankruptcy debtor (e.g. blockage and closure of its bank accounts), receivables (e.g. all receivables towards bankruptcy debtor become due) etc.

Regarding consequences of bankruptcy proceeding on shareholders, company is not allowed to perform distribution of profit during the bankruptcy proceeding as well as distribution of company assets to its shareholders before reimbursement of all costs of bankruptcy proceeding and settlement of creditors. If in asset distribution procedure all claims of bankruptcy creditors may be fully satisfied, the bankruptcy administrator shall be obliged to distribute the remaining part of the bankruptcy estate to the shareholders, proportional to their shares. Shareholders shall be jointly and several liable for the obligations of a company in bankruptcy even after deletion of the company from BRA, but only up to the amount of received bankruptcy estate and for the period of 3 years upon deletion of a company from BRA.

6. Board of creditors

Board of creditors is consisted of creditors that have any kind of claims towards the company that goes through the bankruptcy proceeding, and has the right to:

1. file written objections on the work of the bankruptcy judge and bankruptcy administrator;
2. file an appeal regarding the rulings of the bankruptcy judge, when the appeal is permitted;
3. access the records, expertise findings, as well as to the other documents that appear in bankruptcy proceedings;
4. issue an opinion regarding the recognition of justified deficits in the inventory;
5. propose the dismissal of the existing bankruptcy administrator and to propose the new one;
6. give a statement about the amount of the final award for the bankruptcy administrator.



X LABOR / EMPLOYMENT

X. LABOR/EMPLOYMENT

1. Employer/Employee Relations

Labor Law, Law on Contracts and Torts, Law on Commercial Companies, Law on Foreigners, Law on Employment of Foreigners, Law on protection and health at work, Law on prevention of harassment at workplace (Law on mobbing), Tax Law and Law on Social Security Insurance are the governing laws in the field of employer/employee relations.

On July 29th, 2014 the Law on Amendments of the Labor Law was rendered. The aforementioned law introduced changes regarding the following issues:

- employment on definite period of time can be established for a period of maximum 24 months or longer in cases stipulated by the Labor Law;
- severance pay can be paid only for the years of service spent at the current employer and all related legal entities with the employer;
- legal basis for termination of employment by the employer were defined differently;
- Termination procedure was changed (for example – the notice period cannot be longer than 30 days and earlier the maximum was not determined).

Also, on December 4th, 2014 the new Law on the employment of foreigners entered into force. It regulates in a more detailed manner issues regarding foreign nationals who are working or would like to work on the territory of the Republic of Serbia, disregarding the basis of their residence. The Law now recognizes more categories of work permits than it previously did and the issuing conditions are described in more detailed manner.

2. Employment Regulations

The investor does not have to hire nationals.

Engagement of the foreign citizen in Serbian company can be performed on the basis of the employment agreement or on the basis of the agreement between two companies, so called assignment agreement or agreement on technical cooperation, upon which would be rendered the assignment decision as well.

Foreign citizen may work in Republic of Serbia as the employee, on the basis of the employment agreement, and in this case the assigned employee is subordinated to the laws of Republic of Serbia. The provisions of the employment agreement should be construed under the same rules as for the Serbian citizens and obligatory elements of the employment agreement are strictly stipulated with the Labor Law.

Before the commencement of work, foreign citizen is obliged to obtain a residence permit and a work permit. Still, there are certain categories of the employees who are excluded from the obligation to obtain the permit (i.e.g. company's founders, legal representatives, members of the corporate bodies who are not spending more than 90 days in the period of six months on the territory of the Republic of Serbia).

Each employee is entitled to at least minimum earnings for standard performance and full working hours. Minimum earnings are determined by a decision of the Social and Economic Council established for the territory of the Republic of Serbia. Should the Social and Economic Council fail to render a decision within 10 days from the day of commencement of bargaining, the decision on the amount of minimum earnings shall be made by the Government of the Republic of Serbia.

The minimum earnings are determined per working hour, for a six month period at the minimum, currently standing at RSD 121, 00 per hour. In addition, the employee has the right to receive additional percentage of the salary based on the overtime work (min. 26% of the basic salary), work on public holidays (min. 110% of the basic salary), night work (min. 26% of the basic salary), and years of service (a 0.4% increase for each year of employment at the employers).

Also, during the sick leave, if the sickness is not connected in any way with the work, and has not appeared as a consequence of a work, the employee is entitled to 65% of the average salary in that was paid to him in the previous twelve-month period, and if the sickness is in any way connected with the work of the employee, and is a consequence of its performance, 100% of the average salary in the previous twelve-month period should be paid to the employee.

A working week consists of 5 working days. A schedule of the working hours within the workweek is set by the employer. Generally, a workday lasts 8 hours. Statutory working hours in Serbia are normally 40 hours per week, and cannot be less than 36 hours per week, in order to be still considered as a full working time. Time over the statutory hours is considered overtime. The total working time per day cannot last longer than 12 hours. The time spent on the overtime work should be additionally paid in the amount of min. increase of 26% of the basic salary on the regular daily sum.

Annual leave can be used after a minimum of one month from the employment contract starting date and totals a minimum of 20 working days per year – app. 4 weeks. Any employee can be entitled to absence from work with compensation of salary (paid leave) in the total duration of 5 business days in the course of one calendar year.

Maternity leave lasts up to 3 months starting from the date of delivery. Upon the expiry of the maternity leave, a mother or a father of a child may use a paid leave for the infant care. Both maternity leave and the paid leave for the infant care may last up to the total of 365 days. The paid leave is partially financed by the municipal or city administration (where the person is domiciled) and partially by the employer.

3. Hiring and Firing Requirements

In Republic of Serbia there is no prescribed minimum number of people that the investor must employ, there is no minimum number of nationals that the investor has to employ and there are no positions in the company that nationals must hold.

An employment relation may be established with a person who is at least 15 years old and satisfies other requirements to work at specific jobs as specified by law and/or the set of rules on organization and job systematization.

An employment relation may be established with a person who is less than 18 years old if along with the consent in writing of a parent, adopting parent or a guardian, provided that such work does not put at risk child's health, moral and education, and/or provided that such work is not prohibited by law.

A person under 18 years of age may establish employment relation only on the ground of the finding of a competent agency determining that he/she is capable to perform those certain jobs, and that those jobs are not detrimental to his/her health. In case of employment termination, the employee is obliged to give a 15-day to 30-day advance notice in writing to the employer.

In the event of employment termination by the employer certain procedure must be fulfilled. Prior to the cancellation of the employment contract in certain cases, the employer is obliged to warn the employee, in writing, about the reasons for cancelling the employment contract, and to provide him/her with at least eight days, in order to enable him to express him/herself on the indications in the warning. An employment contract shall be cancelled by through a decision, in writing, and shall include explanation with reasoning as well as the instructions relating to legal remedy.

Special Protection against the Cancellation of Employment Contract must be observed. An employer may not cancel the employment contract to an employee in the course of pregnancy, maternity leave, leave for nurturing the child and leave in case of special care for child. In case of professional sickness/disability to the person with such health disorder must be offered another suitable working place if there is such place at the employer's systematization.

Only after it is determined that there is no such place, such employee can be declared redundant. The professional sickness/disability must be defined as permanent, and also as a disease that prevents the employee from further performing of the operations on the job position he/she is engaged on. This must be done by the relevant health organ in charge.

The employer does not have a continuing obligation towards employees whose employment ceased in accordance with the Labor Law. However, the employer is obligated to pay to the employee all unpaid earnings, compensation of earnings and other incomes which were earned by the employee, latest in course of 30 days after the day of termination of employment relation, or within the shorter deadlines in compliance with the general acts and/or the employment contract on the Employer's level.

4. Labor Availability

Serbia's labor force combines exceptional working efficiency with sizable labor supply. With a unique combination of high quality and low costs, it is one of the key factors in reaching a strong business performance. Even though the labor force is relatively cheap, even in comparison with the prices of the engagement of labor forces in the SEE region, the level of unemployment rates up to 19% of the total population, which is very high percentage. Statistical record provides the data about the number of unemployed persons, which in June 2016 were 706.611 people in total who are subscribed in the record of the unemployed. Majority among them finished just primary school, and have just primary education, but in the record, as unemployed, are also inscribed people with PhD, as well as with MA.

With regard to the educational profiles technical education is particularly strong – high school students are among the best performers at world contests in natural sciences, while Serbian engineers are well-known for their expertise. In addition, Serbia boasts the highest English speaking proficiency in Eastern Europe. Management education has also been improved by the introduction of joint graduate and post-graduate courses organized by local universities and renowned Western business schools. Essentially, highly qualified staff in Serbia is widely available. The number of engineers, managers, and other specialists is sufficient to meet the growing demand of international companies.

5. Labor Permits

Expatriates wishing to establish employment in Serbia are required to obtain a temporary residence permit. The temporary residence permit can be obtained by signing an employment contract or by establishing a company. Disregarding the basis of residing the procedure is the same, while the needed documentation is slightly different. Upon receiving the temporary residence approval, it is necessary to submit necessary documents to the National Employment Service for obtaining the work approval/ work permit.

The prerequisite for this is the so called “labor market test”. A work permit is always issued for the same validity period as the temporary residence permit. It can be renewed.

Acquiring of residence permit can last up to 30 days from the day of filing the application and obtaining of the work permit can last up to 1040 days from the day of filing the application for conducting the so called “labor market test”. However, the application for conducting the labor market test can and should be submitted the same day as the application for the residence permit. Thus, the day when the residence permit is issued the request for issuing the work permit can be filed and the work permit shall be issued in the following 5 to 7 days.

Fees for obtaining residence permit amount to around 150 EUR and include administrative taxes for the application and visa, while fees for obtaining work permit amount to around 100 EUR for administrative tax

6. Safety Standards

The Law on Safety and Health Protection at Work governs the implementation and advancement of safety and health at work, of the engaged person disregarding the grounds of engagement. The rights, obligations and responsibilities regarding safety and health protection at work, stipulated by the law, are more closely defined by collective agreement (if existing), a general act on the employer’s level or employment agreement of the engaged person.

It is stipulated that the employer must ensure safe work on working places and in working environment by implementing measures of safety and health protection at work.

The preventive measures must be implemented before the employee’s commencement of work, as well as during work, and at every change of the technological process representatives of the employees must be informed about matters related to safety and health protection at work and that the relevant records must be preserved.

Furthermore, the employer is obligated to render a written act (decision) on appointing a person in charge for safety and health protection at work, from the ranks of employees with whom an annex to the employment agreement will be concluded, or newly employed with whom an employment contract will be concluded. Apart from the above, the employer may hire a legal entity, or an entrepreneur licensed to perform the tasks of safety and health protection at work.

The employer is also obligated to render a written act on risk assessment for all work places in the work environment and to determine the means and measures in order to avoid the risk, as well as to amend the act on risk assessment for each new hazard position that appears in the working process.

The Fire prevention act as well as the Act about the protection of the Employee’s from Tobacco Smoke in the working environment should be issued on the Company’s level, as well as the measurement plan by which the gender equality would be achieved on the Employer’s level.

7. Unions

Freedom to organize in trade unions and engage in trade union activity are guaranteed to employees and require no approval, therefore, unions are recognized.

The largest and the oldest union in Republic of Serbia is Konfederacija slobodnih sindikata (Confederation of autonomous trade unions of Serbia.). Other significant unions are the United Trade Union "Nezavisnost (Independence)" and Asocijacija slobodnih i nezavisnih sindikata (Association of Free and Independent Trade Unions.).

According to statutes of these unions, they are independent and autonomous in relation to the employers, employers' associations, state authorities, or political parties. Also, according to Labor law, if it is not independent from state agencies and employers, trade union will not be considered representative and would not be able to participate in the process of collective bargaining.

There is no obligation on the part of the employer to organize trade unions, but if the employees use their right to organize in trade unions and engage in trade union activity an employer is obligated to provide technical conditions and premises, as well as the access to data and information necessary for trade union activities.

A trade union shall be considered representative if it is established and acting according to the principles of trade union organizing and action, if it is independent from state agencies and employers, if it is financed predominantly from membership fees and other sources of its own, if it is having a necessary number of members on the ground of membership application forms and if it is entered into the register in conformity with the law and regulations.

Where several representative trade unions or representative associations of employers, and/or trade unions or associations of employers who have concluded an agreement of association, take part in concluding a collective agreement - a negotiation board shall be established. Members of the board shall be determined by the trade unions, and/or associations of employers, in proportion to the number of members.

In the bargaining procedure aimed at concluding a collective agreement at an employer, the representative trade union shall be obliged to cooperate with a trade union joined by a minimum of 10% of employees with the employer, in order to express the interests of employees who are members of that trade union.

Participants in the procedure of concluding a collective agreement are obligated to bargain.

XI TAX ON CORPORATIONS



XI. TAX ON CORPORATIONS

1. Introduction

The Law on Budget System of the Republic of Serbia determines two essential kinds of public revenues - Tax revenues (as the type of public revenues collected by the government through mandatory payments by taxpayers without the obligation of performing any special service in return) and Non-tax revenues (as the type of public revenues collected by the government through mandatory payments by legal entities or individuals, with an obligation of performing a special service to such persons; non-tax revenues shall also include fines and penalties).

Some of the most significant taxes, on which the tax system is consisted, are: Value added tax, Excise tax, Income tax, Corporate income tax, Property tax, Tax on inheritance and gifts, Tax on the use, possession and carrying of certain goods, and other taxes.

All these taxes are paid on the national level, while the distribution of revenue, obtained based on republican tax levying, is carried out in accordance with local regulations.

In accordance with the Serbian law, non-tax revenues include general fees, fees for use of public resources, Compulsory social insurance and other public revenue. The law may impose administrative fees, court fees, utilities fees, registration fees, residence fees, fees for specific products and activities etc.

The law may impose some fees for use of public resources interest, such as compensation for water, compensation for forests, fees for roads, compensation for land, compensation for the fishing grounds, Fee for the use of space tourism, charge for use of natural medicinal factors, charge for use of mineral resources, compensation for environmental protection, fee for the use of air space, fee for the use of radio frequencies and television channels, travel allowances and other charges.

The law introduces mandatory contributions for social insurance, such as pension and disability insurance, health insurance and unemployment insurance.

Other public revenues are, income from lease or the use of real estate and movable property owned by the state, autonomous provinces and local self-government, revenues generated through the activity of agencies and organizations founded by the Republic of Serbia, or local authorities, revenues from fines imposed in criminal, misdemeanor and other proceedings pending before the state body and property gain in such proceedings, compensation for organizing games of chance and other public revenues, as stipulated by law.

2. Law on corporate income tax

Taxpayers

Taxpayer of corporate income tax is any legal entity which is established for the purpose of conducting business activity in order to incur profit. Taxpayer is also legal entity / co-operative that is not established in order to incur profit, than for other goals determined in its general acts, but which incurs profit by selling products on the market or providing services for fee, especially institution founded by the Republic of Serbia, Autonomous Province, Municipality, political organization, trade union organization, chamber, church and religious communities, associations, foundations and endowments.

Residents and Non-residents

Resident taxpayer is considered to be legal entity incorporated or having its head office of actual management and control in the territory of the Republic of Serbia. Any profit that resident taxpayer generates in or out of the territory of the Republic of Serbia will be subject to taxation of corporate income tax.

Non-resident taxpayer is a legal entity incorporated and having its head office of actual management and control out of the territory of the Republic of Serbia. On the other side, any non-resident shall be subject to taxation for any profit it generates through a permanent establishment in the territory of the Republic of Serbia. Any non-resident taxpayer who is conducting a business in the territory of the Republic of Serbia by operating through a permanent establishment which is keeping books in accordance with the regulations dealing with accounting (a branch or other organizational parts of a non-resident taxpayer which are conducting a business), shall determine the taxable profit in accordance with that regulations and declare the taxable income of the permanent establishment in the same way as the resident taxpayer. Any non-resident taxpayer who is conducting a business through a permanent establishment which is not keeping books in accordance with the regulations dealing with accounting, shall keep in that permanent establishment the records covering all data on income and expenditures, as well as all other data of importance for establishing the profit generated by that unit by operating in the territory of the Republic of Serbia.

Taxable income

Taxable income is the corporate income tax base. Taxable income is determined in the fiscal balance sheet by adjusting the taxpayer's profit income declared in the income statement which has been drawn up in conformity with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), International Financial Reporting Standards for Small and Medium-Sized Enterprises (IFRS for SME) and regulations dealing with accountancy. The taxable profit of a taxpayer, who is not applying the IAS and/or IFRS and IFRS for SME pursuant to the regulations dealing with accounting, shall be determined in the tax declaration by adjusting the taxpayer's profit declared in accordance with the method of recognizing, measuring and estimating the revenues and expenditures prescribed by the Minister of Finance.

Adjustment of Expenditures

The expenditures declared in the income statement in conformity with the IAS, IFRS, IFRS for SME and the regulations dealing with accountancy and auditing, with the exception of the expenditures that are to be declared in a different way, shall be recognized in the determination of taxable profit. In establishing the taxable profit of a taxpayer who is not applying the IAS and/or IFRS, IFRS for SME pursuant to the regulations dealing with accounting, the expenditures established in accordance with the method of recognizing, measuring and estimating the expenditures prescribed by the Minister of Finance shall be recognized, with the exception of the expenditures which are to be established in some other way provided by this law.

It is important to note that following costs shall not be recognized as a charge to expenditures: Non-documentable expenditures, Adjustments of individual claims from persons that are also creditors, Gifts and contributions to political organizations, Gifts the recipient of which is an associated person, Interest payable for untimely payment of taxes, contributions and other public charges, Cost of forced collection of tax and other debts and cost of tax offence proceedings and other proceedings conducted by competent authorities, Fines levied by competent authorities, penalty clauses and penalties, statutory interest between related parties and Costs which were not incurred for the purpose of conducting business.

The cost of materials and the acquisition value of sold merchandise shall be recognized in the amounts calculated by the weighted average price method or FIFO method.

The costs relating to wages and salaries shall be recognized in the amount charged to operating costs.

Calculated gratuities and pecuniary compensations to employees on the basis of retirement or termination of employment on other grounds shall be recognized as expenditure in the fiscal balance sheet in the taxation period in which they have been paid out.

The fixed assets shall include tangible assets the service life of which is longer than a year that are pursuant to the legislation that regulates accounting, IAS /IFRS and IFRS for SME, with the exception of non-expendable natural assets, as well as intangible assets, other than goodwill.

Expenditures on health care, cultural, educational, scientific, humanitarian, religious, environmental protection, sport-related purposes and donations to social protection institutions/social protection services providers shall be recognized as expenditure amounting to not more than 5% of the total revenue. In addition, humanitarian aid for mitigating consequences of natural disasters in the Republic of Serbia shall be recognized as expenditure amounting to not more than 5% of the total revenue.

The above mentioned expenditures shall be recognized as outlays only if payments were made to the persons registered, i.e. established for such purposes in accordance with special regulations, which are using the mentioned receipts exclusively for the purpose of conducting the business referred in the paragraph above.

Expenditures on investment in the field of culture shall be recognized as expenditure amounting to not more than 5% of the total revenue.

The membership fees paid to chambers of commerce and industry, unions and associations shall be recognized as expenditure item in the tax statement up to 0.1% of the total revenue. Membership fees the amount of which is determined by law shall be recognized as expenditure.

The expenditures on advertising and publicity shall be recognized as outlays amounting up to 10% of the total revenue. Expenditures on representations shall be recognized as outlays amounting up to 0.5% of the total revenue.

Only the gifts and other expenses serving toward promotion of the taxpayer's performance shall be recognized as publicity expenditure in the tax statement.

The written off value of other individual receivables, shall be recognized as a charge to expenditures, onunder condition that it is proven beyond any doubt that such receivables were previously included in the taxpayer's revenues, that such receivables have been written off in the taxpayer's books as uncollectable and that the taxpayer presents evidence of failed collection of such receivables on the basis of legal proceedings.

The adjusted value of individual receivables shall be recognized as a charge to expenditures, if at least 60 days have expired from the deadline for their collection.

The revenues in the fiscal balance sheet for the taxation period in which the taxpayer has written off the value of the same claims shall be increased by the amount of expenditures on the basis of corrected value of the individual claims, unless the taxpayer has satisfied the requirements cumulatively.

Expenditure which was not acknowledged on the basis of adjustment value of individual claims in the accounting period in which is expressed shall be recognized in the accounting period in which the abovementioned conditions are met.

All of the written off, adjusted and other receivables recognized as expenditure, which get collected subsequently, shall be included in the taxpayer's revenues at the moment of collection. The total accounted interest, other than interest charged for untimely payment of taxes, contributions and other public charges, shall be recognized as expenditure in the tax statement. Any interest and related costs based on a loan extended to a permanent establishment by its non-resident head office shall not be recognized as expenditure in that permanent establishment's tax statement.

Any compensation based on copyrights and related rights and industrial property rights paid by any permanent establishment to its non-resident head office shall not be recognized as expenditure in the permanent establishment's tax statement.

The taxes, contributions, fees and other public charges which are not dependent on the business operation results and have been paid during the taxation period shall be recognized as a charge to expenditures in the fiscal balance sheet.

The increase in the adjusted value of the balance asset claims and reservations for the off balance item losses, which are declared in the profit-and-loss statement as a charge to expenditures in the taxation period in accordance with a bank's internal regulations, shall be recognized as a charge to expenditures fiscal balance sheet of the bank concerned, up to the amount fixed in accordance with the regulations of the National Bank of Serbia.

The increase in the indirect writing off according to the claim collectability categories, calculated and declared in the profit-and-loss statement as a charge to expenditures in the taxation period, shall be recognized as a charge to expenditures in the fiscal balance sheet of any insurance company, up to the amount fixed in accordance with the regulations of the National Bank of Serbia.

The long-term provisions made for the renewal of natural resources, warranty period costs and retained caution money and deposits, as well as other obligatory long-term reservations in conformity with law, shall be recognized as a charge to expenditures.

Other long-term reservations that meet requirements for recognition in accordance with IAS and IFRS and IFRS for SME shall be recognized as expenditure in the amount of the used value of such reservations in the tax period, or settled liabilities and outflows of resources on the basis of those reservations.

The expenditures incurred on the basis of depreciated property, which is determined as the difference between the net present value of property and its estimated recoverable value in accordance with IAS and IFRS shall not be recognized as a charge to expenditures in the fiscal balance sheet, but shall be recognized in the taxation period in which that property was transferred, used or in which such property was damaged due to force majeure.

Capital Gains and Losses

A capital gain is any income earned by a taxpayer by selling or transferring the Real estate, the Industrial property rights, the Interests in the capital of legal entities and shares and other securities (with the exception of bonds issued in conformity with the regulations dealing with settlement of commitments of the Republic of Serbia) and Investment units bought up by open investment funds.

A capital gain makes up the difference between the sales prices of the property and its acquisition price. If the difference of this is negative, a capital loss is involved. The acquisition price used in the determination of capital gains shall be the price at which a taxpayer has acquired the assets, less the depreciation worked out.

The acquisition price shall be corrected to the estimated or fair value established in accordance with the IAS and/or IFRS and the adopted accounting policies, if the change to fair value has been declared wholly as revenue of the period in which it was made.

If the price at which the assets were acquired has not been declared in the taxpayer's books or in accordance with the provisions of the law, the acquisition price to be used in working out the capital gains shall be the market price on the date of acquisition as determined by the competent tax office.

In the case of sale of real estate under construction, the acquisition price shall include the construction costs declared until the date of sale in accordance with IAS and/or IFRS and the regulations dealing with accounting and auditing.

In the case of real estate acquired on the basis of the founder's share or by increasing the founder's share, the acquisition price shall be the market price of that real estate on the date of issue of the founder's share.

In the case of securities which are traded on the regulated market, according to the law dealing with the securities and other financial instruments market, the acquisition price shall be the price the taxpayer can prove to be the actually paid one and if the taxpayer has no proof to that effect, the lowest price fetched on the regulated market in the year preceding the sale of such securities or in the trading period, if trading lasted less than a year.

In the case of securities which are not traded on the regulated market, the acquisition price of securities shall be the price the taxpayer can prove to be the actually paid one and if the taxpayer has no proof to that effect, their nominal value.

In the case of securities acquired on the basis of the founder's share or by increasing the founder's share, the acquisition price shall be the market price valid on the regulated market on the share issuing date or if such price was not fixed, the nominal value of securities on the share issuing date.

The acquisition price of a share in the equity of legal entities and industrial property rights shall be the price the taxpayer can prove to be the actually paid one. The acquisition price of a share in the equity of legal entities and industrial property rights, acquired on the basis of the founder's share or by increasing the founder's share shall be the market price valid on the share issuing date.

The acquisition price of an investment unit shall be the net value of the open fund assets per investment unit on the date of payment plus the purchase fee, if the managing company charges one, in conformity with the law regulating investment funds.

Any capital gain shall be included in taxable profit in the amount set in the way specified above. Any capital loss incurred in the sale of a proprietary right may be offset with the capital gain made in the sale of another proprietary right in the same year. If a capital loss is declared even after the offsetting, it is permissible for it to be offset with future capital gains in the next five years.

Tax rate

The corporate income tax rate amounts 15%.

Furthermore, withholding tax shall be charged and paid at the rate of 20% on the income earned by a non-resident taxpayer from a resident taxpayer on the basis of dividends and a share in the profit of a legal entity, compensations from copyrights and related rights and industrial property rights, interest and rent on leased real estate and chattels in the territory of the Republic of Serbia and income of non-resident legal entity from performance of entertainment, sport or similar program in Republic of Serbia ,, unless otherwise provided by an international agreement on the avoidance of double taxation.

Tax shall be also charged at the rate of 20% on the income earned by a non-resident taxpayer from a resident taxpayer, some other non-resident taxpayer, individual, non-resident or resident or open investment fund in the territory of the Republic of Serbia, on the basis of capital gains, unless otherwise provided by an international agreement on the avoidance of double taxation.

Determination and collection of corporate income tax

Any taxpayer who starts up a business in the course of the year shall file a tax return within 15 days from the date of registration with competent authorities. The tax return shall be filed within 180 days from the expiration of period for which the tax is determined.

If any taxpayer has paid in advance less tax than it was bound to pay according to the tax return, it shall pay the difference before filing the tax return. If any taxpayer has paid in advance more tax than it was bound to pay according to the tax return, the excessive amount paid in shall be regarded as an advance on the following tax period or to be reimbursed to the taxpayer at its request.

3. Law on Individual Income Tax

Taxable Revenues

Individual income tax shall be payable on the certain kinds of revenues such as Wages and salaries, Revenue from agriculture and forestry, Revenue from self-employment, Revenue from copyrights, rights related to copyrights and industrial property rights, Revenue from yield on capital, , Capital gains and other revenues. These revenues shall be taxable regardless of whether they were received in money or kind, on the basis of performance or in some other way.

Residents and Non-residents

The payer of individual income tax shall be any resident of the Republic of Serbia (as a person whose residence or center of business and vital interests is in the territory of the Republic or who resides in the territory of the Republic for 183 or more days, continuously or with breaks, over a period of 12 months beginning or ending in the respective taxation year) on the revenue earned in the territory of the Republic of Serbia and in some other state. The payer of individual income tax shall also be any individual who is not a resident, on the revenue earned in the territory of the Republic of Serbia.

Tax on salaries

Salary shall be understood to mean the salary stemming from employment, as defined by the law dealing with labor relations and other receivings of an employee. Salary shall be also understood to mean the remunerations and other receipts earned on the basis of temporary and occasional work performed on the ground of contracts concluded with employers directly, as well as on the basis of contracts made through youth and student co-operatives, excepts contracts concluded with persons up to age of 26 who are attending secondary, college and university education institutions. The payer of salary tax shall be any individual who earns a salary. Salary also includes paid personal salary of entrepreneur as well as receiving that employee receives from legal entity related to the employer and other receiving prescribed by the law.

The earnings shall be taxed at the rate of 10%.

Tax on revenue from self-employment

The revenue from self-employment shall be understood to mean the revenue stemming from a business activity, including agriculture and forestry and revenue from provision of professional and other intellectual services, as well as from other activities, unless tax is payable on such revenue on some other grounds pursuant to the present law. The revenue stemming from self-employment shall also be understood to mean the revenue earned by permanent or seasonal usage of land, , for non-agricultural purposes (sand, gravel and stone extraction, production of lime, bricks, roof tiles, charcoal, etc.), incubator-based production of poultry and pursuing other activities, regardless of whether they are registered with competent authorities as self-employment.

The payer of tax on the revenue stemming from self-employment shall be any individual who earns income by engaging in the activities, defined above, including individual who earns income from farming and forestry, who registered its farm in the Registry of Farms and any other individual who is a valued-added tax payer under the law dealing with value-added tax. The rate of tax on the revenue stemming from self-employment shall be 10%.

Any entrepreneur who in view of circumstances is unable to keep books, other than those relating to effected sales, or the keeping of which would impede the conduct of his business, may apply for payment of tax on the revenue from self-employment on a lump sum basis.

The right to lump sum taxation may not be granted to an entrepreneur who is engaged in accounting, bookkeeping, auditing, tax advising, marketing and market research, who is engaged in wholesale and retail trading, , hotel and restaurant keeping, financial mediation and activities associated with real estate, who has received investments also from other persons, whose total turnover in the year preceding the one for which tax is determined or whose planned turnover at the start-up of business is higher than 6,000,000 dinars and who is a value-added taxpayer or who opts for the payment of value-added tax in conformity with the law dealing with the value-added tax.

Tax on the yield on capital

The yield on capital represents i) interest based on loans, savings and other deposits, (term or sight) and debtor and related securities,; ii) dividends and shares in profits,; iii) yield from an open investment fund; iv) taking of the company's assets and usage of company's services by shareholders for their personal needs. . The payer of tax on the yield on capital yield shall be any individual who realizes such revenue. The rate of tax on the yield on capital shall be 15%, except for point iv) , where the rate is 20%.

Tax on the yield on capital shall not be paid on interest on:

1. Savings and deposits (term or sight) made in RSD; and
2. debtor securities issued by the Republic of Serbia, Autonomous Province, Municipality and National Bank of Serbia.

Tax on revenue from real estate

Provisions regarding Tax on revenue from real estate shall be applicable as of January 2017. By revenue from real estate shall be considered revenue from lease or sublease of real estate (land, residential, business and other buildings or parts thereof, apartments, business premises, garages (surface and underground).

Taxpayer is an individual who earns revenue by lease/sublease of a real estate. Entrepreneur who performs lease/sublease of real estate as its business activity shall be considered as a taxpayer of a tax on revenue from self-employment.

Tax on capital gains

A capital gain is any revenue that taxpayer realizes by selling or transferring in some other way without compensation the absolute rights on real estate, copyrights, rights related to copyrights and industrial property rights, shares in the assets of legal entities, stocks and other securities, including investment units, except investment units of voluntary investment funds.

A capital gain is the difference between the sale price of rights, shares and securities and their purchase price adjusted. When the difference is negative, a capital loss is involved. Taxpayer of the tax on capital gains is any individual, including entrepreneur, who transferred the rights, shares and securities referred to in above paragraph. The tax rate of tax on capital gains is 15%.

Tax on other revenues

Revenues from Leasing Chattels - the payer of tax on the revenue from leasing out equipment, means of transport and other chattels is any individual that leases out such chattels. The gross revenue from leasing out equipment means of transport and other chattels includes the rent received and the value of all performed duties and services undertaken by the lessee. The taxable revenue from leasing out chattels shall be determined by deducting 20% of standard expenditures from the gross revenues.

Games-of-chance Winnings - the payer of tax on the games-of-chance winnings is any individual who wins in the games which are deemed games-of-chance under the law governing the games-of-chance. The taxable revenue from the games-of-chance winnings is any such winnings, other than those exempted under the present law. The tax on the games-of-chance winnings is not payable on the games-of-chance winnings up to RSD 11,165, and gains from the games-of-chance staged in gaming facilities (casinos) and from using slot-machines.

Revenues from Personal Insurance - the payer of tax on revenue from personal insurance shall be any individual who receives a benefit based on personal insurance. The taxable revenue from personal insurance shall be any paid out benefit from personal insurance reduced by the amount of money paid in on the basis of insurance premium, unless it is exempt from taxation.

Revenues of sportsmen and sports expert - Revenues of a sportsmen and sports experts include benefits specified by the law and exercised by professional sportsmen, amateur sportsmen, sports experts and professionals in the sport from sports organizations, or organizations for performance of sports activities, sports associations and federations, which do not have the character of earnings pursuant to the regulations governing the sport. Taxable revenue is gross revenue deducted by standard expenditures in the amount of 50%.

Other revenues - Other revenues present revenues of individual that are not taxable on other basis, such as revenues on the ground of service agreement, agreement on temporary and occasional work, revenues of members of corporate bodies and other revenues specified by the law.

Annual individual income tax

The annual individual income tax shall be paid by individuals whose income in a calendar year was greater than three times of average annual salary per employee paid out in the Republic of Serbia in the year for which the tax is being charged, as published by the Republic agency in charge of statistics. Taxpayers of this tax are residents (for the income realized in the territory of the Republic of Serbia as well as in other country) and non - residents (for the income realized in the territory of the Republic of Serbia).

The income referred to above shall be understood to mean the annual sum of the salaries, taxable revenue from self-employment, taxable revenue from copyrights and related rights and industrial property rights, taxable revenue from real estate, taxable revenue from leasing chattels, taxable revenues of sportsmen and sport professionals and other taxable revenues, including all the above mentioned incomes earned and taxed in the other country.

The annual individual income tax shall be payable on:

1. for income amounting up to six times the average annual earnings - 10%; and
2. for income exceeding six times the average annual earnings - 10% on up to six times the average annual earnings + 15% on the amount exceeding six times the average annual earnings.

Charging and collection of taxes

Any payer of annual individual income tax must file a tax return, containing true data, with the competent tax office for the income realized in the year for which the tax is levied, by the end of that year, but no later than 15th of May of the following year. Any entrepreneur and payer of tax on revenue from agriculture and forestry, who keeps books, shall file with the competent tax office the tax declaration and tax account containing accurate data, by 15th of May of the next year.

If the taxpayer of the tax on revenue from self-employment is entrepreneur who keeps business books, he is obliged to file tax return until March 15th of the year following the year for which the tax is determined. If the taxpayer is entrepreneur who pays tax on a lump sum basis and suffers changes in the business that influences lump sum taxation, he will be obliged to file tax return at the latest until January 31st of the year for which the tax is to be determined.

Taxpayer who during the year performs transfer of rights from which may arise capital gain or loss shall be obliged to file tax return at the latest in the period of 30 days i) from exercising /beginning of exercising of revenue (occurred on the ground of transfer of absolute right on real estate, copyrights, related rights to copyrights, industrial property rights, interests and other revenues and stake in capital of legal entities); ii) from expiration of each calendar half a year in which has been performed transfer of securities.

Withholding tax shall be charged and paid on:

1. salaries, ;
2. revenues from copyrights and related rights and industrial property rights, yield on capital, revenues from leasing out chattels, as well as other revenues - if the payer of mentioned revenues is a legal entity or entrepreneur, ;
3. games-on-chance winnings, ;
4. revenues from personal insurance, ;
5. revenues of sportsmen and sport professionals.

Non-resident taxpayer shall file return for particular revenues that exercises and for which is not predicted payment of withholding tax.

Taxes shall be charged and paid on the some revenues by self-taxation (e.g. revenue of entrepreneur who keeps business books) or by decision of competent tax office (lump sum revenue from self-employment, capital gain and annual individual income tax.).

4. Property tax

Subject to taxation

Property tax must be paid on certain rights relating to real estate, such as:

1. ownership right, i.e. ownership right to cover the land with the surface over 10 acres;
2. right of lease of an apartment or residential building in favor of individual for a period longer than a year or for an indefinite period of time;
3. right on usage of a construction land, with surface exceeding 10 acres in area;
4. right on usage of real estate in the public ownership;
5. other rights prescribed by the law.

Taxpayer

When any of the rights defined above (other than ownership right) apply to any real estate, the property tax shall be paid on that right and not on ownership right. The payer of property tax is any legal entity or individual holding the title to real estate placed in the territory of the Republic of Serbia.

If several legal entities or individuals exercise one of the above mentioned rights relating to the same real estate, each one of them shall be deemed as a taxpayer proportional to its share.

Tax Rates

The property tax rates – amount:

1. on the rights to real estate of a taxpayer that keeps business books, - up to 0.40%, %;
2. on the rights to land of a taxpayer who does not keep business books, - up to 0, 30%%; and
3. on the rights to real estate, (besides land,) of a taxpayer who does not keep books - between 0, 4% and 2, 0 %.% (depends on the tax base).

Inheritance tax and gift tax

Inheritance tax and gift tax shall be paid on the abovementioned rights to the real estate placed in the territory of the Republic of Serbia inherited or received as a gift. The inheritance tax and gift tax shall be paid when the subject of inheritance/gift is money, savings deposits, bank deposits, monetary claims, intellectual property rights, ownership right on motor vehicle, vessel, aircraft and other chattel.. Gift tax shall be also be paid in case of transfer of a legal entity's property without compensation.

The payer of inheritance tax or gift tax is resident or non-resident who inherits or receives as a gift the right in relation to real estate placed in the territory of the Republic of Serbia.

The taxpayers who are in the second order of succession to a testator or decedent shall pay inheritance tax and gift tax inat the tax rate of 1, 5 %. Taxpayers who are in the third and any subsequent order of succession in relation to the testator or decedent or the taxpayers that are unrelated to the testator or decedent shall pay inheritance ortax/ gift tax at the rate of 2, ,5%.

Tax on the transfer of absolute rights

The tax on transfer of absolute rights shall be paid on transfer for compensation of the ownership rights in relation to the real estate, Intellectual property rights, ownership right in relation to motor vehicles, and right of usage of construction land and.

Tax on transfer of absolute rights shall be also payable when construction land in public ownership is being leased out for a period longer than one year or for an indefinite period of time, for the purpose of construction. of facility.

The payer of tax on transfer of absolute rights shall be the seller or transferor of the rights referred to above. In regards to leasing out of construction land in public ownership, the payer of tax on transfer of absolute rights shall be the party to which the construction land is given to use or leased. When an absolute right is transferred on the basis of a contract of lifelong care, the payer of tax shall be the provider of care.

Resident of the Republic of Serbia shall be the payer of tax on the transfer of Intellectual property rights performed in or out of the territory of the Republic of Serbia. Non-resident of the Republic of Serbia shall be the payer of tax on the transfer of Intellectual property rights, only in case when transfer is performed in the territory of the Republic of Serbia. The tax on the transfer of absolute rights in other cases referred to above shall be paid on the transfer of such rights performed in the territory of the Republic of Serbia.

Transfer of absolute rights shall be charged at the tax rate amounts to is 2.5%.

Taxpayer who acquires, begins to or stops to use property in the course of the year or if his tax duty starts running or ceases on other grounds, shall file a tax return within 30 days from the date of occurring of such change. Any payer of property tax shall file his tax return by 31 March 31st of the year for which the tax is to be determined. Payer of tax on transfer of absolute rights, inheritance tax or gift tax shall file a tax return within 30 days from the onset of tax duty.

4. Value added tax law

Subject of VAT

The subject of VAT is i) delivery of goods and provision of services for compensation, carried out in the Republic of Serbia by a taxpayer in the scope of its business activity ; and ii) import of goods into the Republic of Serbia.

Taxpayer

A taxpayer is anyone (including non - residents) who sells goods and services independently in the scope of its business activity. Republic of Serbia, Autonomous Province and Municipalities, as well as their bodies and special organizations and legal entities formed for the purpose of dealing with matters within the competencies of government agencies, shall not be deemed taxpayers, if they are selling goods and services in the scope of the Government administration competencies. Otherwise, they shall be deemed taxpayers.

Debtors of VAT is:

1. taxpayer who performs turnover of goods and services (except in case when this obligation is to be borne by another person, in accordance with the law);
2. receiver of goods and services (if a foreign receiver did not determine tax agent);
3. importer of goods; and
4. other individuals/legal entities specified in the law.

Tax rate

The general VAT rate for the taxable sale of goods and service and import of goods is 20 %. The special VAT rate of 10% shall apply on a turnover/import of goods and provision of services precisely specified in the law, such as bread and other baked products, milk and dairy products, flour, sugar, medicaments, public utilities, etc.

Deduction of Input Tax

Preceding tax is the amount of VAT charged at the previous stage of sale of goods and services, or paid on importation of goods and which a taxpayer may deduct from the owed VAT.

The taxpayer may exercise the right toon deduction of the preceding tax if the taxpayer uses or will use the goods that are acquired in the Republic of Serbia or imported or received services, for the sale for which:

1. VAT is taxable;
2. if such sale is exempt from VAT, ; and
3. if such sale was made abroad and it would have been eligible for deduction of preceding tax if it had been made in the Republic of Serbia.

The taxpayer may exercise the right on deduction of preceding tax if it possesses i) an invoice issued by the other taxpayer in sale on the amount of preceding tax; or ii) document on the performed import of goods in which VAT is expressed ,as well as a document that confirms the VAT has been paid when imported. In the tax period in which the requirements have been met, the taxpayer may deduct the preceding tax from the VAT owed, including assessed and declared VAT for the sale of goods and services, which has been or is to be made by the second taxpayer in the sale and the VAT that has been paid when goods were imported. The right toon deduction of preceding tax shall run from the date of fulfillment of the requirements defined by the Law on VAT.

The taxpayer shall not be eligible for deduction of preceding tax on grounds of procurement, production and import of motorcars, busses, motorcycles, watercraft and aircraft and spare parts, fuels and expendables for their needs, as well as renting, maintaining, repairing and other services related to the use of these means of transport, expenditures for nutrition and transport of employees and other basis stipulated in the law.

Notwithstanding the above mentioned, the taxpayer shall be eligible for deduction of preceding tax if it uses the means of transport and other goods exclusively for conduction of business activity of i) sale and rent of the mentioned means of transport and other goods and ii) transportation of passengers or training of drivers for the mentioned means of transport.

A taxpayer may qualify for deduction within five years from the year in which he earned this right.

Should the amount of a preceding tax exceed the amount of tax duty, the taxpayer shall be entitled to refund of the difference. If a taxpayer does not opt for a refund of difference, the difference will be recognized as a tax credit. Taxpayer may request returns of unused tax credit, at the earliest by expiration of the deadline for filing of tax return for the current taxation period.

Duties of taxpayers in the sale of goods and services

Taxpayer has different duties, such as to submit the registration form, issue bills for the sold goods and services, to keep records and create overviews of VAT calculation, calculate and pay VAT, file tax returns and deliver notifications to Tax Administration in accordance with the law..

A taxpayer who achieved a total turnover of more than RSD 8.000.000 RSD in the previous 12 months shall file an application for registration with the competent tax office before expiration of the first deadline for filing the periodical tax return.

The taxation period, for which VAT is assessed, the tax return is filed and VAT is paid, shall be a calendar month in the case of a :

1. taxpayer whose total turnover in the previous 12 months amounted more than RSD 50.000.000 ; or
2. taxpayer whose total turnover amounted less than RSD 50.000.000, but who was filing VAT tax returns in previous 12 months within prescribed deadline and if conditions for calculation of VAT per billing system did not cease within previous 12 months.

The taxation period, in the case of a taxpayer whose total turnover in the previous 12 months amounted less than RSD 50.000.000 shall be a calendar quarter, except for the taxpayer under ii).

In the case of a taxpayer, whose sales exceeded RSD 50.000.000 in a calendar quarter, the taxation period shall be a calendar month starting from the month following the calendar quarter.

This taxpayer may file request to the competent tax office for change of taxation period to a calendar month, at the latest by 15th of January of the current calendar year.. The validity of the approved period shall run for at least 12 months.

In the case of taxpayers who are starting with VAT activity for the first time in the current calendar year, the taxation period shall be one calendar month for the current and the next taxation year.

Taxpayer shall file tax return within 15 days upon expiration of taxation period.

Foreign taxpayer is entitled to request VAT reimbursement for the trade of movable goods and provided services in the Republic of Serbia if:

1. VAT for trade of goods and services is indicated in the bill and the bill was paid;
2. the amount of VAT for which a VAT reimbursement application is submitted amounts more than EUR 200 in RSD equivalent at the middle exchange rate of the National Bank of Serbia;
3. the conditions under which the taxpayer of VAT may be entitled to a preliminary tax deduction for these goods and services are fulfilled in accordance with the law;
4. taxpayer does not perform traffic of goods and services in Serbia, i.e. provides exclusively services of transportation of goods which are exempt from taxation, or performs exclusively transport of passengers which is subject to individual taxation of transport.

VAT reimbursement shall be subject to reciprocity.

5. Other taxes

Tax on use of motor vehicles

Tax on use of motor vehicles shall be paid at registration (issuance of traffic permit or registration stickers) except in case of temporary registration, which is carried out for a period shorter than one year for motor vehicles, renewal and replacement of motor vehicle license plates.

Taxpayer of tax on use of motor vehicles is individual or legal entity on behalf of which the motor vehicle has been registered.

The amount of tax is stipulated in the law and differs depending on engine capacity. Tax is to be paid on annually basis.

Tax on use of vessel

Tax on the use of vessels shall be paid on boats, ships and yachts with motor drive, as well as floating plants - catering facilities (hereinafter referred to as: vessels). Tax liability arises at registration of vessels in the registry or by every prolongation of validity of ship's certificate/ navigation license/ floating license. The amount of tax is stipulated in the law and differs depending on length of vessel and engine power.

Taxpayer is individual or legal entity on behalf of which the vessel is registered, i.e. the validity period of ship's certificate/ navigation license/ floating license is to be prolonged.

Taxpayer is exempted from obligation of payment of tax on use of vessel if uses boat/catering facility for conduction of his business activity.

Tax on use of aircraft

Tax on use of aircraft shall be paid on aircraft with motor drive, when is used for the own transport or sport and amateur flying. Tax on use of aircraft shall be paid at registration of aircraft or at the renewal of the validity period of certificates of airworthiness of aircraft.

Taxpayer is individual or legal entity on behalf of which the aircraft is registered, i.e. the validity period of certificate of airworthiness of aircraft is to be prolonged. The amount of tax depends on the number of the seats in aircraft.

Tax on registered weapons

Tax on registered weapons is to be paid for an automatic rifle, semi-automatic rifle and weapons for personal security for which has been issued permit on possession of weapons/ collector's permit, or permit for carrying weapons, except for gas sprays and devices for causing electric shocks (electro-shockers or paralizators).

The amount of tax depends on the type of weapon and is to be paid for each calendar year.

The obligation of tax payment of tax on registered weapons arises onfrom the day of registration of the weapon or issuance of the permit on possession/ collection/ carrying of weapons.

Non-life insurance premiums tax

Non-life insurance premiums tax is to be calculated and paid on insurance premiums realized by concluding and execution of contracts on non-life insurance operations in the Republic of Serbia. Non-life insurance operations shall be all types of non-life insurance established by the statutelaw governing insurance.

The taxpayer of the insurance premium tax shall be the insurance company that concludes contracts on non-life insurance operations and collects insurance premiums, directly or indirectly – through an intermediary or a representative.

Insurance premiums tax shall be paid at athe rate of 5%.

Excise tax

Excise tax shall be paid on certain products that are produced in Serbia or imported to Serbia. Those products are:

1. petroleum products;
2. biofuels and bio liquids;
3. tobacco products;
4. alcoholic beverages;
5. coffee;
6. The liquid for charging of electronic cigarettes;
7. electricity for final consumption.

Taxpayer of excise tax treaties concluded between Republic of Serbia is producer/importer.

Tax rates are prescribed by the law and depend on the type of product.



Departures

XII IMMIGRATION REQUIREMENTS

XII. IMMIGRATION REQUIREMENTS

1. Immigration Control

In Republic of Serbia there are no determined quotas determined for immigration in the country. Furthermore, there are no specific requirements regarding vaccination of foreigners when entering the Republic of Serbia. In order to obtain permanent residence approval, medical certificate must be filed. Medical certificate is obtained in Republic of Serbia in accordance with regulations concerning medical health care and must be issued by an authorized primary medical health care institution in Republic of Serbia.

On the other hand, there is no entry and exit permits that investor must apply before entering or leaving the Republic of Serbia. Re-entry permits are also not required for entering in Republic of Serbia.

2. Immigration Requirements/Formalities

For the nationals of the countries that do not need entrance visa, for every period of stay that is longer than 90 days, residence permit must be acquired.

The investor, on the other hand, does not have to apply for residence permit before entering the country. His obligation is related to mandatory application for residence permit in case he is planning to stay for more than 90 days in Republic of Serbia within a six-month period.

After filing an application and handing over all necessary documentation an interview is performed by immigration inspector at Foreigners Department of Ministry of Inner affairs of the Republic of Serbia. Immigration inspector has discretion right to ask for any information that concerns the applicant.

The authorization for temporary residence can last up to 30 days.

3. Visas

There are few types of visas that are issued to the foreigners. Airport transit visa, Transit visa, Short stay visa and a temporary residence visa i.e. visas A, B, C and D is issued.

Countries whose citizens may enter Republic of Serbia without a visa or without a passport (but with an ID card) are defined by international treaties or by decision of the Government of the Republic of Serbia.

A foreigner who does not require a visa or travel document to enter Republic of Serbia may stay for a maximum of 90 days over a period of six months from the day of the first entry.

A short stay visa is issued for purposes of tourism, business and other travel for a single, double or multiple entries into Republic of Serbia.

The duration of an uninterrupted stay or the total duration of successive visits of a foreigner with a short stay visa should not exceed 90 days within a period of six months from the day of the first entry.

Temporary residence may be granted to a foreigner who intends to stay in the Republic of Serbia for more than 90 days.

On the other hand, investor that needs visa for initial entrance in Republic of Serbia can apply for visa in Serbian Embassy or Consulate. For investors that need visa to initially enter the Republic of Serbia the submission of valid foreign passport with at least 90 days remaining before expiry, proof of reason for travel and letter of invitation certified by the relevant authority in Serbia (or letter of invitation from the company, organization or institution or voucher or other proof of payment) is required.

On a reciprocal interstate basis, a foreign national may be required to show a return travel ticket, proof of sufficient funds in hard currency for the duration of their stay in Serbia and confirmation of travel health insurance for any possible costs of treatment.

For investors that do not need visa to initially enter the Republic of Serbia it is required to submit the valid passport, Hotel/Police Confirmation on temporary residence in Serbia, issued within 24 hours from entering the Serbia – so called „White card“ (with the address of hotel or apartment in Serbia, issued by the hotel or respective municipal police department where the apartment is located), application form for issuing the temporary residence approval, 2 photos (like for the passport, 4x3 cm), employment agreement if the employment is basis for residence, CV in Serbian language, copy of the health insurance card or other proof on possession of the health insurance valid in the Republic of Serbia/worldwide (originals should be declared too with verified translation) and a proof that the applicant has enough means to support himself/herself (we usually advise to submit the bank confirmation on possession of minimum 1000 EUR on the personal bank account in Serbian bank.).

Visa processing time is usually up to three weeks given that the Serbian authorities must grant all types of visas in that period. We kindly advise all potential visa applicants to submit their visa applications within a time period required for the issuance of the same, an early submission being the best course of action.

Fees for obtaining residence permit amount to around 150 EUR and include administrative taxes for the application and visa.

XIII. EXPATRIATE EMPLOYEES

1. Cost of Living and Immigration

Average salaries in Republic of Serbia are significantly lower than those in EU countries and therefore, the cost of living is higher from the point of view of Serbian citizens.

According to the Bureau of Statistics of Republic of Serbia average salary amounts to around 360 EUR, while the available net income of average household in Republic of Serbia amounted in 2015 to around 480 EUR.

Besides, the inflation rate was 1, 5% in December 2015 in relation to December 2014.

2. Drivers' Licenses

An investor to whom permanent residence in Republic of Serbia is granted, staff of diplomatic and consular missions and representative offices of foreign countries, international organizations in Republic of Serbia, foreign trade, transport, cultural and other representative offices and foreign correspondents can operate motor vehicles on the basis of a valid driver's license of foreign country, for a period of six months from the date of entrance in Republic of Serbia.

Authorized law enforcement authority determined by place of residence or permanent residence of investor, at request will replace the foreign driver's license with driver's license of Republic of Serbia for those categories of motor vehicles which investor have the right to operate without taking a driving test.

Documents required for this proceeding are completed application for a driver's license, certificate of competency to operate the vehicles of those categories for which a driver's license is required, not older than six months, valid foreign driver's license with a certified translation by a certified court interpreter of Republic of Serbia, valid ID document, residence permit for a period longer than three months, and evidence on paid administrative fees.

Republic of Serbia administrative fee for the replacement of foreign driving licenses with valid license of Republic of Serbia and fee for driver's license issuance are the fees involved in this process.

Additionally, if investor has valid driver's license of foreign country (as noted above), there is no need for practical or written examination.

3. Education

The right to education is regulated by the Constitution of the Republic of Serbia and the Act on Basic Education. The Constitution stipulates that everyone has the right to education. Primary education is compulsory and free, whereas secondary education is free.

All citizens have, under equal conditions, admission to higher education. Citizens of the Republic of Serbia have equal rights on education, regardless of gender, race, nationality, religion or language, birth, social and cultural background, economic status, age, physical and mental constitution, disability, and presence of sensory or motor disability, political affiliation or other personal property.

Persons with disabilities have the right to education that respects their learning and educational needs in the regular system, with individual, group or additional support, or special pre-school or school group. Those with exceptional abilities have the right to education which takes into account their special education and educational needs in the regular system, in special classes or special schools.

Foreigners have the right to education under the same conditions and in the manner prescribed for the citizens of Republic of Serbia. If they wish, investors may choose to enroll their children in private or foreign school (institution not founded by the Republic of Serbia, autonomous provinces and local governments) but they need to provide the costs of education.

There are no fees for enrollment in primary and secondary education guided by public schools. The fees in other (private) institutions are determined by every particular institution in concreto.

Academic education is accessible to the foreign student under the same conditions prescribed by the law and general act of the academic institution the student is enrolled in. In addition, certain privileges related to academic education are also introduced for foreign students, on the grounds of bilateral agreements.

The enrollment in primary school requires submission of the birth certificate (not older than six months), certificate of completion of pre-school preparatory program, issued by the institution in which the child attended the program, certificate of medical examination performed and completed immunization and certificate of residence of the child's parents.

Tax benefits for parents with children who attend school are not provided.

4. Housing

A foreign investor may rent different type of housing in Republic of Serbia such as houses, flats or other type of accommodation. The rental fees vary depending on type of accommodation neighborhood, number of rooms etc. The monthly rental fee for average two - roomed flat in center of Belgrade is around 400 EUR.

Investor can own property on the territory of the Republic of Serbia under the conditions of reciprocity principle between Republic of Serbia and investor's home country.

There is no obligation for the investor to have housing before entering the Republic of Serbia.

5. Importing Personal Possessions

An investor to whom permanent residence in Republic of Serbia is granted can temporary import personal belongings (household, cars etc.) on period of maximum 24 months depending on a period on which permanent residence in Republic of Serbia is granted. Temporary import can be prolonged along with permanent residence permit.

Obligation to pay the customs duties falls due in the specified situations, for example for the goods imported from abroad - when the goods crossed the border line, for the goods imported in Republic of Serbia from customs zone or free zone - when the goods were transferred from a zone into the domestic market, for the goods placed at consignment stock warehouse - when the goods were taken from the warehouse, for the goods temporarily imported - either when the claim for permanent importation was filed, or at the moment of expiration of the term for temporary import, for temporarily imported goods which value has been reduced by usage in Republic of Serbia - either when the claim for customs proceeding was filed, or when the decision on payment was passed etc.

The base for calculating the duties is the value of the goods. Value of the goods can be determined using various methods prescribed by law, but the primary one is the transactional value method, by which the value of the goods is equal to the agreed or paid price for the imported goods. Provided that the stated price cannot be guaranteed, value is to be determined using the following methods: method of identical or similar goods, deduction method, accounted value method and appropriate value calculation method.

There are specified exemptions from customs duties like exemptions of diplomats and humanitarian organizations, exemptions of individuals and specified organizations of disabled persons, exemptions of companies and other legal entities, temporary import and export etc.

Generally, the documents required for importation need to be enclosed to the claim for customs proceeding. The customs will issue decision, determining the amount of duties. The goods cannot be imported before paying of the duties.

All goods crossing the border line are subject to customs procedure. To secure determination and payment of customs duties, the Customs Service enforces measures of customs inspection to all goods being imported or exported.

6. Medical Care

A citizen of the Republic of Serbia, as well as any other person who resides or is domiciled in the Republic of Serbia, has the right to health care and the duty to preserve and enhance their health and health of other citizens, as well as conditions of living and working environment.

Every patient has the right to affordable health care according to health status, within the limits of financial resources of the health care system.

In the process of implementing health care, patient has the right to equal access to health services without discrimination in regard to finances, place of residence, type of illness or time of access to health services.

Medical care in Republic of Serbia is organized on three levels: primary, secondary and tertiary levels. Primary medical care is provided in medical centers which include family (general) practice, dental medical care, medical care for women, infants, preschool children and the elderly, the mental health care and community nursing medical care. Medical care on the secondary level is organized in the form of polyclinics and hospitals. Medical care on tertiary level is provided in clinics, clinical hospitals and clinical hospitals centers.

In Republic of Serbia there is also a national health care. Serbian health financing is based on mandatory health insurance with a high volume of rights defined by the law.

7. Moving Costs

It is always the best to hire a professional firm for moving. Their charges will vary depending on quantity of possessions you have to move, whether you do the actual boxing-up yourself, how accessible your house is, how far away your new home is, whether you will require storage for any period of time.

As every move is different it's difficult to give a guideline price for the services of a professional removal company.

8. Work Contracts

Any foreign person who wants to get employed in the Republic of Serbia has to execute a labor agreement and to obtain a work permit. In addition, the foreigner who performs activities on the basis of an agreement that is not a labor agreement, needs to obtain the work permit, but only if the stated agreement entitles him to exercise the labor rights (for example, right to receive the pension) If the foreigner is appointed as the director of the company, he is not obligated to conclude an employment contract but he may regulate relations with the company by executing an agreement on regulating mutual rights and obligations.

The organization i.e. employer can execute agreement on performing occasional and temporary activities with foreigner, for a period not longer than three months per calendar year.

If the employment is established with a foreign citizen, provisions of the Law on conditions for employment of foreign citizens shall be applied.

A foreigner may be employed and perform work in the Republic of Serbia, if he has a work permit, provided that his work is reported in accordance with the law.

Foreigner residing in Serbia in a period shorter than 90 days within 6 months is not required to obtain the work permit if he is:

1. founder, member, representative or board member in the Serbian company (provided that they did not conclude any local employment agreement); or
2. residing in Serbia in relation to establishing business contacts or attending business meetings or for performing other business activities in order to set-up permanent presence of the foreign employer, etc.

9. Work Permits

Work permit includes the basis of which the foreigner may conclude an employment contract or other agreement in accordance with the law, with any employer on the territory of the Republic of Serbia.

Work permit shall be considered as a permit on the basis of which the foreigner executes an employment contract or other agreement in accordance with the law, with a particular employer for performance of work under the Act on the organization and systematization of jobs.

There are two types of work permits:

1. Personal work permit and
2. Work permit.

Personal work permit is issued upon the request of the foreigner if he obtained permanent residence permit, allowing free employment, self-employment and entitling the employee to the rights in case of the unemployment.

Personal work permit can, additionally, be issued to a refugee or to a foreigner that has special status on the basis of the law or the international agreement, as well as upon the request of the sibling who is a foreigner with the permanent work permit.

On the other hand, work permit can be issued upon the request of the employer, in various forms: 1. work permit for employment, 2. work permit for special cases of employment (work referral, within company referral, independent professionals), 3. Work permit for self-employment.

Upon the issuance of the work permit, foreigner can perform only those working activities that are defined in the issued work permit.

Work permit for employment can only be issued upon the fulfillment of the following conditions:

1. prior to the submission of the request for issuance of the work permit, the employer did not terminate any employment contract due to the organization, economic nor technological changes related to the jobs for which the work permit is requested,
2. one month before the submission of the aforementioned request, the employer did not manage to find the citizen of the Republic of Serbia nor a foreigner with the personal work permit, that are registered in the National Employment Agency,
3. Submission of the employment contract.

The permit is issued for a limited period of time and its duration depends on the purpose for which it is issued. The National Employment Agency shall issue permit.

The Law on conditions for employment of foreign citizens prescribes the possibility that the Government of the Republic of Serbia limits the number of foreigners to whom work permits are issued (quotas), but only in the event of disturbances on the labor market, in accordance with migration policy and the situation and trends in the labor market. However, the stated quota does not apply to the foreigner with the personal work permit or to the foreigners that are referred to work on the territory of the Republic of Serbia within the same company.

Necessary documents that need to be submitted to the National Employment Service, upon receiving the temporary residence approval, vary, depending on the type of the work permit that is requested.

Namely, when it comes to the documentation that is necessary for the issuance of the two common types of the work permits, i.e. personal work permit and work permit for the employment, it is required to provide the following:

- *Personal work permit*
 1. application form for issuance of the personal work permit to the foreign citizen,
 2. copy of the passport
 3. permanent or temporary residence permit
 4. admission act for the foreigner with a special status or for a refugee
 5. bank confirmation on payment of the administrative tax

If the personal work permit is issued upon the request of the sibling it is necessary to provide also an ID card for the foreigner, as well as the birth or marriage certificate.

- *Work permit*
 1. application form for issuance of the work permit to the foreign citizen
 2. excerpt from the business register for the employer
 3. temporary residence permit
 4. Certificate issued by The Central register of social insurance proving that, priory to the submission of the request for issuance of the work permit, the employer did not terminate any employment contract due to the organization, economic nor technological changes related to the jobs for which the work permit is requested
 5. Verification issued by the National Employment Agency proving that one month before the submission of the aforementioned request, the employer did not manage to find the citizen of the Republic of Serbia nor a foreigner with the personal work permit
 6. Act on the organization and systematization onof jobs, or, if the employer hires less than ten employees, statement of the employer which contains name and description of job position for which the work permit is required
 7. Certificate of the obtained educational degree
 8. Certificate proving that the foreigner meetmeets all the requirements for employment at the job position
 9. bank confirmation on payment of the administrative tax

After submission of documents, the National Employment Service shall issue the relevant Resolution on permitting the initiation of working relation with the representative and the company (work permit).

Work permit is issued by the Serbian National Employment Service for the same period for which the temporary residence approval is issued.

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