

Tax News

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The Multilateral Convention on the application of measures aimed at preventing erosion of tax base and movement of profit relates to tax agreements

The Multilateral Convention on the application of measures aimed at preventing erosion of tax base and movement of profit relates to tax agreements (hereinafter: “**the Multilateral Convention**”) has been confirmed by National Assembly of the Republic of Serbia.

The Law on confirmation, as well as the text of the Multilateral Convention in English and Serbian language, has been published in the Official Gazette of the Republic of Serbia – International Agreements no. 3/18 on June 23rd 2018.

For Republic of Serbia the Multilateral Convention entered into force on October 1st 2018. In specific case, the Multilateral Convention in regards with the agreements on the avoidance of double taxation with Austria, Poland, Slovenia and United Kingdom of the Great Britain and Northern Ireland, in regards with withholding taxes, will be applicable in the Republic of Serbia as of January 1st 2019, and with respect to other taxes as of April 1st 2019.

Previously mentioned is applicable in case that income payer is residential legal entity that, in accordance with regulations, has chosen not to equal its tax year with fiscal year.

At the same time, if tax payer is residential legal entity with tax year equal to the calendar year, the Multilateral Convention regarding other taxes (that are not withholding tax) is applicable as of January 1st 2020.

Social Security Agreement between Serbia and China

The draft of the Law on Ratification of Social Security Agreement between Government of Serbia and Government of People’s Republic of China (hereinafter: „**the Agreement**“) has been published. The Agreement is in this way confirmed, and signed in Belgrade on June 8th 2018, in Serbian, Chinese and English language.

The Agreement will be applicable on the first day of the forth month upon the month in which the parties notify each other, in written form, that they have finished all internal procedures prescribed by law and necessary for the Agreement to come into force.

Please have in mind that the Agreement will be applicable on the legislation regulating pension and disability insurance and insurance for unemployment, while health insurance is not covered.

Also, it is important to ephasize that the Agreement prescribes that the social security contributions for the assigned individual shall be paid in line with legislation of the country of the employer up to the period of first 60 calendar months. This period can be extended for additional 24 months, if the competent authorities come to a mutual agreement.

The Rulebook on investments in the field of culture recognized as an expense has been published

The Rulebook on investments in the field of culture recognized as an expense (hereinafter: "**the Rulebook**") has been published in the Official Gazette of the Republic of Serbia no. 78/18 and is applicable as of 27th October 2018. It is more closely regulated what is considered to be the investment in the field of culture, including a cinematographic activity recognized as the expense up to 5% of the total revenue.

The list of investments in the field of culture recognized as the expense is expanded by the Rulebook, compared to the previously applicable solution. Therefore, investments in the field of culture recognized as the expense are, also, those that provide:

- a) discovering, collecting, researching, documenting, studying, evaluating, protecting, preserving, presenting, interpreting, using and managing cultural goods;
- b) application of information and communication technology (digital guides, upgraded and virtual reality, 3D animations etc.), generic services, unique software solutions aiming to present cultural heritage and contemporary art and to make it accessible to the general public;
- c) encouraging children's creativity and creativity for children and young people in culture;
- d) encouraging cultural and artistic creativity of persons with disabilities and accessibility of all cultural contents of persons with disabilities;
- e) encouraging the development of creative industries;
- f) encouraging cultural and artistic development of socially sensitive groups.

Also, the Rulebook provides new legal framework for the matter at hand, with updated activity codes for the domestic legal entities – recipients of investments in the field of culture.

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