



Review of Economic Measures of the Government  
of the Republic of Serbia to Support the Economy

Managing the impact of COVID 19

**wts**serbia

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## 1. Regulation on Fiscal Benefits and Direct Benefits to Private Sector Companies and Financial Assistance to Citizens to Mitigate the Economic Consequences of COVID-19

Government measurement name	Description	Technical implementation
Postponement of payment of advance payments for corporate income tax	The regulation provides the possibility of delaying the payment of income tax advance payments, which are due in April 15, May 15 and June 15, 2020 until the submission of the final income tax return for 2020 with the convenience of paying deferred advances in 24 monthly installments without paying interest.	The Minister of Finance will set out in greater detail the manner in which this benefit may be obtained by the Rulebook which will be subsequently published.
Postponement of payment of advance tax payments on the income from the self-employment of entrepreneurs who determine the tax by self-taxation (who keep business books)	The regulation provides the possibility of deferring the payment of income tax advance payments (and contributions) due in April, May and June 2020 until the submission of the final income tax return for 2020 with the benefit of deferred advance payments in 24 monthly installments without paying interest. It is important to note that the deferral does not relate to the payment of the final tax return for 2019.	The Minister of Finance will set out in greater detail the manner in which this benefit may be obtained by the Rulebook which will be subsequently published.  The final tax return for 2019 (PPDG-1S) is due to expire on April 15, 2020.
Postponement of payment of advance tax payments on income from flat rate activity	The regulation provides the possibility of delaying the payment of income tax advance payments (and contributions) due in March, April and May 2020 until January 4, 2021, with the convenience of paying deferred advances in 24 monthly installments without interest.	The Minister of Finance will further regulate the way of obtaining this benefit by the Rulebook, which will be subsequently published.
Possibility to pay off net earnings without paying taxes and contributions at the same time	The regulation provides the possibility of deferring the payment of taxes and contributions on earnings paid in March, April and May (or, April, May and June for those taxpayers who paid their March earnings and related contributions in part or in full) until 4 January 2021. with the benefit of deferred taxes and contributions payable in 24 monthly installments without interest. It is important to note that this measure also applies to the payment of entrepreneurs' personal earnings.	If the taxpayer chooses to apply this measure in the PPP-PD form for employment income for the month for which he / she benefits, in Box 1.4. - Payment date he / she should enter January 4, 2021.
Direct grants to entrepreneurs, micro, small and medium-sized enterprises classified in accordance with the financial statements for 2018 for companies as well as for start-ups (2019 and 2020)	The regulation provides for the payment of grants from the Budget of the Republic of Serbia in the amount of the minimum net salary for March 2020. Government payments are scheduled for May, June and July 2020. It is important to note that an entrepreneur is entitled to this benefit only if he / she does not have the status of an employee or pension beneficiary at the same time.	It is provided that the payment of funds will be made to a dedicated account that would be opened by business entities with commercial banks.  All other issues will be regulated in greater detail by the Rulebook, which will be subsequently published.

Government measurement name	Description	Technical implementation
Direct payments to large legal entities (classified as large by financial statements for 2018)	The regulation provides for the payment of grants from the Budget of the Republic of Serbia in the amount of 50% of the minimum net wage for March 2020 and the number of employees for whom a decision on termination of employment has been issued (Article 116 of the Labor Law), starting on 15 March 2020. and employees who were issued a decision on termination of employment (Article 117 of the Labor Law) on the basis of a decision of a competent state body issued in connection with the disease COVID-19. Government payments are scheduled for May, June and July 2020	<p>It is provided that the payment of funds will be made to a dedicated account that would be opened by business entities with commercial banks.</p> <p>Large legal entities will be required to provide the competent authority with a list of eligible persons on a form that will subsequently be published.</p> <p>All other issues will be regulated in greater detail by the Rulebook, which will be subsequently published.</p>
Direct benefits for part-time employees	The Regulation provides for the payment of grants from the Budget of the Republic of Serbia in the amount of the minimum net salary for March 2020. Government payments are scheduled for May, June and July 2020. In this case, a payment is made by the state in the amount of full-time employee engagement, which is determined on the basis of data from the PPP-PD application for the relevant accounting period.	<p>It is provided that the payment of funds will be made to a dedicated account that would be opened by business entities with commercial banks.</p> <p>All other issues will be regulated in greater detail by the Rulebook, which will be subsequently published.</p>
Prohibition of payment of dividends to undertakings which have opted to avail themselves of the benefits laid down in the Regulation	The prohibition does not apply to the payment of dividends in stocks or shares of the dividend payer. It is important to note that in the case of a paid dividend, an economic entity loses the right to the benefits set out in the Regulation, i.e. it must repay all received funds and pay the corresponding interest on them.	-
Exemption from payment of VAT on the sale of goods and services performed by the taxpayer to the Ministry of Health, the Republican Health Insurance Fund and a publicly owned health institution	The regulation stipulates that VAT will not be calculated and paid until the VAT payer has the right to deduct the previous tax on that turnover. The said exemption shall apply to all shipments with a day of turnover from the moment of introduction of the state of emergency (March 15, 2020) until the date of termination of the state of emergency in the Republic of Serbia.	The beneficiaries of this benefit are provided with special records, which in particular contain information on the name, address and PIB of the entity to whom the goods (services) were traded and the cost (cost) of the goods or services whose transactions were performed.

## 2. Regulation on the application of time limits in administrative procedures during the state of emergency

Government measurement name	Description
Not suffering the consequences of failure to comply with the deadlines prescribed or determined in accordance with the laws governing general administrative procedure or special administrative procedures	Parties to proceedings before state bodies and organizations, of provincial autonomy and local self-government units, institutions, public enterprises, special bodies through which the regulatory function is exercised and legal entities and individuals entrusted with public authority, during the state of emergency in the Republic of Serbia, cannot bear the consequences of their failure to act within the time limits prescribed or determined in accordance with the laws governing general administrative procedure or special administrative procedures.
Postponement of deadlines based on the submission of a court documents in the administrative procedure and notification action	Submission of court documents in the administrative procedure and notification actions, from which non-extendable deadlines, which have been executed during an emergency, begin to count, shall be considered, in terms of application of the prescribed deadlines, made when 15 days have elapsed since the end of the emergency.
Delaying of time limits for taking administrative actions, finalizing administrative proceedings and deciding on the stated legal means	Deadlines that expire during a state of emergency, relating to taking administrative actions, terminating administrative proceedings and deciding upon stated legal means, will be considered expired when 30 days since the end of the state of emergency elapses.
Delay of the prescribed deadlines for filing a legal means against the verbal decision of the competent authority	The statutory time limits for filing a legal means against the verbal decision of a competent authority issued in the application of emergency measures to prevent the spread of COVID-19 infectious disease caused by the SARS-CoV-2 virus during a state of emergency, and for filing a request for written resolution of that decision, shall begin to run from termination of a state of emergency.

## 3. Regulation on Emergency Tax Measures to Mitigate the Economic Consequences of SARS-CoV-2 COVID-19 Disease

Government measurement name	Description
Delay of payment of tax within the meaning of Articles 73 to 74b of the Tax Procedure and Tax Administration Law	Taxpayers who already have an agreement on deferred tax debt with the Tax Administration will not take the measures prescribed in Article 74, paragraph 7 to 9 of the Law on Tax Procedure and Tax Administration, starting with the installment which due in March 2020.

#### 4. Regulation on the Establishment of the Program of Financial Support to Businesses for Maintaining Liquidity and Working Capital in Difficult Conditions Due to the Covid-19 Epidemic Caused by SARS-CoV-2

Government measurement name	Description	Technical implementation
<p>Allocation of credit facilities to companies for maintaining liquidity and working capital. The government has allocated RSD 24 billion for this purpose. Entrepreneurs, co-operatives, micro, small and medium-sized private / cooperative companies performing production, service, trade and agricultural activities have the right to use the funds. The funds under this program may not be used for the activities of organizing lotteries and the sale of oil and petroleum products.</p>	<p>Loans can be granted to <b>business entities that meet the following conditions:</b></p> <ol style="list-style-type: none"> <li>1) they have made a net profit in the last two years according to the official financial statements. If a net loss is made in one year, a business entity may be granted credit if it has made a profit in the same year.</li> <li>2) they are not in difficulty (A reorganization plan prepared in advance, reorganization, bankruptcy, liquidation).</li> </ol> <p><b>Financing conditions:</b></p> <ol style="list-style-type: none"> <li>1) grace period up to 12 months, followed by repayment period up to 24 months. Repayments are made in monthly annuities. In the grace period, interest is accrued and credited to the debt.</li> <li>2) annual interest rate of 1%</li> <li>3) approval and repayment of loans in RSD</li> <li>4) Loan amount: entrepreneurs 200,000 RSD - 10,000,000 RSD, micro legal entities 1,000,000 RSD - 10,000,000 RSD, small legal entities 1,000,000 RSD - RSD 40,000,000, medium legal entities RSD 1,000,000 - RSD 120,000,000</li> </ol> <p><b>Basic condition for loan realization:</b> retention of the total number of employees (determined + indefinite) in accordance with the CROSO report on 03/16/2020. years. A tolerance of up to 10% is accepted.</p> <p><b>Means of security:</b> bills of exchange, mortgages on real estate or pledges on equipment / movables</p>	<p>The Program is implemented by the Government in cooperation with the Development Fund through a contract to be concluded between the Government and the Fund upon the adoption of the Program. Receipt of the Request shall be made until the use of the funds, and no later than 10.12.2020. years. More detailed criteria for the implementation of the Program will be determined by the Board of the Development Fund. The Development Fund will launch a public call for businesses to compete for credit.</p>