

LAW ON TAX PROCEDURE AND TAX ADMINISTRATION

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Part One

BASIC PROVISIONS

Heading One

SUBJECT MATTER OF THE LAW

Contents of the Law

Article 1

This Law regulates the procedure of assessing, collecting and auditing public revenues to which this Law applies (hereinafter: tax procedure), rights and obligations of taxpayers, registration of taxpayers and tax crimes and misdemeanors.

This Law shall establish the Tax Administration as an administrative body within the ministry in charge of finance and regulates its responsibilities and organization.

Types of Public Revenues

Article 2

This Law shall apply to all public revenues collected by the Tax Administration, unless otherwise stipulated in another tax law (hereinafter: tax).

This Law shall also apply to interest on tax arrears and costs of enforced tax collection procedure (hereinafter: secondary tax duties).

Article 2a

This Law shall also apply to own-source public revenues of local government units which they assess, collect and audit in public law relations, as well as to corresponding secondary tax, including own-source public revenues which the local government units assess, collect and audit in the procedures during which tax administrative acts and other acts in administrative procedure are issued.

When assessing, collecting and auditing the public revenues and secondary tax duties referred to in paragraph 1 of this Article, issuing misdemeanor orders, as well as filing motions to institute tax misdemeanor proceedings with the misdemeanor court, the competent local government authority shall have the rights and obligations conferred on the Tax Administration under this Law, except for rights and obligations referring to the following:

- 1) identification and registration of taxpayers;
- 2) assessment of the tax base by using the comparator method and cross-evaluation method
- 3) detection of tax crimes;
- 4) Deleted (“Official Gazette of RS”, No. 108/16)
- 4a) Deleted (“Official Gazette of RS”, No. 47/13)
- 5) Deleted (“Official Gazette of RS”, No. 53/10)
- 6) other rights and obligations of the Tax Administration contained in the provisions of Article 160, 9) and 12), Articles 161, 164 and 167 – 171 of this Law.

Article 2b

Provisions of this Law governing powers of the Tax Administration, rights and obligations of taxpayers, authorizations of tax auditors and tax enforcement officers of the Tax Administration, shall apply *mutatis mutandis* to the powers of local government units, and rights and obligations of payers of own-source public revenues referred to in Article 2a paragraph 1 of this Law, to authorizations of tax auditors of local government units and tax enforcement officers of local government units, in the procedure of assessing, collecting and auditing own-source revenues of the local government units to which this Law applies.

The provisions of this Law governing the transfer of title over movable and immovable property to the Republic of Serbia in the procedure of enforced collection of public revenues belonging to the budget of the Republic of Serbia, shall apply *mutatis mutandis* to the transfer of title over movable and immovable property to the local government unit in the procedure of enforced collection of own-source public revenues of the local government unit.

Relation to Other Laws

Article 3

If an issue from within the scope of this Law is regulated differently by another law, the provisions of this Law shall apply.

Unless otherwise provided under this Law, tax procedure shall be conducted according to the principles and provisions of the law regulating general administrative procedure, respectively according to the provisions of the law regulating inspection.

Heading Two

PRINCIPLES OF TAX PROCEDURE

Principle of Legality

Article 4

The Tax Administration shall exercise all rights and discharge all obligations related to tax law relationship in keeping with law.

In cases where the Tax Administration is authorized to exercise discretionary powers, it shall act in accordance with the purpose of such powers and within the framework of the law.

The Tax Administration shall establish all the facts relevant for passing a legal and correct decision, dedicating equal attention to the facts that in favor of the taxpayers and to their detriment.

Principle of Temporal Validity of Tax Regulations

Article 5

A tax liability shall be assessed based on the regulations in force at the time of its origination, unless certain provisions of the law are to apply retroactively, in keeping with the Constitution and the law.

Notwithstanding paragraph 1 of this Article, a tax liability based on property taxes concerning calendar years following the year when the tax liability was incurred, shall be assessed based on the law governing property taxes that was in force on January 1 of the calendar year for which the tax liability is being assessed, unless certain provisions of the law are to apply retroactively, in keeping with the Constitution and the law.

Activities in the course of tax procedure shall be governed by regulations in force at the time of their implementation.

Principle of Allowing a Review of Facts

Article 6

Prior to passing an act determining rights and obligations of the taxpayer, the Tax Administration shall, at his request, allow the taxpayer to review the legal and factual basis for passing such act.

Principle of Data Confidentiality in Tax Procedure

Article 7

For the purposes of this Law, the following shall be considered confidential data in a tax procedure (hereinafter: confidential data) and shall be kept confidential:

- 1) every document, information, data, or other fact concerning the taxpayer obtained by officials and all other persons involved in tax procedure in the course of tax, misdemeanor, preliminary investigation or court procedure;
- 2) data on technical inventions or patents, as well as all other data on technological procedures applied by the taxpayer, obtained by officials and all other persons involved in tax procedure in the course of tax, misdemeanor, preliminary investigation or court procedure.

Breach of data confidentiality jeopardizes the interest of taxpayers and public interest of the Republic of Serbia, which override the interest concerning the access to information of public importance that is subject** to data confidentiality, the disclosure of which may result in grave legal or other consequences to the interests protected by this Law.

All officials and other persons taking part in tax, misdemeanor, preliminary investigation or court

procedure shall keep data confidentiality.

Obligation to keep data confidentiality shall also relate to the persons referred to in paragraph 1 of this Article after the termination of their employment or capacity in which they obtained knowledge of the documents, facts or data referred to in paragraph 1 of this Article.

Data confidentiality shall be considered breached if the documents, facts or data referred to in paragraph 1 of this Article are used or published without authorization.

Data confidentiality shall not be considered breached:

- 1) by an action to which the taxpayer agrees in writing;
- 2) if a particular document, fact or data cannot be linked to an individual taxpayer;
- 3) if a particular document, fact or data is disclosed in the course of tax, misdemeanor, preliminary investigation or court proceedings;
- 4) if the information in question is the taxpayer's tax identification number (hereinafter: TIN);
- 5) if a particular document, fact or data is used by competent authorities in the procedure of detecting criminal offences or misdemeanors;
- 6) if a particular document, fact or data, in keeping with the provisions of Article 157 of this Law, is delivered to an official of a foreign tax authority in the process of information exchange and mutual provision of legal assistance;
- 7) if a tax guarantor is allowed access to data on the taxpayer, relevant for discharging the obligations arising from his relation with the taxpayer;
- 8) if a particular document, fact or data relevant for the existence of tax debt is delivered in keeping with the special law provisions, unless the volume of such delivery of documents, facts or data causes large costs or requires excessive engagement of Tax Administration employees, which the tax authority defines in each individual case;
- 9) if a particular document, fact or data is delivered to an official of another state institution or organization, or territorial autonomy and local self-government authority in the process of information exchange required for undertaking activities within the scope of their respective competences.

The Tax Administration shall publish on its web page at least once a year, as at the last day of the calendar month preceding the date of publication, the tax debtors' business names or names and surnames, TINs and the amounts of tax debt, for legal entities with a tax debt amounting to RSD 20,000,000 and more and sole traders with a tax debt amounting to RSD 5,000,000 and more, whereby data confidentiality obligation shall not be breached.

With regard to data confidentiality, in all other matters not regulated by this Law, the Tax Administration shall act in keeping with the law governing data confidentiality and the law governing personal data protection.

Principle of Acting in Good Faith

Article 8

Parties to tax procedure shall act in good faith.

Frequency and duration of tax audit shall be restricted to the necessary extent.

Principle of Facticity

Article 9

Tax facts shall be established based on their economic substance.

If a simulated legal transaction is used to conceal a different legal transaction, the base for assessing the tax liability shall be the dissimulated legal transaction.

When proceeds and/or assets are acquired illicitly, the Tax Administration shall assess the tax liability in keeping with the law governing the corresponding type of tax.

Heading Three

PARTIES TO TAX PROCEDURE

Contents of Tax Law Relationship

Article 10

Tax law relationship shall be understood to mean a public law relationship encompassing tax procedure-related rights and obligations of the Tax Administration, on the one side, and a natural or legal person, as well as an open-end investment fund or alternative investment fund that does not have the status of a legal entity, and which is entered in the appropriate register under the law (hereinafter: the fund), on the other, which regulates:

1) obligation of an individual or legal entity, as well as the fund, to pay tax, secure a tax liability and pay secondary tax duties and the Tax Administration's right to demand the fulfilment of these obligations;

2) obligation of an individual or legal entity, as well as the fund, in keeping with law, to assess tax or to collect the withholding tax on behalf of the taxpayer, keep the prescribed accounting records, file tax returns, submit the requested documents and data to the Tax Administration, not to make payments in a manner other than the prescribed one, allow a Tax Administration official to inspect their business operation and other statutory obligations to act, refrain from acting or tolerate, for the purpose of timely and correct payment of tax, as well as the right of the Tax Administration to demand the fulfilment of these obligations.

In the tax law relationship referred to in paragraph 1 of this Art, the individual or legal entity,, as well as the fund, shall be entitled to:

- 1) a refund of overpaid or erroneously paid tax and/or secondary tax duties, as well as to a tax refund when provided by a separate tax law;
- 2) a tax reimbursement or tax rebate in keeping with the tax law;
- 3) apply a tax credit against a tax liability or secondary tax duties;
- 4) apply overpaid or erroneously paid tax or secondary tax duties to settle other due liabilities on another basis, through re-entry.

If the person referred to in paragraph 2 of this Article opts for a refund of overpaid or erroneously paid tax or secondary tax duties, as well as for tax reimbursement or rebate, or settlement of other due liabilities through transfer to another tax account, the Tax Administration shall issue a decision at request without delay, no later than 15 days from the receipt of such request, unless otherwise provided under the tax law.

Along with the request for refund of more or incorrectly paid contribution for pension and disability insurance, the taxpayer - individual shall also submit a decision of the Republic Pension and Disability Insurance Fund on the established right to refund of contribution for pension and

disability insurance.

Tax credit shall be understood to mean the amount by which a tax liability is reduced.

Other rights of an individual or legal entity and obligations of the Tax Administration related to a tax law relationship shall be regulated by this Law.

If a taxpayer delivers a document in a language and alphabet not used officially by the tax authorities in keeping with the law governing the official use of language and alphabet, the tax authority shall set a time limit which may not be shorter than five days for the taxpayer to deliver a certified translation into the Serbian language.

If the taxpayer fails to deliver the certified translation referred to in paragraph 6 of this Article within the provided time limit, the document shall be deemed not delivered.

Tax Administration in Tax Procedure

Article 11

The Tax Administration shall, as part of public administration operations, conduct first-instance tax procedure, maintain the single taxpayer register and tax accounting, assess the market value of immovable property in keeping with law, detect tax crimes and misdemeanors and their perpetrators, file motions with the competent misdemeanor court to institute proceedings for tax-related misdemeanors, misdemeanors prescribed by the law governing fiscal cash registers, as well as misdemeanors with respect to games of chance, issue misdemeanor orders for such misdemeanors and perform other operations provided for by this Law.

The Tax Administration shall be independent in performing the operations referred to in paragraph 1 of this Article in the entire territory of the Republic of Serbia (hereinafter: the Republic) and organized so as to ensure functional consistency in implementing tax regulations.

For the purpose of ensuring consistent implementation of regulations within the competence of the ministry in charge of finance, implementing acts (explanations, rulings, instructions, guidance, etc.) for such regulations issued by the minister in charge of finance or a person authorized by him, shall be binding for the Tax Administration in its operations.

The acts referred to in paragraph 3 of this Article shall be published on the web pages of the ministry in charge of finance and the Tax Administration.

Taxpayers and Other Tax Obligors

Article 12

Tax obligor shall be understood to mean an individual or legal entity, as well a fund obliged to perform a specific action from the tax law relationship referred to in Article 10 of this Law.

Taxpayer shall be understood to mean a tax obligor who is under the obligation to pay tax and/or secondary tax duty.

Other tax obligors shall be understood to mean the following:

- 1) tax guarantor, who is responsible for the payment of the taxpayer's tax debt, if the taxpayer fails to pay such debt once it becomes due;
- 2) payer of income to the taxpayer (hereinafter: withholding agent) who is under the obligation to calculate and withhold the prescribed tax on such income, in the name and on behalf of the taxpayer, to the appropriate revenue collection account;

3) tax intermediary, who is under the obligation to withhold and pay the assessed withholding tax from the account of the tax obligor (taxpayer or withholding agent), based on their transfer order, to the appropriate revenue collection account, in his name and on behalf of the taxpayer or withholding agent;

4) other legal and natural entities, as well as fund obliged to perform any action within the tax law relationship referred to in Article 10 of this Law.

Taxpayers and other tax obligors (hereinafter: taxpayers) shall be the parties to tax procedure.

General Provisions on Representation

Article 13

The taxpayer may participate in tax law relationship through a proxy or legal representative, unless otherwise provided under this Law.

A taxpayer participating personally in tax law relationship may also have a proxy, and if the proxy participates in tax law relationship on his behalf, he may also participate personally.

Tax Proxy

Article 14

Taxpayer's proxy (hereinafter: tax proxy) shall be understood to mean an individual or a legal entity – resident of the Republic, who performs operations related to the taxpayer's tax obligations in the name and on behalf of the taxpayer (receives tax acts, files tax returns, pays tax, etc.), within the limits of the authority conferred on him.

The taxpayer who is an individual or a legal entity – non-resident of the Republic (hereinafter: non-resident) that does not have a permanent establishment in the territory of the Republic or earns income or acquires property in the territory of the Republic unrelated to the operations of his permanent establishment, shall notify the Tax Administration, at its head office, of the person appointed as its tax proxy within ten days from the day he started earning such income or acquiring taxable property in the territory of the Republic.

If a non-resident earns income subject to a withholding tax, for which the taxpayer is under no obligation to file a tax return, there shall be no obligation to appoint a proxy.

Legal Representative, Sole Trader's Manager and Temporary Estate Administrator

Article 15

Legal representatives of individuals (parents of a minor, guardian of a ward lacking legal capacity, etc.) and of legal entities (an individual recorded as such in a prescribed register), as well as a sole trader's manager and temporary estate administrator shall fulfil the tax-related obligations of the person they represent.

If a sole trader does not have a manager or if a temporary estate administrator has not been appointed, the tax-related obligations referred to in paragraph 1 of this Article shall be discharged by the sole trader or the inheritors, respectively, as joint and several tax obligors.

The tax liabilities of the fund that is considered a taxpayer according to the provisions of this Law shall be fulfilled by the fund management company from the fund's assets.

The Fund Management Company, in the name and on behalf of the Fund, performs activities

related to the tax liabilities of the Fund (submits an application for registration, submits tax returns, receives tax and tax administrative acts, keeps business books and records for taxation purposes, fulfills or pays fund's taxes, etc.)

Ex Officio Representative

Article 16

The Tax Administration shall appoint *ex officio* a representative from among the ranks of tax advisors or attorneys at law to:

- 1) a taxpayer whose seat is not located at the place and address given in the registration form prescribed by the act referred to in Article 27, paragraph 5 of this Law or in the VAT registration form, as prescribed by regulations governing the value-added tax;
- 2) a non-resident who failed to advise the Tax Administration of his tax proxy within the time limit referred to in Article 14, paragraph 2 of this Law;
- 3) an unknown owner of property subject to tax procedure;
- 4) a taxpayer who evidently avoids participating in tax procedure, if his participation is compulsory;****
- 5) a suspect during the course of interrogation based on the reasonable doubt that he might have committed a felony for which a sentence of eight year imprisonment or a more severe penalty is prescribed.

If the taxpayer is an individual lacking legal capacity or a legal representative, the Tax Administration shall appoint an *ex officio* representative from among the persons referred to in paragraph 1 of this Article and promptly advise the guardianship authority thereof.

The conclusion on appointing the *ex officio* representative shall be delivered to the representative and published on the Tax Administration website and bulletin board.

An appeal shall not be permitted against the conclusion referred to in paragraph 3 of this Article.

Remuneration and reimbursement of costs of the *ex officio* representative shall be covered by the Tax Administration, according to the tariff prescribed by the minister in charge of finance (hereinafter: Minister).

The Tax Administration shall be entitled to a refund referred to in paragraph 5 of this Article from the taxpayer.

Tax Advisor

Article 17

Tax advisor shall be understood to mean a person providing tax advisory services to the taxpayer in tax procedure.

If the tax advisor also acts as the taxpayer's tax proxy, he must also have a power of attorney to perform the operations referred to in Article 14 of this Law.

Performance of tax advisory activity shall be regulated by a separate law.

Heading Four

TAX LIABILITY

Concept and Origination of a Tax Liability

Article 18

The obligation to pay tax referred to in Article 10, paragraph 1, item 1) of this Law (hereinafter: tax liability) shall be understood to mean the duty of the taxpayer to pay the assessed tax, under the conditions prescribed by this Law or other tax law.

The taxpayer shall be liable for discharging his tax liability from the moment when the facts arise that under tax law constitute a tax liability.

Provisions on tax liability shall also apply to the liability to pay secondary tax duties, unless otherwise provided under this Law.

The amount of the assessed tax referred to in paragraph 1 of this Article shall be considered as the tax owed.

Fulfilment of Tax Liability

Article 19

Discharging a tax liability shall consist of payment of the amount of tax owed, when due.

Tax liability:

- 1) shall be fulfilled by the taxpayer directly;
- 2) shall be fulfilled by a different person, when this Law or other tax law prescribes that such person is responsible for fulfilling the taxpayer's tax liability;
- 3) may be fulfilled by a different person not responsible for fulfilling the tax liability under the tax law.

Taxpayers – legal entities, sole traders or individuals conducting business activity, whose business accounts are, at the moment of payment, frozen for the purpose of conducting enforced collection by an organization responsible for enforced collection, may also settle their mutual financial liabilities by contracting a change of the creditor or the debtor in a specific contractual relationship (assignment, cession, etc.), exclusively for the purpose of fulfilling liabilities related to public revenues to which this Law applies.

Fulfilling a Tax Liability in Cases of Liquidation or Bankruptcy

Article 20

Tax liability of a legal entity in liquidation shall be discharged by the liquidator from the legal entities' financial assets, including proceeds from the sale of property.

Tax liability of an establishment of a legal entity in liquidation shall be discharged directly by the legal entity to which the establishment belongs, and if the legal entity is also in liquidation, the tax liability shall be discharged by the liquidator.

If a legal entity in liquidation does not have sufficient funds to discharge the tax liability in full, proceeds from the sale of property included, the remaining tax debt shall be paid by the founders or members of the legal entity, if they are jointly and severally liable for the legal entity's liabilities, in keeping with law, the legal entity's statute or charter.

Discharging tax liabilities in case of taxpayer's bankruptcy is regulated by the law governing bankruptcy.

Fulfilling a Tax Liability in Case of Status Changes

Article 21

Tax liability of a legal entity that ceases to exist due to status change shall be discharged by its legal successor, regardless of whether the successor was aware, before the completion of the status change procedure, that the legal predecessor had not, in part or in full, fulfilled his tax liability.

Secondary tax duties related to undischarged tax liability of a legal entity that ceases to exist due to status change shall be borne by the legal successor.

The time limit for discharging the tax liability of a legal entity that ceases to exist due to status change shall remain unchanged if the discharge of such liability has been transferred to the legal successor.

Legal successor, to which the tax liability of one or more legal entities that cease to exist due to status change has been transferred, shall be understood to mean:

- 1) in case of merger – the legal entity formed by merger of two or more legal entities - taxpayers;
- 2) in case of acquisition – the legal entity acquiring one or more legal entities - taxpayers;
- 3) in case of division – the legal entities formed by a taxpayer's division.

If there are several legal successors, they shall all be jointly and severally liable for the legal predecessor's tax liability without limitation.

Change of organizational or ownership form of the legal entity shall have no bearing on the discharge of tax liability.

In case of status change of the Fund and fulfillment of the tax obligation by the fund management company, the provisions of this Article shall apply accordingly.

Fulfillment Tax Liability in Case of a Death of an Individual, Incapacity or Declaration of an Individual Missing

Article 22

Tax liability of a deceased person shall be discharged by his heirs, up to the value of the property inherited and in proportion to the share of each individual heir, at the time of receiving the inheritance.

If the decedent has no heirs or if none of the heirs accepts inheritance, the decedent's tax liability shall be written off.

Tax liability of an individual lacking legal capacity or of an absent individual whose permanent residence is unknown shall be fulfilled by a representative against the taxpayer's property.

If the property of the person referred to in paragraph 3 of this Article is insufficient for the settlement of debt related to taxes and secondary tax duties, the unsettled portion of debt shall be written off.

If the reasons referred to in paragraph 3 of this Article on the grounds of which the person was appointed a representative cease to exist, the decision on debt write-off shall be cancelled, but interest shall not be accrued from the day the uncollected tax debt of such person became due, to the day the grounds ceased to exist.

Termination of a Tax Liability

Article 23

Tax liability shall be terminated by:

- 1) collection of the tax;
- 2) expiry of period of limitation for the tax;
- 3) tax write-off;
- 4) in another manner prescribed by the law.

Unpaid tax liability of a taxpayer – legal entity against which bankruptcy procedure has been concluded in liquidation based on a final and binding decision, shall be terminated, unless a lien has been recorded in public records or registers for the purpose of its collection, or if another person besides the taxpayer, is responsible for its fulfillment.

In the case referred to in paragraph 1, items 2)-4), and paragraph 2 of this Article, the Tax Administration shall issue a decision on the termination of tax liability.

Heading Five

RIGHTS AND OBLIGATIONS OF TAXPAYERS

Taxpayers' Rights

Article 24

In keeping with this Law, the taxpayer shall be entitled to:

- 1) receive from the Tax Administration, free of charge, information on tax regulations from which his tax liability is derived, and if he is a lay taxpayer, to obtain basic legal aid, which shall enable him to declare and pay tax and calculate and pay secondary tax duties, in keeping with regulations;
- 2) get a written answer to a question put in the same form to the Tax Administration, concerning his tax situation;
- 3) demand that the Tax Administration and its officers treat him with respect and regard;
- 4) have data collected on him in the course of tax procedure by the Tax Administration kept confidential and used or made available to other persons or authorities or organizations, in the manner prescribed in Article 7 of this Law;
- 5) have the Tax Administration** respect his privacy;
- 6) have access to data regarding tax assessment and collection kept on him by the Tax Administration and demand modification of incomplete or incorrect data;
- 7) represent his own interests before the Tax Administration directly or through a proxy;
- 8) use tax reliefs in the prescribed manner;
- 9) get reimbursement, rebate and/or refund of overpaid or erroneously charged tax in the prescribed manner and within prescribed time limits;
- 10) be present during tax audit;
- 11) get reasoning of the acts passed in the course of tax audit procedure;
- 12) provide information to tax authorities in the course of tax procedure;
- 13) use legal remedies in the course of tax procedure;
- 14) exercise other rights established by this Law and other tax laws.

A taxpayer whose rights referred to in paragraph 1 of this Article have been violated shall be entitled to court protection.

If the court establishes that the taxpayer's rights have been violated, the damages and court costs shall be paid from the budget of the Republic or from the budget of the local government unit.

Taxpayer's Obligations

Article 25

The taxpayer shall, in keeping with this Law:

1) submit a registration form to the Tax Administration within the statutory time limit, except for taxpayers whose registration and entry into register is within the jurisdiction of the Business Registers Agency, and also report all subsequent changes of data in the registration form that are not otherwise reported to the Business Registers Agency, including the data on all the business facilities and premises where goods are stored or placed, as well as the facilities and premises where registered business activities are carried out, unless such data has already been delivered to the Tax Administration in keeping with this Law and other regulations;

2) file a tax return to the Tax Administration on a prescribed form, within the time limit and in a manner prescribed by tax regulations;

3) file documents and provide information requested by the Tax Administration, in keeping with tax regulations;

4) keep the prescribed books of account and records for taxation purposes;

5) correctly calculate the tax within statutory time limits, when required to do so by himself in keeping with the law;

6) pay tax in the manner, under the conditions and within time limits prescribed by law;

7) refrain from hindering and preventing officials participating in the tax procedure from performing their statutory duty;

8) inform the Tax Administration of opening or closing an account with a bank, other financial organization, postal savings bank or other organization performing payment operations (hereinafter: the bank) in the Autonomous Province of Kosovo and Metohija or abroad – within 15 days from the day of opening or closing the account;

9) be present during tax audit;

10) discharge other obligations established by this Law or other tax laws.

The obligation to file tax returns referred to in paragraph 1, item 2) of this Article shall also refer to the liquidator or bankruptcy administrator, who shall, within the liquidation or bankruptcy procedure, file tax returns in keeping with tax regulations, including the tax return for the tax period for which the deadline for filing the application is the date after the date of the liquidation or bankruptcy proceedings initiation.

The act regulating the procedure, manner, deadlines, content and form of registration by which the taxpayer declares business facilities, i.e facilities referred to in paragraph 1, item 1) of this Article, shall be issued by the Minister, at the proposal of the Director of the Tax Administration.

Heading Six

IDENTIFICATION AND REGISTRATION OF TAXPAYERS

Tax Identification Number

Article 26

For the purpose of identifying taxpayers, the Tax Administration shall assign a TIN to individuals, sole traders, legal entities and permanent establishments of a non-resident legal entity, as well as Funds.

A TIN cannot be assigned to:

- 1) a legal entity whose founder – legal entity, sole trader or individual - has public revenue arrears in connection with performance of business activity and/or if the TIN of the legal entity or sole trader has been temporarily suspended in keeping with this Law. Furthermore, a TIN may not be assigned to a legal entity whose founder – legal entity, sole trader or individual is at the same time a founder of an entity whose TIN has been temporarily suspended, in keeping with this Law;
- 2) a legal entity whose founder is an individual who is concurrently a founder of another business entity with unsettled liabilities related to public revenues in connection with performance of business activity;
- 3) a legal entity established by a status change involving spinoff combined with establishment, or mixed spinoff in keeping with the law governing companies, if the legal entity which is subject to division has unsettled liabilities related to public revenues or if its TIN has been temporarily suspended in keeping with this Law;
- 4) a sole trader with public revenue arrears, incurred in relation to conducting business activity in other companies in which they are at the same time founder with a share of more than 5% or if such trader's TIN has been temporarily suspended in keeping with this Law.

Notwithstanding paragraph 2 of this Art, the Tax Administration shall assign a TIN:

- 1) if the public revenue arrears amount to up to RSD 100,000 and if such liabilities are settled within eight days from the day the request to be assigned a TIN is filed, or if an irrevocable bank guarantee or a bill of exchange guaranteed by a commercial bank is provided within such time limit, or
- 2) if the public revenue arrears arising in connection with the performance of activities, the obligations of economic entities that have been deleted from the prescribed registries by a final decision of the competent authority in bankruptcy proceedings.

Legal entities, sole traders and other entities the registration of which is within the competence of the Business Registers Agency shall be assigned a TIN via that Agency, within the time limit prescribed by the Law governing the registration of business entities. Individuals whose registration is within the competence of the local self-government authorities, shall be assigned a TIN via local self-government bodies, within the statutory time limit.

In regard to the entities referred to in paragraph 4 of this Article, the registration form for TIN assignment shall be filed through the Business Registers Agency, as part of the registration form for establishment, and/or through another competent authority in keeping with the Law.

When deciding on a request for the assignment of a TIN referred to in paragraph 4 of this Art, the existence of impediments to TIN assignment referred to in paragraph 2 of this Article shall not be considered. If a legal entity, sole trader or an individual is the founder of a cooperative, fund, foundation, association, chamber of commerce, other legal entity, as well as a company with a share

of less than 5%, or if the founder of a company or legal entity is also the founder of a cooperative, fund, foundations, associations, chambers of commerce, other legal entities, as well as companies with a share of less than 5%, the Tax Administration will assign TIN without determining public revenue arrears of these persons

If within the time limit referred to in paragraph 4 of this Article and based on the data from its records and records of other competent authorities, the Tax Administration establishes that the form contains data that are invalid or that safeguards measures or bans on conducting business have been introduced against the founder of the entity subject to the said paragraph in misdemeanor or criminal proceedings, it shall pass, within the given time limit, a decision on denying the request for TIN assignment.

If the Tax Administration, in the course of audit or inspection procedure based on official records, establishes that the impediments to TIN assignment referred to in paragraph 2 and 7 of this Article existed at the time the TIN was assigned, it shall temporarily suspend the assigned TIN - pending the elimination of such impediments, and it shall submit a copy of the decision to the bank and organization responsible for enforced collection from funds in the taxpayer's account.

The minister, in agreement with the minister in charge of economy, shall more precisely regulate the contents of the registration form referred to in paragraph 5 of this Article, as well as the time limit, manner and procedure of deciding upon a request to assign a TIN to the entities referred to in paragraph 4 of this Article.

In all other matters not regulated by the provisions of this Law in regard to TIN assignment and suspension for the entities referred to in paragraph 4 of this Article, the provisions of this Law governing TIN assignment and suspension for other entities shall apply.

TIN shall be understood to mean a unique and single number of an individual, sole trader and legal entity, as well as a Fund, for all public revenues and shall be retained until the winding up* or death of such taxpayer.

A TIN shall be used in tax procedure and must be entered into:

1) an act submitted by the taxpayer to the Tax Administration, compulsory social insurance organizations, other government authorities and organizations and authorities of the territorial autonomy and local self-government units;

2) an act delivered to the taxpayer by the Tax Administration;

3) a document by which the taxpayer pays tax and secondary tax duties;

4) an order by which the bank is instructed to pay taxes and secondary tax duties;

5) an act submitted by the taxpayer to authorities and organizations responsible for maintaining the register and accounts, within the meaning of Articles 29 and 30 of this Law.

If the taxpayer fails to report all subsequent modifications of data in the registration form and/or fails to submit documents and provide information requested by the Tax Administration within five days from the day the modification occurred or from the day of receiving a request for documents and information, the Tax Administration shall, by a decision, suspend the TIN assigned to the taxpayer pending a discharge of the obligation referred to in Article 25 items 1) and 3) of this Law, and a copy of such decision shall be forwarded to the bank and organization responsible for enforced collection from funds in the taxpayer's account. The Tax Administration shall also suspend the assigned TIN by a decision in cases where the taxpayer has received a ban on disposal of funds in the taxpayer's account with the bank pursuant to Articles 66 and 87 of this Law and when such a ban is in force for over a year.

In the case referred to in paragraph 13 of this Article as well as in other TIN suspension cases, the bank shall suspend the execution of the taxpayer's order to transfer funds from the taxpayer's account from the moment the decision is received, except for the purpose of discharging liabilities in regard to tax and secondary tax duties.

The provisions referred to in paragraphs 2 and 3 of this Article shall apply in the case of establishment of business entities in the status change procedure when the business entity continues to exist.

Authorities and organizations that, in keeping with regulations, maintain records on individuals and legal entities and issue public documents based on such records shall also use TIN numbers.

The minister shall be authorized to prescribe other acts of relevance for tax procedure in which the TIN is entered.

In the case referred to in paragraph 13 of this Art, at a request of a bankruptcy judge, the Tax Administration may reassign the suspended TIN to the taxpayers against which bankruptcy procedure has been instituted for the duration of bankruptcy procedure.

In cases of temporary revocation of TIN, the Tax Administration may by decision impose a temporary measure prohibiting the registration of acquisition of shares or stocks in economic entities, or the establishment of new economic entities, founders with a share of more than 5% in economic entities whose TIN has temporarily been revoked, while the TIN is temporarily revoked, and submits a copy of the decision to the Business Registers Agency and the Central Registry, Depot and Securities Clearing House.

The entry of a temporary measure referred to in paragraph 20 of this Article in the Business Registers Agency shall be made in accordance with the law governing the central record of temporary restrictions of the rights of persons registered in the Business Registers Agency.

General Provisions on Registration

Article 27

Taxpayers shall be registered with the Tax Administration.

The following shall have a TIN:

- 1) a resident legal entity;
- 2) a government authority and organization, authority and organization of the territorial autonomy or local self-government unit, without the status of a legal entity;
- 3) a resident sole trader, flat rate sole trader, sole trader farmer and sole trader other person defined by the provisions of the law governing personal income tax.
- 4) a resident individual,
- 5) a non-resident legal entity's permanent establishment;
- 6) a non-resident legal entity appointing a proxy in keeping with the provision of Article 14, paragraph 2 of this Law;
- 7) a non-resident individual appointing a proxy in keeping with the provision of Article 14, paragraph 2 of this Law.
- 8) Fund

A non-resident legal entity's permanent establishment referred to in paragraph 2, item 5) of this Article shall be understood to mean a non-resident legal entity's permanent establishment as defined by the provisions of the law regulating corporate profit tax.

Provisions of this Law regarding legal entities shall also apply to the permanent establishment

referred to in paragraph 3 of this Article, unless otherwise provided under this Law.

Procedure, manner and time limits for assigning the TIN, contents and manner of keeping the single taxpayer register, as well as the contents and format of the registration form and proof of registration shall be regulated by an act of the minister.

Place and Time of Registration

Article 28

A resident legal entity, whose registration or entry into register is not within the competence of the Business Registers Agency and the authority or organization referred to in Article 27, paragraph 2, item 2) of this Law, shall submit the registration form to the Tax Administration based on the location of its head office.

A non-resident legal entity's permanent establishment shall submit the registration form to the Tax Administration based on the location of such establishment's head office.

A resident sole trader whose registration is not within the competence of the Business Registers Agency shall submit the registration form to the Tax Administration which has jurisdiction based on the location of his head office.

A non-resident legal entity and non-resident individual referred to in Article 27, paragraph 2, items 6) and 7) of this Law shall submit the registration form at the Tax Administration's Head Office.

Legal entities classified as large taxpayers (hereinafter: large taxpayers) shall be kept in the register of the Tax Administration organizational unit in charge of large taxpayers.

Criteria for classification of large taxpayers, on the basis which the Tax Administration identifies and establishes the status of large taxpayers, as well as types of taxes for which the organizational unit referred to in paragraph 5 of this Article performs operations from the Tax Administration's competence, shall be prescribed by the minister, at the proposal of the Director general of the Tax Administration.

A legal entity, non-resident legal entity's permanent establishment and sole trader shall file the registration form within five days from the day of entry into the court register or other register.

A Fund, through the fund management company, submits an application for registration to the Tax Administration Head Office, within five days from the day of entry in the prescribed register in accordance with the law.

Upon registration, the Tax Administration shall issue proof of registration to the taxpayer.

If a taxpayer fails to file a registration form, the Tax Administration shall assign a TIN *ex officio*, based on available data and actual circumstances.

Obligations of Authorities and Organizations Responsible for Registration

Article 29

The Business Registers Agency shall advise the Tax Administration of the performed entry into the Register of Business Entities (establishment, links with other entities and winding up of the legal entity, status changes and changes in the form of organization of such entity, data on the business entity of importance to legal transactions, data related to bankruptcy procedure and other data prescribed by the law), as well as of any other decision by which changes to the founders, organizational form, name, business activity, amount of initial capital or head office location are

introduced, or whereby any other change relevant for tax assessment is made.

The Court, the local government unit, the Bar, the professional associations, as well as other authority or organization responsible for registration of persons performing specific business activity, shall deliver to the Tax Administration information about registration, revoked registration and strike-off the register, as well as about any other decision introducing a change relevant for tax assessment, within five days from such registration.

The authority keeping records on the permanent and temporary residence of individuals shall inform the Tax Administration of the following within five days from the residence and address registration or cancellation: citizen's personal identification number, registration number for foreigners, name, surname, municipality code of the permanent or temporary residence, permanent or temporary residence address, place of birth and status of the person in question.

The authority keeping records on birth or death of an individual, shall forward the relevant data to the Tax Administration** within five days from the day of birth or death registration, or a missing person being declared dead.

The data referred to in paragraphs 1 through 4 of this Article shall be delivered in electronic form.

The procedure of forwarding information referred to in paragraph 3 of this Article shall be regulated more precisely by consensus reached between the minister in charge of finance and the minister in charge of internal affairs.

The authority, organization or other person responsible for entry of persons conducting business activity in the prescribed register may not strike off a person from the prescribed register without proof of the termination of tax obligations or of the deletion from the records prescribed by the tax law issued by a competent tax authority, not older than five days at the moment of filing a request for deletion from the prescribed register.

The authority, organization or other person responsible for entry of persons conducting business activity in the prescribed register, may strike off a taxpayer – sole trader from the prescribed register, under the conditions prescribed by paragraph 7 of this Article, even without proof of termination of obligations related to pension and disability insurance contributions if such persons have acquired the right to retire under the provisions of the law governing pension and disability insurance.

The Business Registers Agency may not strike off a business entity from the prescribed register and may not register a status change and modify data pertaining to a founder or a member, name, head office, deposit and organization form, suspension or other data changes regarding the sole-trader's business activities, in the period from receiving a Tax Administration notification stating that a business entity is about to be audited, which includes the actions of Tax Police aimed at detection of criminal offenses, until receiving a notification that the tax audit has been completed or that the Tax Police actions have been terminated, as well as in the period from receiving a notification that a business entity's TIN has been suspended under this Law, until receiving a notification that such entity's TIN has been reallocated. The Business Registers Agency may modify data pertaining to the performance of a sole trader's business activity if the sole trader's manager has been appointed or changed, in keeping with the Law.

The Business Registers Agency may not register the acquisition of shares or stocks in economic entities, i.e the establishment of new economic entities, in cases when a legal entity or sole trader is registered as the founder over whom the measure referred to in paragraph 9 of this Article has been established.

The act governing the method and procedure of delivering the notification referred to in paragraph

9 of this Art, and its content shall be passed by the minister, at the proposal of the Director general of the Tax Administration.

In terms of personal data protection, the Tax Administration shall act in the same manner as the authority which delivered the data in question, i.e in keeping with the law governing personal data protection.

Obligations of Banks upon Opening Accounts

Article 30

A bank may open an account to a legal entity, sole trader and an individual, as well as a fund, provided they attach evidence of registration to the request for opening of account.

Evidence of registration shall not be required for opening a temporary account to be used in the procedure of establishing a legal entity.

The bank shall keep records of suspense accounts in electronic form, as prescribed by the minister, for the purpose of linking the temporary account to the subsequently opened account referred to in paragraph 1 of this Article.

Article 30a

The bank shall allow payment of wages, wage benefits or other income of individuals giving rise to an obligation to pay the withholding tax only if the order by which the bank is instructed to disburse such income, as well as withhold tax, contains the payment authorization number for this total liability, which is assigned by the Tax Administration, in the manner referred to in Article 41 of this Law.

Notwithstanding paragraph 1 of this Article, the bank as the payer of income may pay interest, as well as accrue interest (hereinafter: interest payment) on savings deposits to its depositors without stating the payment authorization number referred to in paragraph 1 of this Article.

Article 30b

The bank shall provide the Tax Administration with the following data in electronic form:

- 1) executed disbursement orders or transfer orders listed by payer of income and payment code, delivered by the fifth day of the month for the previous month;
- 2) funds paid to the foreign exchange accounts of individuals, within 30 days from the payment date;*
- 3) payments into the account of a taxpayer subject to personal income tax on self-employment income in the calendar month, within 15 days from the end of the calendar month.

At the request of the Tax Administration and within a reasonable period determined by it, the bank is obliged to submit in electronic form data on the balance and turnover on current accounts and savings deposits of the taxpayers - legal entities, sole traders and individuals, deposits of taxpayers - legal entities, i.e on current account numbers and savings deposits of taxpayers - individuals and the name of the banks that manage them.

Types of payment codes for which the data referred to in paragraph 1, item 1) of this Article are delivered and the manner and procedure of providing the data referred to in paragraph 1 of this Article shall be more precisely regulated by the minister.

In terms of personal data protection, the Tax Administration shall act in the same manner as the

authority which provided such data and in keeping with the law governing personal data protection.

Heading Seven

OTHER BASIC PROVISIONS

Secondary Tax Liability

Article 31

Secondary tax liability shall arise when a person is responsible for a due tax liability of another taxpayer or for due secondary tax liability of another taxpayer.

Secondary tax liability shall apply to:

1) legal representatives who have, knowingly or without due care, failed to discharge their obligation to pay taxes on behalf of the taxpayer, even though the latter was able to do so – for the amount of unpaid tax;

2) persons contributing to or assisting in the evasion of payment of another person's tax – for the amount of such person's tax debt the payment of which was evaded;

3) persons responsible for calculating and paying the tax*– for the amount of the tax unpaid, in the cases where it has been determined that such persons have failed to act with due care;

4) an individual who is the responsible officer in a legal entity, who calculates and pays the tax*** and fails to pay the tax– for the amount of tax unpaid, in the cases when it has been determined that such persons have failed to act with due care;

5) a person who has received monetary assets, items or rights from the taxpayer's property (hereinafter: property) through a gratuitous or onerous transaction that is below the market price, in the period of five years before the tax liability that was not paid on behalf of the taxpayer became due – for the amount of unpaid tax, and up to the value of the property received, reduced by the amount the person paid for it.

6) Fund management Company.

Provision of paragraph 2, item 5) of this Article shall apply to cases when a person has received property from a taxpayer – legal entity only if **direct*** or indirect interest of such person in the taxpayer's equity is or was at least 10%.

Unless otherwise provided, secondary tax liability shall include **both**** interest and costs of enforced collection.

Conversion of Foreign Currency to RSD

Article 32

Foreign currency transactions subject to taxation shall be converted to RSD:

1) at the official mid-exchange rate of the National Bank of Serbia*, on the date of the transaction, unless otherwise provided under the tax law;

2) at the market exchange rate based on the published data on the relative values of foreign currency against the U.S. dollar, on the date of the transaction, if the National Bank of Serbia does not have the mid-exchange rate of the given currency against the RSD..

Part Two

GENERAL PROVISIONS ON TAX PROCEDURE AND FIRST-INSTANCE PROCEDURE FOR ASSESSING AND COLLECTING TAX

Heading One

GENERAL PROVISIONS ON TAX PROCEDURE

Initiation of Tax Procedure

Article 33

Tax procedure shall be initiated by the Tax Administration *ex officio*, and exceptionally, at a party's request.

Tax procedure shall be initiated when the Tax Administration undertakes any action in order to conduct a procedure.

If the Tax Administration establishes, at a party's request, that the conditions for initiating tax procedure have not been met, in keeping with law, it shall pass a conclusion thereon, which can be appealed against.

Tax Act and Tax Administrative Act

Article 34

A tax act shall be understood to mean a tax decision, conclusion, tax audit order, tax audit report and other act initiating, supplementing, modifying or completing an action in tax procedure.

A tax administrative act, by which the Tax Administration decides on individual rights and obligations of the tax obligor from tax law relationship, shall be understood to mean a tax decision and conclusion.

Appeal shall be permitted against a tax decision passed in first-instance tax procedure.

Appeal shall be permitted against a conclusion, unless otherwise provided under this Law.

Form and Content of Tax Act

Article 35

A tax administrative act shall be passed in written form or in a form of an electronic document in accordance with the regulations governing electronic documents.

Other tax acts shall be passed in written form when so prescribed by this Law or at the taxpayer's request, and/or in a form of an electronic document in accordance with the regulations governing electronic documents.

Exceptionally, an official of the Tax Administration may pass a tax act, otherwise passed in written form, in verbal form and order its execution without delay, if the procedure of tax collection or audit is jeopardized.

The verbal tax act referred to in paragraph 3 of this Article must be issued in written form within three days from the day it was passed at the latest.

Delivery

Article 36

A tax act as referred to in Article 34 of this Law, as well as acts referred to in Article 2a of this Law shall be delivered to the taxpayer by registered mail, regular mail or through a tax authority official, or to the taxpayer's e-mail address, via the Tax Administration portal, as prescribed by this Law, i.e via a single electronic mailbox.

A tax act shall be considered delivered to the taxpayer when it is served on the taxpayer, his legal representative, his proxy, his tax proxy or his *ex officio* representative.

If a tax act is delivered by sending registered mail, it shall be considered delivered on the service date, and if the service was not possible, and if delivery was not possible, it will be repeated by sending the tax act by registered mail and the tax act shall be considered delivered on the 15th day from the day of its delivery to the post office, regardless of whether service to the taxpayer was possible.

If a tax act is delivered by sending regular mail, the tax act shall be considered delivered after the expiry of 15 days from the day of its delivery to the post office.

A tax act shall be delivered to a taxpayer – legal entity and sole trader at the address of his head office entered in the prescribed register or at the special address for mail receipt registered with the Business Registers Agency.

A tax act shall be delivered to a taxpayer – individual at the address of his permanent or temporary residence.

If the taxpayer is a legal entity, the tax act shall also be considered delivered when served on a responsible officer or an employee of such legal entity.

If the taxpayer is an individual, including a sole trader, a tax act shall also be considered delivered when served on an adult member of his household within the meaning of the law governing personal income tax or an employee of such sole trader.

Delivery of the tax or tax administrative act to the fund is done to the address of the registered office of the fund management company entered in the prescribed register, or to a special address for receiving mail registered with the Business Registers Agency and the tax act is considered delivered when delivered to the responsible person of the fund management company, proxy, i.e tax representative of the fund management company, as well as an employee of the fund management company..

Within the meaning of this Law, a delivery shall be deemed properly executed even when the individuals referred to in paragraphs 7 -9 of this Article refuse to receive the tax act or refuse to sign for the receipt of the tax act, if the person delivering the act prepares an official note thereof.

The tax act can be submitted to the taxpayer in electronic form through the portal of the Tax Administration, as well as for the purpose of informing the taxpayer through a single electronic mailbox in accordance with the law governing electronic administration.

The tax act can be submitted in electronic form to an individual who submits tax returns in electronic form, through the portal of the Tax Administration, in which case no additional consent of the individual is necessary. To an individual who submits tax returns, in accordance with the provisions of this Law, in paper form, the tax act shall be submitted in electronic form, if he agrees with that manner of servicing.

In the case of submitting a tax act in electronic form through the portal of the Tax Administration, it is considered delivered on the day of posting on the portal of the Tax Administration.

The tax act issued by the competent body of the local self-government unit may be submitted in electronic form via a single electronic mailbox when the taxpayer is registered in accordance with the law governing e-government, in which case no additional consent of the taxpayer is required.

Provisions of this Article shall also apply *mutatis mutandis* to the delivery of tax act to another party in the tax procedure.

The Tax Administration shall determine the method of delivery of the acts referred to in para* 1-9** of this Article.

Electronic documents shall be handled in keeping with the law governing electronic document, or the law which regulates e-government.

Books of Account and Records

Article 37

Taxpayers – legal entities, non-resident legal entities' permanent establishments and sole traders shall keep books of account and records for taxation purposes, in keeping with the tax law.

The obligation referred to in paragraph 1 of this Article shall also apply to resident taxpayer's permanent establishments abroad.

The taxpayer – legal entity shall deliver, at the Tax Administration's request and within the time limit it determines, books of account and records kept abroad or in the Autonomous Province of Kosovo and Metohija* by individuals over which the taxpayer has control or influence enabling him to ensure the delivery of such books of account and records.

Taxpayer - legal entity, as well as the fund is obliged, at the request of the Tax Administration and within the period determined by it, to submit books of accounts and records kept abroad or in the Autonomous Province of Kosovo and Metohija by persons over whom the taxpayer has control or influence, that enable him to ensure the delivery of those books and records.

If foreign regulations or the regulations of the Autonomous Province of Kosovo and Metohija* prohibit the delivery of the books of account and records referred to in paragraph 3 of this Article, the taxpayer referred to in paragraph 3 of this Article shall deliver their certified copies.

If the books of account and records referred to in paragraph 3 of this Article were not kept in the Serbian language, at the request of the Tax Administration, the taxpayer shall also attach a certified translation, the cost of which shall be borne by the taxpayer.

A taxpayer who processes data by automated data processing tools shall provide, at the Tax Administration's request, a data set on a medium designated by the Tax Administration, as well as provide the Tax Administration with full access to the accounting system through documentation, and, when necessary, through access to hardware and software.

Article 37a

Taxpayers – legal entities, as well as funds who process and enter data in books of account on a computer, shall provide, at the request of the tax authority:

- 1) a data set from their electronic books of account and records, in organized and structured computer files, in a standard form enabling simple electronic data processing;
- 2) access to and review of data in their electronic books of account and records;

3) access to and review of software and hardware equipment, as well as the database used in the electronic book of account and record system and also, allow a test of proper functioning of electronic programs and electronic data processing.*

The data and review of data referred to in paragraph 1 of this Article must be provided in one of the following manners:

- 1) on electronic media;
- 2) by using modern telecommunication services;
- 3) by direct connection of the tax authority with the taxpayer's system (local connection);
- 4) by indirect connection of the tax authority with the taxpayer's system through telecommunication links (remote connection).

In the cases referred to in paragraph 2 of this Article, an adequate level of protection, data confidentiality and integrity shall be ensured.

The taxpayers referred to in paragraph 1 of this Article who process data electronically shall:

- 1) keep in electronic form data prepared or received in electronic form and enable electronic access to them;
- 2) enable readability of original data;
- 3) enable proper storing of data during the period prescribed by law;
- 4) enable access to electronic books of account and records, even when stored in electronic form with other persons or in a different country;
- 5) store data in adequate form enabling inspection within a reasonable period of time;
- 6) ensure authentication of issued documents and the person that issued them, as well as the integrity of contents of issued documents.

A taxpayer – legal entity must make available to the tax authority, at the tax authority's request, documents providing a full description of the electronic system for keeping books of account and records. Such documents must include the following descriptions:

- 1) electronic solutions (fundamentals, composition and operation);
- 2) subsystem and files (contents, structure, relations);
- 3) functional procedures in electronic solutions;
- 4) control enabling correct and safe operation of electronic solutions;
- 5) control preventing unauthorized addition, modification or deletion of entered electronic records.

Each modification of electronic solutions (electronic programs, procedures and files) must be documented in terms of the time of modification, together with the cause, type, consequence and date of modification.

The minister shall pass the implementing act for this Article.

Heading Two

TAX RETURN

Concept of a Tax Return

Article 38

Tax return shall be understood to mean a taxpayer's report to the Tax Administration on revenues received, expenses executed, profit, property, transactions in goods and services and other

transactions relevant for tax assessment.

A tax return shall be filed on an application form, prescribed by the minister, to which corresponding evidence shall be attached.

The taxpayer, tax proxy or other person authorized by the taxpayer to submit a tax return, legal representative and *ex officio* representative shall sign the tax return, unless otherwise provided by tax regulations.

If a tax return or part thereof was prepared by a tax advisor, he shall also sign the tax return and enter his TIN.

The tax return shall be submitted to the Tax Administration within 15 days from the day of the occurrence of the tax liability, unless otherwise prescribed by this or another tax law.

Notwithstanding* paragraph 5 of this Art, large taxpayers shall file the tax return to the Tax Administration organizational unit referred to in Article 28, paragraph 5 of this Law for all types of taxes in regard to which this organizational unit performs operations within the Tax Administration's competence.

A tax return shall be filed in electronic form for withholding taxes, pursuant to the law governing personal income tax and the law governing compulsory social insurance contributions (hereinafter: withholding tax), for the value-added tax, as well as for the following:

- 1) corporate income tax, except for corporate income withholding tax – as of April 1, 2015;
- 2) annual personal income tax – as of April 1, 2015;
- 3) corporate income withholding tax, as well as the corporate income tax based on a tax assessment decision, pursuant to corresponding provisions of the law governing corporate income tax – as of March 1, 2016;
- 4) excise duties – as of January 1, 2017;
- 5) self-employment income tax for sole traders keeping books of account – as of January 1, 2017;
- 6) tax on non-life insurance premiums – as of March 1, 2016;
- 7) all other tax types, as follows:
 - (1) tax return for calculated and paid compulsory social insurance contributions for founders and members of companies – as of March 1, 2016;
 - (2) tax return for calculated and paid self-assessed tax and corresponding contributions on wages and/or other type of income by an individual as the taxpayer – as of March 1, 2016;
 - (3) tax return for advance/final assessment of self-employment income tax intended for lump taxation – as of January 1, 2018;
 - (4) tax return for capital gains tax assessment (for individuals, including sole traders) – as of January 1, 2018;
 - (5) tax return for inheritance and gift tax assessment – as of January 1, 2018;
 - (6) tax return for title transfer tax assessment – as of January 1, 2018;
 - (7) tax return for personal property tax assessment – as of January 1, 2019.

A tax return may be filed directly or by mail until the date of transition to exclusively electronic filing, pursuant to paragraph 7 of this Art.

Notwithstanding paragraph 7 of this Art, taxpayers – individuals who are obliged to file a tax return that is not related to conducting a business activity, may file such return electronically or in written form - directly or by mail.

A tax return shall be filed by the Tax Administration on behalf of the taxpayer *ex officio* or if the taxpayer fails to file it based on an audit order, as well as in other cases prescribed by this Law.

A taxpayer may file a tax return in electronic or written form – directly or via mail and through an authorized person, in keeping with the Law, as well as through a notary public in charge of tax liability, based on property tax originating from the sales of immovable property, pursuant to the Law.

The method of filing a tax return through a notary public shall be regulated more precisely by an act which shall be adopted jointly by the minister and a minister in charge of judicial affairs.

The minister shall regulate more precisely the method of electronic filing.

Extension of Time Limit for Filing a Tax Return

Article 39

The Tax Administration may grant to a taxpayer, at his written request filed before the expiry of time limit for filing a tax return, an extension of time limit for filing for justified reasons (illness, absence from the country, accident, large-scale natural disaster, etc.) until such reasons cease to exist, and such extension may not exceed six months after the expiry of the statutory time limit for filing.

The Tax Administration shall decide on the request for filing extension by a conclusion, in the town where the tax return is to be filed, within five days from the receipt of request.

If the statutory time limit for filing the tax return has expired and the request referred to in paragraph 1 of this Article has been denied, the tax return must be filed within five days from the day of delivery of the conclusion on denying the request.

Appeal shall not be permitted against the conclusion referred to in paragraph 2 of this Article.

Amended Tax Return

Article 40

If the taxpayer establishes that the tax return he filed with the Tax Administration contains an error which consequently results in incorrectly assessed amount of tax liability, or some other type of omission^{*7}, he shall file a tax return in which the error or omission has been corrected (hereinafter: amended tax return)^{*6}, immediately or by the expiry of the statute of limitations at the latest.

The initially filed tax return shall not be returned to the taxpayer.

The taxpayer may amend a filed tax return not more than two times by filing an amended tax return.

Under the conditions referred to in paragraphs 1 and 3 of this Article, the error or omission in the initial tax return referred to in paragraph 2 of this Article shall not be deemed to constitute a criminal offence or misdemeanor referred to in this Law.

Notwithstanding paragraphs 1 and 3 of this Art, a taxpayer may not file an amended tax return^{*} after the tax audit procedure for the audited tax period^{*} has been initiated or after the tax assessment decision referred to in Article 54, paragraph 2, item 2), indent (2) of this Law^{*5} has been passed, as well as after launching the Tax Police actions aimed at detection of tax crimes⁷.

A taxpayer may not file an amended value added tax return for the taxation period for which he has filed a tax return, whereby the tax refund commitment is changed, regardless of the amount of refund.

Withholding Tax Return

Article 41

A withholding tax return* shall be understood to mean a report filed by the taxpayer or the withholding agent with the Tax Administration (hereinafter: single tax return).

A single tax return shall include:

- 1) aggregate data on the calculated withholding tax by one withholding agent for all income recipients;
- 2) individual data on the calculated withholding tax by one withholding agent for all income recipients.

A single tax return shall be filed prior to any income payment on which the withholding tax is calculated and paid in keeping with the law governing personal income tax, as well as prior to any payment of compulsory social insurance contributions when these contributions are paid without wage payment and in other cases where there is an obligation to calculate and pay compulsory social insurance contributions in keeping with the law governing compulsory social insurance contributions.

Notwithstanding paragraph 3 of this Article, when paying interest to its depositors on their savings deposits, the bank shall file a single tax return, calculate and pay the withholding tax on the day of interest payment or, if the payment operations system was closed for business at the moment of interest payment, on the next day when the payment operations system is open for business at the latest.

The single tax return and amended single tax return shall be filed exclusively in electronic form.

If a single tax return contains shortcomings in terms of formal and arithmetic accuracy, the Tax Administration shall inform the single tax return filer of these shortcomings in electronic form.

Refiling the single tax return with eliminated shortcomings referred to in paragraph 6 of this Art, shall not be considered as filing an amended tax return.

The single tax return shall be considered filed when the Tax Administration confirms formal and arithmetic accuracy of presented data, assigns a tax return number and payment authorization number for the total amount of such liability and delivers these data to the single tax return filer in electronic form.

The single tax return shall be filed *ex officio* by the Tax Administration on behalf of a taxpayer or withholding agent if the taxpayer or withholding agent fails to file it within the period prescribed by the law governing compulsory social insurance contributions.

At the request of the Tax Administration, The Central Registry of Compulsory Social Insurance (hereinafter: Central Registry) shall deliver to the Tax Administration data required for assessing the liability and filing a single tax return *ex officio* referred to in paragraph 9 of this Article in electronic form, within three days from the date of request delivery.

The withholding agent referred to in paragraph 1 of this Article shall issue to the person on behalf of whom such agent paid the withholding tax a certificate on withholding tax paid by January 31 of the year following the year when the withholding tax was paid.

The Tax Administration shall deliver to the Central Registry individual data in electronic form on the calculated and paid compulsory social insurance contributions by one withholding agent for each income recipient, as well as the aggregated data by payer, on a monthly basis, by the end of the current month for the previous month to which the calculation and payment refer.

The implementing act for this Article shall be passed by the minister.

Article 41a

If filing of the report containing withholding tax information is regulated differently by another regulation, the provisions of this Law shall apply.

If the tax law modifies income taxation by withholding tax, the minister shall more precisely regulate the method of assessing, paying and filing the withholding tax return, until harmonization with Article 41 of this Law.

Information Tax Return

Article 42

Information tax return shall be understood to mean a report containing data of importance for determining the tax liability of its filer.

The data referred to in paragraph 1 of this Article shall be considered to be particularly the data on property worth exceeding RSD 35,000,000, on status changes, business activities and monetary transactions of the individual filing the information tax return.

The data referred to in paragraph 2 of this Art, individuals under the obligation to deliver such data and the method and time limits for filing the information tax return shall be determined by the minister.

Heading Three

ESTABLISHING FACTS

Presentation and Assessment of Evidence

Article 43

Facts in tax procedure shall be established based on evidence.

The following may be used as evidence in tax procedure: tax return, tax balance sheet, books of account and records, accounting statements, business documentation and other documents and information at the Tax Administration's disposal, collected from the taxpayer or third parties, witness statement, expert findings, examination and any other means of establishing facts.

In tax control procedure, facts shall also be established under the provisions of Articles 116 through 139 of this Law.

Delivery of Documents for Review and Verification

Article 44

The Tax Administration may require the taxpayer and third parties to deliver for review and verification, within a time limit determined by the Tax Administration, books of account and records, accounting statements, business documentation and other documents and evidence, for the purpose of establishing the facts.

The Tax Administration shall decide whether the documents referred to in paragraph 1 of this Article are to be delivered for review and verification to its official premises and/or in electronic form, or the review and verification are to be conducted in the premises of the individual obliged to

deliver them.

Providing Information

Article 45

The taxpayer shall provide, at the request of the Tax Administration and within a reasonable time limit specified by it, all available information necessary for establishing the facts relevant for taxation. The Tax Administration may request other persons, business entities, banks, government authorities and organizations, territorial autonomy authorities and local government authorities to provide, within a reasonable time limit specified by the Tax Administration, available information, as well as data relevant for undertaking actions within the scope of competences of the Tax Administration.

The request for information shall state to whom and to what it relates and a warning as to the consequences of withholding information or providing false information.

The Tax Administration shall deliver the request for information in writing, at the request of the taxpayer and/or other person referred to in paragraph 1 of this Article.

The taxpayer and other person referred to in paragraph 1 of this Article shall provide information in writing.

Exceptionally, the Tax Administration shall order the person obliged to discharge the obligation referred to in paragraph 1 of this Article to do so verbally, at its official premises, if information was not provided when requested or was given in writing, but failed to clarify the facts.

Record shall be taken of verbal information provided at official premises.

The record referred to in paragraph 6 of this Article shall contain the names of persons present, place, date and content of information, and shall be signed by the Tax Administration official and by the person providing the information.

A copy of record shall be issued to the person providing verbal information, at his personal request.

The Tax Administration shall not request the provision of information and data referred to in paragraph 1 of this Article if they are available in the official records and registers.

Withholding Information

Article 46

Information on facts of relevance for taxation may be withheld by:

- 1) the taxpayer's family members, within the meaning of the law governing personal income tax;
- 2) a member of clergy, attorney at law, tax advisor, auditor and doctor in regard to what the taxpayer has confided in them or what they have learned in this capacity, which relates to the taxpayer's tax liability.

Information on facts relevant for taxation can also be withheld by assistants of the persons referred to in paragraph 1, item 2) of this Article, as well as persons participating in professional activity as a part of training towards acquiring a title.

The persons referred to in paragraph 1 of this Article shall decide on the right to withhold information.

Withholding Expert Opinion and Production of Documents

Article 47

Cases and conditions under which information may be withheld, in keeping with this Law, shall also apply to withholding expert opinions and production of documents or items.

A person keeping documents, books of accounts, other records and other items on behalf of the taxpayer may not withhold them if the taxpayer would be obliged to produce them if he were keeping them by himself.

Expert Opinion

Article 48

The Tax Administration shall decide on the need for expert opinion.

If there is no danger of delay, the Tax Administration shall advise the parties to tax procedure of the person it will appoint as expert.

Experts are appointed from among the ranks of tax advisors, and, if necessary, from among the ranks of court experts of appropriate profession.

A person who is related to the taxpayer in keeping with the law governing personal income tax or the law governing corporate income tax* may not be appointed expert in the given tax procedure.

Parties to tax procedure may request exclusion of an expert if there is justified doubt as to his impartiality or if his expert opinion may result in violation of trade secret or damage to a party's business.

A reasoned motion for expert exclusion shall be filed with the Tax Administration within three days from the date of receipt of the notice on appointment of such expert.

The head of the Tax Administration organizational unit that appointed the expert shall decide on exclusion.

Written findings shall be composed on expert examination.

Expert may be summoned to explain his findings verbally.

Expert findings shall be attached to the case file.

Examination

Article 49

An examination shall be performed when direct insight of a Tax Administration official is necessary in order to establish or clarify facts relevant for taxation.

The taxpayer may be present during the examination.

An examination shall be performed without the taxpayer's presence, if delaying the examination could jeopardize the establishment of facts or would result in destruction of evidence relevant for taxation.

An examination may be performed with the participation of an expert.

Findings of an examination shall be entered into the examination record, which shall be signed by the participants.

Objections of the taxpayer or another tax obligor shall be entered in the record referred to in paragraph 5 of this Article, together with reasons for refusing to sign the record.

The examination record shall be attached to the case file.

Entering Land and Premises

Article 50

The owner or holder of items, premises or land subject to examination, as well as the owner or holder of premises or land where the objects of examination are located or through or over which it is necessary to pass, shall enable the performance of examination and other actions in tax procedure, in keeping with the provision of Article 125 of this Law.

Presentation of Evidence in Tax Procedure

Article 51

In tax procedure, the burden of proof shall be borne by:

- 1) the Tax Administration* – for facts on which the existence of tax liability is based;
- 2) the taxpayer – for facts relevant for tax reduction or elimination.

Paragraph 1, item 1) of this Article shall not apply to procedure regulated by Articles 58 through 60 of this Law.

Doubt arising due to withholding of information or failure to produce evidence on the part of the taxpayer, who is, in keeping with this Law, under the obligation to forward them to the Tax Administration, may be to the taxpayer's detriment in the tax liability assessment procedure.

Proving that an Item is Held in the Capacity of a Pledgee

Article 52

A person claiming to own or hold rights in his name or items in his possession solely as another person's representative, pledgee or fiduciary shall prove, in tax procedure, who the owner of those rights or items is, or these shall be considered his property.

Restitutio in Integrum

Article 53

If a taxpayer has failed to perform an action within the statutory time limit or the time limit set by the Tax Administration for justified reasons and suffers a consequence due to such failure, *restitutio in integrum* shall be granted at his request.

Failure to meet the time limit on the part of a tax agent shall be to the taxpayer's detriment.

A motion for *restitutio in integrum* shall be filed within eight days from the day the reason causing the failure has ceased to exist or from the day the taxpayer has learned of the cause.

Reasons supporting the motion referred to in paragraph 3 of this Article must be justified.

The Tax Administration shall decide on the motion for *restitutio in integrum* by a conclusion.

An appeal shall not be permitted against the conclusion referred to in paragraph 5 of this Article, unless the motion for *restitutio in integrum* is filed because of missing a time limit for appeal against a tax decision.

After the expiry of three months from the time limit missed, the taxpayer may not file a motion for *restitutio in integrum*.

Notwithstanding provisions of paragraph 7 of this Article, a taxpayer may file a motion for *restitutio in integrum* and perform the action omitted after the expiry of three months from the time

limit missed, if *force majeure* prevented him from filing the motion in a timely manner.

Heading Four

ASSESSMENT OF TAX

Concept of Tax Assessment

Article 54

Tax assessment shall be understood to mean an activity of the Tax Administration and the taxpayer, which consists of issuing administrative acts and taking statutory actions, by which the existence of individual tax liability and the taxpayer, tax base and the amount of tax liability are determined.

Tax shall be assessed by:

1) the taxpayer himself (self-assessment);

2) the Tax Administration, by passing a tax decision, as follows:

(1) in tax audit procedure – if the taxpayer, contrary to law, fails to assess the tax liability or assesses it incorrectly or incompletely;

(2) in cases where the law prescribes that self-assessment is not carried out or when the law prescribes that a tax decision must be passed, despite self-assessment.

The tax assessment decision referred to in paragraph 2, item 2) of this Article, in addition to elements specified by the law, shall also include an order to the taxpayer to pay the tax within the statutory time limit to prescribed public revenue collection accounts.

Provisions on tax assessment shall also apply to the assessment of secondary tax duties, unless otherwise prescribed under this Law.

Manner of Passing a Tax Assessment Decision

Article 55

The Tax Administration shall pass a tax assessment decision referred to in Article 54, paragraph 2, item 2), indent (1) of this Law based on data from the taxpayer's books of account and records and the facts established in audit procedure, in keeping with the provision of Article 129 of this Law.

The Tax Administration shall pass a tax assessment decision referred to in Article 54, paragraph (2), item 2), indent (2) of this Law based on data from the competent authorities' records, data from the tax return and/or amended tax return and, if necessary, based on data from the taxpayer's books of account and records.

If a taxpayer fails to file a tax return, the tax assessment decision shall be passed based on the taxpayer's books of account and records and the facts established in audit procedure.

Notwithstanding paragraph 2 of this Article, if the taxpayer does not file a tax return, the tax decision on determining the tax referred to in Article 54, paragraph 2, item 2) sub-item (2) of this Law shall be issued by the Tax Administration without prior statement of the taxpayer on the facts of the importance for decision-making, when the tax is determined based on data from the records of

the competent authorities, i.e documentation issued by the competent authorities and notaries public.

If it established in the course of procedure of passing a decision referred to in paragraphs 1 through 3 of this Article that data from the tax return, books of account and records do not reflect the reality, the tax assessment decision shall be passed based on tax base estimation, in the manner prescribed by the provisions of Articles 58 through 60 of this Law.

Exceptionally, the Tax Administration may pass a tax assessment decision by direct decision-making, when the grounds for tax assessment is a review of data from the records of competent authorities, without a prior statement by the taxpayer about the facts that are of importance for decision-making.

Failure to Pass a Tax Assessment Decision in the Event of Tax Liability Revaluation

Article 56

Exceptionally, at the proposal of the Government of the Republic of Serbia (hereinafter: Government), the National Assembly of the Republic of Serbia may decide that, in regard to certain tax types, the assessed amounts from the previous year be retained in the current year or undergo upward or downward revaluation, by applying an appropriate formula, in keeping with regulations.

A local government unit assembly may also act in the manner referred to in paragraph 1 of this Article, at the proposal* of the municipal or city council, in regard to public revenues it is authorized to levy.

In a case referred to in paragraphs 1 and 2 of this Article, the Tax Administration shall not pass a tax assessment decision, but shall inform taxpayers, by a public advertisement and publication on the web page of the Tax Administration, about the revaluation index and the date when, in keeping with law, the tax becomes due, and it shall record the revalued amounts, in keeping with the provisions of Article 62 of this Law.

When Passing a Tax Decision is Uneconomical

Article 57

In a case when the tax is erroneously assessed lower than it is, a new tax decision shall not be passed if the increased amount of tax would be disproportionate to the costs of amending the decision.

Methods for Estimating the Tax Base

Article 58

The tax base may be estimated by applying one of the following methods: *

- 1) comparator method;
- 2) unexplained wealth order method.

Tax Base Estimation by Comparator Method

Article 58a

Tax base estimation by using the comparator method shall be performed in one of the following manners:

1) by estimation based on available properly prepared business documentation on operation during a given period shorter than the taxation period (day, week or month) by estimating the tax base for the taxation period based on data concerning that part of business operation;

2) by estimation based on the data and facts on sales (daily, weekly or monthly) established through examination or audit, by estimating the tax base for the related taxation period based on such data and facts;

3) by comparison with the data of other taxpayers performing the same or comparable activity at the same or comparable location, under approximately the same conditions.

Tax Base Estimation by Unexplained Wealth Order Method

Article 59

The unexplained wealth order method of estimating the tax base shall be used for assessing the personal income tax base.

The tax base referred to in paragraph 1 of this Article shall be assessed as the difference between the value of property at the end and the beginning of the calendar year net of the amount of declared income and the value of assets obtained by applying funds acquired through inheritance, gift or in other gratuitous legal manner, as well as of the amount of income subject to personal income tax that is not covered by the annual personal income tax, which the taxpayer or other person declares and provides supporting evidence thereof.

Property, within the meaning of paragraph 2 of this Article, shall comprise the following:

- 1) immovable property (apartment, house, commercial building and premises, parking garage, land, etc.);
- 2) shares and stakes in a legal entity;
- 3) equipment used in self-employment;
- 4) motor vehicles, vessels and aircrafts;
- 5) savings deposits and cash;
- 6) other property rights.

Value of property at the beginning of a calendar year shall be the sum of the total value of property referred to in paragraph 3 of this Article as at January 1 of the calendar year.

Value of property at the end of a calendar year shall be the sum of total value of property referred to in paragraph 3 of this Article as at December 31 of the given calendar year, increased by the value of property acquired onerously in the given calendar year and disposed of onerously or gratuitously*, as well as by the value of property used by the taxpayer to purchase the property referred to in paragraph 3 of this Article in the name of third parties in the given calendar year.

If the taxpayer, or another person, declares that specific property or assets were acquired by way of inheritance, gift or in other gratuitous legal manner, he shall provide supporting material evidence thereof.

The tax base assessed in the manner referred to in paragraphs 2 through 6 of this Article shall be undeclared income.

The undeclared income referred to in paragraph 7 of this Article shall be taxed as other income, within the meaning of the law governing personal income tax, without recognition of standard costs.

Selection of Tax Base Estimation Method

Article 60

The Tax Administration shall decide what methods and ways referred to in Articles 58, 58a and 59 of this Law it shall use to estimate the tax base.

deleted (“Official Gazette of RS – No. 70/03).

The minister shall more precisely regulate the manner of and procedure for estimating the tax base.

Lifestyle Indicator Method for Assessing Minimum Personal Income Tax

Article 61

Personal income tax may not be lower than the amount calculated based on a formula where certain indices are applied to the facts which are indicators of the taxpayer's luxury lifestyle.

At the Minister's proposal, the Government shall more precisely regulate the application of the method referred to in paragraph 1 of this Article.

Recording the Amount of Tax Liability

Article 62

If tax is assessed in the manner referred to in Article 54, paragraph 2 of this Law, the Tax Administration shall record the amount of tax liability for each taxpayer.

The Tax Administration shall record the amount of assessed tax based on:

1) the tax return filed, including the amended tax return or tax returns filed based on audit findings or *ex officio*;

2) the tax assessment decision delivered in the following cases:

(1) when the amount of tax liability reported in an incorrect or incomplete tax return was adjusted and when the tax return was not filed;

(2) when the law prescribes that self-assessment shall not be carried out or when the law prescribes that a tax decision must be passed, regardless of self-assessment;

3) the public advertisement referred to in Article 56, paragraph 3 of this Law.

If in the course of audit initiated at the taxpayer's request or *ex officio* it is established that an incorrect amount of tax and secondary tax duties was erroneously recorded, the Tax Administration shall correct its records.

The manner and procedure of the correction referred to in paragraph 3 of this Article shall be more precisely regulated by the Minister.

Temporary Tax Assessment

Article 63

If the Tax Administration is unable to assess tax based on fully established facts by the expiry of statutory time limit for passing a tax decision, it shall pass a temporary decision, based on the facts established thus far.

A decision whereby the tax is finally assessed shall cancel the decision referred to in paragraph 1 of this Article.

The final time limit for passing a decision whereby tax is finally assessed shall be three years from

the day the temporary decision was passed.

Heading Five

TAX COLLECTION

Chapter One

GENERAL PROVISIONS ON TAX COLLECTION

Types of Tax Collection

Article 64

Within the meaning of this Law, tax collection shall be regular and enforced.

Regular tax collection shall be carried out when a tax liability becomes due.

Enforced collection shall be carried out when a due tax liability has not been discharged by the expiry of the time limit referred to in paragraph 2 of this Article.

Provisions on tax collection shall also apply to the collection of secondary tax duties, unless otherwise provided under this Law.

Maturity

Article 65

Tax assessed in the manner referred to in Article 54, paragraph 2 of this Law shall become due within the time limit prescribed by the law.

Notwithstanding paragraph 1 of this Article, the withholding tax shall become due on the day stated in the single tax return as the payment date if this day falls earlier than the time limit prescribed by the law.

Obligation to pay a fine shall become due within 15 days from the date the decision on imposing the fine becomes final and binding.

The right to refund of overpaid or erroneously paid tax and secondary tax duties and to tax reimbursement and/or rebate, as well as to settling other due obligations by transferring tax to another tax account, shall become due upon the expiry of the time limit referred to in Article 75, paragraphs 8 through 11 of this Law, unless otherwise provided under the tax law.

Interim Measures for Securing Tax Collection

Article 66

In order to secure the collection of tax that has not become due or has not been assessed, but the assessment or audit procedure has been initiated, and there is danger of the taxpayer hindering or preventing its collection or rendering it ineffective, the Tax Administration may introduce, by a decision, interim measures for securing the collection.

The decision referred to in paragraph 1 of this Article shall include reasoning, stating why the Tax Administration considers that there is a danger of the taxpayer hindering or preventing the collection of tax not yet due, and such decision shall be delivered simultaneously to the taxpayer and to the

competent registers, whereby it shall become final and binding.

Within the meaning of this Law, interim measures shall be liens on tax debtor's movable and immovable property, funds and claims.

The procedure for constitution of lien referred to in paragraph 3 of this Article shall be conducted by applying Article 87 of this Law *mutatis mutandis*.

Interim measures shall last until the tax for the securing of which they have been imposed is collected or until such time when the taxpayer provides adequate security for the tax liability, within the meaning of Article 74, paragraph 2 of this Law.

When, for the purpose of securing the collection of tax and secondary tax duties referred to in paragraph 1 of this Article, an interim measure prohibiting transfer of funds through the taxpayer's account is introduced and registered in the frozen account register maintained by the competent organization, the bank shall transfer this tax and secondary tax duties, based on the tax decision, from the taxpayer's account, up to the amount of available funds in this account, to the prescribed public revenue collection account.

In order to ensure the collection of taxes, the Tax Administration may issue a decision imposing a preliminary measure of securing the collection of tax, namely: prohibition of disposal and encumbrance on funds in business accounts of the taxpayer, monetary and non-monetary receivables, prohibition of disposal and encumbrance of funds on current accounts and savings deposits, prohibition of disposal, alienation and encumbrance of movables, prohibition of disposition, alienation and encumbrance of real estate or real rights to immovable property entered in the public register.

The decision imposing a preliminary measure of securing the collection of tax shall be delivered simultaneously to the taxpayer and the competent registers, whereby it shall become final and binding.

The preliminary measure of securing the collection of tax shall be in force until the entry of the lien into the register of movable property or into the register of immovable property, or until the tax has been fully collected.

The taxpayer may appeal the decision referred to in paragraphs 1 and 7 of this Article.

An appeal referred to in paragraph 10 of this Article shall not stay the execution.

Chapter Two

REGULAR TAX COLLECTION

Forms of Regular Tax Collection

Article 67

As a rule, taxes shall be collected through payment of a certain amount when due into the prescribed public revenue collection accounts within the time limits prescribed by the law.

The minister may prescribe the payment of certain taxes through a tax payment desk.

Tax may also be paid by purchase of revenue stamps (duty stamps, supplemental postal stamps, fiscal excise stamps, etc.) in the cases prescribed by the law.

Notwithstanding the provisions of paragraphs 1 through 3 of this Article, tax liability may be settled as follows:

1) by offset, in the manner and under the conditions more precisely regulated by the minister, in keeping with the tax law;

2) *deleted* (“*Official Gazette of RS*” - No. 70/03)

3) by conversion of tax debt into the Republic’s interest in taxpayer’s equity, in the manner and under the conditions prescribed by the Government.

3a) giving instead of payment, i.e replacement of fulfillment, when the tax liability is in excess of RSD 50,000,000, in the manner and under the conditions determined by the Government by decision, and only in cases when there is an interest of the Republic to acquire the property in question

Date of Tax Payment

Article 68

The tax payment date shall be the date when:

1) the amount of taxpayer's taxes and secondary tax duties owed is transferred to the prescribed public revenue collection account;

2) *Deleted* (“*Official Gazette of RS*” No. 61/07)

3) the amount of tax owed is paid at the tax payment desk, in the case the taxpayer is an individual and tax is self-assessed or assessed by a decision, except for tax on income from self-employment;

4) the revenue stamp referred to in Article 67, paragraph 3 of this Law is properly cancelled or purchased;*

5) the funds attached and proceeds from the sale of movable and immovable property* are transferred to the appropriate public revenue account;

6) the Tax Administration decision on the transfer of movable property to the ownership of the Republic of Serbia in keeping with Article 104*, paragraph 18 of this Law is passed;

7) the Tax Administration decision on the transfer of immovable property to the ownership of the Republic of Serbia in keeping with Article 110, paragraph 5 of this Law is passed;

8) the proceeds from the sale of movable and immovable property in the procedure of enforced collection of tax and secondary tax duties are paid into the prescribed public revenue collection account;

The date of tax liability settlement by offset shall be the date when the offset instrument is realized in the manner and under the conditions referred to in Article 67, paragraph 4, item 1) of this Law.

The date of tax liability settlement by conversion of tax debt into the Republic’s equity interest shall be the date the Government passed the act on conversion.

If a taxpayer files a request for tax payment transfer to another tax account, the date of payment shall be the date when:

1) the tax paid by the transfer to another tax account becomes due, if there is an overpayment of other tax on that date, or

2) the date other tax is paid in the amount exceeding the amount owed, if the tax being paid by transfer to another tax account is due sooner.

The date of tax payment referred to in paragraph 4 of this Article shall be determined based on facts as at the date of deciding on the request.

The date when the value added tax is paid in the amount exceeding the amount owed within the meaning of paragraph 4 of this Article shall be the date when the taxpayer is entitled to file a request for the refund of unused amount of tax credit in keeping with the law governing value added tax.

As the day of settling the tax liability through giving instead of payment, i.e replacement of fulfillment, is considered the day of verification of the agreement by which the decision of the Government referred to in Article 67, paragraph 4, item 3a) of this Law has been implemented.

Article 69

Deleted ("Official Gazette of RS", No. 61/07)

Order of Settlement

Article 70

At the time of payment, the taxpayer* shall determine the type of tax owed that he is paying. The paid amount shall be allocated in the following order:

- 1) principal tax liability;
- 2) interest;
- 3) collection costs.

If the taxpayer owes payment of several types of tax, and the amount paid does not suffice for the payment of the total tax debt, the collection of individual types of tax shall follow the order of their respective due dates.

With regard to the taxes referred to in paragraph 3 of this Article that become due at the same time, the collected amount shall be distributed commensurately to the share of each tax in the total tax debt due.

If the amount of payment exceeds the amount owed, the amount overpaid may be used to settle liabilities on the same basis that become due at a later date.

In the case referred to in paragraph 5 of this Article, at the taxpayer's request:

- 1) other tax owed shall be settled;
- 2) a refund shall be effected, if there are no other liabilities due.

The decision of the taxpayer to receive value added tax refund from the value added tax return shall not be deemed to constitute the request referred to in paragraph 6 of this Article.

In case that a tax refund to the taxpayer is made in accordance with the law governing VAT, the refund shall be reduced by the amount of the tax debt due on other grounds.

Tax Payment Notice

Article 71

Before a tax liability becomes due, i.e. before issuing a notice, the Tax Administration may send a reminder to the taxpayer in written or electronic form or via a text message or in other manner, where appropriate, inviting him to pay the amount of his liability when due or to pay the amount of the tax liability overdue plus interest calculated in keeping with the law within five days from the date of delivery of the reminder.

The Tax Administration shall send to the taxpayer who has completely or partly failed to pay tax or secondary tax duty when due, and within the time limit referred to in paragraph 1 of this Article, except in the case referred to in Article 74, paragraph 7, item 1) of this Law, * a notice on the type and amount of tax and/or secondary tax duties due for collection, within 30 days from the due date, *** ordering him to pay the amount due promptly, but no later than five days from the receipt of notice, plus interest accrued from the date of notice issuance to the date of payment of tax and/or secondary tax duties due.

The notice referred to in paragraph 2 of this Article shall also include an instruction to the taxpayer that he can resolve the contentious issues regarding the type and amount of tax and/or secondary tax duties due with the Tax Administration within five days.

The notice referred to in paragraph 2 of this Article shall be delivered in the manner prescribed in Article 36 of this Law, and when possible, it shall be sent by email, fax, phone, or courier, for the purpose of efficiency.

If the tax payment notice is sent by phone, the Tax Administration officer shall make an official note thereof and place it in the case file.

Establishing a Lien prior to Enforced Collection of Tax and Secondary Tax Duties

Article 72

The Tax Administration may enter a lien in the registers of pledges referred to in Article 87, paragraph 5 of this Law immediately after the tax and secondary tax duties become due.

Rescheduling Payment of Tax Owed

Article 73

At the taxpayer's reasoned request, the Tax Administration may reschedule the payment of tax owed, in part or in full, provided that the payment of tax owed:

- 1) constitutes an inappropriately large burden on the taxpayer;
- 2) causes substantial material economic damage to the taxpayer.

The conditions referred to in paragraph 1 of this Article shall be regulated more precisely by the Government.

The decision on rescheduling the payment of tax owed, upon the fulfillment of the conditions referred to in paragraphs 1 and 2 of this Article, shall be rendered by:

1) The minister or person authorized by him – on the basis of a written proposal of the head of the Tax Administration organizational unit responsible for the taxpayer's principal place of business or permanent residence – except for own-source revenues of the local government units;

2) The mayor or municipality president, or a person authorized by him, in the local government unit to which belongs the own-source public revenue the payment of which is to be rescheduled in keeping with this Law.

The decision referred to in paragraph 3 of this Article may approve the payment of tax owed in instalments over a period not exceeding 60 months, with a possibility of rescheduling

the payment for up to 12 months

The decision referred to in paragraph 3 of this Article must include the reasoning for which the rescheduling is approved.

The rescheduling of tax owed payment*⁶ referred to in paragraphs 1 through 3 of this Article shall be implemented through an agreement signed between the Tax Administration and the taxpayer or by Tax Administration decision.

By way of exception, if the applicant for rescheduling the payment* of the tax owed, who does not meet the conditions referred to in paragraphs 1 and 2 of this Article, offers an irrevocable bank guarantee or a bill of exchange guaranteed by a commercial bank as security instrument, in the amount that may not be lower than the amount of the tax owed the payment of which is to be rescheduled*, the person referred to in paragraph 3 of this Article may decide to grant the taxpayer a rescheduling of payment* of the tax owed**** in the manner prescribed in paragraph 4 of this Article.

The request referred to in paragraph 1 of this Article may be filed by the taxpayer in electronic or written form – directly or by mail.

If the taxpayer files the request referred to in paragraph 8 of this Article in electronic form, the act referred to in paragraph 6 of this Article issued in electronic form may be delivered by the Tax Administration to the taxpayer's email address.

By way of exception, in order to mitigate the economic consequences caused by a pandemic, force majeure, or other extraordinary event occurring during a calendar year, the deferral of payment of due tax, i.e. overdue tax liabilities is approved in the manner and under the conditions determined by the Government.

Securing the Collection of Tax Owed

Article 74

In the procedure of deciding on the rescheduling of tax debt payment referred to in Article 73, paragraph 3 of this Law*, the taxpayer shall be required to provide payment security, which may not be smaller than the amount of the tax owed to be rescheduled.

The instruments of security within the meaning of paragraph 1 of this Article shall be the following:

- 1) mortgage on the taxpayer's immovable property;
- 2) lien on the taxpayer's movable property;
- 3) irrevocable bank guarantee;
- 4) guarantee of other person who owns the property;
- 5) drawn bill of exchange, accepted by two guarantors from whose wages, on which administrative order is established, the tax debt may be collected.
- 6) bill of exchange guaranteed by a commercial bank.

If the tax owed is secured by the instruments referred to in paragraph 2, items 1), 2), and 4) of this Article, the security instruments shall not be below 120% of the amount of the tax owed the payment of which is being secured.

In the procedure for deciding on the rescheduling of tax owed payment referred to in Article 73, paragraph 3 of this Law, the Tax Administration shall decide which of the proposed

instruments or other instruments of security referred to in paragraph 2 of this Article available to the taxpayer will result in the most efficient collection of the tax owed, and notify the taxpayer accordingly.

The evidence that he has obtained the security instruments referred to in paragraph 4 of this Article the taxpayer shall submit to the Tax Administration as a condition for signing the agreement or passing the decision referred to in Article 73, paragraph 6 of this Law.

Notwithstanding paragraphs 1 through 5 of this Article, the taxpayer shall not be required to meet the conditions prescribed by the Government in its act referred to in Article 73, paragraph 2 of this Law, or to provide payment security instruments – if the amount of tax owed referred to in Article 73, paragraph 3 of this Law for any public revenue collected by the Tax Administration as at the date of filing the request for rescheduling is:

- 1) up to RSD 1,500,000 - for a legal entity, sole trader and a fund;
- 2) up to RSD 200,000 – for an individual.

If the taxpayer fails to comply with the time limits from the rescheduling agreement or decision, or if he fails to settle a current tax liability during the period for which the amount of tax owed is rescheduled, unless he has filed a request for rescheduling the payment of the current tax liability, the Tax Administration shall annul *ex officio* the agreement or cancel the decision and, taking care of collection efficiency, collect the tax debt overdue as follows:

- 1) from security;
- 2) in the procedure of enforced collection of tax debt.

If the tax debt overdue in the case referred to in** paragraph 7 of this Article is collected from security instruments, the Tax Administration shall not be obliged to pass a decision on enforced collection, but shall only notify the taxpayer that enforced collection of tax debt overdue from the provided payment security instruments will be carried out in keeping with the Law.

If the taxpayer referred to in paragraph 6 of this Article fails to observe the time limits from the rescheduling agreement or decision, or if he fails to settle a current liability during the period for which the amount of tax owed is rescheduled, unless he has filed a request for rescheduling the payment of the current tax liability, the Tax Administration shall annul *ex officio* the agreement or cancel the decision, and collect the tax debt in the enforced collection procedure against the taxpayer.

The taxpayer with regard to whom the Tax Administration has annulled *ex officio* the agreement or cancelled the decision referred to in **paragraphs 7 and 9 of this Article shall not be entitled to resubmit the request for the rescheduling of that** same tax debt.

The taxpayer may file the request for rescheduling the payment of the current tax liability referred to in paragraphs 7 and 9 of this Article within not later than two days from the date when the current liability has become due.

When in its decision-making process the Tax Administration rejects the request for rescheduling the payment of the current tax liability referred to in paragraphs 7, 9 and 11 of this Article, the taxpayer shall settle the current tax liability plus interest calculated in keeping with this Law within five days from the date of delivery of the Tax Administration act rejecting the request concerned. If the taxpayer fails to settle the current tax liability plus interest calculated in keeping with this Law within the set deadline, it shall be deemed that the conditions for application of paragraphs 7 and 9 of this Article have been met.

Article 74a

Notwithstanding Article 73, paragraph 4 of this Law, at the request of a taxpayer for an approval of the proposed reorganization plan within the meaning of the law governing bankruptcy, the competent authority may approve the rescheduling of the tax debt the settlement of which is an integral part of such plan in equal instalments during a period of up to 60 months, with the option of a grace period for the first 24 months.

The approval of tax debt rescheduling as provided in paragraph 1 of this Article shall be issued by the person referred to in Article 73, paragraph 3 of this Law.

Article 74b

Notwithstanding Article 73, paragraph 4 of this Law, at the written and reasoned request of the taxpayer who has entered into a financial restructuring agreement in keeping with the law governing consensual financial restructuring of companies, the competent authority may approve the payment* of tax debt** in equal instalments during a period of up to 60 months, with the option of a grace period for the first* 24 months.

In the procedure of deciding on the tax debt payment* rescheduling for the taxpayer who has concluded the financial restructuring agreement, in keeping with the law governing consensual financial restructuring of companies, payment security instruments shall not be required when the amount of debt the payment of which is being rescheduled does not exceed the amount referred to in Article 74, paragraph 6 of this Law.

The rescheduling of tax debt payment under paragraphs 1 and 2 of this Article shall be decided by the person referred to in Article 73, paragraph 3 of this Law.

Chapter Three

INTEREST

General Provisions on Interest

Article 75

Beside the interest, an interest shall be calculated and paid on the amounts of tax and secondary tax duties underpaid or overpaid, at the rate equal to the annual key policy rate of the National Bank of Serbia, increased by ten percentage points, by applying the simple interest formula of 100.

Interest on owed tax and secondary tax duties, except interest, shall be calculated from the date following the due date.

Interest shall be calculated for the number of calendar days in arrears relative to the number of calendar days in a year (365 or 366 days) by decursive calculation method, without accruing interest on the principal at the expiry of the calculation period.

Interest within the meaning of paragraph (3) of this Article shall be calculated for all calendar days in the calculation period.

Calculation period shall be understood to mean the period from the first day in arrears, or the change of the amount of debt and/or the change of rate referred to in paragraph 1 of this Article and/or the expiry of each calendar year during the period in arrears for which the

calculation if made.

The total amount of interest shall be understood to mean the sum of the calculated interest for individual calculation periods referred to in paragraph 5 of this Article.

If, in the course of audit, it is established that there is a discrepancy, interest shall be calculated from the date the taxpayer was obligated to pay the tax liability.

Interest shall be calculated on overpaid taxes and secondary tax duties, except interest, after the expiry of a 30-day period from receiving the refund request.

If the grounds for refund is an annulled or amended decision**** or other act regarding a debit, interest shall be calculated from the tax payment date.

If the value added tax is not refunded to a taxpayer within the time limit prescribed by the law governing value added tax, interest shall be calculated from the day following the expiry of the time limit in question.

The taxpayer filing a tax reimbursement or rebate request shall have the interest calculated after the expiry of 30 days from the date of passing a decision establishing his entitlement to reimbursement or rebate.

Interest on Tax Debt the Collection of Which is Rescheduled

Article 76

If the collection of tax owed has been stayed in keeping with Article 147, paragraph (2) of this Law due to the suspension of enforcement of a final tax act (during administrative dispute, etc.), interest shall also be calculated for the duration of stay, i.e. suspension, at the rate referred to in Article 75, paragraph 1 of this Law.

If the payment of the tax owed is rescheduled in keeping with the provisions of Articles 73, 74, 74a, and 74b of this Law, interest shall also be calculated for the duration of rescheduling, at the rate equal to the key policy rate of the National Bank of Serbia.

If the taxpayer, whose payment of tax owed has been rescheduled in keeping with the provisions of Articles 73, 74, 74a, and 74b of this Law, regularly pays the installments of rescheduled liabilities due, as well as current liabilities as provided by the law, then 50% of interest relating to such debt paid in such period shall be written off, at the expiry of each 12 months, until the debt is settled in full.* The right to 50% interest write-off shall not be applied on the rescheduling of tax owed payment when such liability is determined by a decision in the tax audit procedure.

When a taxpayer fully repays the tax owed prior to the expiry of the time limit for the payment of tax owed in instalments under this Law, 50% of interest on such debt shall be written off.

Chapter Four

ENFORCED COLLECTION OF TAX

I. GENERAL PROVISIONS ON ENFORCED COLLECTION OF TAX

Initiation of Procedure for Enforced Collection of Tax

Article 77

To the taxpayer who has failed to pay tax due or secondary tax duty within the time limit specified in the notice, the Tax Administration may send a warning in written or electronic form or via a text message or in another manner, when appropriate, ordering him to pay the unsettled amount due plus interest calculated in keeping with the law, within five days from the date of delivery of the warning.

If the taxpayer has failed to pay tax or secondary tax duty within the time limit referred to in Article 71, paragraph 2 of this Law, i.e within the time limit referred to in paragraph 1 of this Article, the Tax Administration shall start the enforced collection procedure to collect the tax or secondary tax duty by issuing a decision on enforced tax collection.

The decision referred to in paragraph 2 of this Article shall state the basis of the tax debt, the outstanding amount as stated in the notice referred to in Article 71 of this Law delivered to the taxpayer, with the interest calculated from the date the notice was issued to the date the decision was passed, and the taxpayer shall be informed of his rights in enforced tax collection procedure.

The decision referred to in paragraph 2 of this Article shall simultaneously be delivered to the taxpayer and to the organization responsible for enforced collection or to other registries, whereby the decision shall become final and binding.

Appeal may be filed against a decision on enforced tax collection within eight days from the date of decision delivery.

The Tax Administration shall not pass a decision on enforced tax collection if the request for rescheduling tax payment referred to in Articles 73, 74a, or Article 74b of this Law has been filed within the time limit referred to in Article 71, paragraph 2 of this Law - until this request is decided on.

Legal Consequences of Initiating Enforced Tax Collection Procedure

Article 78

Initiating enforced tax collection procedure results in:

- 1) collection from the taxpayers' entire property, except from the part specified in Article 82 of this Law;
- 2) payment of costs referred to in Article 83 of this Law;
- 3) increase of the tax debt net of interest and subject to enforced collection by 5% on the date of initiating the enforced payment collection procedure on which interest is calculated (hereinafter: tax debt increase).

The amount of tax debt increase shall be the revenue of the Republic budget, except for the amount of tax debt increase that is the legal consequence of the enforced collection of own-source revenue of the local government unit, which belongs to the budget of the local government unit.

Suspension of Enforced Tax Collection Procedure

Article 79

Enforced collection procedure shall be suspended if:

1) the Tax Administration initiates bankruptcy procedure against the taxpayer within the meaning of Article 112 of this Law;

2) the Tax Administration approves rescheduling of tax payment referred to in Article 73 or Article 74b of this Law;

3) it is established that there is a miscalculation of the tax liability resulting in a lower tax, until it is corrected;

4) in the case referred to in Article 147, paragraphs 2 and 6 of this Law.

Enforced collection procedure may be suspended if, upon expiry of the time limit referred to in Article 71, paragraph 2 of this Law, the taxpayer files a payment rescheduling request under the conditions referred to in Articles 73 or 74b of this Law.

In the cases referred to in paragraphs 1 and 2 of this Article, the Tax Administration shall pass a conclusion on the suspension of enforced collection procedure, which shall also be delivered to the organizations carrying out enforced collection from the account.

The suspension referred to in paragraphs 1 and 2 of this Article shall have no bearing on the lien or on the tax debt increase.

Termination of Enforced Collection Procedure

Article 80

Enforced collection procedure shall be terminated if:

1) the tax liability is cancelled;

2) the taxpayer subsequently pays the liability owed, including the costs incurred, and amount of tax debt increase.

In the case referred to in paragraph 1 of this Article, the lien shall terminate, as provided in this Law, the methods of realization shall be cancelled, and property returned to the taxpayer.

In the case referred to in paragraph 1 of this Article, the Tax Administration shall issue a decision on termination of enforced collection procedure and also deliver it to the organization effecting enforced collection from the account.

Principles of Enforced Collection Procedure

Article 81

In the enforced tax collection procedure, the Tax Administration shall undertake actions regulated by this Law, taking account of the economy of procedure.

Enforced collection procedure shall not be initiated if it is apparent that the taxpayer does not have any property from which to collect, which does not exclude the option of enforced collection from other taxpayers or tax debtors.

Collection shall not be carried out from objects of enforced collection if the costs of enforced collection exceed the value of such objects.

Enforced collection shall be carried out to the extent that it covers the amount of tax and secondary tax duties owed.

While carrying out enforced tax collection, the Tax Administration shall respect the taxpayer's dignity.

Exemption from Enforced Collection*

Article 82

The taxpayer's property and incomes exempt from enforcement under the law may not be objects of enforced collection.

Costs of Enforced Tax Collection Procedure

Article 83

The costs of enforced collection procedure shall be borne by the taxpayer.

The amount of enforced collection costs referred to in paragraph 1 of this Law shall be prescribed by the Government, at the Minister's proposal.

If the taxpayer pays the tax liability after the commencement of the enforced collection procedure, he shall not be relieved from paying* the incurred costs of enforced collection referred to in paragraph 1 of this Article.

Costs, within the meaning of paragraph 1 of this Article, shall not include the costs incurred due to an error of the Tax Administration.

Objects of Enforced Collection

Article 84

The collection of taxes and secondary tax duties in enforced collection procedure is carried out against:

- 1) the taxpayers' funds;
- 2) the taxpayer's claims;
- 2a) wages, or wage benefits, or pension, as well as other types of income in current accounts of individuals, from the part not exempt from enforcement under the law governing enforcement and security;
- 3) taxpayer's non-monetary claims and other rights;
- 4) cash and securities;
- 4a) savings deposits;
- 5) movable property;
- 6) immovable property.

Enforced collection may be carried out against one or more objects at the same time.

Objects of enforced collection shall be determined by a decision.

Third Party Rights

Article 85

A third party, except for a member of the taxpayer's household, asserting a right to an item that is subject to enforced collection* and that would prevent the sale of property, may file an action for exclusion of enforcement with the competent court.

The court may order a suspension or termination of implementation of the given measure against the item referred to in paragraph 1 of this Article in the course of enforced collection procedure.

If the person referred to in paragraph 1 of this Article provides evidence that he has a right

in the item subject to enforced collection*, the Tax Administration may suspend or terminate the implementation of the enforced collection measure against such item.

Article 85a

In order to secure the collection of tax that has become due, the Tax Administration may issue a decision imposing a preliminary measure of securing the collection of tax, such as freezing of funds, freezing and prohibiting disposal and encumbrance of movable property, freezing and prohibiting disposal and encumbrance of immovable property or of property rights in immovables entered in a public register, and prohibiting enforcement by third parties.

The decision imposing a preliminary measure of securing the collection of tax shall be delivered simultaneously to the taxpayer and to the competent registers, whereby it shall become final and binding.

The preliminary measure to secure the collection of tax shall be in force until a decision has been issued to enforce the collection from the taxpayer's funds and until the entry into the register of frozen accounts maintained by the competent organization, entry of the lien into the register of movables or into the register of immovables, or until the tax has been fully collected.

The taxpayer may appeal the decision referred to in paragraph 1 of this Article, which shall not stay its execution.

II LIEN

Securing a Tax Claim in Enforced Collection

Article 86

To secure a tax claim in enforced collection against the taxpayer's assets or property rights, a statutory lien shall be established on behalf of the tax creditor.

Tax creditor, within the meaning of this Law, shall be the Republic or the local government unit – for own-source public revenues it assesses, collects, and audits in the public-law relationship.

The lien shall continue until the tax debt is settled or the tax decision annulled.

The Procedure for Establishing a Lien

Article 87

The Tax Administration shall order by a decision the following:

- 1) inventory of movable property;
- 2) inventory of immovable property;
- 3) ban on transfer of funds through a taxpayer's account with the bank, except for tax purposes, and entering the ban in the register of frozen accounts maintained by the competent organization;

3a) ban on disbursement or transfer of other types of income in current accounts of individuals until the funds have been transferred for tax liability settlement purposes; *

3b) ban on disbursement of savings deposit until the funds have been transferred for tax liability settlement purposes;

4) ban on cash debt payments to the taxpayer by his debtors, and entering the ban into the appropriate register;

5) ban on fulfillment of other obligations towards the taxpayer by his debtors, and entering the ban into the appropriate register of movable property.

The decision referred to in paragraph 1 of this Article shall be simultaneously delivered** to the taxpayer and relevant registers, taxpayer's debtors, or the bank, whereby it shall become final and binding.

Once the inventory of movable and immovable property is completed, the Tax Administration shall issue a decision ordering the relevant authority to enter the lien in the register of movable or immovable property.

The Tax Administration shall enclose the record of inventory of movable or immovable property referred to in Articles 89 and 90 of this Law with the decision referred to in paragraph 3 of this Article.

Immediately following its delivery, the decision referred to in paragraph 1, items 3), 4) and 5), and paragraph 3 of this Article, shall be entered in the register of movable property pledges, real property register, or register of frozen accounts with the competent authority, with the exact date and time of receipt.

The statutory lien on behalf of the Republic shall be established by entry in the appropriate register.

Article 87a

Deleted ("Official Gazette of RS" No. 30/18)

Legal Consequences of Lien

Article 88

Upon delivery of the decision referred to in Article 87, paragraph 1, items 1) and 2) of this Law, the taxpayer shall not be allowed to dispose of objects of enforced collection over which lien or mortgage has been established.

The decision on enforced collection of tax from taxpayer's funds shall suspend all financial transactions through the taxpayer's account, except those relating to the payment of tax.

The decision referred to in Article 87, paragraph 1, items 4) and 5) of this Law shall prohibit debtors to settle their tax liabilities towards the taxpayer, as from the date of decision delivery.

The Republic shall acquire the lien on assets, also securing the claim with regard to secondary tax duties, the priority of which is determined in accordance with the time of entry into the register or time of notifying the debtor.

Inventory of Movable Property

Article 89

The Tax Administration officer responsible for carrying out enforced collection (hereinafter: tax enforcement officer) shall have the right to enter the grounds and premises where the taxpayer performs his business activity for the purpose of inventory.

If the tax enforcement officer needs to enter a dwelling or other premises for the purpose of taking inventory, valuation, and seizure of movable properties that are in the dwelling or other premises, or for the purpose of inventory and valuation of the dwelling or other premises that are used to secure the payment of tax liability, or that are objects of enforced collection of a tax liability in the procedure of imposing an interim measure for securing tax payment, establishing a lien, or in the procedure of enforced collection of tax liability, and the holder does not allow entry into the dwelling or other premises, the Tax Administration shall file a motion to the competent court to pass a decision allowing the tax enforcement officer to enter the dwelling or other premises against the will of the holder, in order to perform action in the procedure of imposing an interim measure for securing tax payment, establishing a lien, or in the procedure of enforced collection of tax liability in keeping with this Law. The motions shall be accompanied with the enforceable Tax Administration decision referred to in Articles 66, 77, and 87 of this Law.

The court shall pass a ruling on the motion referred to in paragraph 2 of this Article no later than 15 days from receiving an orderly motion.

Prior to proceeding with the inventory, tax enforcement officer shall show documents confirming his powers, and the decision on enforced collection, and call upon the taxpayer to pay the amount of tax and secondary tax duties owed.

The inventory of movable property referred to in paragraph 1 of this Article shall be carried out in the presence of two witnesses of age.

If, in the course of taking an inventory, the taxpayer states that a lien has been established on an item of movable property, and entered in the register of pledges in favor of a private creditor, the tax enforcement officer shall take this into account when determining realizable revenue.

The tax enforcement officer may decide not to determine priority when taking the inventory, if he considers reasonable the taxpayer's or other persons' claims suggesting that the rights exist which may prevent enforcement on certain items.

Items that are most easily realized shall be given priority during the inventory.

Tax enforcement officer is authorized to remove the person impeding enforced collection activity, and to seek police assistance if such impeding continues, or if the person who has possession of the items refuses to make them available for the purpose of enforced collection.

In the case referred to in paragraph 9 of this Article, the police shall provide the required assistance as soon as possible after receiving the call.

Inventory of Immovable Property

Article 90

The Tax Administration shall obtain *ex officio* evidence of immovable properties owned by the taxpayer *from the authority responsible for maintaining the real property register.

The authority responsible for maintaining the real property register shall deliver the requested evidence to the Tax Administration within 3 days from receiving the request referred to in paragraph 1 of this Article.

In order to take inventory, tax enforcement officers shall have the right to enter the grounds and premises where the taxpayer performs his business activity and, based on the court ruling referred to in Article 89, paragraph 2 of this Law, also to enter the taxpayer's dwelling or the dwelling of a family member with whom the taxpayer lives in the same household.

Termination of Lien

Article 91

Within two days of tax liability settlement, the Tax Administration shall file an application for the release of the lien or mortgage, and notify the bank and the taxpayer's debtor of the termination of the decision referred to in Article 87, paragraph 1, items 3) through 5), and paragraph 3 of this Law.

The Tax Administration shall also notify the taxpayer of the termination of the decision on enforced collection of tax within the time limit referred to in paragraph 1 of this Article.

III REALIZATION

Means of Enforced Collection

Article 92

Enforced collection shall be carried out against:

1) taxpayer's funds – by transfer of funds from taxpayer's accounts, including funds in the foreign exchange account, to the public revenue collection account;

2) taxpayer's monetary claims – by transfer of claims to the public revenue collection account;

2a) wages, and/or wage benefits, or pension and other types of income in the current accounts of individuals – by attachment of a specific part of the income and by the order to the payer, i.e. the bank, to withhold the funds subject to enforcement and pay or transfer them into the prescribed public revenue payment account until full payment;

3) taxpayer's non-monetary claims – by ban, transfer of claim, and inventory with valuation, seizure, and sale of objects of claim;

4) cash and securities – by inventory and seizure;

4a) savings deposits - by attachment and transfer of the funds to the public revenue payment account;

5) movable property – by seizure and sale;

6) immovable property – by seizure, determining the starting price, and sale.

On the basis of the decision, the Tax Administration may use one or more means of enforced collection referred to in paragraph 1 of this Article, in any order.

The decision referred to in paragraph 2 of this Article shall be delivered to the taxpayer and his debtors, and the organization responsible for enforced collection, and/or bank.

Proceeds from Realization

Article 93

The money seized and the proceeds from the sale of movable and immovable property shall be paid by the Tax Administration into the appropriate public revenue collection account.

If the sale price exceeds the amount of tax liability, the difference shall be returned to the taxpayer within 30 days, and the interest shall be calculated in favor of the taxpayer after the expiry of this time limit, in keeping with Article 75 of this Law.

If, during the period referred to in paragraph 2 of this Article, a new tax liability of the taxpayer becomes due and is still unpaid, the difference achieved by the sale of movable property or immovable property at a higher price shall be used to settle such liability.

The proceeds from the realization of objects of enforced collection referred to in Article 84 of this Law shall be allocated by a Tax Administration decision according to the order of settlement referred to in Article 70 of this Law.

Proceeds from Items Transferred to the Ownership of the Republic

Article 94

If the sale is completed in the manner referred to in Article 104, paragraph 18 and Article 110, paragraph 5 of this Law, the assessed value of movable property or a third of the determined starting price of immovable property shall be considered the price paid into the appropriate public revenue collection account.

If there is another creditor's priority lien over the movable or immovable property referred to in paragraph 1 of this Article that must be satisfied, such creditor shall be satisfied first from the amount referred to in paragraph 1 of this Article.

If the assessed value of movable property or a third of the determined starting price of immovable property* over which there was no priority lien of a different creditor referred to in paragraph 2 of this Article exceeds the amount of tax liability, the difference shall be returned to the taxpayer.

If there was a priority lien of another creditor over the movable or immovable property that has been satisfied within the amount referred to in paragraph 1 of this Article, the difference between the assessed value of the movable property or a third of the determined value of the immovable property, and the sum of amounts at which the priority lien of another creditor was satisfied and the amount for which the tax liability was settled, shall be returned to the taxpayer.

The method and procedure concerning the refund of the difference referred to in paragraphs 3 and 4 of this Article shall be prescribed by the minister.

Enforced Collection from Funds

Article 95

Enforced collection of tax and secondary tax duties from taxpayer's funds, based on the decision referred to in Article 92, paragraph 2 of this Law, shall be understood to mean the transfer of funds from the taxpayer's account with a bank to the appropriate public revenue collection account, based on a decision on enforced tax collection.

The decision referred to in paragraph 1 of this Article shall include an instruction to the organization authorized for enforced collection to calculate the interest in the manner prescribed by this Law, from the date the decision was passed until the date of transfer of the entire amount

of tax and secondary tax duties, and to transfer the amount of calculated interest to the appropriate public revenue accounts.

The decision referred to in paragraph 1 of this Article shall be enforced in the manner regulated by the law governing payment operations, or in the manner regulated by other laws relating to enforced collection from the client's account.

If the funds in the taxpayer's account are insufficient from time to time, the organization responsible for enforced collection and/or the bank shall enforce the decision successively from the funds available in the account, until the decision is fully executed.

If the bank fails to act in the manner prescribed in paragraph 2 of this Article, the collection of the amount of tax and secondary tax duties owed shall be carried out directly from the funds in the bank's account.

Decision on enforced tax collection from taxpayer's funds shall produce legal effect from the date of delivery to the organization responsible for enforced collection until the date the liabilities are settled, or the decision is annulled.

Under the decision referred to in Article 92, paragraph 2 of this Law to secure the collection of tax and secondary tax duties from the taxpayer's funds after the commencement of the enforced collection from the funds in the taxpayer's accounts, the Tax Administration may also impose an interim measure of securing the collection of tax claim.

The interim measure referred to in paragraph 7 of this Article prohibits the taxpayer to settle his liabilities towards third parties by stipulating a change of creditors or debtors in a contractual relationship (assignment, cession, etc.), by offset (compensation), or in another manner in keeping with the law.

Upon receipt of an order from the organization responsible for enforced collection based on the decision referred to in paragraph 2 of this Article, the bank shall immediately suspend the settlement of taxpayer's liabilities towards third parties under the contract on the substitution of creditors or debtors in a given contractual relationship (assignment, cession, etc.), arising from offsets (compensation) or on other bases in keeping with the law, except for payments related to the disbursement of wages and allowances (for commuting, travelling within the country or abroad), as well as payments of other receipts (retirement gratuity, solidarity aid, assistance in the case of death of employee or a member of his immediate family), and severance payments from the social program for the employees laid off in the process of company restructuring and preparation for privatization, bankruptcy or liquidation.

Enforced Collection from Monetary Claims

Article 96

Enforced collection from taxpayer's monetary claims shall be carried out based on the decision referred to in Article 92, paragraph 2 of this Law.

The decision referred to in paragraph 1 of this Article shall order the taxpayer's debtor to settle his debt by the payment into the public revenue collection account when due.

If the debtor referred to in paragraph 2 of this Article fails to make the payment when due, the Tax Administration shall effect enforced collection from the funds in the taxpayer's debtor's account, in keeping with Article 95 of this Law.

Article 96a

Enforced collection of taxes and secondary tax duties from the taxpayer's wage, wage benefits, or pension*, as well as other types of income in the current accounts, shall be carried out based on the decision referred to in Article 92, paragraph 2 of this Law.

The decision referred to in paragraph 1 of this Article shall impose attachment of a certain part of the wage, wage benefits, or pension, and order the payer of such income to deduct it from the wage, wage benefits, or pension and pay the deducted amount into the prescribed public revenue collection account, upon each payment of such income, starting from the first payment following the receipt of the decision referred to in paragraph 1 of this Article, until the tax and secondary tax duties are collected in full.

The payer of wage, wage benefits, or pension shall act in accordance with the order from the decision referred to in paragraph 2 of this Article.

The payer of wage, wage benefits, or pension shall notify the competent tax authority of the changes relevant for the enforcement of the decision referred to in paragraph 2 of this Article, no later than five days from the date of change.

If the payer of wage, wage benefits, or pension fails to deduct and pay the portion of the wage, wage benefits, or pension subject to enforced collection into the prescribed public revenue collection account, within the time limit referred to in paragraph 2 of this Article, the Tax Administration shall undertake the enforced collection action from the funds in the payer's account, as provided in Article 95 of this Law.

Enforced collection of taxes and secondary tax duties from other income in the current accounts based on the decision referred to in Article 92, paragraph 2 of this Law shall be by attachment and transfer of the funds in the taxpayer's current account open with the bank to the relevant public revenue payment account, based on the enforced collection decision.

The decision referred to in paragraph 1 of this Article shall also contain an order to the bank that maintains the taxpayer's current account to calculate interest in a manner prescribed by this Law, from the date the decision was issued to the date when the entire amount of taxes and secondary tax duties was transferred and to transfer the amount of calculated interest to the relevant public revenue payment accounts.

If the funds in the taxpayer's account are insufficient, the bank shall enforce the decision successively from the funds available in the account, until the decision is fully executed.

If the bank fails to act in the manner prescribed in paragraphs 7 and 8 of this Article, the collection of the amount of tax and secondary tax duties owed shall be carried out directly from the funds in the bank's account.

Decision on enforced tax collection from other income in the current accounts shall produce legal effect from the date of delivery to the bank.

Unless otherwise stipulated in this Law, the provisions of the law governing enforcement and security shall apply *mutatis mutandis* to the enforced collection of tax and secondary tax duties from the taxpayer's wage, wage benefits, or pension, as well as other types of income in the taxpayer's current accounts.

Enforced Collection from Non-Monetary Claims

Article 97

Enforced collection from taxpayer's non-monetary claims when the claim entails surrender of items or transfer of title over property to the taxpayer shall be carried out based on the decision referred to in Article 92, paragraph 2 of this Law.

The decision referred to in paragraph 1 of this Article shall order the taxpayer's debtor to surrender the owed movable or immovable property when due to the Tax Administration**.

If the debtor referred to in paragraph 2 of this Article fails to effect the payment when due, the Tax Administration shall carry out enforced collection from the non-monetary claim of the taxpayer's debtor, in keeping with Articles 99 through 111 of this Law.

When the Tax Administration takes possession of items, **they shall be sold in keeping with Articles 99 through 104, or Articles 105 through 111 of this Law.

Enforced collection from other non-monetary claims shall be carried out by applying provisions of paragraphs 2 and 3 of this Article *mutatis mutandis*.

Enforced Collection from Cash and Securities

Article 98

Enforced collection of tax and secondary tax duties from cash shall be carried out based on decision referred to in Article 92, paragraph 2 of this Law, in keeping with the provisions of Articles 89 and 99, and Articles 101 through 103 of this Law.

The Tax Administration shall deliver the decision on enforced collection from securities to the bank or other legal entity keeping the securities, as well as to the taxpayer.

The bank or other legal entity keeping the securities shall provide the Tax Administration with information on securities, including their valuation, within five days from decision receipt.

The bank or other legal entity referred to in paragraph 3 of this Article shall sell the securities under the best terms on the market within the following eight days.

The amount realized, net of commission and costs of sale, shall be paid into the Tax Administration account, and the following day at the latest, paid into the appropriate public revenue collection account.

Enforced Collection from Savings Deposits

Article 98a

Enforced collection of taxes and secondary tax duties from savings deposits based on the decision referred to in Article 92, paragraph 2 of this Law shall be by attachment and transfer of funds from the taxpayer's savings deposit account open with the bank to the relevant public revenue payment account based on the enforced collection decision.

The decision referred to in paragraph 1 of this Article shall also contain an order to the bank that maintains the taxpayer's savings deposit account to calculate interest in a manner prescribed by this Law from the date the decision was issued to the date when the entire amount of taxes and secondary tax duties was transferred and to transfer the amount of calculated interest to the relevant public revenue payment accounts.

If the funds in the taxpayer's savings deposit account are insufficient, the bank shall enforce the decision successively from the funds available in the savings deposit account, until the decision is fully executed.

If the bank fails to act in the manner prescribed in paragraphs 2 and 3 of this Article, the

collection of the amount of tax and secondary tax duties owed shall be carried out directly from the funds in the bank's account.

Decision on enforced tax collection from taxpayer's savings deposit account shall produce legal effect from the date of delivery to the bank.

Unless otherwise provided under this Law, provisions of the law governing enforcement and security shall apply *mutatis mutandis* to the enforced collection of taxes and secondary tax duties from the savings deposit.

Enforced Collection from Movable Property

Inventory of Movable Property

Article 99

Tax enforcement officer shall take the inventory of, evaluate, seize, and sell movable property based on the decision referred to in Article 92, paragraph 2 of this Law.

If the inventory of movable property is taken in the procedure of establishing a lien in keeping with this Law, the enforced collection procedure shall start with the assessed value of the movable property entered in the inventory.

Evaluation of Movable Property

Article 100

The inventoried items shall be evaluated by the tax enforcement officer during the inventory.

The Tax Administration may designate another expert as the valuator, or obtain a report on the price of items from expert institutions or organizations.

Record shall be taken of inventory and valuation.

The record referred to in paragraph 3 of this Article shall be delivered to the taxpayer in the manner prescribed in Article 36 of this Law.

The taxpayer may lodge an objection to the valuation of inventoried items within three days from the date of record delivery.

Enforced collection procedure shall be suspended until a conclusion is passed on the objection.

The conclusion on the objection referred to in paragraph 6 of this Article may not be challenged by a legal remedy.

Seizure of Movable Property

Article 101

Inventoried movable property over which the lien has been registered in favor of the Republic, or with regard to which a procedure for establishing a lien on behalf of the Republic has been initiated, shall not be seized from the taxpayer at the time of inventory.

The inventoried movable property shall be seized from the taxpayer after the expiry of time limit referred to in Article 104, paragraphs 4 and 7 of this Law, and a record shall be taken thereof.

By way of exception, if there are grounds for suspicion that the taxpayer will jeopardize

enforced collection of tax by hiding, disposing of, destroying, or rendering unusable the inventoried item of movable property, including the inventoried item on which a lien in favor of the Republic has been established under the law prior to or during enforced collection procedure, such item shall be seized at the time of inventory.

The tax enforcement officer shall provide reasoning for the presence of the reasonable doubt referred to in paragraph 3 of this Article.

In the case referred to in paragraph 3 of this Article, a record on inventory, valuation and seizure of movable items shall be made.

Notifying Potential Owners

Article 102

The tax enforcement officer shall notify of the inventory all persons, except the members of the taxpayer's household, to whom inventoried items belong as indicated, and instruct them of their right to file an action for the exclusion of assets from enforcement with the competent court within eight days from receiving the notification.

The notification referred to in paragraph 1 of this Article shall be given verbally, if such persons are present at the inventory, and entered in the record on inventory and valuation of movable property which is delivered to them, while absent persons shall be notified in writing.

In the case of suspension referred to in Article 85, paragraph 3 of this Law, the item may be entrusted for safekeeping to the taxpayer or a third party.

The taxpayer or third party shall keep the item referred to in paragraph 3 of this Article in an unchanged condition until the dispute regarding exclusion of property from enforcement is concluded.

Enforced collection shall not be suspended if the item is perishable or if the safekeeping thereof is associated with high costs.

In the case referred to in paragraph 5 of this Article, the Tax Administration shall sell the item by direct negotiation, without delay.

If it is established that the plaintiff in the asset exclusion lawsuit is not the owner of the inventoried item, and the taxpayer disposes of, destroys, or damages it, thus jeopardizing the collection of tax, the Tax Administration shall file a criminal report to the public prosecutor within five days of becoming aware of such taxpayer's action, while the enforced collection shall be completed without delay by applying the means over objects of enforcement referred to in Article 92, paragraph 1 of this Law.

Enforced Collection when Item is Held by Other Person

Article 103

If a certain taxpayer's item is held by another person, such person shall surrender this item at the tax enforcement officer's request for the purpose of enforced collection, or pay the tax liability to the tax enforcement officer.

In the case referred to in paragraph 1 of this Article, it shall be considered that the other persons' actions have been performed on the order of the taxpayer.

The tax enforcement officer shall issue a receipt for the surrendered item or for the payment of tax to the person referred to in paragraph 1 of this Article.

Sale of Movable Property

Article 104

Movable property shall be sold by public auction or direct negotiation between the buyer and the Tax Administration, of which a conclusion shall be adopted.

Public auction within the meaning this Law shall be understood to mean a public auction with at least two bidders.

If there are fewer than two bidders at a public auction, the public auction shall be announced again within eight days from the date for which the public auction with fewer than two bidders were announced.

If an item of movable property is perishable or if the safekeeping thereof is associated with high costs, the Tax Administration shall sell such item by direct negotiation without delay.

Sale by public auction shall be ordered in the cases of items of greater value, when they can be expected to sell at a higher price than what could be achieved in the sale by direct negotiation.

Only the persons who make a deposit amounting to 10% of the assessed value of the movable property item can take part in the public auction for the sale of movable property items the individual value of which exceeds RSD 200.000. If the buyer of a movable property item fails to pay the achieved price within eight days from the date of delivery of the record on the sale of movable property item, the sale shall be declared null and void with regard to such buyer, and the buyer shall lose the right to a refund of the deposit and may not act as bidder in the further procedure for the sale of such item.

The sale of seized movable property shall be organized upon expiry of eight days from inventory date.

The Tax Administration shall announce the sale of items within five days from the date of seizure on its web page or on the bulletin board. Sale of items shall also be announced in a daily newspaper sold in the entire territory of the Republic if the assessed value of movable property to be sold by public auction exceeds RSD 1,000,000.

The taxpayer, employees of the Tax Administration, and persons connected to them may not be buyers of the items referred to in paragraph 1 of this Article.

Disqualification of the persons referred to in paragraph 9 of this Article shall also extend to resale, lease, gift, or granting use of purchased items to such persons within one year from the sale.

At the first public auction, and within the time limit determined for the sale by direct negotiation, a movable property item may not be sold at a price lower than 60% of the assessed value.

If the movable property is not sold at the first public auction, a second one shall be ordered and scheduled by a conclusion, within eight days from the date the first public auction is held.

At the second public auction, the movable property item may not be sold at a price lower than 30% of the estimated value.

If the movable property item is not sold at the second public auction, public auctions shall be repeated in the manner referred to in paragraph 12 of this Article, with the bottom price of one third of the assessed value, until the item is sold or until expiry of a period of three months

from adopting the conclusion on the sale by public auction.

The movable property which is not sold through direct negotiation within the time limit referred to in paragraph 11 of this Article shall be sold under the rules applying to the second and subsequent public auctions. Items of movable property may be sold at the first or the second public auction for the amount that is less than 60% or 30% of the determined initial price respectively, if the taxpayer agrees thereto in writing.

Once the seized items are sold, and the amount for which the item is sold has been paid, the Tax Administration shall issue to the buyer a document on the sale of property certifying that the title has passed to the buyer and that the legal grounds for acquiring the title is the purchase of the item in the enforced tax collection procedure.

The procedure of seized items' sale shall stop when the achieved price reaches the amount of tax and secondary tax duties owed, and the remaining items shall be returned to the taxpayer.

If the sale of seized items is unsuccessful at the first public auction and at subsequent public auctions, or by direct negotiation within three months of adopting the conclusion on the sale by public auction or direct negotiation, the items shall be transferred to the ownership of the Republic by a Tax Administration* decision, or to the ownership of a local government unit by a decision of the competent local government authority at a price to be determined by subsequent valuation.

The authority responsible for maintaining records of state-owned movable property shall take possession of the movable property transferred to the ownership of the Republic within 30 days from the date the decision referred to in paragraph 18 of this Article becomes final and binding.

The authority responsible for maintaining records of state-owned movable property shall be liable for material and legal defects of a movable property item created therein after the delivery of the decision referred to in paragraph 18 of this Article and officially recorded handover to the competent authority, and the resulting damage.

The Government shall regulate in more detail the manner of treatment of the items referred to in paragraph 19 of this Article.

Movable property selling at a public auction or by direct negotiation shall be purchased as is.

Record shall be taken of the completed sale of movable property.

Enforced Collection from Immovable Property

Inventory of Immovable Property

Article 105

Immovable property shall be inventoried, its starting price determined, and sold by the tax enforcement officer in enforced collection procedure, based on the decision on enforced collection referred to in Article 92, paragraph 2 of this Law.

As from the date of real property inventory, the taxpayer shall not be allowed to dispose of the object of enforced collection.

The ban referred to in paragraph 2 of this Article shall be entered into the relevant real

estate register.

Seizure of Immovable Property not Entered in the Relevant Register

Article 106

The seizure of immovable property not entered in the relevant register shall be carried out by the tax enforcement officer at the moment of inventory.

Before initiating seizure, the tax enforcement officer shall show a document certifying to his powers and the decision on enforced collection and call upon the taxpayer to pay the amount owed.

The seizure of immovable property referred to in paragraph 1 of this Article shall be carried out in the presence of two witnesses of age.

The tax enforcement officer shall be authorized to remove the person impeding enforced collection activity, and to seek police assistance if such impeding continues, or if the person who has possession of the immovable property refuses to make it available for the purpose of enforced collection.

In the case referred to in paragraph 4 of this Article, the police shall provide the requested assistance as soon as possible after receiving the call.

Record shall be taken of the completed seizure of immovable property referred to in paragraph 1 of this Article.

Determining the Starting Price of Immovable Property

Article 107

Within three days from the date the decision on enforced collection becomes final and binding, the Tax Administration shall determine the starting price of immovable property.

The manner for determining the starting price of immovable property shall be regulated by the Minister.

The starting price of immovable property referred to in paragraph 1 of this Article shall be determined by a decision.

When determining the starting price of immovable property, the immovable property value reduction due to the fact that certain rights and encumbrances remain attached to it after the sale shall be taken into account.

The taxpayer may lodge an objection to the decision determining the starting price of immovable property within three days from its receipt.

Appeal shall not be permitted against the decision on objection.

General Provisions on Sale of Immovable Property

Article 108

Sale of immovable property shall be initiated upon the expiry of the time limit of eight days from the date the decision referred to in Article 107, paragraph 3 becomes final, or the date the decision on objection referred to in Article 107, paragraph 5 of this Law is delivered. The sale may be organized within a shorter time limit with the taxpayer's consent.

On the day following the expiry of the time limit referred to in paragraph 1 of this Article, the Tax Administration shall pass a conclusion putting up immovable property for sale by public auction.

The announcement of immovable property sale shall be published on the bulletin board of the Tax Administration organizational unit on the territory where the immovable property is located and shall be simultaneously sent to a daily newspaper covering the entire territory of the Republic for publication, and to the taxpayer, lien creditors, and the persons with the statutory pre-emptive right in such immovable property.

The announcement on the sale of immovable property shall include in particular:

- 1) description and address of the seized immovable property being sold;
- 2) determined starting price of immovable property;
- 3) indication of easements and encumbrances to be taken over by the buyer;
- 4) manner, place, date, and hour of sale;
- 5) amount of deposit to be placed by the persons taking part in public auction;
- 6) time limit in which the buyer of immovable property shall pay the price for which the immovable property has been sold.

There is no right of complaint with regard to the immovable property sold by public auction or in another manner.

Sale of Immovable Property by Public Auction

Article 109

Sale of immovable property shall be organized at the seat of Tax Administration organizational unit organizing the sale.

Only the persons who have placed a deposit may participate in public auction.

The deposit referred to in paragraph 2 of this Article shall be paid into the Tax Administration's account, in the amount of 5% of the determined starting price of immovable property.

Deposit shall be returned to bidders whose bid is not accepted, immediately after the conclusion of public auction.

Interested bidders shall have the right to inspect the immovable property subject to public auction until the date the public auction is held at the latest.

At the first public auction, the immovable property may not be sold at a price lower than 75% of the determined starting price.

If the immovable property is not sold at the first public auction, a second one shall be ordered and scheduled by a conclusion within eight days from the date the first public auction is held.

At the second public auction, the immovable property may not be sold at a price lower than 50% of the determined starting price.

If the immovable property is not sold at the second public auction either, public auctions shall be repeated in the manner referred to in paragraph 7 of this Article, with the bottom price of one third of the determined starting price, until the immovable property is sold or the time limit referred to in Article 110, paragraph 1 of this Law expires.

At the first public auction, immovable property may be sold at a price below 75% of the

determined starting price or, at the second public auction, at a price below 50% of the determined starting price if the taxpayer consents thereto in writing.

Record shall be taken of the course of the public auction.

Following the end of immovable property sale by public auction, the Tax Administration shall pass a decision on the sale of immovable property.

The person with the statutory pre-emptive right in the immovable property subject to enforced tax collection shall have priority over the best bidder at the public auction if, after the conclusion of public auction, he declares for the record that he shall purchase the immovable property on the same terms.

Sale of Immovable Property by Direct Negotiation

Article 110

If the immovable property is not sold under the rules of public auction within three months from the date the conclusion on the sale by public auction is passed, the Tax Administration director general or a person at the Tax Administration authorized by him/her shall put up the immovable property for sale by direct negotiation by a conclusion.

In the case referred to in paragraph 1 of this Article, immovable property may not be sold at a price lower than one third of the determined starting price.

Record shall be taken of direct negotiation.

After the completion of sale by direct negotiation, Tax Administration shall pass a decision on sale of immovable property.

If the immovable property cannot be sold by direct negotiation within six months from the date the conclusion referred to in Article 108, paragraph 2 of this Law is passed, the Tax Administration shall pass a decision transferring the immovable property to the ownership of the Republic, or the competent local government authority shall pass a decision transferring the immovable property to the ownership of the local government unit, in the value of one third of the determined starting price.

The decision referred to in paragraph 5 of this Article shall be delivered to the taxpayer and the authority responsible for the real property register.

The Tax Administration shall settle the priority mortgage claims up to one third of the determined starting price of the immovable property.

After settling the claims of priority creditors, the Tax Administration shall submit evidence of settlement to the authority responsible for maintaining the register, with an order to release the mortgage.

The taxpayer and Tax Administration employees, as well the persons connected to them may not be buyers in public auction or direct negotiation procedure.

The disqualification referred to in paragraph 9 of this Article shall also apply to the resale, lease, gift, or granting use of the immovable property to such persons, within one year of the sale.

The authority responsible for maintaining records of state-owned immovable property shall take possession of the immovable property transferred to the ownership of the Republic within 30 days from the date the decision referred to in paragraph 5 of this Article becomes final and binding.

The authority responsible for maintaining records of state-owned immovable property shall be liable for material and legal defects of immovable property created therein after the delivery of the decision referred to in paragraph 6 of this Article and officially recorded handover of the immovable property free of people and things to the competent authority, and the resulting damage.

The Government shall more precisely regulate the manner of treatment of the immovable property referred to in paragraph 11 of this Article.

Treatment of Proceeds from Sale of Immovable Property

Article 111

The buyer of immovable property shall pay the amount for which the immovable property has been sold to him within eight days from the date the public auction is concluded, net of the deposit, which will become part of the price paid.

In case the buyer fails to pay the amount for which the immovable property has been sold to him within the specified time limit, the sale shall be declared null and void by a decision, and the buyer shall lose the deposit and may not participate as a bidder in the procedure for the sale of such property for a period of six months from the expiry of the last day of the time limit referred to in paragraph 1 of this Article.

In the case referred to in paragraph 2 of this Article, the Tax Administration shall call upon the second best bidder, if the price offered is not lower than the price prescribed by this Law, to state whether he will purchase the property for the amount offered. If the second best bidder agrees to buy the immovable property for the price offered in writing, a decision on sale to such bidder shall be passed.

If the buyer referred to in paragraph 3 of this Article fails to pay the amount for which the immovable property has been sold to him within the specified time limit, the sale shall be declared null and void by a decision, the buyer shall lose the deposit, if it has not been returned to him, and may not participate as a bidder in the procedure for selling such immovable property for a period of six months from the expiry of the last day of the time limit for paying the amount for which the immovable property in question has been sold to him.

In the case referred to in paragraph 4 of this Article, the Tax Administration shall continue the procedure of sale of immovable property within eight days from the date the decision declaring the sale null and void is passed, in the manner and under the conditions applied to the public auction being repeated.

If there is a priority mortgage claim of another creditor over the immovable property sold, such creditor's claim shall be satisfied first from the amount specified in paragraph 1 of this Article, in keeping with Article 110, paragraph 7 of this Law.

Upon payment of the amount for which the immovable property is sold by public auction or direct negotiation, and once the decision on sale of immovable property referred to in Article 109, paragraph 12, and Article 110, paragraph 4 of this Law becomes final, the Tax Administration shall pass a decision on handing over the immovable property to the buyer.

The decision on sale of the immovable property to the buyer referred to in Article 109, paragraph 12 and Article 110, paragraph 4 of this Law shall be delivered both to the taxpayer and the authority responsible for maintaining the real property register.

When the decision on satisfying the claim of priority mortgage creditor referred to in paragraph 6 of this Article* becomes final, the Tax Administration shall deliver such decision, with evidence of payment, to the authority responsible for maintaining the real property register for the purpose of releasing the mortgage over the immovable property.

The provisions of the law governing enforcement and security shall apply *mutatis mutandis* to the protection of buyer and his rights, and to all other issues relating to the sale of immovable property not specifically regulated by this Law.

Declaring Insolvency

Article 112

If, in the course of enforced collection procedure, it is established that the taxpayer does not have the property from which tax debt can be settled by enforced collection, or that the value of taxpayer's property transferred to the Republic is lower than the tax debt, the Tax Administration shall state by a decision that the taxpayer is temporarily insolvent and initiate bankruptcy procedure in the capacity of creditor, in keeping with the law, if the taxpayer is a legal entity.

If the taxpayer becomes solvent again, the Tax Administration shall set aside the decision on declared insolvency and resume the enforced collection procedure.

Heading Six

PROCEDURE FOR ASSESSMENT AND COLLECTION OF TAX BASED ON SECONDARY TAX LIABILITY

Assessment and Collection of Tax based on Secondary Tax Liability

Article 113

The tax based on secondary tax liability referred to in Article 31 of this Law shall be assessed by the Tax Administration by a decision.

The decision referred to in paragraph 1 of this Article shall not be passed if the tax liability has ceased to exist in the manner referred to in Article 23 of this Law.

Unless otherwise provided by law, the decision referred to in paragraph 1 of this Article shall be passed only if tax has not been collected by measures of enforced collection applied to the taxpayer.

The restriction referred to in paragraph 3 of this Article shall not apply in the case referred to in Article 31, paragraph 2, items 2) through 4) of this Law.

A decision on the assessment of tax based on secondary tax liability referred to in paragraph 1 of this Article shall order the person responsible for secondary tax liability to settle the assessed tax within the time limit referred to in such decision.

If the person responsible for secondary tax liability does not pay the tax and secondary tax duties based on secondary tax liability within the time limit specified in the decision referred to in paragraph 1 of this Article, the Tax Administration shall issue a notice to such person in keeping with Article 71 of this Law.

Enforced collection of tax and secondary tax duties based on secondary tax liability, assessed in the decision referred to in paragraph 1 of this Article, shall be carried out in keeping with this Law.

Heading Seven

OTHER FORMS OF TERMINATION OF TAX DEBT

Statute of Limitations Regarding the Right to Assess and Collect Tax and Secondary Tax Duties

Article 114

The right of the Tax Administration to assess and collect tax and secondary tax duties shall be limited to a period of five years from the date the obsolescence period starts to run.

The limitation period regarding the right to assess tax and secondary tax duties shall start on the first day of the year following the year in which tax and/or secondary tax duty should have been assessed.

The limitation period for the collection of tax and secondary tax duties shall start on the first day of the year following the year in which the taxpayer's liability became due.

Statute of Limitations for Tax and Secondary Tax Duties Refund, Reimbursement and Rebate

Article 114a

The taxpayer's* right to refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring funds to another tax account, and the refund of secondary tax duties shall be limited to* five years from the date the limitation period starts.

The limitation period* for refund, tax credit, reimbursement and rebate, and for settling of liabilities due by transferring funds to another tax account, and the refund of secondary tax duties shall start to run on the first day of the year following the year in which the taxpayer has acquired the right to refund, tax credit, reimbursement, and rebate, and to settle the liabilities due by transferring tax to another tax account, and the refund of secondary tax duties.

Statute of Limitations for Initiating and Conducting Misdemeanor Proceedings

Article 114b

Misdemeanor proceedings, for which a motion to institute the proceedings is filed or for which misdemeanor orders are issued by the Tax Administration in keeping with the law, may not be instituted or conducted if five years from the date the misdemeanor was committed have elapsed.

The provisions of the law governing* misdemeanor proceedings shall apply to issues of statute of limitations and conducting of the first instance misdemeanor proceedings referred to in paragraph 1 of this Article, interruption of the limitation period, statute of limitations for the enforcement of penalty, and other issues not regulated by this Law.

Article 114c

Deleted ("Official Gazette of RS" No. 53/10)

Article 114d

Deleted ("Official Gazette of RS" No. 53/10)

Interruption of Limitation Period

Article 114e

Limitation period shall be interrupted by any Tax Administration action taken against the taxpayer for the purpose of assessing and collecting tax and secondary tax duties, or an action taken by the taxpayer for the purpose of exercising the rights to refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring fund to another tax account, and the refund of secondary tax duties.

Following the interruption, the limitation period shall start to run again, and the time elapsed before the interruption shall not be calculated into the statute of limitations.

Accounting for the Predecessor's Time

Article 114f

The time elapsed in favor of the taxpayer's predecessor and other tax debtor shall be calculated into the statute of limitations.

Other Provisions on Statute of Limitations

Article 114g

The provisions of this Law governing the statute of limitations for the right to assessment, collection, and refund shall not apply to the compulsory social security contributions.

Absolute Limitation Period

Article 114h

Right to assessment, collection, refund, * tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring funds to another tax account shall always be limited to ten years from the expiry of the year in which tax should have been assessed or collected, or in which it was overpaid*, unless otherwise provided in this Law.

Following the expiry of the time limit referred to in paragraph 1 of this Article, the Tax Administration shall pass *ex officio* a decision on the termination of tax liability, or the termination of the rights to refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring fund to another tax account due to the expiry of the limitation period.

Stay of Limitation for Rights to Assess and Collect

Tax and Secondary Tax Duties

Article 114i

The statute of limitation for the rights of the Tax Administration to assess tax and secondary tax duties shall not run:

- 1) during the period from the institution of administrative proceedings to the day the court decision becomes final and binding;
- 2) during the period when under another law the tax procedure may not be initiated, or when the tax procedure is suspended*;
- 3) during the period when the payment of the tax owed has been rescheduled in keeping with the provisions of Articles 73, 74, 74a, and 74b of this Law.

The duration of the stay of limitation referred to in paragraph 1 of this Article shall not be calculated into the absolute limitation period.

Tax and Secondary Tax Duties Write-off

Article 115

At the Minister's proposal, the Government may *pass a decision on partial or complete write-off of tax and secondary tax duties, except for compulsory social insurance, of a taxpayer being sold in the privatization process or undergoing restructuring.

At the Minister's proposal, with a prior consent of the local government unit to which belong the own-source public revenues that this Law applies to, the Government may pass a decision on partial or complete write-off of such public revenues of a taxpayer which is being sold in the privatization procedure, or is undergoing restructuring.

At the minister's proposal, the Government may pass a decision on a partial or complete write-off of tax and secondary tax duties, including duties, fees, and other public revenues, except for the contributions for compulsory social insurance, of the taxpayer whose ownership structure was changed, based on the contractual obligations assumed by the Republic.

The Tax Administration shall write off debt for tax and secondary tax duties when conditions referred to in Article 22, paragraphs 2 and 4 of this Law are met, as well as in other cases prescribed by the law.

Article 115a

Deleted ("Official Gazette of RS" No. 53/10)

Part Three

PROVISION OF TAX SERVICES, TAX AUDIT AND TAX POLICE

Heading One

TAX SERVICES

Article 116

Article 117

In keeping with the law, the Tax Administration shall perform:

- 1) provision of tax services;
- 2) tax audit;
- 3) actions aimed at detecting tax crimes.

Providing Tax Services

Article 117a

Provision of tax services is a set of actions in a tax legal relationship that ensure the exercise of taxpayers' rights or create equal conditions for tax compliance.

Article 117b

Tax services shall be provided by the Tax Administration at a single tax services point, which shall be specifically marked and established in keeping with the Tax Administration internal organization.

Establishment of the single tax services point shall have no impact on the territorial jurisdiction of organizational units of the Tax Administration.

Article 117c

At the single tax services point, the following services shall be provided:

- 1) provision of legal assistance to taxpayers with respect to their rights and duties prescribed by law;
- 2) receiving requests for the grant of rights or for other procedure in tax administrative matters;
- 3) provision of legal assistance in filling out tax returns, drafting requests, and provision of other legal assistance relevant for tax compliance;
- 4) notifying applicants as to which action has been taken in the tax procedure and also about tax administrative acts that have been passed;
- 5) receiving, processing and recording tax returns.

Processing of Taxpayer's Tax Return and Other Statements

Article 117d

In the procedure of receipt and processing of tax returns and other statements, accuracy and completeness of tax return and other tax statements submitted to Tax Administration by the taxpayer, in keeping with the law, shall be checked.

If a tax return and other statements attached to the tax return contain deficiencies with respect to the elements referred to in paragraph 1 of this Article, the Tax Administration shall notify the taxpayer thereof.

If the applicant does not proceed as provided in the notification referred to in paragraph 2

of this Article, the tax return and other statements shall be deemed not submitted to the Tax Administration.

Heading Two

TAX AUDIT

Tax Audit Plan

Article 118

Tax audit shall be performed based on an annual plan, passed by the Tax Administration director general, and based on the evaluation of the taxpayer's tax significance and tax risk, as well as based on an ad-hoc plan.

When developing the plan referred to in paragraph 1 of this Article, the assessment of tax audit impact on the efficiency of tax collection in certain industries must be taken into consideration.

In the cases of market distortions or if there is indication that the volume of illegal trade has increased, tax audit shall be performed based on ad-hoc audit plan passed by the minister.

Articles 119-122

Deleted ("Official Gazette of RS" No. 30/18)

Concept of Field Audit

Article 123

Tax Audit is a procedure to verify and establish the legality and proper discharging of tax obligations, and a procedure to verify the accuracy, completeness, and compliance with the law or other regulations of the taxpayer's data stated in the tax return, book-to-tax reconciliation, accounting statements, and other records, conducted by the Tax Administration in keeping with this Law.

If irregularities or omissions in discharging obligations arising from tax law relationship are identified in the course of tax audit, the taxpayer shall be instructed to correct them.

Tax auditor is an official authorized to perform tax audit pursuant to an audit order or summons.

Commencement of Tax Audit

Article 124

The Tax Administration shall deliver the field audit order, i.e. the summons referred to in Article 123, paragraph 3, of this Law, to the taxpayer in the manner referred to in Article 36 of this Law, immediately before the audit starts.

In the case referred to in Article 118, paragraph 3 of this Law, as well as in the audit of games of chance operation, audit of recording turnover through fiscal cash registers, audit with respect to employment of a person, audit of transport of goods to and from excise goods storage

facilities, the audit procedure shall be carried out without delivering the audit order to the taxpayer.

Field auditor shall show his official identification card to the taxpayer.

The Tax Administration may postpone the start of tax audit if the taxpayer lodges a verbal objection immediately upon receipt of the order referred to in paragraph 1 of this Article, stating the reasons for such postponement, provided that the taxpayer shall lodge the objection to the Tax Administration in writing within 24 hours from the receipt of the order.

If the tax auditor believes that the verbal objection has been lodged to impede tax audit, he shall start the audit procedure and state the reasons for such decision in the report.

The Tax Administration shall pass a conclusion on the objection referred to in paragraph 4 of this Article against which no legal remedy is permitted.

Place of Tax Audit

Article 125

Tax audit shall be conducted at the taxpayer's business premises, at the official premises of the Tax Administration or at another location, depending on the audit subject.

If tax audit is conducted on the taxpayer's premises, he shall provide adequate space for the tax auditor to work.

If there is no adequate space for conducting tax audit, with taxpayer's consent, tax audit may be conducted in the taxpayer's dwelling, or at another location determined by the Tax Administration, in keeping with paragraph 1 of this Article.

If tax audit is not conducted on the taxpayer's business premises, tax auditor shall inspect the premises and make a note thereof, which shall be entered in the report referred to in Article 128 of this Law.

Notwithstanding paragraph 1 of this Article, upon court approval, tax auditor shall have the right to enter the taxpayer's dwelling for the purpose of audit.

Taxpayer or his proxy or agent must be given the opportunity to be present during the inspection of land, premises, or dwelling referred to in paragraph 5 of this Article.

If the persons referred to in paragraph 6 of this Article do not avail themselves of the opportunity to be present during the examination of land, premises, or dwelling and the tax auditor finds that this impedes or delays tax audit, he shall perform the audit referred to in paragraph 5 of this Article without their presence, in the presence of two witnesses of age.

The tax auditor shall enter the facts referred to in paragraph 7 of this Article into the report.

Time of Tax Audit

Article 126

Tax audit shall be conducted during the taxpayer's working hours and, exceptionally, after working hours, if so required by the purpose of audit or if the taxpayer consents to it.

The tax auditor may temporarily seal the taxpayers' office or storage space after the taxpayer's working hours.

The measure referred to in paragraph 2 of this Article shall remain until the beginning of the taxpayer's working hours on the first following business day at the latest.

A conclusion shall be passed on the measure referred to in paragraph 2 of this Article, against which no legal remedy is permitted.

Taxpayer's Obligation to Take Part in Tax Audit

Article 127

The taxpayer shall take part in the establishment of facts and provide information and statements at the tax auditor's request.

The taxpayer shall allow the auditor to review the status of raw materials, reproduction materials, semi-finished products, finished products, and goods (hereinafter: goods) and equipment, as well as enable the review of books of account, records, and other documents.

If prevented from taking part in tax audit, the taxpayer shall designate a person who will perform the obligations referred to in paragraphs 1 and 2 of this Article, on his behalf.

The taxpayer's failure to discharge the obligations referred to in paragraphs 1 through 3 of this Article shall not stay the conduct of tax audit.

Tax auditor may also request data or access to documents from the taxpayer's employees or other persons.

Tax auditor shall verbally communicate the request referred to in paragraph 5 of this Article.

The persons referred to in paragraph 5 of this Article shall make the data and documents at their disposal available to the tax auditor.

Report

Article 128

Tax auditor shall prepare a tax audit report.

Each page of the report shall bear a serial number and signature.

The audit record shall be delivered to the taxpayer.

Notwithstanding paragraph 3 of this Article, the report on tax audit of recording turnover through fiscal cash register and other audits conducted in keeping with the provisions of Article 118, paragraph 3, and Article 124, paragraph 2 of this Law, shall be delivered immediately upon completion of audit.

The taxpayer shall be entitled to lodge objections to the tax⁵ audit report within eight^{***} days from the receipt of the report, except to an issued verbal decision referred to in Article 133, paragraph 2 of this Law.

The taxpayer shall be entitled to lodge objections to the tax⁵ audit report referred to in paragraph 4 of this Article within two days from the receipt of the report.

If objections are lodged in a foreign language within the time limit referred to in paragraphs 5 and 6 of this Article, they shall be considered lodged in a timely manner if a translation of the objections into the Serbian language, certified by an authorized person, is filed within the following two days.

If the objections include new evidence and facts that would lead to a change in the state of facts as established in the report or a change in former legal assessment, the tax auditor shall produce a supplementary report about such evidence and facts or about new legal assessment,

within five days from the receipt of the remarks referred to in paragraphs 5-7 of this Article.

No objection may be filed against the supplementary report referred to in paragraph 8 of this Article.

In exceptional cases, if upon the delivery of the audit report or supplementary report to the taxpayer, the auditor has become aware of new information or facts that may impact the established facts, the tax auditor shall prepare addition report which shall be delivered to the taxpayer.

The taxpayer shall be entitled to file objections to this addition report within eight days from the receipt of the addition report.

Tax Decision Issued During Tax Audit

Article 129

If in the course of tax audit, it is established that the taxpayer has failed to apply or has erroneously applied regulations when assessing tax**, a decision referred to in Article 54, paragraph 2, item 2) indent (1) of this Law shall be passed based on the tax audit, supplementary report or tax audit addition report.

The Tax Administration shall pass the decision referred to in paragraph 1 of this Article within 60 days from the delivery date of the report, supplementary report or tax audit addition report. The decision referred to in paragraph 1 of this Article shall order the taxpayer to pay the assessed tax liability into the prescribed public revenue accounts or eliminate other identified irregularities within 15 days from the delivery of the decision.

In the decision referred to in paragraph 1 of this Article, the Tax Administration shall also order the taxpayer to file a tax return eliminating the identified irregularities if the tax return is the basis for recording the amount of the established tax referred to in Article 62, paragraph 2, item 1) of this Law.

If the taxpayer fails to file the tax return based on the order from the decision referred to in paragraph 3 of this Article, the Tax Administration shall file the tax return on behalf of the taxpayer.

Assessing Tax Liability for the Person Performing Unregistered or Unreported Business Activity

Article 129a

Notwithstanding Article 118, Article 124, paragraphs 1, 2, 4, and 6, and Article 126 of this Law, the tax audit of the person performing unregistered or unreported business activity shall be conducted without the audit plan or audit order or summons.

If in the course* of tax audit procedure, it is established that the person is performing unregistered or unreported business activity, the tax liability of that person shall be assessed by a decision, applying the comparator method.

The tax liability based on income generated by performing the business activity referred to in paragraph 2 of this Article shall be assessed by applying the tax rate for the personal income tax on other incomes, without recognizing the standard costs.

The tax assessment decision referred to in paragraph 2 of this Article shall be delivered to the person performing unregistered or unreported business activity, with the order to pay the assessed tax liability into the prescribed public revenue accounts within 15 days of the decision delivery, and to register with and/or report such activity to the competent authority, and eliminate other identified violations of the law, within additional 30 days deadline.

Article 129b

If in the course of tax audit procedure, it is established that a person, who by performing unregistered or unreported business activity, supplied goods, the tax auditor* shall seize the ***goods found during the audit*, which shall be treated in the manner stipulated in Article 134 of this Law.

The tax auditor may temporarily seize the equipment used by the taxpayer to perform unregistered or unreported business activity found during the audit by a decision.

Temporarily seized equipment referred to in paragraph 2 of this Article may be left for safekeeping to the person from whom it was temporarily seized until the expiry of the time limit referred to in Article 129a, paragraph 4 of this Law, in case it is estimated that the costs of seizing and safekeeping of the equipment would be disproportionally high relative to the tax liability.

Article 129c

If a person performing unregistered or unreported business activity registers and/or reports his business activity within the time limit prescribed in Article 129a, paragraph 4 of this Law, pays the assessed tax liability, and remedies all other identified irregularities, the goods seized* shall be returned to such person.

If the person performing unregistered or unreported business activity fails to act in compliance with the orders from the Tax Administration decision referred to in Article 129a, paragraph 2 of this Law, the seized* equipment** shall be treated in the manner stipulated in Article 134 of this Law.

If during a subsequent audit of an individual to whom a decision establishing the irregularity referred to in Article 129a of this Law had been previously delivered and who had acted upon this decision within the deadline stipulated therein, such individual is found to be performing unregistered or unreported business activity and supplying the goods, the tax auditor shall issue a decision on permanent confiscation of the goods and equipment found during the tax audit procedure.

Article 129d

Deleted ("Official Gazette of RS" No. 30/18)

Article 129e

Deleted ("Official Gazette of RS" No. 30/18)

Article 129f

Deleted ("Official Gazette of RS" No. 30/18)

Article 129g

Deleted ("Official Gazette of RS" No. 30/18)

Article 129h
Deleted ("Official Gazette of RS" No. 30/18)

Article 129i
Deleted ("Official Gazette of RS" No. 30/18)

Article 129j
Deleted ("Official Gazette of RS" No. 30/18)

Article 129k
Deleted ("Official Gazette of RS" No. 30/18)

Article 129l
Deleted ("Official Gazette of RS" No. 30/18)

Article 129m
Deleted ("Official Gazette of RS" No. 30/18)

Heading three
Deleted ("Official Gazette of RS" No. 95/18)

Article 129n
Deleted ("Official Gazette of RS" No. 95/18)

Article 129o
Deleted ("Official Gazette of RS" No. 95/18)

Article 129p
Deleted ("Official Gazette of RS" No. 95/18)

Article 129q
Deleted ("Official Gazette of RS" No. 95/18)

Article 129r
Deleted ("Official Gazette of RS" No. 95/18)

Article 129s
Deleted ("Official Gazette of RS" No. 95/18)

Article 129t
Deleted ("Official Gazette of RS" No. 95/18)

Heading Four

MEASURES TO ELIMINATE IDENTIFIED VIOLATIONS OF LAW AND IRREGULARITIES IN APPLICATION OF REGULATIONS

Measures in the Course of Tax Audit

Article 130

In the course of tax audit, tax auditor shall seize goods when:

1) suspicion exists that goods or raw material or production materials used have been procured without assessed tax or in another manner contrary to regulations, and the taxpayer has no evidence of their procurement complying with the regulations and payment of taxes, if prescribed;

2) goods are supplied by a person who is not registered and/or authorized to engage in such an activity;

3) goods are produced to be supplied or are supplied without being duly recorded on the books of account and other prescribed records;

4) goods are transported without proper documentation (dispatch note, bill of lading, invoice, and other);

5) the goods are sold outside the registered business premises or other place designated by relevant authority for the sale of goods.

6) when the goods are stored, i.e. placed in the spaces and premises about which the tax Administration has not been informed.

In the cases referred to in paragraph 1 of this Article, the tax auditor shall also seize the vehicle or other means used to transport and/or supply the goods if the value of goods exceeds one-third of the value of such means of transport.

Vehicle or other means shall also be seized when the value of goods does not exceed one-third of the value of such means if, following its manufacture, a cache has been added to it with the view of concealing or secret transporting of goods.

In the course of tax audit, tax auditor may temporarily seize books of account, records, other documents or instruments against a receipt, pending conclusion of the tax audit process.

If a taxpayer keeps the books of account and records referred to in Article 37 of this Law using the means of automatic data processing, the tax auditor may also temporarily seize the means of automatic data processing against a receipt, pending the conclusion of tax audit process.

Measures of Temporary Ban on Performance of Business Activity in the Course of Tax Audit

Article 131

In the course of tax audit, tax auditor shall ban the taxpayer from performing the business activity for up to one year if the following is established:

1) business activity is performed in such a manner that goods and services are not accompanied by authentic documents of relevance for tax assessment (dispatch note, invoice, buyer's statement and other);

2) assessing and paying tax is evaded by failing to deposit daily sales receipts, as provided in relevant regulations;

3) assessing and paying tax is evaded by hiring persons who do not have employment contracts concluded or other work engagement documents as provided in employment regulations and/or by failing to have those persons registered with a relevant compulsory social insurance organization, as provided in relevant regulations;

4) transactions of sale of goods or provision of services is not registered in the fiscal cash register or in other legally prescribed manner;

Due to irregularities found in the course of the tax audit referred to in paragraph 1 of this Article, a ban on performance of business activity shall be imposed on the taxpayer:

- 1) for up to 15 days if in the tax audit procedure an irregularity was found for the first time;
- 2) for up to 90 days if in the tax audit procedure the irregularity was found for the second time;
- 3) for up to one year if in the tax audit procedure the irregularity was found for the third time.

The ban on performance of business activity referred to in paragraph 2 of this Article shall also be imposed for irregularities established in the period of 24 months from the first irregularity established in the tax audit procedure.

The ban on performing the business activity shall be imposed on the taxpayer for the business premises where irregularities referred to in paragraph 1, items 1) through 4) of this Article have been identified in the course of tax audit.

If the taxpayer sells excise goods which are not duly marked, a safeguard measure of ban on performing the business activity lasting between three months and one year shall be imposed on such legal entity and/or sole trader.

Measures Following Tax Audit

Article 132

If a violation of regulations and/or improper application thereof is established in the course of tax audit, the Tax Administration shall issue a decision referred to in Article 129 of this Law based on the report or supplementary report, as well as the addition report, referred to in Article 128 of this Law.

The decision referred to in paragraph 1 of this Article shall order the taxpayer to eliminate all the identified violations of the law and/or improper application of regulations within the time specified therein.

If the taxpayer fails to act in compliance with the decision referred to in paragraph 1 of this Article within the allowed time, the Tax Administration shall take the measures of:

- 1) freezing the account, other than for the purpose of tax payments;
- 2) temporary ban on the performance of business activity;
- 3) temporary ban on the performance of certain activities;
- 4) *Deleted ("Official Gazette of RS" No. 70/03)*
- 5) temporary freezing of assets where grounded suspicion exists that the taxpayer will thwart and/or prevent the settlement of tax liability.

The measures referred to in paragraph 3 of this Article may also be ordered by tax auditor in the cases referred to in Article 130, paragraph 1 of this Law, in the course of tax audit.

The measures referred to in paragraph 3 of this Article shall remain in effect until such time as taxpayer has remedied identified violations of the law and/or improper application of regulations.

Decision on Measures

Article 133

The tax auditor shall order measures referred to in Articles 130 and 131 and Article 132, paragraph 4 of this Law by a decision.

Tax auditor may order the measures referred to in Article 130 of this Law by way of verbal decision, when he believes that the collection of tax may be jeopardized.

The statement on the issued verbal decision shall be entered in the tax audit report.

In the case referred to in paragraph 2 of this Article, the tax auditor shall issue the decision in writing and deliver it to the taxpayer within three days from the date when the decision was communicated verbally.

The Tax Administration shall bring measures referred to in Article 132, paragraph 3 of this Law by decision.

Procedure with Items Seized under Tax Audit Procedure

Article 134

When the tax auditor orders a measure of seizing items referred to in Article 130 of this Law, he shall have the seized items stored by type and quantity in a place designated therefor in an act passed by the minister.

The value of items referred to in paragraph 1 of this Article shall be determined by a committee set at the price at which such item can be procured in the market at the time of seizure, within five days from the date of seizure.

If a seized item is perishable or its storage is associated with substantial costs, the Tax Administration shall proceed in the manner referred to in Article 104, paragraph 4 of this Law.

Once decision referred to in Article 133, paragraph 1 of this Law has become final or once the proceedings instituted based on the criminal report referred to in Article 137, paragraph 1 of this Law have been concluded, the seized items, other than those referred to in paragraph 3** of this Article, shall be sold in a public auction or through a commercial network, while seized excise goods, other than oil derivatives, cigarette paper tubes, cigarette filters, cigarette paper, cigarette tube filling machines, and other cigarette rolling machines, shall be destroyed by a committee.

Prior to the public auction referred to in paragraph 4 of this Article, the Tax Administration shall re-determine the value of seized items in the case when more than one year has elapsed since their seizure.

Public auction of the seized items referred to in paragraph 4 of this Article shall be organized in keeping with the provisions of this Law governing public auction of movable property under the enforced collection procedure.

The Government shall regulate the procedure with respect to seized items referred to in this Article in the case when seized items fail to be sold at repeated public auctions, under the condition referred to in paragraph 4 of this Article, within three months after the decision referred to in Article 133, paragraph 1 of this Law has become final, or after the proceedings instituted based on the criminal report referred to in Article 137, paragraph 1 of this Law have been concluded.

The taxpayer from whom the items were seized, employees of the Tax Administration and persons related thereto may not be the buyers of seized items.

The proceeds from the sale of items, net of costs, shall be paid into the budget of the Republic.

Exceptionally, the Government may hand over the items referred to in paragraph 1 of this Article, other than those destroyed by a committee as provided in paragraph 4 of this Article, free of charge to government authorities, humanitarian organizations, and other beneficiaries of humanitarian aid, cultural institutions, or put them to other legitimate use.

The seized items referred to in paragraph 1 of this Article that cannot be sold or used due to health, veterinary, phytosanitary, safety, or other prescribed considerations or due to major damage caused thereto, shall be destroyed in keeping with relevant regulations.

The costs of transport and^s destruction shall be borne by the taxpayer from whom the items were seized, and if the taxpayer is unknown or unavailable, transport and destruction costs shall be borne by the Tax Administration.

An act implementing this Article shall be passed by the minister.

Marking of Immovable Property in the Course of Enforced Collection and on Imposing the Ban on Performance of Business Activity

Article 134a

The immovable property of the taxpayer which is subject to enforced collection and facilities where the ban on performance of business activity has been imposed in keeping with Article 131 of this Law shall be visibly marked with the Tax Administration markings.

The marking method and the content and appearance of markings referred to in paragraph 1 of this Article shall be more precisely regulated by the Minister.

Heading Five

DETECTION OF TAX CRIMES

Tax Police

Article 135

Detection of tax crimes and their perpetrators shall be performed by the Tax Police.

Tax crimes shall be understood to mean criminal offences defined by this and other law, a possible consequence of which is complete or partial tax evasion, production or submission of falsified documents relevant to taxation, jeopardizing tax collection and tax audit, illegal sale of excise goods and other illegal activities in connection with tax evasion and aiding tax evasion.

With the view of detecting tax crimes and their perpetrators, the Tax Police shall act in ^{*}preliminary investigation as a law enforcement agency and shall be authorized to undertake, in keeping with the law, all acts pertaining to preliminary investigation proceedings other than restriction of movement.

The Tax Police may, as provided in the law governing criminal procedure, summon and examine a suspect, including bringing him in by force; prior to commencement of a criminal procedure search an apartment, business or other premises, means of transport and persons prior to instituting criminal proceedings when grounds for suspicion exist that a tax crime has been committed; and temporarily seize items which could serve as evidence in criminal proceedings

for tax crimes. Search of an apartment and other premises may be performed only upon court order and in the presence of two witnesses.

The Tax Police shall exercise the authorities referred to in paragraphs 3 and 4 of this Article independently or in collaboration with the Ministry of the Interior. The Tax Police shall also engage in other forms of collaboration with the Ministry of the Interior.

The form and manner in which the collaboration referred to in paragraph 5 of this Article is carried out shall be more precisely regulated in an act agreed upon and passed by the minister in charge of finance and the minister in charge of internal affairs.

Providing Reports to Tax Police

Article 136

If in the course of tax audit a tax auditor becomes aware that facts and circumstances point to the existence of grounds for suspicion that a tax crime has been committed, he shall make a report thereon and promptly submit it to a competent manager at the Tax Administration, together with the evidence obtained.

In the case referred to in paragraph 1 of this Article, the Tax Administration shall not file a motion to initiate misdemeanor proceedings or issue a misdemeanor order, except in the case provided in Article 137, paragraph 3 of this Law.

The competent manager at the Tax Administration referred to in paragraph 1 of this Article shall within 24 hours after receiving the report referred to in paragraph 1 of this Article forward the report together with the evidence to the head of the Tax Police.

If in the course of tax audit a tax auditor establishes that facts and circumstances point to the existence of grounds for suspicion that a crime other than tax crime or a misdemeanor that the Tax Administration is not competent for has been committed, the Tax Administration shall file a criminal report or misdemeanor report, respectively, with a competent government authority.

Filing a Criminal Report

Article 137

Based on collected information, the Tax Police shall make a criminal report, stating evidence they have become aware of in the course of collecting information, in accordance with the powers referred to in Article 135, paragraphs 3 and 4 of this Law, including facts and evidence from the tax auditor's report referred to in Article 136, paragraph 1 of this Law, and submit it to the public prosecutor.

If the Tax Police have made and filed a criminal report based on the tax auditor's report referred to in Article 136, paragraph 1 of this Law, the Tax Police inspector shall notify in writing the manager at the Tax Administration referred to in Article 136, paragraph 1 of this Law.

If the Tax Police, based on the tax auditor's report referred to in Article 136, paragraph 1 of this Law, establish that facts and circumstances stated in the tax auditor's report do not point to the existence of grounds for suspicion that a tax crime has been committed, as well as that the conditions for filing a criminal report have not been met, the Tax Police inspector shall

notify a competent manager at the Tax Administration for the purpose of filing a motion to initiate misdemeanor proceedings referred to in Article 165, paragraph 2 of this Law.

Documentation, obtained reports, statements and other material relevant to successful conduct of proceedings shall be provided together with the criminal report referred to in paragraph 1 of this Article.

If the Tax Police, after the criminal report has been filed, become aware of new facts, evidence or traces of criminal offence, they shall collect the necessary information and provide a report thereon to the public prosecutor, to supplement the criminal report.

The Tax Police shall cooperate with the court and prosecutor's office in criminal proceedings.

Article 138

Deleted ("Official Gazette of RS" No. 68/14)

Report to Competent Authority

Article 139

If in the course of procedure referred to in Article 135, paragraph 3 of this Law, it is established that acts committed by persons do not contain elements of **tax*** crime, but rather constitute other punishable offences, the Tax Police inspector shall file a relevant report with a competent authority.

The Tax Police inspector shall provide facts and evidence relevant to the level of tax liability, as established in the course of procedure referred to in Article 135, paragraph 3 of this Law, to the organizational unit of the Tax Administration where taxpayer is registered.

Part Four

PROCEDURE WITH RESPECT TO LEGAL REMEDY

Admissibility of Appeal

Article 140

An appeal may be filed against a tax administrative act deciding upon individual rights and obligations arising from tax law relationship.

An appeal may also be filed when, upon a taxpayer's application for issuance of a tax administrative act, the decision has not been passed in due time.

Administrative dispute proceedings may be instituted against a final tax administrative act, unless otherwise provided by the law.

Action in administrative dispute proceedings may be filed, as if an appeal had been denied, also in cases when the person who files the action states that his appeal has not been decided within statutory time limit.

The filed action shall not stay the execution of the tax administrative act.

Right to Appeal

Article 141

An appeal may be filed by a person whose rights or obligations have been decided in the first-instance tax proceedings and a person having legal interest.

Time Limit for Appeal

Article 142

An appeal shall be filed within 15 days from the receipt date of tax administrative act, unless otherwise prescribed in the law.

Filing of Appeal

Article 143

An appeal shall be filed with a competent second-instance authority (hereinafter: second-instance authority), by delivering it to the first-instance tax authority by hand or by registered mail or verbally to be entered on record.

An appeal filed within the statutory time limit with a non-competent authority shall be deemed filed with a competent authority in a timely manner.

An appeal shall cite the tax administrative act against which the appeal is filed, grounds for appeal and evidence warranting annulment, amendment or cancelation thereof.

Burden of proof in appeal proceedings shall be on the appellant.

The appellant shall sign the appeal.

Proceeding of First-instance Authority upon Appeal

Article 144

An appeal inadmissible, belated or filed by an unauthorized person shall be dismissed by the first-instance tax authority by issuing a conclusion to that effect.

An appeal may be filed against the conclusion referred to in paragraph 1 of this Article within eight days from the receipt date of the conclusion.

The first-instance tax authority may accept an appeal, amending the tax administrative act if:

- 1) it finds the appeal justified and finds it unnecessary to ascertain facts anew;
- 2) it finds that the conducted proceedings were incomplete and as such could have had a bearing on decision-making;
- 3) in his appeal the appellant presents new facts and evidence that could be of relevance for the matter to be decided otherwise;
- 4) the appellant was not, although it was obligatory, given opportunity to take part in the proceedings;
- 5) the appellant failed to take part in the proceedings but has justified such failure in his appeal.

In the case referred to in paragraph 3, item 1) of this Article, supplementary proceedings shall not be conducted, whereas in the cases referred to in paragraph 3, items 2) through 5) of this Article, supplementary proceedings shall be conducted.

An appeal may be filed against the new tax administrative act referred to in paragraph 3 of this Article.

The first-instance authority may amend the new tax administrative act referred to in paragraph 3 of this Article until such time as the appeal is forwarded to the second-instance authority for decision-making.

In the case referred to in paragraph 3 of this Article, the first-instance tax authority shall decide within 30 days from the receipt date of the appeal.

Competent Authority to Decide Appeal

Article 145

An appeal against the first-instance tax decision shall be decided by the second-instance authority so designated under this Law.

Parties to Appeal Proceedings

Article 146

Parties to appeal proceedings shall be:

- 1) the appellant;
- 2) a person having legal interest.

Legal Effect of Appeal

Article 147

An appeal shall not stay the execution of the tax administrative act.

Exceptionally, the second-instance authority may stay the execution of the appealed tax assessment administrative act if the taxpayer provides documents demonstrating that the payment of tax or secondary tax duties before the challenged act has become final would cause him considerable economic damage.

A conclusion to stay the execution shall be passed by the second-instance authority within five days from the receipt date of application and it may not be appealed.

The second-instance authority must decide on appeal within 60 days from the delivery date of the appeal.

If appeal proceedings are concluded as referred to in Article 152, paragraph 3 of this Law, the first-instance tax authority shall act as ordered by the second-instance authority within 40 days from the receipt date of the second-instance decision.

If enforced collection procedure has been initiated based on an appealed tax decision and the appeal proceedings are not concluded within the time limit referred to in paragraphs 4 and 5 of this Article, a conclusion shall be passed to suspend the enforced collection pending the delivery of the appeal decision to the taxpayer or the first-instance authority's acting as ordered by the second-instance authority.

Waiver of Appeal

Article 148

The appellant may waive appeal before the appeal is decided.

If the taxpayer waives appeal, a conclusion shall be passed terminating the appeal proceedings.

By waiving appeal, the taxpayer shall not relinquish the right to a new appeal provided that time limit for appeal has not expired.

Suspension of Proceedings

Article 149

If appeal decision depends on a preliminary issue that is a subject matter of a court dispute or falls within the competence of another administrative authority, the second-instance authority shall pass a conclusion suspending the appeal proceedings pending the resolution of the preliminary issue.

Decision-making on Appeal by Second-instance Authority

Article 150

If an appeal is inadmissible, belated or filed by an unauthorized person and the first-instance authority failed to dismiss it on those grounds, an appeal shall be dismissed by the second-instance authority.

If the second-instance authority does not dismiss the appeal, it shall proceed to resolve the matter.

The second-instance authority may:

- 1) deny an appeal;
- 2) annul the tax administrative act wholly or partially;
- 3) amend the tax administrative act.

Denying Appeal

Article 151

The second-instance authority shall deny an appeal upon establishing that the first-instance proceedings were duly conducted and the tax administrative act was properly and legally founded, and that the appeal is unfounded.

The second-instance authority shall also deny an appeal upon finding that there were irregularities in the first-instance proceedings, but of such nature that they could not have affected the resolution of the administrative matter concerning tax.

If the second-instance authority* finds that the first-instance tax administrative act is based on the law but on grounds other than those stated therein, the second-instance authority shall cite such grounds in its decision and deny the appeal.

Annulling a Tax Administrative Act

Article 152

If the second instance authority establishes that facts were incompletely or incorrectly ascertained in the first-instance proceedings, that the proceedings did not follow the rules of

procedure that would have been of relevance to deciding the administrative matter concerning tax or that the dispositive part of the challenged tax administrative act is unclear or contrary to the reasoning, the second instance authority shall supplement the proceedings, eliminating the stated defects alone or through the first-instance tax authority or through an authority requested to do so.

If the second-instance authority finds that based on facts ascertained in supplementary proceedings the administrative matter concerning tax must be decided differently from how it was decided in the first-instance tax administrative act, the second instance authority shall pass a decision annulling the first-instance tax administrative act and shall alone decide the administrative matter concerning tax.

If the second-instance authority finds that the first-instance tax authority will eliminate the defects of first-instance tax proceedings in a more expeditious and cost-effective manner, the second-instance authority shall pass a decision annulling the first-instance tax administrative act and shall return the case to the first-instance tax authority for reopening. In such case, the second-instance authority shall in its decision instruct the first-instance tax authority as to the respect in which the proceedings should be supplemented, and the first-instance tax authority shall be obliged to fully comply with the second-instance decision and pass a new decision without delay but no later than 40 days from the receipt date of the second-instance decision.

An appeal shall be permitted against the new decision referred to in paragraph 3 of this Article.

If the second-instance authority establishes that the first-instance tax administrative act misinterpreted evidence, that a wrong conclusion with respect to the state of facts was drawn from the ascertained facts, that the legal regulations pursuant to which the matter is decided were incorrectly applied, or if it finds at own discretion that a different decision should have been passed, the second-instance authority shall pass a decision annulling the first-instance tax decision and shall alone decide on the matter.

If the second-instance authority establishes that the tax administrative act is correct with respect to the ascertained facts and application of the law, but that the purpose for which it has been passed can be achieved by other means more favorable to the taxpayer, the second-instance authority shall amend the first-instance tax administrative act to that effect.

Declaring Tax Administrative Act Null and Void

Article 153

If the second-instance authority establishes that an irregularity has taken place in the first-instance proceedings rendering the tax administrative act null and void, the second-instance authority shall declare null and void such tax administrative act and the portion of proceedings conducted after the irregularity has taken place.

If the second-instance authority establishes that the first-instance tax administrative act was passed by a non-competent authority, the second-instance authority shall annul such tax administrative act *ex officio* and forward the case to the competent authority for decision-making.

Annulment and Amendment of Tax Decision in Connection with Administrative Dispute Proceedings

Article 154

The tax authority against whose decision administrative dispute proceedings have been instituted in a timely manner may annul or amend its decision prior to resolution of the dispute on the same grounds on which the court might annul such decision.

The annulment or amendment of decision referred to in paragraph 1 of this Article may be effected only if irregularity or illegality in the decision-making process is thereby eliminated and if the taxpayer is not thereby put in a less favorable position.

The tax decision referred to in paragraph 1 of this Article shall be delivered to the taxpayer and the court of competent jurisdiction.

Part Five

LEGAL ASSISTANCE IN TAX MATTERS

General Provisions

Article 155

Legal assistance, in terms of this Law, shall be understood to mean assistance provided to the Tax Administration by government authorities and organizations, territorial autonomy and local government authorities by way of providing information or taking certain measures necessary for conducting tax procedure, based on request of the Tax Administration.

Conditions for Legal Assistance

Article 156

The Tax Administration may request legal assistance in tax procedure if:

- 1) it is unable to perform an official action alone;
- 2) it does not have adequate equipment or means to perform an official action;
- 3) it could perform an official action only at a considerably higher cost than the requested authority or organization.

If the requested authority or organization refuses to provide legal assistance or fails to reply to the request of the Tax Administration within specified time, the Tax Administration shall advise the minister thereof.

Mutual Legal Assistance

Article 157

Mutual legal assistance, within the meaning of this Law, shall be understood to mean the right of the Tax Administration to request legal assistance from a foreign tax authority in the course of tax procedure, as well as the obligation of the Tax Administration to provide such assistance to a foreign tax authority.

Mutual legal assistance shall be provided pursuant to international treaties.

Where the provision of mutual legal assistance is not governed by an international treaty, legal assistance shall be provided under the following conditions:

- 1) if there is reciprocity;
- 2) if the state receiving legal assistance undertakes to use the received information and documents only for the purposes of tax, misdemeanor or criminal proceedings and to make them available only to persons, administrative authorities and judicial authorities competent for a given tax case or for conducting misdemeanor or criminal proceedings in connection with such case;
- 3) if the state to which legal assistance is provided expresses willingness to avoid possible double taxation in respect of personal income tax, corporate income tax and property tax by negotiating appropriate delimitation of tax jurisdictions;
- 4) if complying with the letter rogatory does not endanger public order or other important interests of the Republic;
- 5) if no danger exists that provision of legal assistance would result in disclosure of confidential information or trade secret or considerable damage to a resident taxpayer.

Obligations of Government Authorities and Organizations, and Territorial Autonomy and Local Government Authorities

Article 158

Government authorities and organizations, territorial autonomy and local government authorities shall *ex officio* provide to the Tax Administration facts relevant to tax assessment which they become aware of in performing activities within the scope of their competence.

The persons referred to in paragraph 1 of this Article shall, upon request of the Tax Administration, provide data relevant to tax assessment which are made available to them in performing activities within the scope of their competence.

Article 159

The local government unit shall maintain data relevant for assessing property tax and other own-source public revenues referred to in Article 2a of this Law, as well as data on collection of those own-source public revenues in the local government integrated tax information system (hereinafter: local tax administration integrated information system).

The Government Service in charge of design, alignment, development and functioning of the e-government system shall put in place and manage the local tax administration integrated information system and provide technical conditions for its implementation.

The following data on the taxpayer shall be kept in the local tax administration integrated information system: the taxpayer's name, i.e. taxpayer's name and surname and TIN, as well as data from tax returns and other acts and registers relevant for assessment of local government own-source public revenues, data on the assessed local government own-source public revenues, as well as data on the collection of these public revenues.

The local tax administration integrated information system shall import data from original registry books, such as the Civil Registers [translator's note: e.g. birth register, marriage register, etc.], Residence Register, Register of Companies or Sole Traders, Real Estate

Cadaster and other registers necessary for its maintenance in keeping with the law governing e-government.

The Government Service referred to in paragraph 2 of this Article shall grant the right of access to data in the local tax administration integrated information system to the authorities and organizations that need the data for the purpose of conducting administrative and other procedures stipulated by law.

The local tax administration integrated information system shall also ensure performance of other procedures with respect to assessment and collection of local government own-source public revenues, as well as electronic filing of tax returns.

Article 159a

A non-resident shall prove* resident status in a state with which a double taxation treaty has been concluded by means of a certificate of residence authenticated by a competent authority of the other contracting state where he is resident, which certificate can either be issued in a special form or issued in the form prescribed by the competent authority of the state with which a double taxation treaty has been concluded and translated by a certified translator.

A resident shall prove resident status in the Republic of Serbia by means of a certificate issued on a special form, except in cases when resident status is proven by means of a certificate issued on a form prescribed by a competent authority of the state with which a double taxation treaty has been concluded.

Procedure and method of issuance and appearance of the forms referred to in paragraphs 1 and 2 of this Article shall be prescribed by the minister.

The certificate referred to in paragraph 2*5 of this Article shall be issued by the Tax Administration.

Article 159b

Government authorities and organizations shall, at the request of a local government authority, within 30 days from the date of request receipt, provide data which is made available to them in performing activities within the scope of their competence and which is relevant to the assessment of the local government unit's own-source revenues to which this Law applies.

A local government unit shall not reimburse costs of or pay fees for the data obtained from the authorities and organizations referred to in paragraph 1 of this Article for the purposes of assessing its own-source revenues to which this Law applies.

Part Six COMPETENCE AND ORGANIZATION OF THE TAX ADMINISTRATION

Competence of the Tax Administration

Article 160

The Tax Administration shall:

- 1) register taxpayers by assigning TINs and keep an integrated register of taxpayers;
1a) deleted ("Official gazette of RS", No. 95/18)
- 2) assess tax as provided in the law;
- 3) conduct tax audit as provided in the law;
- 4) perform regular and enforced collection of taxes and secondary tax duties;
- 5) detect tax crimes and their perpetrators and in connection thereto, take measures prescribed by the law;
5a) deleted ("Official gazette of RS", No. 68/14)
- 6) issue misdemeanor orders and/or file with competent misdemeanor courts motions to institute misdemeanor proceedings for tax misdemeanors, misdemeanors stipulated under the law governing fiscal cash registers;
6a) deleted ("Official gazette of RS", No. 53/10)
7) deleted ("Official gazette of RS", No. 108/16)
7a) deleted ("Official gazette of RS", No. 101/11)
7b) deleted ("Official gazette of RS", No. 108/16)
- 8) ensure implementation of double taxation treaties;
- 9) develop and maintain integrated tax information system;
- 10) maintain tax accounting;
- 11) plan and deliver employee training;
- 11a) perform internal control of implementation of the law and other regulations by its organizational units, as well as internal control of work and conduct of tax officials and general service employees, and initiate and carry out appropriate procedures to establish responsibility in cases when illegal acts or conduct are identified;
11b) deleted ("Official gazette of RS", No. 30/18)
- 11c) perform internal audit of all organizational units of the Tax Administration as provided in the law and in keeping with international public sector internal audit standards;
- 12) provide professional assistance to taxpayers in applying tax regulations governing taxes assessed, audited and collected by the Tax Administration, in keeping with the code of conduct of the Tax Administration employees;
- 13) ensure transparency of work;
13a) deleted ("Official gazette of RS", No. 30/18)
13b) deleted ("Official gazette of RS", No. 30/18)
13c) deleted ("Official gazette of RS", No. 30/18)
13d) deleted ("Official gazette of RS", No. 47/13)
13e) deleted ("Official gazette of RS", No. 95/18)
- 14) perform other activities as provided in the law;
- 15) perform other activities pursuant to concluded contracts for a consideration, as provided in the law.

Tax Police

Article 161

The Tax Police shall be established as a separate organizational unit of the Tax Administration to perform the activities of detecting and reporting tax crimes and their perpetrators.

The Tax Police shall plan, organize and execute the activities referred to in paragraph 1 of this Article, as provided by the law.

The Tax Police shall be managed by the chief inspector appointed by the Government, at the proposal of the minister.

Official Badge and Official Identity Card

Article 162

A Tax Police inspector* shall be issued an official badge and authorized official identity card.

In performing his activities, the Tax Police inspector must carry the official badge and official identity card.

The act governing the official identity card of the Tax Police inspector*, tax auditor and tax enforcement officer, as well as the official badge of the Tax Police inspector* shall be passed by the Minister.

The act governing the official identity card of the auditor and enforcement officer at a local government authority responsible for assessing, collecting and auditing own-source revenues of the local government unit shall be passed by a competent local government authority, subject to the consent of the Minister in charge of administration affairs.

A Tax Police inspector must have protective equipment bearing the Tax Police markings, the appearance of which shall be prescribed by the Minister, as well as cases when it is used.

Tax Accounting

Article 163

The Tax Administration shall maintain a tax accounting system*.

The contents of, procedure for and methods of maintaining the tax accounting system shall be more precisely regulated by the minister, at the proposal of the Tax Administration.

A document issued based on tax accounting data shall be deemed to be a public document.

Off-Balance Sheet Tax Accounting

Article 163a

In the off-balance sheet tax accounting, the Tax Administration shall account for tax arrears:

- 1) of taxpayers who, pursuant to other regulations, have been stricken off the relevant register, unless another person is liable for the discharge of those liabilities;
- 2) which have become obsolete pursuant to this Law;

3) which are subjected to settlement as provided in the law governing bankruptcy procedure through liquidation, pending the closing of bankruptcy proceedings;

4) arising from contested and doubtful claims.

Off-balance sheet tax accounting keeps overpayments of taxpayers for which the statute of limitations has expired in accordance with this Law and overpayments of taxpayers who have been deleted from the prescribed register in accordance with other regulations, as well as the purchase of a taxpayer in bankruptcy proceedings or after bankruptcy.

The Tax Administration shall *ex officio* transfer the tax arrears referred to in paragraph 2 of this Article, after becoming aware that the taxpayer has been stricken off the relevant register.

Overpayments referred to in paragraph 2 of this Article shall be accounted for by taxpayer and individual public revenue collection accounts.

The tax arrears referred to in paragraph 1 of this Article shall be accounted for by taxpayer and by amounts of tax and interest owed in individual public revenue collection accounts.

The Tax Administration shall *ex officio* transfer the tax arrears referred to in paragraph 1 of this Article from the tax accounting system to the off-balance sheet tax accounting system after becoming aware that the taxpayer has been stricken off the relevant register, after a decision has been passed determining the amount of contested or doubtful claims or after the registration of claims under the bankruptcy procedure.

The Minister shall more precisely regulate the contents of off-balance sheet tax accounting, and procedure for and method of maintaining off-balance sheet tax accounting*, including the method of accounting for contested and doubtful claims, by the act referred to in Article 163, paragraph 2 of this Law.

Tax Information System

Article 164

The information system of the Tax Administration is integrated.

The program of the Tax Administration information system development shall be passed by the Minister, at the proposal of Tax Administration Director General.

The program referred to in paragraph 2 of this Article shall in particular deal with:

1) providing of technical prerequisites for the development of an integrated Tax Administration information system;

2) development directions, dynamics of system building and providing equipment;

3) required resources and the manner of their provision.

Within its information system, the Tax Administration shall define and provide for standards, definitions, classifications and nomenclatures, data coding, processing technique, data transfer and data reporting.

Authorizations of the Tax Administration in Tax and Misdemeanor Procedures

Article 165

Appeals filed against first-instance decisions passed in tax proceedings and first-instance decisions passed in proceedings referred to in Article 2a, paragraph 1 of this Law shall be decided by the second-instance authority, namely the ministry in charge of finance.

The Tax Administration shall issue misdemeanor orders and file motions to initiate misdemeanor proceedings by applying the law governing misdemeanors *mutatis mutandis*.

Exemption from Costs of Tax Procedure

Article 166

In conducting tax procedure, the Tax Administration shall pay no duties, fees or other charges for actions performed for and services provided to the Tax Administration in the course of tax procedure by government authorities, authorities responsible for maintaining registers, banks, and other authorities and organizations.

Management

Article 167

The Tax Administration shall be managed by Director General.

Director General shall be appointed by the Government, at the proposal of the Minister. The Tax Administration Director General shall ensure the coordination of operation and consistent application of tax regulations in the entire territory of the Republic, which shall be effected by means of acts passed by the Minister (rulebooks, orders, guidance, imperative instructions) and by directly issuing internal operational documents (guidance, orders, instructions and other).

At the proposal of the Tax Administration director general, the Minister shall regulate:

1) internal organization* and job classification at the Tax Administration, specifying required knowledge and skills for individual positions;

2) rights and obligations of Tax Administration employees (hereinafter: tax officials) arising from employment and pertaining to: levels of base coefficient and additional coefficient; pay groups and pay grades in respect of tax officials' ranks as defined under this Law; criteria, amounts and periods set for incentive payments; * initiating and conducting proceedings to establish the liability of tax officials and general service employees for damage; ** initiating and conducting disciplinary proceedings against tax officials and general service employees** and pronouncing disciplinary measures; authorization to conduct disciplinary proceedings and delegation of such authorization*; and records of pronounced disciplinary measures;*

3) professional education, training and advanced training of tax officials*;

4) rules of conduct of tax officials*;

5) jobs incompatible with official duty;

6) other issues as provided in this and other* laws.

Article 167a

Deleted ("Official Gazette of RS" No. 86/19)

Organizational Units

Article 168

Organizational units shall be established to perform the tasks within the scope of competence of the Tax Administration.

The establishment, number, structure, network and competence of organizational units referred to in paragraph 1 of this Article shall be governed by an act passed by the minister, upon proposal of the Tax Administration Director General.

Certain tasks of the Tax Administration may be performed outside the seat of an organizational unit, as decided by the Tax Administration Director General.

Article 168a

Organizational units established pursuant to the act referred to in Article 168 of this Law shall be managed by employees appointed by the Tax Administration Director General, subject to prior approval of the Minister.

Labor Relations

Article 169

Regulations on the state administration, regulations governing labor relations and wages in the government bodies and regulations governing health insurance, pension and disability insurance and education shall apply to tax officials, unless otherwise provided for by this Law.

Tax officials shall execute orders of the Minister, Director General and their immediate superiors, issued for the purpose of performing tasks or work-related, unless they involve acts constituting criminal offences.

Tax officials may not perform tasks incompatible with their official duty and shall observe the rules of conduct for the Tax Administration employees in performing tasks within the scope of their competence.

Tax officials shall pursue professional education, training and advanced training, as envisaged by the Tax Administration program.

Tax Police inspectors shall have an accelerated pension scheme whereby each 12-month period of effective service shall be counted as maximum 16 months of service for retirement.

Employment of a Tax Police inspector or a tax auditor or a tax enforcement officer who experiences changes in psychophysical or general health status, rendering him unable to work as Tax Police inspector or tax auditor or tax enforcement officer* shall be terminated unless there is a possibility for him to be reassigned to another position at the Tax Administration.

Change in psychophysical or general health status referred to in paragraph 6 of this Article shall be understood to mean the loss of ability to work as defined in regulations governing pension and disability insurance, and a Tax Police inspector or a tax auditor or a tax enforcement officer whose employment is terminated for that reason shall be entitled to disability pension.

Change in psychophysical status or general health status referred to in* paragraph 6** of this Article shall be ascertained by a relevant board of the compulsory social insurance organization, upon proposal of the Tax Administration Director General or a person authorized by him.

Employment of the tax official referred to in paragraph 5 of this Article may be terminated even before he reaches the general minimum retirement age in keeping with the regulations governing pension and disability insurance.

Filling of Positions

Article 169a

Job positions of employees at the Tax Administration shall be filled in keeping with regulations governing the work of civil servants unless otherwise provided under this Law.

Job positions at the Tax Administration shall be filled through the permanent reassignment of tax officials or a public competition or, exceptionally, transfer of civil servants from other government authorities.

The decision on filling job positions in the manner defined in paragraph 2 of this Article shall be taken by the Tax Administration Director General.

Filling of Job Positions through Public Competition

Article 169b

Public competition notices shall be published on the web page of the Tax Administration, e-government portal, in the periodical issue of job advertisements of the National Employment Service and on the web page of the Human Resources Management Service.

Public competition notices shall include information about the government authority, position, position requirements, place of work, required professional qualifications, *knowledge and skills to be evaluated in the selection process, method of their verification (written test of professional competencies, interview or otherwise)**, time limit for submitting applications, name of the person responsible for providing information about the public competition, address where applications should be submitted and proof required to be enclosed with the application.

Public competitions shall be conducted by a selection board formed by the Tax Administration Director General. The selection board shall have a chairperson and two members who may have deputies, as necessary.

Selection Process

Article 169c

The selection board shall make a list of candidates who meet competition criteria and shall select from among candidates on the list.

The candidate selection process shall be carried out to evaluate professional competencies, knowledge and skills of candidates.

Where the selection board, having conducted the selection process, finds that no candidate has satisfied the set selection requirements, i.e. does not satisfy requirements of the position, a record shall be made to state that the public competition has been unsuccessful and candidates who participated in the selection process shall be advised by a decision.

Candidate Shortlist

Article 169d

Where the selection board, having conducted the selection process, finds that some or all candidates satisfy the set selection requirements, the selection board shall make a shortlist of no more than three candidates who have achieved the best results in the selection process (hereinafter: candidate shortlist) and shall provide such a list to the Tax Administration Director General.

The Tax Administration Director General shall select one candidate from the candidate shortlist and pass a decision to employ that candidate if the selected candidate is not a civil servant or shall issue a re-assignment decision if the selected candidate is a civil servant.

The decision referred to in paragraph 2 of this Article shall state the name of candidate, the type and level of education, the name of the Tax Administration internal organizational unit where the candidate will be employed and the position to which he is assigned.

Candidates in a public competition who have participated in the selection process** shall have the right of appeal within eight days from the receipt date of the decision referred to in paragraph 2 of this Article and Article 169c, paragraph 3 of this Law. The appeal shall be filed with the Government Appellate Commission, through the person who passed the first-instance decision.

Filling of Positions by Transfer of Civil Servants from Another Government Authority

Article 169e

Permanent job positions at the Tax Administration may be filled by transferring a civil servant from another government authority.

Transfer of a civil servant from another government authority shall be carried out based on an agreement signed between the Tax Administration Director General and the head of the government authority from which the civil servant is transferred to the Tax Administration, subject to the consent of the civil servant concerned.

Temporary Employment

Article 169f

Fixed-term employment arrangements shall be made to substitute for an absent tax official, pending his return, in order to fill a vacant position until the process of filling the position on a permanent basis is completed, or to deal with a temporary increase in workload

in certain positions, which the current number of tax officials cannot complete in a timely manner.

Fixed-term employment arrangements shall be made for a maximum period of 12 months.

Secondment

Article 169g

In addition to cases of secondment of civil servants within the same government authority as provided for in the regulations governing employment with government authorities, a tax official may be seconded to a higher ranking position for up to 12 months, provided that he meets the requirements with respect to the level and type of professional qualifications, knowledge and skills and provided that there is an urgent need to fill the position.

A tax official who is seconded as provided for in paragraph 1 of this Article shall have all the rights pertaining to the position to which he is seconded for the duration of secondment.

A tax official may be seconded due to operational needs both to another position within the function where the position he is seconded from belongs and from a position in a core function to a position in a non-core function of the Tax Administration and vice versa, provided that he meets requirements for work in that position as stipulated in the act on internal organization and job classification.

Article 169h

Deleted ("Official Gazette of RS" No. 30/18)

Working Hours

Article 169i

Working hours shall be specified in a general regulation applicable to government authorities.

By way of exception from regular working hours, tax officials and general service employees shall be obliged to perform activities during less favorable hours of work.*

Less favorable hours of work shall be understood to mean:

- 1) shift work;
- 2) work on Saturdays, Sundays, public holidays and other non-working days;
- 3) work longer than full working hours (overtime work);
- 4) night work.

Standby Duty

Article 169j

Standby duty shall be understood to mean less favorable hours of work during which tax officials and general service employees must make themselves available (be on standby) off-hour to perform certain activities inherent in their positions, as needed.

Standby duty shall not be deemed to be the routine work duty.

Conditions for and manner of discharging the standby duty shall be more precisely defined by the Minister, upon proposal of the Tax Administration Director General.

Tax Officials Positions Sorted by Ranks

Article 169k

Ranks of tax officials in positions of employees at the Tax Administration shall be governed by this Law.

Position classification into ranks and job descriptions shall be governed by an act on internal organization and job classification at the Tax Administration.

The Grounds and Conditions for Sorting Tax Officials' Positions by Ranks

Article 169l

Depending on the level of job complexity and responsibility and required knowledge, skills and working conditions, ranks of tax officials shall be sorted as follows:

- 1) For tax officials with secondary education: junior tax clerk, tax clerk, senior tax clerk;
- 2) For tax officials with university education acquired during undergraduate academic studies with a score of at least 180 ECTS or undergraduate vocational studies or studies lasting for up to three years: junior tax officer, tax officer or senior tax officer;
- 3) For tax officials with university education acquired during undergraduate academic studies with a score of at least 240 ECTS, master academic studies, specialist academic studies, specialist vocational studies or undergraduate studies lasting for at least four years or specialist studies at a university: junior tax counselor, tax counselor, tax counselor I, senior tax counselor and chief tax counselor.

For job positions referred to in paragraph 1 of this Article, in addition to the general requirements stipulated in the law, tax officials must meet the following requirements:

- 1) For the performance of jobs requiring secondary education:
 - (1) junior tax clerk – completed traineeship;
 - (2) tax clerk – at least two years of professional work experience;
 - (3) senior tax clerk - at least three years of professional work experience.
- 2) For the performance of jobs requiring university education acquired during undergraduate academic studies with a score of at least 180 ECTS or undergraduate vocational studies or studies lasting for up to three years:
 - (1) junior tax officer – completed traineeship or at least five years of service with government authorities;
 - (2) tax officer – at least two years of professional working experience;
 - (3) senior tax officer - associate - at least three years of professional working experience.
- 3) For the performance of jobs requiring university education acquired during undergraduate academic studies with a score of at least 240 ECTS, master academic studies, specialist academic studies, specialist vocational studies or undergraduate studies lasting for at least four years or specialist studies at a university:

(1) junior tax counselor – completed traineeship or at least five years of service with government authorities;

(2) tax counselor – at least three years of professional working experience;

(3) tax counselor I - at least five years of professional working experience;

(4) senior tax counselor - at least seven years of professional working experience;

(5) chief tax counselor - at least nine years of professional working experience.

Tax officials having appropriate education as referred to in paragraph 1 of this Article shall be appointed to entry ranks of junior tax clerk or junior tax officer or junior tax counselor upon completion of traineeship and passing of the state professional exam.

Article 169m

Deleted (“Official Gazette of RS” No. 30/18)

Advancement of Tax Official to a Higher Rank

Article 169n

A tax official may be advanced to a higher rank by reassignment:

1) to a position that entails tasks whose performance requires an immediately higher rank;

2) to a position of a manager of an internal organizational unit that entails tasks whose performance requires an immediately higher rank.

A tax official may be advanced to a higher rank by reassignment in accordance with paragraph 1 of this Article provided the following requirements are met:

1) A relevant position is vacant;

2) He meets the requirements of the position to which he is reassigned or assigned;

3) Two years prior to appointment he was not sanctioned for a criminal offence or sanctioned by a disciplinary measure on account of breach of work duty;

4) No criminal proceedings for an offence prosecuted ex officio or disciplinary proceedings on account of breach of work duty are pending against him; *

5) Two consecutive times prior to acquiring an immediately higher rank he received at least the following marks:

- “outstanding distinction” for the position of chief tax counselor,

- “distinction” for other positions.

In exceptional cases, a tax official who has advanced to a higher rank by reassignment because he received the “outstanding distinction” mark two consecutive times may be reassigned in accordance with paragraph 1 of this Article if he receives the “outstanding distinction” mark again.

Pursuant to paragraph 3 of this Article, a tax official may advance to a higher rank only once and his advancement shall be decided upon by the Tax Administration Director General, upon a reasoned motion of his immediate superior.

No Retention of Rank

Article 169o

A tax official shall not retain his rank:

- 1) Upon termination of employment with the Tax Administration;
- 2) When the disciplinary sanction of reassignment to a lower-ranking position is imposed on him under the disciplinary procedure, for the term of the sanction.

Article 169p

Deleted ("Official Gazette of RS" No. 30/18)

Article 169q

Deleted ("Official Gazette of RS" No. 30/18)

Article 169r

Deleted ("Official Gazette of RS" No. 30/18)

Wages

Basic Wage

Article 169s

Tax officials shall be entitled to a wage, comprising basic wage and wage supplements.

Basic wage shall be determined by multiplying base coefficient and the additional coefficient, if it is envisaged for the specified job position, with the base for wage calculation and payment, which is determined in keeping with the law governing wages of civil servants and general service employees.

Additional coefficient may be determined for certain positions, depending on special working conditions, responsibilities, complexity of tasks and volume, difficulty and nature of work.

Basic wage shall be increased by the amount of wage supplements, as provided for in the law governing wages of civil servants and general service employees and this Law.

An additional coefficient may be allocated to general service employees at the Tax Administration, in addition to the coefficient prescribed for positions held by general service employees under the law governing wages of civil servants and general service employees.

Wage determined under provisions of paragraphs 1 through 5 of this Article may be adjusted so that wages of tax officials and general service employees at the Tax Administration are not lower than those of persons employed to do equal jobs at a relevant authority of the local government regional unit.

Wage determined under provisions of paragraphs 1 through 6 of this Article may be adjusted to the performance of a tax official and general service employee, whereby the adjustment criteria, method and procedure shall be prescribed by the Minister.

Levels of base coefficients and additional coefficients, pay groups and pay grades relevant to tax officials' ranks and the level of the additional coefficient referred to in paragraph 5 of this Article for general service employees shall be prescribed by the Minister.

Wage Benefits, Reimbursement of Costs, Severance Pay and Other Emoluments

Article 169t

A tax official shall be entitled to wage benefits, reimbursement of costs, severance pay and other emoluments as provided for in the law governing wages of civil servants and government employees, unless wage benefits, costs and other emoluments are otherwise regulated by this Law.

Article 169u

Deleted ("Official Gazette of RS" No. 30/18)

Recognitions, Rewards and Wage Increase

Article 169v

For exceptional achievements in performing tasks of the Tax Administration, extraordinary contribution to improving performance, strengthening the reputation of the Tax Administration, creative work, innovations or other forms of creative work making considerable contribution to general performance, tax official and general service employee may be awarded recognitions or monetary rewards.

Recognitions and monetary rewards may be awarded on a quarterly basis and on the Tax Administration Day.

For exceptional achievements in performing tasks of the Tax Administration, a tax official and general service employee may receive by up to 30% increased basic wage.

Types of recognitions, recognition awarding procedure, criteria for determining the level of pecuniary rewards as well as pecuniary reward levels, and wage increase shall be prescribed by the minister, upon proposal of the Tax Administration Director General.

Article 169w

Depending on the nature of tasks and working environment, tax officials shall be entitled to official uniform and work clothing and footwear.

An act governing the right referred to in paragraph 1 of this Article shall be passed by the Minister.

Jobs Incompatible with Official Duty

Article 169x

A tax official may not perform a paid or unpaid job which is compatible with his job at the Tax Administration or connected with operations of the Tax Administration.

Neither a tax official nor members of his family household may own or co-own a business entity the activities of which are compatible or connected with operations of the Tax Administration.

The Minister shall, upon proposal of the Tax Administration Director General, specify jobs referred to in paragraph 1 of this Article.

Members of a tax official's family household, within the meaning of this Article, shall be deemed to be spouse, children (born in or out of wedlock, adopted and fostered) and parents if a tax official supports them or lives in the same household with them.

A tax official shall, upon employment or upon request of an authorized officer of the Tax Administration, under financial and criminal liability, give a written statement on information relevant to determining whether or not conflict of interest exists with respect to or in connection with his work. A tax official shall state in his statement that the information provided therein may be subject to verification.

A tax official shall report any change in the information provided in compliance with the provisions of this Article within 15 days from the date when the change takes place.

Statements given by a tax official in compliance with the provisions of this Article shall be kept in that tax official's file.

Article 169y

General rules of conduct of tax officials and general service employees in performing tasks in and out of the Tax Administration, their conduct during and after working hours, attitude towards the members of the public, colleagues, superiors and subordinate tax officials, and civil servants and general service employees at other government authorities shall be regulated by the Minister, upon proposal of the Tax Administration Director General.

Liability of Tax Officials

Article 169z-a

Tax officials shall be subject to disciplinary liability for breaches of duty arising from employment.

Disciplinary liability of tax officials shall be subject to provisions of the law governing the rights and duties of civil servants, unless otherwise provided under this Law.

Grave Breaches of Duty Arising from Employment

Article 169z-b

In addition to breaches of duty as provided in the law governing the rights and duties of civil servants, the following shall also be deemed grave breach of duty:

- 1) performance of tasks incompatible with official duties of employees of the Ministry of Finance - Tax Administration;
- 2) failure to report or failure to timely report modifications of data relevant to establishing an employee's conflict of interest, which occurred during his employment;
- 3) use of assets entrusted for safekeeping, holding or use contrary to the purpose, manner and conditions of use specified by the manager of the organization or a person authorized to dispose with the assets;
- 4) unauthorized or illegal preparation, issuance or use of an official document, alteration of the content thereof, use, certification or destruction of documents or tax records;
- 5) refusal, unjustified failure to undergo or avoiding to undergo the prescribed medical examination or refusal to undergo relevant tests in an authorized medical institution designated by the employer or designated in another appropriate manner as provided in the general act, for

the purpose of establishing the presence of alcohol or other narcotic substances in the employee's blood, as well as for establishing possible abuse of the right to sick leave;

6) unauthorized public appearance and presentation of Tax Administration's views, and any public appearance that may undermine or diminish the Tax Administration's reputation and public trust in the tax service.

Operating Resources

Article 170

Operating resources of the Tax Administration shall be provided in the budget of the Republic.

Additional resources may be provided in the budget of the Republic for professional education, training and advanced training, information system design and building, and incentive payments to employees, upon proposal of the Minister.

Resources referred to in paragraph 2 of this Article shall be allocated by the Minister.

Political Neutrality

Article 171

In performing activities within the scope of their competence, the Tax Administration officials shall be obliged to act in compliance with the law and may not be guided by their political convictions.

Part Seven

PENAL PROVISIONS

Heading One

TAX CRIMES

Tax Evasion

Article 172

Deleted ("Official Gazette of RS" No.85/05)

Failure to Pay Withholding Tax

Article 173

Deleted ("Official Gazette of RS" No. 72/09)

Tax fraud related to value added tax

Article 173a

Whoever has filed a tax return or tax returns whose content is false, with intent to exercise the right for himself, or for another person to unfounded value added tax refund or tax credit related to value added tax, claiming a tax refund or tax credit in the amount exceeding RSD 1,000,000 in the past 12 months, shall be punished by imprisonment of one to five years and fined.

Whoever, with the intention that he or another person, in the previous 12 months completely or partially avoid the payment of value added tax, does not file one or more value added tax returns, submits one or more value added tax returns of false content or who with the same intention otherwise avoids the payment of value added tax, and the amount of tax avoided exceeds RSD one million, shall be punished by imprisonment for a term between one and five years and a fined.

If the amount of value added tax from paragraph 1 and 2 of this Article exceeds RSD five million, the perpetrator shall be punished by imprisonment for a term between two and eight years and fined.

If the amount of value added tax from paragraph 1 and 2 of this Article exceeds RSD 15 million, the perpetrator shall be punished by imprisonment for a term between three and ten years and fined.

A security measure prohibiting the performance of vocation, activities and duties from one to five years shall also be imposed to a natural person, entrepreneur and responsible person in a legal entity - a taxpayer for a criminal offense under paragraph 1 to 4 of this Article.

Producing or Filing Falsified Documents Relevant to Taxation

Article 174

Deleted ("Official Gazette of RS" No.85/05)

Undermining Tax Collection and Tax Audit

Article 175

Whoever, with intent to undermine collection of tax which is not due for collection or which is not assessed, but the assessment or audit procedure has been initiated, or of tax assessed to him or another person after an advance security measure or an interim measure securing the collection of the tax has been imposed in keeping with the law, or in the enforced collection or tax audit procedure, disposes of, conceals, damages, destroys or renders unusable an object upon which the preliminary measure of securing the tax due for collection or an interim measure securing the collection has been established or an object which is subject to enforced tax collection or tax audit, shall be punished by imprisonment of up to one year and fined.

Whoever provides false information about facts relevant to the carrying out of enforced tax collection or tax audit shall be punished by imprisonment as referred to in paragraph 1 of this Article.

Illegal Trade in Excise Goods

Article 176

Whoever, contrary to regulations governing excise taxes, engages in an unauthorized production, processing and sale of goods or whoever procures in order to market goods, holds or transfers or whoever acts as an intermediary in the purchase or sale or engages in an unauthorized marketing of goods which are considered to be excise goods in keeping with the law, shall be punished by imprisonment of six months to five years.

A sole trader or a responsible officer in a legal entity engaged in production or importation of goods which, in keeping with the law, must be specially marked with excise stamps, that fails to take measures to have such goods marked with excise stamps before putting them on the market shall be punished by imprisonment of six months to three years.

A security measure of prohibition from practicing a profession, activity or duty for a period of one year to five years shall be imposed on a sole trader for the criminal offence referred to in paragraphs 1 and 2 of this Article.

A security measure of prohibition from practicing a profession or duty for a period of one year to five years shall be imposed on a responsible officer in a legal entity for the criminal offence referred to in paragraphs 1 and 2 of this Article.

Goods considered to be excise goods in keeping with the law, which, contrary to regulations governing excise taxes, have been procured to be marketed or are marketed, and goods which are not specially marked with prescribed excise stamps, and the proceeds of the criminal offence shall be seized.

Illegal Warehousing of Goods

Article 176a

Whoever warehouses or stores goods, or allows warehousing or storing of goods, for which he does not have proper documents of origin shall be punished by imprisonment of three months to three years and fined.

The penalty referred to in paragraph 1 of this Article shall also be imposed on whoever warehouses or stores goods in a facility that was not reported to the Tax Administration.

A security measure of prohibition from practicing a profession, activity or duty for the period of one year to five years shall be imposed on a responsible officer in a legal entity and a sole trader for the criminal offence referred to in paragraph 1 and 2 of this Article.

Goods referred to in* paragraph 1 and 2 of this Article shall be seized.

Heading Two

TAX MISDEMEANORS

Concept

Article 176b

Tax misdemeanors shall be understood to mean breaches of the provisions laid down in tax laws*, as prescribed by this Law** (hereinafter: general tax misdemeanors by legal entities and sole traders)*, misdemeanors prescribed by tax laws and breaches of provisions only set forth in this Law (hereinafter: special tax misdemeanors).

For the purposes of establishing misdemeanor liability under this Law, an individual who is a value added tax payer shall also be considered a sole trader, and a responsible officer of an entity referred to in Article 27, paragraph (2), item 2) of this Law shall also be considered a responsible officer in a legal entity.

1) General Tax Misdemeanors by Legal Entities and Sole Traders

Non-filing and Late Filing of Tax Returns, Failure to Calculate Tax Liabilities,
Non-payment or Late Payment of Taxes

Article 177

A taxpayer – a legal entity or a sole trader who fails to file a tax return, to calculate or pay taxes, shall be fined for a misdemeanor in an amount ranging from 30% to 100% of the tax owed as assessed in a tax audit, but not less than RSD 500,000 for a legal entity or RSD 100,000 for a sole trader.

A taxpayer – a legal entity or a sole trader who has failed to file a tax return, and has calculated but not paid the tax, shall be fined for a misdemeanor in an amount ranging from 20% to 75% of the tax owed as assessed in a tax audit, but not less than RSD 400,000 for legal entities or RSD 80,000 for sole traders.

A taxpayer – a legal entity or a sole trader who has filed a tax return, but failed to pay the tax, shall be fined for a misdemeanor in an amount ranging from 10% to 50% of the tax owed as assessed in a tax audit, but not less than RSD 250,000 for legal entities or RSD 50,000 for sole traders.

A taxpayer – legal entity that has failed to file a tax return, but has paid the tax within the statutory time limit, shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000, while a sole trader shall be fined in an amount ranging from RSD 50,000 to RSD 500,000.

A taxpayer – a legal entity or a sole trader who fails to file a tax return in those cases where the law does not provide for self-assessment, or pursuant to an audit order, shall be punished for a misdemeanor by a fine referred to in paragraph 1 of this Article.

For misdemeanors referred to in paragraphs 1 through 5 of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from RSD 10,000 to RSD 100,000.

A taxpayer – legal entity that has not filed a tax return in a timely fashion and has not paid the tax within the statutory time limit, shall be fined for a misdemeanor in the amount of RSD 100,000.

A taxpayer – legal entity that has not filed a tax return in a timely fashion and has paid the tax within the statutory time limit, shall be fined for a misdemeanor in the amount of RSD 100,000.

A taxpayer – legal entity that has filed a tax return in a timely fashion, but has not paid the tax within the statutory time limit, shall be fined for a misdemeanor in the amount of RSD 100,000.

For the misdemeanor referred to in paragraph 7 of this Article, a sole trader shall be fined RSD 50,000.

For the misdemeanor referred to in paragraphs 8 and 9 of this Article, a sole trader shall be fined RSD 40,000.

For the misdemeanors referred to in paragraphs 7 through 9 of this Article, a responsible officer in a legal entity shall be fined RSD 10,000.

A taxpayer – a legal entity or a sole trader who fails to pay the tax assessed by the Tax Administration decision shall receive the fine referred to in paragraph 1 of this Article.*

A taxpayer – legal entity that has paid the tax assessed by virtue of a Tax Administration decision after the expiry of the prescribed time limit, shall be fined RSD 100,000.

For the misdemeanor referred to in paragraph 13 of this Article, a responsible officer in a legal entity shall receive a fine ranging from RSD 10,000 to RSD 100,000, and for the misdemeanor referred to in paragraph 14 of this Article, a fine in the amount of RSD 10,000.

For the misdemeanor referred to in* paragraph 14** of this Article, a sole trader shall be fined in the amount of RSD 40,000.

A taxpayer – a legal entity or a sole trader who fails to submit an information tax return to the Tax Administration shall be fined for a misdemeanor in the amount of 3% of his total revenue generated for the previous business year, and if he fails to provide a full set of data in it, he shall be fined in an amount ranging from RSD 100,000 to RSD 2,000,000.

For the misdemeanor referred to in paragraph 17 of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from RSD 10,000 to RSD 100,000.

When applying the provisions of paragraphs 1, 2, 3, 13 and 17 of this Article, no fine may be imposed which exceeds the highest amount of the fine defined by the law governing misdemeanors.

Underreporting of Tax Payable and Provision of Inaccurate Information in Tax Returns

Article 178

If the amount of the tax reported in the tax return is lower than the amount that should have been reported under the law, a taxpayer – a legal entity or a sole trader shall be fined for a misdemeanor in the amount of 30% of the difference between these two amounts.

A taxpayer – a legal entity or a sole trader that has provided inaccurate information in the tax return, which resulted, or could have resulted, in assessing a lower amount of tax, shall be fined for a misdemeanor in the amount of 30% of the difference between the amount of the tax that was assessed, or should have been assessed, in accordance with law, and the amount of the tax that was assessed, or should have been assessed, based on the data in the tax return.

For a misdemeanor referred to in paragraphs 1 and 2 of this Article, a legal entity shall receive a fine amounting to at least RSD 200,000, while a sole trader shall be fined at least RSD 100,000.

For a misdemeanor referred to in paragraphs 1 and 2 of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from 10,000 to RSD 100,000.

If the difference referred to in paragraphs 1 and 2 of this Article accounts for up to 5% of the amount that was, or should have been, assessed, a taxpayer - legal entity shall be fined RSD 100,000, a taxpayer – sole trader RSD 50,000, and a responsible officer in a legal entity shall be fined RSD 10,000.

When applying the provisions of paragraphs 1 and 2 of this Article, a fine imposed may not exceed the highest amount of the fine defined by the law governing misdemeanors.

Failure to Enclose Documentation with Tax Returns,
Submit Registration Forms and Requests,
Notifications, Documents and Other Data

Article 178a

A taxpayer – legal entity shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000 if they fail to submit to the Tax Administration the following:*

- 1) the prescribed documentation enclosed with the tax return, or
- 2) a registration form or a request for deregistration, or
- 3) a notification, document or other data as prescribed by the tax law.

For the misdemeanor referred to in paragraph 1 of this Article, a sole trader shall be fined in an amount ranging from RSD 50,000 to RSD 500,000.

A taxpayer – legal entity that has submitted the documents and/or data referred to in paragraph 1 of this Article after the expiry of the statutory time limit shall be punished by a fine amounting to RSD 100,000.

For the misdemeanor referred to in paragraph 3 of this Article, a sole trader shall be punished by a fine amounting to RSD 50,000.

For the misdemeanor referred to in paragraph 1 of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from RSD 10,000 to RSD 100,000, and for the misdemeanor referred to in paragraph 3 of this Article, in the amount of RSD 10,000.

Acting Contrary to Rules on Business Operation Prescribed by the Tax Law

Article 178b

A taxpayer – legal entity that does not maintain or keep records and/or books of account, does not make an inventory or effect payments through its current account, fails to conclude a contract or to submit documentation, data or notifications to third persons, as prescribed by the tax law, shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000.

For a misdemeanor referred to in paragraph 1 of this Article, a sole trader shall be fined in an amount ranging from RSD 50,000 to RSD 500,000.

Notwithstanding paragraphs 1 and 2 of this Article, a taxpayer who fails to make an inventory of an excise good in accordance with the tax law shall be fined for a misdemeanor in an amount equaling the triple value of the total turnover of that excise good recorded in the previous six months.

A taxpayer – legal entity that fails to report, publish or display retail prices in accordance with the tax law, or who sells products at prices which contravene the tax law, shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000.

A taxpayer – legal entity that has stated the tax in an invoice in contravention of the tax law shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000.

For the misdemeanors referred to in paragraphs 4 and 5 of this Article, a sole trader shall be punished by a fine ranging from RSD 50.000 to RSD 500.000.

For the misdemeanors referred to in paragraph 1, 3, 4 and 5 of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from RSD 10,000 to RSD 100,000.

Article 178c

The provisions of Art. 177-178b of this Law shall accordingly apply to the fund management company and the responsible persons in that company, in connection with the actions of the management company in the name and on behalf of the fund referred to in Article 15, para. 3 and 4 of this law.

2) Special Tax Misdemeanors

Article 179

A fine ranging from RSD 100,000 to RSD 2,000,000 for a misdemeanor shall be imposed on a legal entity if:

1) it fails to file, or fails to file within the prescribed time limit, the registration form (Article 25, item 1), Article 27 and Article 28, paragraph 7);

1a) it fails to submit to the Tax Administration data on all business premises where the goods are stored or warehoused, as well as on the premises in which he performs his registered business activity, unless such data has already been submitted to the Tax Administration in keeping with this Law and other regulations (Article 25, paragraph 1, item 1);

2) at a request of the Tax Administration, it fails to submit, or fails to submit within the specified time limit, the books of account and records kept by his related non-resident parties abroad or in the Autonomous Province of Kosovo and Metohija, and/or certified copies or certified translations of such books and records (Article 37, paragraphs 3 through 5);

2a) at a request of the Tax Administration, it fails to provide a data set from its electronic books of account and records, access to and review of data in its electronic books of account and records, access to and review of software and hardware equipment, as well as the database used in the system for electronic keeping of business books and records (Article 37a, paragraph 1);

2b) it fails to file tax returns** electronically (Article 38, paragraph 8);

2c) Deleted ("Official gazette of RS" No. 68/14)

3) it provides inaccurate information in a single tax return (Article 41);

3a) it fails to issue a certificate to a person on behalf of whom it paid the withholding tax by 31 January of the year following the year when the withholding tax was paid, containing data on the paid withholding tax (Article 41, paragraph 11);

4) at a request of the Tax Administration, it fails to submit, or fails to submit at a designated place, books of account and records, business documentation and other documents, for review and verification (Article 25, item 3), and Article 44);

5) it does not permit the examination of an object, premises or land or does not allow

passing through or over them for the purposes of examination (Articles 49 and 50);

6) it impedes the enforced collection, or fails to vacate the place where the enforced collection is being carried out and continues impeding it, or refuses to make the items in its possession available for the purposes of enforced collection (Article 89, paragraph 7 and Article 90, paragraph 3);

6a) it fails to follow the order stipulated in the decision referred to in Article 96a, paragraph 2 of this Law, or fails to inform the competent tax authority within the prescribed time limit of the changes which may have an impact on the execution of the decision referred to in Article 96a, paragraph 2 of this Law (Article 96a, paragraphs 3 and 4);

7) at a request of tax enforcement officers, it fails to surrender a taxpayer's item in its possession, and does not pay the taxpayer's tax liability *in lieu* of surrendering the item (Article 103, paragraph 1);

8) it prevents a tax auditor or a tax enforcement officer from accessing land and premises where it performs its business activity, and an apartment with a court approval, for the purposes of conducting an audit or making enforced collection (Article 25, item 7) and Article 125, paragraph 5);

9) its employee prevents an authorized official of the Tax Administration – tax auditor from temporarily sealing its business premises or warehouses during a **taxo** audit, from carrying out enforced collection or another statutory duty (Article 126, paragraph 2);

10) at a request of the Tax Administration or a tax auditor, it fails to submit documents, or fails to give information and notifications, or make statements of relevance to establishing facts important for taxation (Article 25, item 3) and Article 127, paragraph 1);

11) it fails to enable a tax auditor conducting a tax audit to verify the status of goods, or review books of account, business records and other records and documents, or if a person designated or employed by it, or another person, fails to do so on its behalf (Article 127, paragraphs 2, 3 and 7);

12) its employee prevents a tax auditor from undertaking measures of seizure of goods or seizure of documentation during a tax audit (Article 130);

13) disposes of objects on which a tax auditor has imposed a temporary ban on disposal of objects (Article 132, paragraph 3, item 5);

14) in the process of collecting information, fails to act as requested by the Tax Police (Article 135, paragraph 3).

A responsible officer in a legal entity shall be punished for a misdemeanor referred to in paragraph 1 of this Article by a fine ranging from RSD 10,000 to RSD 100,000.

A sole trader shall be punished for a misdemeanor referred to in paragraph 1 of this Article by a fine ranging from RSD 50,000 to RSD 500,000.

A legal entity shall be fined in an amount ranging from RSD 100,000 to RSD 1,000,000 for a misdemeanor if:

1) it fails to inform the Tax Administration, or fails to inform it within the prescribed time limit, of the person whom it, being a non-resident, has appointed as proxy authorized to perform tasks related to tax obligations (Article 14, paragraph 2);

2) it fails to inform the Tax Administration, or fails to inform it within the prescribed time limit, of the opening or closing of an account with a bank in the Autonomous Province of Kosovo and Metohija** or abroad (Article 25, item 8);

3) for data processed by automated data processing tools, it fails to provide, at the request of the Tax Administration, a data set on a medium designated by the Tax Administration, or if it fails to provide full access for the Tax Administration to the accounting system through documents, and, when necessary, through access to hardware and software (Article 37, paragraph 6);

4) at a request of the Tax Administration, it fails to respond to the summons to provide clarifications, or to provide available information, as well as data relevant for undertaking actions within the scope of competences of the Tax Administration (Article 45 and Article 47, paragraph 2);

5) it fails to act pursuant to a decision on enforced collection from a taxpayer's non-monetary claim, and fails to hand over to the Tax Administration the objects owed to a taxpayer (Article 97, paragraph 2);

6) it fails to submit to the Tax Administration, or fails to submit within the prescribed time limit, the data on a taxpayer's securities in its safekeeping, together with their valuation, or if it fails to sell such securities within the prescribed time limit, or fails to sell them on the best market terms, or if it fails to pay the proceeds, after deducting the prescribed commission and costs, into the account of the Tax Administration (Article 98, paragraphs 3 through 5);

7) it fails to preserve the object in its safekeeping, which is covered by an action to exclude assets from enforcement, in an unchanged condition pending the conclusion of the litigation to exclude assets from enforcement (Article 102, paragraph 4);

8) it fails to execute, or fails to execute within the prescribed time limit, a decision on enforced collection by attachment of wage and other steady cash earnings of a taxpayer or if it fails to execute the decision on the collection of a taxpayer's debt from its own funds in accordance with law (Article 189, paragraph 8 and 9).

A responsible officer in a legal entity shall be fined for a misdemeanor referred to in paragraph 4 of this Article in an amount ranging from RSD 10,000 to RSD 50,000.

A sole trader shall be fined for a misdemeanor referred to in paragraph 4 of this Article in an amount ranging from RSD 25,000 to RSD 250,000.

A fine ranging from RSD 100,000 to RSD 500,000 for a misdemeanor shall be imposed on a legal entity if it:

1) fails to report to the Tax Administration all subsequent changes of data in the registration form, i.e., entry into register, including data on all business premises where goods are stored or placed, as well as on the premises in which he performs his registered business activity, unless such data has already been submitted to the Tax Administration in keeping with this Law and other regulations (Article 25, paragraph 21, item 1);

2) fails to enter its TIN into the required section when filing its tax return or another required act (Article 26, paragraph 12);

3) fails to enter its tax advisor's TIN into a tax return, or files a tax return which has not been signed by that person, if that person has prepared the tax return or a part thereof (Article 38, paragraph 4);

4) fails to follow the order of the Tax Administration to take part in a tax audit or to provide requested clarifications (Article 25, item 9);

5) fails to provide adequate work space for tax auditors during a tax audit (Article 125, paragraphs 2 and 3);

6) is not present during a tax audit, or refuses to take part in a tax audit in accordance with this Law (Article 25, item 9), and Article 127).

A responsible officer in a legal entity shall be fined for the misdemeanor referred to in paragraph 7 of this Article in an amount ranging from RSD 10,000 to RSD 20,000.

A sole trader shall be fined for the misdemeanor referred to in paragraph 7 of this Article in an amount ranging from RSD 15,000 to RSD 150,000.

The authority, organization or other person responsible for registration in the relevant register of persons conducting business activity shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000, if they deregister a person without proof of termination of tax obligations, or deletion from the records prescribed by tax law, issued by the competent tax authority, except for persons referred to in Article 29, paragraph 8 of this Law*7 for obligations related to pension and disability insurance contributions, if they have acquired the right to retire under the provisions of the law governing pension and disability insurance (Article 29, paragraph 7).

The Business Registers Agency shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000 if it deregisters a business entity from the relevant register, registers status changes or modify data pertaining to a founder or a member, name, seat, contribution and organization form*7, suspension of business activity or other modifications of the data pertaining to the performance of a sole trader's business activity, in the period from receiving a notification from the Tax Administration stating that a business entity is to be audited, including Tax Police actions aimed at detecting tax crimes, until receiving a notification that the tax audit has been completed, or the Tax Police actions have been completed, as well as in the period from receiving a notification that a business entity's TIN has been suspended under this Law, until receiving a notification that such entity's TIN has been reassigned (Article 29, paragraph 9).

The Business Registry Agency shall be fined RSD 100,000 to RSD 2,000,000 if it registers the acquisition of shares or stocks in business entities, i.e the establishment of new business entities, in cases when a legal entity or entrepreneur is registered as the founder against whom the measure from Article 29, paragraph 9 of this Law (Article 29, paragraph 10) has been imposed.

A bank which authorizes the payment of wages, wage benefits or other income of individuals giving rise to an obligation to pay the withholding tax, shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000, if a payment order issued to the bank for the payout of such income and the payment of withholding taxes does not contain the payment authorization number for this total liability, which was assigned by the Tax Administration in the manner defined in Article 41 of this Law, except for the payment of interest on savings deposits to its depositors (Article 30a).

A bank shall be fined for a misdemeanor, in an amount ranging from RSD 100,000 to RSD 2,000,000, which fails to electronically send to the Tax Administration the data on executed disbursement orders and transfer orders by income payers and payment codes before the 5th day in a month for the previous month and on funds paid into foreign exchange accounts of individuals, within 30 days from the payment date, or on the payments into accounts of taxpayers subject to the personal income tax based on self-employment income in a calendar month, within 15 days from the end of the calendar month, i.e the data on the balance and

turnover on current accounts and savings deposits of taxpayers - legal entities, sole traders and individuals, deposits of taxpayers - legal entities, i.e. on the numbers of current accounts and savings deposits of taxpayers - individuals and the name of the banks that manage them, at the request of the Tax Administration (Article 30b paragraphs 1 and 2)

A fine from RSD 100,000 to RSD 2,000,000 shall be imposed for a misdemeanor on a bank that fails to provide available information and data at the Tax Administration's request, as well as data relevant for undertaking actions within the scope of competences of the Tax Administration (Article 45, paragraph 1).

A bank shall be fined for a misdemeanor, in an amount ranging from RSD 100,000 to RSD 2,000,000, if it fails to transfer the tax and secondary tax duties whose collection was secured by introducing an interim measure prohibiting transfers of funds through a taxpayer's account, which is registered in the register of frozen accounts maintained by the competent organization, pursuant to a tax decision, from the taxpayer's account to the relevant public revenue collection account, up to the amount of funds available in that taxpayer's account (Article 66, paragraph 6).

A fine from RSD 100,000 to RSD 2,000,000 shall be imposed for a misdemeanor on a bank if it fails to perform enforced collection from the taxpayer's funds in keeping with the law or if it fails to enforce a decision on debt collection from the taxpayer's funds in the bank in keeping with the law or if it fails to suspend the settlement of taxpayer's liabilities towards third parties under contracts on the substitution of creditors or debtors in a given contractual relationship (assignment, cession, etc.), arising from offsets (compensation) or on other bases in keeping with the law (Article 95, paragraphs 2 and 3, and Article 95, paragraph 9);

A fine from RSD 100,000 to RSD 2,000,000 shall be imposed for a misdemeanor on the bank keeping the taxpayer's current account or savings deposit if it fails to act upon a Tax Administration decision to transfer the tax and other secondary tax duties to the relevant public revenue payment accounts (Article 96a, paragraphs 7 and 8, and Article 98a, paragraphs 2 and 3).

The provisions of paragraphs 1 and 2, paragraphs 4 and 5, paragraph 7 and 8 of this Article shall apply accordingly to the fund management company and the persons responsible in that company, in connection with the actions of the management company in the name and on behalf of the fund referred to in Article 15, paragraphs 3 and 4 of this law.

Tax Misdemeanors of Taxpayers – Individuals

Article 180

A fine ranging from RSD 5,000 to RSD 150,000 for a misdemeanor shall be imposed on an individual, who is not a sole trader, if he:

1) fails to inform the Tax Administration, or fails to inform it within the prescribed time limit, of the person whom he, being a non-resident, has appointed as proxy authorized to perform tasks related to tax obligations (Article 14, paragraph 2);

2) *Deleted ("Official Gazette of RS" No. 68/14)*

3) impedes or prevents an authorized official of the Tax Administration from performing a statutory duty in a tax procedure (Article 25, item 7);

4) fails to inform the Tax Administration, or fails to do so within the prescribed time limit, about the opening or closing of an account with a bank in the Autonomous Province of Kosovo and Metohija** or abroad (Article 25, item 8);

5) when filing his tax return or another prescribed act, fails to enter his TIN into the required section (Article 26, paragraph 12);

6) fails to file a tax return with the Tax Administration, or fails to file it within the statutory or additional time limit, or if he files an unsigned tax return, or inputs inaccurate information in his tax return and fails to correct it within the prescribed time limit, or files it without the necessary documents and evidence relevant for assessing the tax (Article 25, item 2), Article 38, paragraphs 2 and 3, Article 40, paragraph 1 and Article 41);

7) at a request of the Tax Administration, fails to submit, or fails to submit at a designated place, documents relevant for taxation, for the purposes of review and verification (Article 44);

8) at a request of the Tax Administration, fails to respond to the summons to provide clarifications, or to provide*7 information necessary to establish facts relevant for taxation (Article 45 and Article 47, paragraph 2);

9) does not permit the examination of an object, premises or land or does not allow passing through or over them for examination purposes (Articles 49 and 50);

10) impedes the enforced collection, or fails to vacate the place where the enforced collection is carried out and continues impeding it, or refuses to make the objects in his possession available for the purposes of enforced collection (Article 89, paragraph 7 and Article 90, paragraph 3);

11) fails to act pursuant to a decision on enforced collection from a taxpayer's non-monetary claim and fails to hand over to the Tax Administration the objects owed to the taxpayer (Article 97, paragraph 2);

12) fails to preserve the object in his safekeeping, which is covered by an action to exclude assets from enforcement, in an unchanged condition pending the conclusion of the litigation to exclude assets from enforcement (Article 102, paragraph 4);

13) at a request of tax enforcement officers, fails to surrender a taxpayer's object in his possession, and does not pay the taxpayer's tax liability *in lieu* of surrendering the object (Article 103, paragraph 1);

14) fails to follow the order of the Tax Administration to take part in a **tax*7** audit or to provide requested clarifications (Article 25, item 9);

15) fails to provide adequate workspace for tax auditors during a **tax*7** audit (Article 125, paragraphs 2 and 3)

16) prevents a tax auditor from accessing land and premises where he performs his business activity, and an apartment with a court approval, for the purposes of conducting an audit (Article 125, paragraph 5);

17) is not present during a tax audit, or refuses to take part in a **tax*7** audit in accordance with this Law (Article 25, item 9), and Article 127);

18) at a request of the Tax Administration or a tax auditor, fails to submit documents, or fails to give information and notifications, or make statements of relevance to establishing facts important for taxation (Article 25, item 3) and Article 127, paragraph 1);

19) fails to enable a tax auditor conducting a tax audit to verify the status of goods, or review records or documents, without designating a person to do so on his behalf (Article 127, paragraphs 2 and 3);

20) prevents a tax auditor from undertaking measures of seizure of goods or seizure of documentation during a tax audit (Article 130);

21) in the process of collecting information, fails to act as requested by the Tax Police (Article 135, paragraph 3).

A taxpayer referred to in paragraph 1 of this Article who fails to pay the tax reported in the tax return or stated in a Tax Administration decision, shall be fined in the amount of 50% of the assessed tax, but not less than RSD 5,000 (Article 25, item 6).

Failure to File an Information Tax Return

Article 180a

A taxpayer – individual who fails to file an information tax return with the Tax Administration or fails to list all his assets in it, shall be fined for a misdemeanor in the amount of 3% of the market value of the unreported assets.

Article 180b

A taxpayer - legal entity that supplies goods or provides services in the Republic of Serbia in accordance with tax law, and in the Republic of Serbia has no seat or a permanent establishment, or has a permanent establishment but supplies goods and/or provides services outside its permanent establishment, shall be fined for a misdemeanor in an amount ranging from RSD 100,000 to RSD 2,000,000 if, pursuant to tax law, it fails to appoint a tax proxy and register for the obligation to pay taxes.

A taxpayer – individual who supplies goods or provides services in the Republic of Serbia in accordance with tax law, and has no permanent or temporary residence in the Republic of Serbia, shall be fined for a misdemeanor in the amount of RSD 50,000 if he fails to appoint a tax proxy, in accordance with tax law, and fails to register for the obligation to pay taxes.

Tax Misdemeanors of Tax Intermediaries and Other Tax Obligors

Article 181

A fine ranging from RSD 10,000 to RSD 100,000 for a misdemeanor shall be imposed on a responsible officer in:

1) a court, a local government body, a bar association, a professional association or another authority or organization responsible for registration in a relevant register, if they fail to send to the Tax Administration the prescribed notification or data, or fail to do so within the set time limit (Article 29, paragraph 2 and Article 184);

1a) the authority which keeps records on permanent or temporary residence of individuals, if it fails to send the required data to the Tax Administration within the set time limit (Article 29, paragraph 3);

2) the authority which keeps records on births or deaths of individuals, if it fails to inform the Tax Administration within the required time limit about the data related to births or deaths, or to declaring a missing person dead (Article 29, paragraph 4);

2a) a bank, if it fails to suspend the execution of a taxpayer's order for transfer of funds in the taxpayer's account from the point of receiving the decision on the suspension of his TIN (Article 26**, paragraphs 8 and 14);

2b) a bank, if it fails to suspend the settlement of a taxpayer's cash liabilities to third parties under contracts on the substitution of creditors or debtors in a given contractual relationship (assignment, cession, etc.), arising from offsets (compensation) or on other bases in accordance with law (Article 95, paragraph 9);

2c) an enforcement agency, if it fails to calculate interest in the manner laid down by this Law, from the date of the issuance of a decision to the date of transfer of the entire amount of taxes and secondary tax duties, and if it fails to transfer the amount of the calculated interest to relevant public revenue accounts (Article 95, paragraph 2);

2d) the authority, organization or other person responsible for registration in the relevant register of persons conducting business activity, if they deregister a person without proof of termination of tax obligations, or deletion from the records prescribed by tax law, issued by the competent tax authority, except for persons referred to in Article 29, paragraph 8 of this Law*⁸ for obligations related to pension and disability insurance contributions, if they have acquired the right to retire under the provisions of the law governing pension and disability insurance*⁹ (Article 29, paragraph 7);

2e) the Business Registers Agency, if it deregisters a business entity from the prescribed register, registers status changes and modify data pertaining to a founder or a member, name, seat, contribution and organization form, suspension of business activity or other modifications of the data pertaining to the performance of a sole trader's business activity, in the period from receiving a notification from the Tax Administration stating that a business entity is to be audited*⁸, including launching Tax Police actions aimed at detecting tax crimes, until receiving a notification that the tax audit has been completed, *¹⁰ or that the Tax Police actions have been completed, as well as in the period from receiving a notification that a business entity's TIN has been suspended under this Law, until receiving a notification that such entity's TIN has been reassigned (Article 29, paragraph 9);

2f) Business Registers Agency if it registers the acquisition of shares or stocks in economic entities, i.e the establishment of new economic entities, in cases when a legal entity or entrepreneur is registered as the founder over whom the measure referred to in Article 29, paragraph 9 of this Law has been established (Article 29. paragraph 10);

3) a bank, if it opens an account of a legal entity, a sole trader or an individual without receiving proof of their registration (Article 30, paragraph 1);

3a) a bank which authorizes the payment of wages, wage benefits or other income of individuals giving rise to an obligation to pay the withholding tax, if a payment order issued to the bank for the payout of such income and the payment of withholding taxes does not contain the payment authorization number for this total liability, which was assigned by the Tax Administration in the manner defined in Article 41 of this Law, except for the payment of interest on savings deposits to its depositors (Article 30a);

3b) a bank which fails to electronically send to the Tax Administration the data on executed disbursement orders and transfer orders by income payer and payment code before the 5th day in a month for the previous month, and on funds paid into foreign exchange accounts of individuals, within 30 days from the payment date, or on the payments into accounts of taxpayers subject to the personal income tax on self-employment income in a calendar month, within 15 days from the end of the calendar month, i.e the data on the balance and turnover on current accounts and savings deposits of taxpayers - legal entities, sole traders and individuals, deposits of taxpayers - legal entities, i.e on the numbers of current accounts and savings deposits of taxpayers - individuals and the name of the banks that manage them, at the request of the Tax Administration (Article 30b, paragraphs 1 and 2);

3c) a bank, government authority or organization, territorial autonomy authority or local government authority, if it fails to provide, upon request of the Tax Administration, available information, as well as data relevant for undertaking actions within the scope of competences of the Tax Administration (Article 45, paragraph 1);

4) the Tax Administration and/or a bank, if it fails to return or fails to return within the prescribed time limit, or with accrued interest, overpaid or erroneously paid taxes and secondary tax duties and/or tax reimbursement, or tax refund, or transfer to a different account (Article 65, paragraph 4);

4a) a bank which fails to transfer the tax and secondary tax duties whose collection was secured by introducing an interim measure prohibiting transfers of funds through a taxpayer's account, and registering it in the register of frozen accounts maintained by the competent organization, pursuant to a tax decision, from the taxpayer's account to the relevant public revenue collection account, up to the amount of funds available in that taxpayer's account (Article 66, paragraph 6);

5) Deleted (@Official Gazette of RS@ No. 61/07)

6) the authority responsible for maintaining the register of pledge on movable items, real property register or the register of frozen accounts, if it fails to register the tax creditor's lien within the prescribed time limit (Article 87, paragraph 5 and Article 188, paragraphs 1 and 4);

7) the authority responsible for maintaining the real property register, if it fails to send to the Tax Administration, or fails to send it within the prescribed time limit, the requested excerpt from public records on immovables owned by a taxpayer and a report on whether a mortgage of another creditor has been registered (Article 90, paragraph 2);

8) a bank, if it does not carry out enforced collection from a taxpayer's funds as provided for by law, or if it does not execute a decision on the collection of a taxpayer's tax debt by collection from that bank's funds in accordance with the law (Article 95, paragraphs 2 and 3);

8a) a bank keeping the taxpayer's current account if it fails to act upon a Tax Administration decision to transfer the tax and other secondary tax duties to relevant public revenue payment accounts (Article 96a, paragraphs 7 and 8);

9) a bank or another legal entity safekeeping a taxpayer's securities, if it fails to send to the Tax Administration, or fails to do so within the prescribed time limit, the data on such securities together with their valuation, or if it fails to sell such securities within the prescribed time limit, or fails to sell them on the best market terms, or if it fails to pay the proceeds, after deducting the prescribed commission and costs, into the account of the Tax Administration (Article 98, paragraphs 3 through 5);

9a) a bank keeping the taxpayer's savings deposit account if it fails to act upon a Tax Administration decision to transfer the tax and other secondary tax duties to relevant public revenue payment accounts (Article 98a, paragraphs 2 and 3);

10) a bank, if it does not follow the decision of the Tax Administration on freeze of funds in a taxpayer's account (Article 132, paragraph 3, item 1);

11) a government authority and organization, a body of the territorial autonomy and local government, if it fails to send to the Tax Administration the facts which it has become aware of in performing tasks falling within their competence, indicating a possibility of a failure to meet a tax obligation (Article 158);

11 a) deleted („Official Gazette of RS“ No. 30/18)

11b) a government authority and organization, if it fails to send data at its disposal based on performance of tasks within its competence, which is of relevance for assessing own-source revenue of a local government unit, at a request of a local government body, within 30 days from the date on which it received the request, or if it charges the local government unit a fee or other expenses for that data (Article 159b);

12) a bank, if it does not suspend, or does not suspend within the prescribed time limit, all transactions through the account of a legal entity, a sole trader or an individual that has not provided proof of their registration (Article 185, paragraph 2);

13) a bank, if it fails to act under a decision on enforced collection from a taxpayer's monetary claims, and fails to transfer the funds from his debtor's account to the prescribed public revenue collection account or if it fails to execute a decision on enforced collection of the amount owed directly from that bank's funds in accordance with the law (Article 189);

14) the authority responsible for records on state-owned immovable and movable property, if it fails to take possession of immovable and movable property transferred to the ownership of the Republic within the prescribed time limit (Article 104, paragraph 19 and Article 110, paragraph 11).

Article 181a

Deleted („Official Gazette of RS“ No. 30/18)

Article 181b

Deleted („Official Gazette of RS“ No. 95/18)

Misdemeanors of Responsible Officers in the Tax Administration

Article 182

A fine ranging from RSD 10,000 to RSD 100,000 for a misdemeanor shall be imposed on the responsible officer in a Tax Administration organizational unit if:

1) he fails to provide free information on tax regulations or basic legal aid to a taxpayer if a lay taxpayer is in question (Article 24, paragraph 1 item 1);

2) denies a taxpayer access to data on tax assessment and collection maintained on him by the Tax Administration or, at a taxpayer's request, fails to modify incomplete or inaccurate data on the taxpayer (Article 24, paragraph 1, item 6).

The fine referred to in paragraph 1 of this Article for a misdemeanor shall be imposed on a Tax Administration official if he:

1) fails to treat a taxpayer respectfully and with appreciation in tax procedure (Article 24, paragraph 1, item 3);

2) prevents a taxpayer from being present during a tax audit, in accordance with this Law (Article 24, paragraph 1, item 10).

Article 182a

If a taxpayer repeats the same misdemeanor within two years from the date of legal validity of the conviction for misdemeanors referred to in Article 177, paragraphs 1 and 5 of this Law, in addition to the fine, he may also receive the safeguard measure involving a ban on the performance of certain business activities for a period ranging from six months to three years.

Article 182b

A motion to institute misdemeanor proceedings shall not be filed against a person who has performed an act or an omission related to the tax that is assessed by the taxpayer*, which is considered a tax misdemeanor referred to in Article 177, Article 179, paragraph 1, items 2b) and 3) and paragraph 3 in conjunction with paragraph, item 3) of that Article, as well as in Article 180, items 5) and 6) of this Law, if that person, before a tax authority takes any actions with regard to the performed act or omission, or before the beginning of a tax audit, or before the filing of a motion to initiate misdemeanor proceedings, reports the performed act or omission on his own initiative, and at the same time pays the amount of the tax owed increased by the accrued interest referred to in Article 75 of this Law.

A motion to institute misdemeanor proceedings***** shall not be filed against a person who has performed an act or omission referred to in paragraph 1 of this Article related to the tax assessed by virtue of a decision, if that person, before a tax authority takes any actions with regard to the performed act or omission, or before the beginning of a tax audit, or before the filing of a motion to initiate misdemeanor proceedings, reports the performed act or omission on his own initiative, and pays the amount of the tax assessed within the prescribed time limit.

Part Eight

TRANSITIONAL AND FINAL PROVISIONS

Registration of Taxpayers

Article 183

The Tax Administration shall register taxpayers within one year from the start of the implementation of this Law.

Submission of the Registration Data to the Tax Administration

Article 184

A court, an authority or an organization referred to in Article 29, paragraphs 1 through 3 of this Law shall submit to the Tax Administration, in keeping with the act stipulated in Article 29, paragraph 5* of this Law, the data on the persons registered in the register and other data relevant for assessing tax, as at the start of the implementation of this Law.

Obligations of Banks in Relation to Account Holders

Article 185

A bank shall request a legal entity, a sole trader or an individual holding an account with that bank on the date of the implementation of this Law to submit proof of registration within 15 days from the date of the TIN assignment.

If a legal entity, a sole trader, or an individual referred to in paragraph 1 of this Article fails to submit proof of registration within the time limit referred to in paragraph 1 of this Article, a bank shall suspend all transactions through their accounts on the next day following the expiry of that time limit, and promptly inform the Tax Administration to that effect.

If, on the date of the implementation of this Law, a taxpayer's account is frozen because of arrears on taxes and secondary tax duties, such freeze shall extend to all accounts of that taxpayer in accordance with the Law on Payment Transactions referred to in Article 69, paragraph 2 of this Law.

Property Registration Application

Article 186

A taxpayer, an individual and a sole trader, shall submit to the Tax Administration, within **ten** months from the date of the implementation of this Law, an application for the purpose of recording their total assets in the country and abroad, if their value exceeds RSD 20,000,000.

Assets, in terms of paragraph 1 of this Article, shall include:

- 1) immovable property (apartments, houses, commercial buildings and premises, garages, land, etc.);
- 2) shares or equity stakes in a legal entity;
- 3) equipment for performing self-employment activity;
- 4) motor vehicles, **vessels** and aircrafts;
- 5) *Deleted* (“Official gazette of RS” No. 70/03)
- 6) savings deposits and cash;
- 7) other property rights.

Data on property of related persons shall also be entered into the Property Registration Application.

A taxpayer, an individual and a sole trader, whose property as defined in paragraphs 1 and 2 of this Article is worth more than RSD 10,000,000, but not more than RSD 20,000,000, may file a property registration application.

The Tax Administration may, in accordance with Article 60, paragraph 2 of this Law, appraise the value of property listed in the property registration application and** send a decision on the valuation to the taxpayer.

The property registration application shall only be used to estimate the tax base by applying the unexplained wealth method referred to in Article 59 of this Law.

The unexplained wealth method of estimating the tax base shall be applied to the difference between the value of the property assessed in a tax audit and the estimated or reported value of the property in the manner set out in paragraph 5 of this Article.

If a taxpayer referred to in paragraph 1 of this Article fails to file a property registration application, the unexplained wealth method shall be applied to all his assets.

The form and contents of the property registration application shall be prescribed by the Minister.

The Tax Administration shall determine a single tax base by applying the unexplained wealth method for the period from January 1, 2003 to December 31, 2005 with respect to individuals and sole traders specified in this Article.

A single tax base referred to in paragraph 10 of this Article shall be determined as the difference between the value of property on December 31, 2005 and on January 1, 2003, reduced by the amount of declared income and by the value of the property purchased by using funds obtained through inheritance, gift or in another gratuitous legal transaction, declared as such by the taxpayer or another person and supported by relevant material evidence.

The value of property on January 1, 2003 shall be the sum of total values of assets referred to in Article 59, paragraph 3 of this Law as at January 1, 2003.

The value of property on December 31, 2005 shall be the sum of total values of assets referred to in Article 59, paragraph 3 of this Law as at December 31, 2005, increased by the value of property acquired in onerous legal transactions and disposed of in onerous or gratuitous transactions in the period from January 1, 2003 to December 31, 2005.

Article 186a

By applying the unexplained wealth method, the Tax Administration shall also assess a single tax base for the period from January 1, 2003 to December 31, 2005 for individuals and sole traders whose total property is worth more than RSD 20,000,000 on December 31, 2005, in keeping with Article 59 and Article 186, paragraphs 11 through 13 of this Law.

The Republic of Serbia's Lien Pending the Start of Operation of the Pledge Register

Article 187

Enforced collection of taxes and secondary tax duties shall have priority over other taxpayer's obligations and claims of other persons until the start of operation of the pledge register in accordance with the law governing lien on movables entered into the register.

Before the start of operation of the pledge register** referred to in paragraph 1 of this Article, the Republic of Serbia's liens on immovables, funds in a taxpayer's account, movables and claims of a taxpayer shall be established on the date of their registration in the real property register or the register of frozen accounts, on movables – through an inventory, and on taxpayer's claims by delivering the decision referred to in Article 92, paragraph 2 of this Law to taxpayer's debtor.

An inventoried item of movable property on which a lien has been established on behalf of the Republic shall be seized at the time of inventory.

An inventoried movable item referred to in paragraph 3 of this Article may exceptionally be left with a taxpayer for safekeeping until the date of sale if so mandated by reasons of economy of the enforced collection procedure*.

Transitional Regime for Establishing the Republic of Serbia's Liens

Article 188

Liens on movables and taxpayers' claims established before the start* of operation of the pledge register in accordance with the law** governing liens on movables entered into the register, in accordance with Article 187, paragraph 2 of this Law, shall be entered into the relevant pledge register as a matter of priority, on the first day of operation of that register.

For the purposes of exercising the lien priority right, the Tax Administration shall send to the relevant register a request for registration of liens referred to in paragraph 1 of this Article, within 15 days from the start of operation of the pledge register.

One year from the start of operation of the pledge register the Republic shall have the right of priority settlement from funds in a taxpayer's account with banks or other financial organizations, without registering its lien in the relevant pledge register.

The lien of the Republic referred to in paragraph 3 of this Article established in accordance with Article 187, paragraph 2 of this Law, shall be entered as a matter of priority into the relevant pledge register, on *the next day after the expiry of a one year period from the start of operation of the pledge register.

Transitional Regime of Enforced Collection from Monetary Claims

Article 189

Until December 31, 2003, liens of the Republic on monetary claims of a taxpayer shall be established on the date of delivery of the decision referred to in Article 92, paragraph 2 of this Law to the taxpayer's debtor.

Enforced collection of taxes and secondary tax duties from a taxpayer's monetary claims may be carried out when the Tax Administration has established in its procedure that such claim is not disputed and that it has fallen due.

Under a decision on enforced collection of taxes from monetary claims, a claim referred to in paragraph 1 of this Article shall be attached, and a taxpayer's debtor shall be ordered to pay his debt for that claim into the relevant public revenue collection account, up to the amount owed by the taxpayer for taxes and secondary tax duties.

A taxpayer's debtor may lodge an objection against the decision referred to in paragraph 3 of this Article within three days from the delivery date of the decision.

A taxpayer's debtor shall make the payment of the attached claim referred to in paragraph 3 of this Article within three days from the expiry of the time limit for objection, or from the date of receipt of the decision on his objection, if the objection has not been granted.

If a taxpayer's debtor fails to act in the manner defined in paragraph 5 of this Article, enforced collection shall be carried out from the funds in his account, in keeping with the provisions of Article 95 of this Law.

If a taxpayer's claim against his debtor has not fallen due, the Tax Administration shall order payment within the meaning of paragraph 3 of this Article once the claim has fallen due.

Enforced collection from the wage and other steady cash income of a taxpayer shall be carried out pursuant to a decision referred to in Article 92, paragraph 2 of this Law, which provides for attachment of part of such income, and orders the payer of income to transfer the amount of tax and secondary tax duties owed, starting from the next disbursement, into the relevant public revenue collection account.

If the payer of income fails to act in accordance with the decision referred to in paragraph 8 of this Article, the collection of the amount of taxes and secondary tax duties owed shall be made directly from the funds in the payer's account, in keeping with the provisions of Article 95 of this Law.

Transitional Regime of Enforced Collection from Non-Monetary Claims

Article 190

Until December 31, 2003, the lien of the Republic on taxpayer's non-monetary claims shall be established on the date of delivery of the decision referred to in Article 92, paragraph 2 of this Law to a taxpayer's debtor.

Enforced collection of taxes and secondary tax duties may be carried out from taxpayer's non-monetary claims once the Tax Administration has established in its procedure that such claim is not disputed and that it has fallen due.

The decision on enforced collection referred to in Article 92, paragraph 2 of this Law shall freeze a taxpayer's non-monetary claim and order his debtor to hand over the owed objects to the Tax Administration, which shall make an inventory, appraise them, seize them and sell in accordance with the provisions of Article 89 and Articles 99 through 104 of this Law.

If an attached claim is related to the handover of immovables, enforced collection shall be made in conformity with the provisions of Articles 105 through 111 of this Law.

Taking over Employees, Appointed Persons, Cases, Archives, Operating Equipment and Resources of the Republican Public Revenue Administration

Article 191

The Ministry of Finance and Economy shall take over the employees and appointed persons of the Republican Public Revenue Administration, as well as its cases, archives, operating equipment and resources on the day of the implementation of this Law.

Repeal of the Provisions of Certain Laws

Article 192

As of the start of the implementation of this Law the following shall be repealed:

- 1) Law on Audit, Assessment and Collection of Public Revenue (RS Official Gazette, nos. 76/91, 20/93, 37/93, 39/93, 53/93, 67/93, 45/94, 52/96, 42/98, 18/99, 33/99, 52/2000 and 34/2001);
- 2) Articles 125d, 136 and 138 through 144 of the Disability and Pension Insurance Law (RS Official Gazette, nos. 52/96, 46/98 and 29/2001);
- 3) Articles 108u and 108w through 108aa of the Health Insurance Law (RS Official Gazette, nos. 18/92, 26/93, 53/93, 67/93, 48/94, 25/96, 46/98, 54/99, 29/2001 and 18/2002);
- 4) Articles 27k, 27k-1, 27l and 27n through 27t of the Law on Employment and Exercise of Rights by Unemployed Persons (RS Official Gazette, nos. 22/92, 73/92, 82/92, 56/93, 67/93, 34/94, 52/96, 46/98 and 29/2001);
- 5) Article 90, Article 108, paragraph 1, Article 117, paragraph 2, Articles 120 through 156 and 163 through 165, Article 166, paragraph 1 items 3) and 4), Article 167, paragraph 1 items 13) and 14), Article 168, paragraph 1 items 4) through 6), Article 169, items 3) and 4), Article 170, items 1) and 3) and Article 172 of the Personal Income Tax Law (RS Official Gazette, no. 24/2001);
- 6) Articles 72, 73, 77 through 110 and 114 of the Corporate Income Tax Law (RS Official Gazette, no. 25/2001);
- 7) Articles 27, 28, 35, 36, 38 and 46 of the Excise Law (RS Official Gazette, nos. 22/2001 and 73/2001);
- 8) Articles 29 through 31, 40, 41, 43 and 55 of the Sales Tax Law (RS Official Gazette, nos. 22/2001 and 73/2001);
- 9) Article 41 of the Law on Property Taxes (RS Official Gazette, no. 26/2001);
- 10) in Article 53, paragraph 1 item 3) and Article 54 of the Law on Requirements for Engaging in Trade of Goods, Provision of Services in Trade and Inspection (RS Official Gazette, nos. 39/96, 20/97, 46/98 and 34/2001) the part regulating fines for misdemeanors set out in Article 7a and Article 53, paragraph 1 item 3) of that law;
- 11) Article 23, item 2) and Article 25 of the Law on Ministries (RS Official Gazette, no. 27/2002);
- 12) in Article 139, paragraph 1, item 3) of the Criminal Code of the Republic of Serbia (SRS Official Gazette, nos. 26/77, 28/77, 43/77, 20/79, 24/84, 39/86, 51/87, 6/89, 42/89 and 21/90 and RS Official Gazette, nos. 16/90, 26/91, 75/91, 9/92, 49/92, 51/92, 23/93, 67/93, 47/94, 17/95, 44/98, 10/2002 and 11/2002), the part setting forth the penalty for the criminal offence of abuse of powers in the economy for the responsible officer in a company or another organization engaged in business activity, who has withheld funds that constitute public revenue in relation to the fulfilment of the tax obligations or payment of other duties, and Article 154 of that law.

Entry into Force

Article 193

This Law shall enter into force on the eighth day from the day of its publication in the Official Gazette of the Republic of Serbia and it shall be implemented as of January 1, 2003.

PROVISIONS NOT INCLUDED IN THE CONSOLIDATED TEXT

Law on Amendments to the Law on Tax Procedure and Tax Administration
(“Official Gazette of RS“, No. 61/07)

Article 60

The Tax Administration shall continue to use the immovable property owned by the Republic of Serbia and made available for use to local government units, which are actually used by the Tax Administration, pending the adoption of regulations on assets owned by local government units, except for immovable property referred to in Article 61 of the Law on Financing of Local Self-Government (RS Official Gazette, no. 62/06).

Article 61

The provisions of Article 2 of this Law, in conformity with Article 60 of the Law on Financing of Local Self-Government (“Official Gazette of RS”, No. 62/06), shall be implemented as of January 1, 2007.

Procedures for assessing, collecting and auditing taxes and secondary tax duties collected by local government units under the provisions of the law referred to in paragraph 1 of this Article, which were initiated by the Tax Administration, but not concluded by the issuance of a final and binding decision before January 1, 2007, shall be concluded by the competent body of a local government unit.

Article 62

The provisions of Article 47 of this Law, in the part related to the competence of the Tax Administration for conducting the second-instance tax misdemeanor procedure, shall cease to have effect on the date when the second-instance misdemeanor court begins to operate in accordance with the Law on Misdemeanors (“Official Gazette of RS”, No. 101/05).

Article 63

Regulations referred to in Articles 10 and 46 of this Law shall be passed within six months from the effective date of this Law.

Article 64

The Tax Administration shall also have jurisdiction over deciding on appeals lodged against decisions passed in tax procedure by competent bodies of local government units, which were filed with the Tax Administration in the period between January 1, 2007 and the effective date of this Law.

Article 65

The provisions of Article 10 of this Law regarding the obligations of large taxpayers shall be implemented as of January 1, 2009.

Law on Amendments to the Law on Tax Procedure and Tax Administration (“Official Gazette of RS”, No 20/09)

Article 28

Regulations referred to in Articles 10, 21 and 25 of this Law shall be passed within six months from the effective date of this Law, except for regulations referred to in Article 25 of this Law in the part related to the level of the base and additional coefficients, pay groups and pay grades for tax officials’ ranks, which shall be passed within three months from the effective date of this Law.

Article 29

Civil servants’ performance appraisal marks for 2007 and 2008, as determined in the final decision of the Tax Administration Director General, shall also be taken into account for appraisal-based promotion to a higher rank of a tax official referred to in Article 25 of this Law.

Article 30

The provisions of Article 4 of this Law shall be implemented as of May 1, 2009.

The provisions of Article 25 of this Law, in the part relating to the termination of employment of a tax official based on his performance appraisal, shall be implemented after conducting performance appraisal for 2009 and 2010, and in the part relating to the right of tax officials to official uniform, work clothing and footwear, shall be implemented as of January 1, 2011.

Article 31

The regulation referred to in Article 37a, paragraph 7 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law and 61/07) shall be passed by December 31, 2009, at the latest.

Law on Amendments to the Law on Tax Procedure and Tax Administration (“Official Gazette of RS”, No. 53/10)

Article 47

If, prior to the effective date of this Law, a taxpayer has realized that a tax return he filed with the Tax Administration contains a mistake or an omission, he may file only one amended

tax return in accordance with Article 40 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law).

Article 48

A taxpayer undergoing reorganization, in accordance with the law governing bankruptcy, who has been granted payment of tax debt pursuant to the provisions of Article 73 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law), and who files a request for rescheduling the payment of his tax debt in accordance with Article 14 of this Law, before the expiry of the period for which the rescheduling has been granted, may be granted tax debt rescheduling for the period which, together with the period of the already granted tax debt rescheduling, does not exceed 60 months.

Article 49

Distribution of the amount paid for taxes and secondary tax duties due by December 31, 2010, shall be made by applying the provision of Article 70, paragraph 2 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law).

The calculation and payment of interest on the amount of overpaid or underpaid tax and secondary tax duties by December 31, 2010 shall be made by applying the provision of Article 75, paragraph 1 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law).

Article 50

When a Tax Administration decision becomes final and binding, pursuant to which immovable property and/or movable items referred to in Article 104, paragraph 18 and Article 110, paragraph 5 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law) are transferred to the ownership of the Republic of Serbia, before the effective date of this Law or before the start of the implementation of regulations referred to in Articles 20 and 21 of this Law, the authority responsible for records on state-owned immovables and movables shall take possession of such immovables and movables, in keeping with the regulations referred to in Articles 20 and 21 of this Law, within 30 days from the start of their implementation.

A fine ranging from RSD 5,000 to RSD 50,000 shall be imposed for a misdemeanor on the responsible officer in the authority responsible for records on state-owned immovables and movables, if it fails to take possession of immovables and movables within the time limit referred to in paragraph 1 of this Article.

Article 51

The regulations referred to in Articles 20 and 21 of this Law shall be passed within 90 days from the effective date of this Law.

Article 52

The provisions of Articles 12 and 15 of this Law shall be implemented as of January 1, 2011.

Notwithstanding the provisions of this Law, local government units may define, by their decisions in 2010, different conditions for and manner of rescheduling, payment and write-off of interest on tax debt related to own-source public revenue, which fell due by December 31, 2009, and is not paid before end-2010.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS” No.101/11)

Article 51

The provisions of Articles 1 and 45 of this Law shall be implemented as of January 1, 2012.

Appeals in tax matters referred to in Article 2a of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law and 53/10) on which the Tax Administration has not decided by December 31, 2011, will be decided upon by relevant local government units.

The Tax Administration shall forward the files of cases referred to in paragraph 2 of this Article to relevant local government units within 30 days from the effective date of this Law.

Article 52

A taxpayer, who has concluded an agreement on financial restructuring in accordance with the law governing consensual financial restructuring of companies and who was granted the payment of tax debt under the provisions of Article 73 of the Law on Tax Procedure and Tax Administration (“Official Gazette of RS” Nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law and 53/10), who files a request for tax debt rescheduling pursuant to Article 22 of this Law, before the expiry of the period for which the payment of his debt was rescheduled, may be granted tax debt rescheduling for the period which, together with the already granted rescheduling period, may not exceed 60 months.

Article 53

The provision of Article 11 of this Law, as well as the provisions of Articles 48 and 49 of this Law, in the part related to banks’ liability for misdemeanors, if they fail to act pursuant to the provision of Article 11 of this Law, shall be implemented as of July 1, 2012.

Article 54

The regulation referred to in Article 30 of this Law shall be passed within six months from the effective date of this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, No. 93/12)

Article 36

On the effective date of this Law, the Decree on More Specific Conditions and Manner of Auditing Exchange Dealings (RS Official Gazette, no. 7/12) and the Decree on More Specific Conditions and Manner of Auditing Foreign Exchange Operations of Residents and Non-Residents (“Official Gazette of RS”, nos. 112/06, 39/10 and 15/12) shall cease to be valid.

On the effective date of this Law, the provisions of Articles 119 through 123 and Articles 125 through 129 of the Law on Games of Chance (“Official Gazette of RS”, no. 88/11) shall cease to be valid.

Bylaws passed based on authorizations laid down in the Law on Foreign Exchange Operations (“Official Gazette of RS”, nos. 62/06 and 31/11) governing the conditions and manner of performance of exchange dealings, shall be aligned with the provisions of this Law within 90 days from its effective date.

Before the beginning of the implementation of the regulations referred to in Article 3 of this Law, the regulations adopted pursuant to the Law on Foreign Exchange Operations (“Official Gazette of RS”, nos. 62/06 and 31/11) shall apply, unless they contravene the provisions of this Law.

Article 37

On the effective date of this Law, the Tax Administration shall assume the responsibilities of the Foreign Exchange Inspectorate for the performance of tasks related to the issuance and revocation of authorizations for the performance of exchange dealings, tasks related to the issuance of certificates for the performance of exchange dealings and audit of exchange dealings, as well as other tasks which, under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11), fall within the purview of the Foreign Exchange Inspectorate.

Procedures initiated by the Foreign Exchange Inspectorate in the execution of the competences referred to in paragraph 1 of this Article, but not concluded before the effective date of this Law, shall be concluded by the Tax Administration in accordance with this Law.

Residents – legal entities and sole traders who were issued a decision approving their authorization for the performance of exchange dealings before the effective date of this Law, shall continue to operate pursuant to that decision in keeping with the provisions of this Law.

Article 38

On the effective date of this Law, the Tax Administration shall assume the responsibilities of the Administration for Games of Chance, which that administration has under the Law on Games of Chance (“Official Gazette of RS”, no. 88/11).

Procedures in the field of games of chance initiated by the Administration for Games of Chance, but not concluded before the effective date of this Law, shall be concluded by the Tax Administration in accordance with this Law.

Gaming operators who were issued with a decision by the Administration for Games of Chance approving their license or authorization to operate games of chance in accordance with the Law on Games of Chance (RS Official Gazette, no. 88/11) before the effective date of this Law shall continue to operate those games until the expiry of the validity of their license or authorization.

Persons who are under an obligation to submit acts on operation of games of chance, certificates, reports, notifications, etc. to the Administration for Games of Chance under the regulations governing games of chance, shall be obliged to submit those acts to the Tax Administration in the cases, manner and time limits governed by the regulations on games of chance.

Article 39

On the effective date of this Law, the Foreign Exchange Inspectorate established under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11), and the Administration for Games of Chance, established under the Law on Games of Chance (RS Official Gazette, nos. 84/04, 85/05 – other law, and 95/10) shall cease to operate.

On the effective date of this Law, the Tax Administration shall take over the employees and appointed persons of the Foreign Exchange Inspectorate and the Administration for Games of Chance, as well as their business premises, objects, information systems, archives, operating equipment and resources.

Article 40

The provisions of Articles 13 and 14 of this Law shall be implemented as of January 1, 2013.

The provisions of Articles 17 and 18 of this Law, in the part related to the level of the interest rate on the amount of overpaid and underpaid tax and secondary tax duties, including the interest on tax debt whose payment has been rescheduled, as well as the method for the calculation of interest, shall be implemented as of January 1, 2013.

The provision of Article 17 of this Law, in the part related to the date as of which interest shall start to accrue for the payer of the value added tax who is to receive a refund of that tax, shall apply to tax returns filed for a tax period as of January 1, 2013.

The provision of Article 17 of this Law, in the part related to the date on which interest shall start to accrue for a taxpayer who has filed a request for tax reimbursement or rebate, shall apply to the decisions establishing the right to tax reimbursement or rebate, to be issued for requests filed since January 1, 2013.

The provisions of Article 23 of this Law, in the part related to the assessment of the tax liability of a person performing a non-registered or unreported activity, shall be implemented as of January 1, 2013.

The provisions of Article 26 of this Law in the part related to the institution and conduct of first instance misdemeanor proceedings not in the exclusive jurisdiction of the misdemeanor court, and meting out of punishments – for tax misdemeanors, for misdemeanors in the field of exchange dealings and other tasks which fall, under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11) within the competence of the Foreign Exchange Inspectorate, as well as for the misdemeanors in the field of games of chance, and Articles 2, 5, 19, 20, 22, 24, 27 and 35 of this Law shall be implemented as of January 1, 2013.

First instance misdemeanor proceedings for tax misdemeanors, for misdemeanors in the field of exchange dealings and other tasks which fall, under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11) within the competence of the Foreign Exchange Inspectorate, as well as for misdemeanors in the field of games of chance, which are not concluded by virtue of a final and binding decision by December 31, 2012, shall be concluded by the relevant misdemeanor court.

The provisions of Article 10 and Article 32, paragraph 1 of this Law shall be implemented as of July 1, 2014.

Article 41

Requests for tax debt rescheduling on which enforceable decisions have not been passed prior to the effective date of this Law shall be decided upon by the competent authority in keeping with this Law.

Article 42

Procedures with regard to legal remedies filed before December 31, 2012 against tax administrative acts issued by local government units in relation to own-source public revenues referred to in Article 2a, paragraph 1 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11 and 2/12 – correction), shall be concluded by the competent second instance bodies of those local government units.

Article 43

The Tax Administration shall announce a public competition to initiate the procedure for the election of managerial staff referred to in Article 29 of this Law within eight days from the effective date of this Law.

Article 44

The regulation referred to in Article 7 of this Law shall be passed within six months from the effective date of this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(„Official Gazette of RS”, nos. 47/13 and 108/13)

Article 45

The provisions of Article 4, paragraph 2 of this Law shall apply to acts passed after the entry into force of this Law.

Article 46

The regulations referred to in Articles 11, 26, 30, 33, and 34 of this Law shall be passed within six months from the effective date of this Law, and the regulation referred to in Article 12 of this Law shall be passed within three months from the effective date of this Law.

Article 47

deleted (“Official Gazette of RS” No. 108/13)

Article 48

The provisions of Articles 8, 12 and 13, Article 15, paragraph 1, Articles 22 and 23, Article 36, paragraph 1, Article 40, paragraphs 4 and 16, Article 41, paragraph 2, and Article 43, paragraph 3 of this Law, shall be implemented as of March 1st, 2014.

Notwithstanding paragraph 1 of this Article, in the part related to the beginning of implementation of Article 12 of this Law, a taxpayer who has put in place technical conditions may submit to the Tax Administration single tax returns for withholding taxes in electronic form as of October 1, 2013.

The procedure and method for filing single tax returns as of October 1, 2013 may be defined by the Minister in charge of finance.

Article 49

The provision of Article 7, paragraph 1 of this Law on delivering notifications and/or allowing direct access to the database, shall be implemented as of January 1, 2014.

The authority which keeps records on permanent residence shall send to the Tax Administration the database in electronic form based on the entered data as at the start of the implementation of Article 7, paragraph 1 of this Law, by January 31, 2014 at the latest.

Notwithstanding paragraph 1 of this Article, authorities which have put in place technical conditions may send notifications to the Tax Administration in electronic form and allow direct access to databases as of October 1, 2013.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, No. 108/13)

Article 10

In keeping with Article 41 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction and 93/12), the following shall be filed:

- 1) an integrated tax return for withholding taxes paid through to February 28, 2014, for which prescribed tax returns were not filed;
- 2) a single tax return for income paid in 2013.

On the effective date of this Law, Article 47 of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 47/13) shall cease to be valid.

Article 11

The provisions of Articles 3, 4, 8, and 9 of this Law shall be implemented as of March 1, 2014.

For each disbursement of income made in January and February 2014, a taxpayer or a withholding agent shall also file with the Tax Administration a single tax return defined by this Law, not later than the last day of the month in which the payment was made.

The words: “January 1” in Article 48, paragraph 1 of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 47/13) shall be replaced by the words: “March 1”.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, no. 68/14)

Article 75

Audits of public sector employees net wage/salary cuts, in keeping with the law governing the public sector net wage/salary cuts, shall be performed by Tax Administration for wages/salaries paid before the date on which that law ceased to apply.

Article 76

Within five days from the effective date of this Law, the authority which keeps records on permanent or temporary residence of individuals shall submit to the Tax Administration the data referred to in Article 12, paragraph 1 of this Law as at the effective date of this Law.

Article 77

Until the commencement of the filing of tax returns in electronic form in accordance with Article 15, paragraph 2 of this Law, large taxpayers shall file tax returns in electronic form in keeping with Article 38, paragraph 8 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13).

The provisions of Article 15, paragraph 4, Article 39, paragraphs 3 and 4 and Article 44, paragraphs 2 and 3 of this Law shall apply from the date of the filing of tax returns in electronic form in accordance with Article 15, paragraph 2 of this Law.

In the cases where, due to technical issues, taxpayer is not able to electronically file a tax return for a certain tax type pursuant to Article 38, paragraph 9 of the Law on Tax Procedure

and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13) from July 1, 2014 to the entry into force of this Law, such taxpayer shall file the tax return directly or by mail until the relevant dates, fixed by Article 15, paragraph 2 of this Law as dates from when tax returns shall only be filed in electronic form.

Article 78

For the disbursements of income made in 2014, a taxpayer or a withholding agent shall electronically file a single tax return defined in Article 41 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction and 93/12) with the Tax Administration not later than January 31, 2015.

Article 79

Requests for tax debt rescheduling on which an enforceable decision has not been passed prior to the effective date of this Law shall be decided upon by the competent authority in keeping with the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13), except for the provisions on the level of the interest rate.

Taxpayers who have acquired the right to tax debt rescheduling under the provisions of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13), before the effective date of this Law, shall execute that right in accordance with that law.

Article 80

Requests for payment of taxes through transfers between tax accounts, on which enforceable decisions have not been passed prior to the effective date of this Law, shall be decided upon by the competent authority in keeping with this Law.

Article 81

Misdemeanor proceedings initiated before the start of the implementation of the Law on Misdemeanors (RS Official Gazette, no. 65/13) shall be concluded in accordance with provisions of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13).

Article 82

Distribution of the amount paid for taxes and secondary tax duties due by December 31, 2014 shall be made by applying the provision of Article 70, paragraph 2 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13).

Article 83

Acts referred to in Article 12, paragraph 4 and Articles 19 and 55 of this Law shall be passed within one month from the effective date of this Law.

Acts referred to in Article 12, paragraph 8 and Articles 13 and 59 of this Law shall be passed within three months from the effective date of this Law.

Acts referred to in Article 26 of this Law shall be passed by December 1, 2014.

Article 84

The provisions of Article 13, paragraph 1 of this Law shall apply as of the next business day after the expiry of the 30th day from the effective date of the act referred to in Article 13, paragraph 2 of this Law.

The provision of Article 14, paragraph 11 of this Law shall apply as of the next business day after the expiry of a three-month period from the entry into force of this Law.

Article 85

On the effective date of this Law, the following shall be repealed:

1) Articles 60 and 60a of the Law on the Value Added Tax (RS Official Gazette, nos. 84/04, 86/04 – correction, 61/05, 61/07, 93/12 and 108/13);

2) Articles 41, 41a, 42, 43, 44 and 45 of the Excise Law (RS Official Gazette, nos. 22/01, 73/01, 80/02 – other law, 43/03, 72/03, 43/04, 55/04, 135/04, 46/05, 101/05 – other law, 61/07, 5/09, 31/09, 101/10, 43/11, 101/11, 93/12, 119/12 and 47/13);

3) Article 44 of the Law on Property Taxes (RS Official Gazette, nos. 26/01, 42/02 – FCC, 80/02, 80/02 – other law, 135/04, 61/07, 5/09, 101/10, 24/11, 78/11, 57/12 – CC and 47/13);

4) Articles 112 and 113 of the Law on the Corporate Income Tax (RS Official Gazette, nos. 25/01, 80/02, 80/02 – other law, 43/03, 84/04, 18/10, 101/11, 119/12, 47/13 and 108/13);

5) Articles 166, 167 and 168 of the Law on the Personal Income Tax (RS Official Gazette, nos. 24/01, 80/02, 80/02 – other law, 135/04, 62/06, 65/06 – correction, 31/09, 44/09, 18/10, 50/11, 91/11 – CC, 93/12, 114/12 – CC, 47/13, 48/13 – correction, 108/13 and 57/14);

6) Articles 72, 72a, 72b, 73, 74, and 74a of the Law on Contributions for Compulsory Social Insurance (RS Official Gazette, nos. 84/04, 61/05, 62/06, 5/09, 52/11, 101/11, 47/13, 108/13 and 57/14);

7) Article 28 of the Law on Taxes on the Use, Possession, and Carrying of Goods (RS Official Gazette, nos. 26/01, 80/02, 43/04, 31/09, 101/10 and 24/11);

8) Article 12 of the Law on the Tax on Non-Life Insurance Premiums (RS Official Gazette, no. 135/04).

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, no. 112/15)

Article 30

In the period from January 1, 2016 to February 29, 2016, a taxpayer who has put in place technical conditions may file his tax returns electronically as well, in the prescribed manner, concurrently with the filing, directly or by mail, of tax returns in written form under Article 6, paragraphs 2 and 5 and paragraph 6, indents (1) and (2) of this Law.

No tax debit shall be posted to the accounts of taxpayers based on tax returns referred to in paragraph 1 of this Article submitted in electronic form.

Article 31

Distribution of the amount paid for taxes and secondary tax duties due by December 31, 2015 shall be made by applying the provision of Article 70, paragraph 2 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other

law, 53/10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14 and 105/14).

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, no. 15/16)

Article 10

Notwithstanding the above, in the procedure of deciding on rescheduling the payment of tax owed, a taxpayer who submits a request concerning the tax owed, which was due before the effective date of this Law and posted as such in the tax accounting of the Tax Administration, but which does not exceed RSD 2,000,000 and does not include interest, may be granted the rescheduling of tax owed which does not include interest on that debt for up to 60 months.

The taxpayer referred to in paragraph 1 of this Article shall not provide collateral for tax owed which does not include interest on that debt, up to the amount referred to in Article 4 of this Law.

For a taxpayer, whose tax owed as defined in paragraph 2 of this Article exceeds the amount set out in Article 4 of this Law, such collateral shall be defined in the procedure of deciding on collateral, which corresponds to the amount of tax owed in excess of the amount defined in Article 4 of this Law, which shall also include the amount of accrued interest on that part of the debt.

To a taxpayer referred to in paragraph 1 of this Article, who has acquired the right to the payment of tax owed in installments pursuant to this Law, and who is regularly paying installments of his rescheduled liabilities, including current liabilities in accordance with law, interest accrued on the tax owed, which was paid in that period, shall be written off upon the expiry of each 12-month period, until that debt has been paid in full.

In a situation where a taxpayer has paid the full amount of taxes owed before the expiry of the time limit for the payment of the tax owed in installments pursuant to this Law, all interest on his debt shall be written off.

The request referred to in paragraph 1 of this Article may be submitted by the taxpayer as of the first day of the month following the month in which this Law entered into force, but not later than 120 days from the effective date of this Law.

Before the date of submission of the request referred to in paragraph 1 of this Article, a taxpayer shall settle all current liabilities fallen due since the effective date of this Law, and submit proof to that effect, which shall also be a requirement for the exercise of the right to pay the tax owed in instalments in accordance with this law.

From the date of submission of the request referred to in paragraph 1 of this Article to the date of issuance of the rescheduling decision or agreement on the payment of tax owed in installments in keeping with this Law, a taxpayer shall settle all current liabilities fallen due in that period, not later than 30 days from the date of delivery of that decision or agreement, with interest payable on that debt in accordance with the law.

If a taxpayer fails to meet his current liabilities in accordance with paragraph 8 of this Article, or fails to comply with time limits set out in the agreement or the decision on the rescheduling of payment of tax owed, or if he fails to settle his current liability in the period for which the payment of tax owed was rescheduled, the Tax Administration shall *ex officio* cancel the agreement or the decision and collect unpaid tax owed, including unpaid interest on that debt, from the collateral and/or in the enforced collection procedure.

During the period of the rescheduling, in accordance with this Law, interest on that tax shall accrue as referred to in Article 6, paragraph 2 of this Law.

Current liabilities shall be understood to mean liabilities related to public revenue, which periodically fall due within the meaning of tax regulations or other acts, starting from the effective date of this Law.

Current liabilities shall not include liabilities assessed in an audit, as well as liabilities assessed by a decision of the tax authority, referring to the tax period which is part of the period for which the interest write-off is requested within the meaning of this Law.

Approval of the rescheduling of the payment of tax owed shall interrupt the limitation period for the right to collect taxes owed whose payment was rescheduled, and the period for which the rescheduling has been granted shall not be included in the absolute statute of limitations.

Article 11

Taxpayers that acquired the right to reschedule the payment of the principal tax debt in 24 monthly installments in accordance with the Law on Conditional Interest Write-Off and Tax Debt Standstill (RS Official Gazette, no. 119/12), may file a written request with the competent organizational unit of the Tax Administration, in order to acquire the right to the rescheduling of the payment of owed tax, in accordance with this Law.

Taxpayers who, prior to the effective date of this Law, submitted a request for the rescheduling of the payment of tax owed, or who have acquired the right to reschedule the payment of tax owed, including taxpayers whose rescheduling agreements or decisions were cancelled *ex officio* by the Tax Administration, pursuant to the provisions of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53/10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation and 112/15), may submit a written request to the competent organizational unit of the Tax Administration, to acquire the right to the payment of tax owed in instalments in accordance with this law.

The Tax Administration shall not be obliged to return to the taxpayer the security established in the procedure of deciding on the rescheduling of the payment of tax owed referred to in paragraph 2 of this Article, and such security shall also be used in the procedure of deciding on the payment of tax owed in installments in accordance with this Law.

Article 12

The rescheduling of the payment of tax owed in accordance with the provisions of Articles 10 and 11 of this Law shall be decided upon by the person referred to in Article 73, paragraph 3 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53/10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation and 112/15).

An act for the implementation of the provisions of Articles 10 and 11 of this Law shall be passed by the minister, at a proposal of the Tax Administration Director General.

Article 13

The provision of Article 2, paragraph 4 of this Law shall apply to decisions concerning a ban on the movements of funds through a taxpayer's account opened with a bank, passed after the entry into force of this Law.

Article 14

The provision of Article 6, paragraphs 3 and 4 of this Law, which relates to the write-off of 50% of interest on tax owed, shall apply to taxpayers whose decisions or agreements on the rescheduling of tax owed have been adopted after the entry into force of this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(“Official Gazette of RS”, no. 108/16)

Article 25

The provisions of Articles 1 and 3, Article 5, paragraph 5, Articles 15 through 19 and Article 21 of this Law, relating to the establishment of the jurisdiction of a second-instance authority and deciding in second-instance tax procedures shall be implemented as of July 1, 2017, when the responsibilities of the Tax Administration with respect to the powers of deciding in second-instance tax procedures shall cease.

The cases where the procedure before the second-instance tax authority is not concluded by June 30, 2017, shall be taken over by the second-instance authority defined in this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(“Official Gazette of RS”, no. 30/18)

Article 94

Provisions of Article 1, Article 2, paragraph 3, Articles 3, 5 and 54, Article 66, paragraphs 1, 2 and 5 and Article 92 of this Law regarding the assumption of jurisdiction over exchange dealings and foreign exchange operations by the National Bank of Serbia shall apply as of January 1st, 2019.

Provisions of Articles 8 and 18, Articles 39-53, Articles 55-60, Article 62, Article 89, paragraphs 2-4 and 7-9, Article 90, paragraphs 2-6 and Article 93 of this Law regulating the tax audit or tax services shall apply as of January 1st, 2019.

Provisions of Articles 9 and 88 and Article 89, paragraphs 1 and 6 of this Law, regarding the delivery of data on all business premises where the goods are stored or warehoused, as well as on the premises in which he performs his registered business activity, shall apply after the expiry of 120 days from the effective date of this Law.

Provisions of Article 61 of this Law shall apply to the irregularities established by decisions in the tax audit procedures conducted from the effective date of this Law.

Article 95

Provisions of Article 65 of this Law shall apply when the local tax administration integrated information system becomes operational, as of January 1st, 2019.

Local tax administration unit shall interconnect with the local tax administration integrated information system as of January 1st, 2019.

The local tax administration integrated information system management shall be assumed by the Tax Administration not later than January 1st, 2020.

Article 96

A taxpayer granted payment of tax owed in keeping with provisions of Article 74b of the Law on Tax Procedure and Tax Administration (RS Official Gazette, No 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 – authentic interpretation, 112/15, 15/16 and 108/16) may file a request to reschedule the payment of tax owed under this Law before the limitation period for rescheduling the payment of debt has expired if it is more convenient for him, whereby the total rescheduling period for that liability may not exceed 60 months.

Article 97

A rulebook on Tax Administration internal organization and job classification shall be issued within one year from the effective date of this Law.

Provisions of the rulebook referred to in paragraph 1 of this Article shall merge the ranks of tax officers in keeping with the provisions of Article governing the basis and conditions for position classification into ranks in the following manner:

1) job position classified as senior tax clerk shall correspond to the rank of senior tax controller; the rank of tax clerk shall correspond to the rank of tax controller; the rank of junior tax clerk shall correspond to the rank of junior tax controller;

2) job position classified as senior tax associate shall correspond to the rank of senior tax officer; the rank of tax associate shall correspond to the rank of tax officer; the rank of junior tax associate shall correspond to the rank of junior tax officer;

3) job position classified as chief tax counselor shall correspond to the rank of independent tax counselor; the rank of senior tax counselor shall correspond to the rank of independent tax inspector and senior tax inspector I; the rank of tax counselor II shall correspond to the rank of senior tax inspector II and tax inspector I; the rank of tax counselor shall correspond to the rank of tax inspector II and tax inspector; the rank of junior tax counselor shall correspond to the rank of junior tax inspector.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, no 86/19)

Article 17.

The act referred to in Article 3, paragraph 2 of this Law shall be adopted within 60 days from the day this Law enters into force.

The provisions of Article 3, paragraph 1, Article 13 and Article 15, paragraphs 1 and 2 of this Law shall be applied from the day following the expiration of the 30th day from the day of entry into force of the act referred to in paragraph 1 of this Article.

Taxpayer who, in accordance with the provision of Article 25, paragraph 1, item 1) of the Law on Tax Procedure and Tax Administration, "Official Gazette of RS", No. 80/02, 84/02 - correction, 23/03 - correction, 70 / 03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53/10, 101/11 , 2/12 - correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation, 112/15, 15/16, 108/16, 30/18 and 95/18), until the day of entry into force of this Law reported data on business premises in which it stores or places the goods, as well as data on premises in which it performs registered activity, is not obliged to re-report data on these premises in accordance with the provisions of this law.

Article 18.

The Ministry of Finance - Tax Administration will take over the management of the unified information system of local tax administrations, no later than January 1, 2021.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(“Official Gazette of RS”, no 144/20)

Article 29.

The provisions of Article 3, paragraph 5 and Article 21, paragraphs 1 and 2 of this Law in connection with the submission of requests in electronic form on the portal of the Tax Administration will be applied as of January 1, 2021.

The provision of Article 21, paragraph 3 of this Law shall apply starting from the calendar year in which this Law entered into force.

Article 30.

Taxpayers whose TIN has been temporarily revoked until the day this Law enters into force in accordance with the provisions of Article 26, paragraph 2 of the Law on Tax Procedure and Tax Administration ("Official Gazette of RS", No. 80/02, 84/02 - correction, 23 / 03 - correction, 70/03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53 / 10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation, 112/15, 15/16, 108 / 16, 30/18, 95/18 and 86/19), after the entry into force of this law may submit a request for the return of TIN.

The Tax Administration will return the TIN to the taxpayers referred to in paragraph 1 of this Article, based on the request, if the conditions prescribed by this Law are met..

Article 31.

The provisions of Articles 19 and 20 of this Law shall also apply to tax liabilities due by the date of entry into force of this Law, as well as to tax liabilities covered by agreements and decisions on deferral of payments on that basis, which are approved by the date of entry into force of this Law..

Article 32.

The Ministry of Finance - Tax Administration will take over the management of the unified information system of local tax administrations, no later than January 1, 2022.