

LAW ON PERSONAL INCOME TAX

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Consolidated text up to the amendments from the Official Gazette of the Republic of Serbia No. 19/25, which are in effect as of 14/03/2025 (amendments in Articles: 9, 81).

Part one

BASIC PROVISIONS

Article 1.

Personal income tax is payable by individuals who, in accordance with the provisions of this law, earn income.

The taxation of personal income is regulated exclusively by this law.

Tax exemptions and reliefs can only be introduced by this law.

Income

Article 2.

Personal income tax is payable on income from all sources, except those specifically exempted by this law.

Taxable income represents the difference between the gross income that the taxpayer has earned on any of the bases provided in Article 3 of this law and the costs incurred in earning and maintaining it, if prescribed by this law.

Income represents the sum of taxable income from paragraph 2 of this Article, earned in a calendar year.

Taxable Income

Article 3.

The following types of income are subject to personal income tax:

- 1) wages and salaries;
- 2) income from self-employment;
- 3) income from copyrights, related rights, and industrial property rights;
- 4) income from capital;
- 5) income from real estate;
- 6) capital gains;
- 7) other revenues.

Incomes from paragraph 1 of this Article are taxed whether they are earned in cash, in kind, by action, or in any other way.

Taxation of Specific Types of Income

Article 4.

For certain types of income from Article 3 of this law, personal income tax is paid:

- 1) at the source for each revenue individually;
- 2) based on the decision of the competent tax authority;
- 3) by self-assessment.

Annual Personal Income Tax

Article 5.

Annual personal income tax is paid by self-assessment on income earned in the calendar year, in accordance with this law.

Taxpayer

Article 6.

The taxpayer is an individual who is liable under the provisions of this law to pay tax (hereinafter referred to as: the taxpayer).

Residents

Article 7.

The taxpayer of personal income tax is a resident of the Republic of Serbia (hereinafter referred to as: resident), for income earned in the territory of the Republic of Serbia (hereinafter referred to as: the Republic) and in another country.

A resident of the Republic, in terms of this law, is an individual who:

- 1) has a residence or center of business and life interests in the territory of the Republic,
or
- 2) stays in the territory of the Republic, continuously or intermittently, for 183 or more days in a period of 12 months that begins or ends in the respective tax year.

For determining the stay in the territory of the Republic from paragraph 2, point 2) of this Article, a full day of stay in the Republic will also be considered as a stay during part of the day, at any time between 00 and 24 hours, except for the part of the day that an individual spends in transit through the Republic.

An individual who has not stayed in the territory of the Republic in a given tax year and who does not meet the condition to be considered a tax resident based on the criteria provided in paragraph 2, point 1) of this Article, will not be considered a resident of the Republic for that tax year.

An individual who was not a resident in the year preceding the year of arrival in the Republic will not be considered a resident for the period before the day they first entered the territory of the Republic, provided that in the period of the year preceding the day of first entry into the territory of the Republic they do not meet the condition to be considered a resident based on the criteria provided in paragraph 2, point 1) of this Article.

An individual who is not a resident in the year following the year in which they finally left the Republic will not be considered a resident for the period of the year following the day of final departure from the territory of the Republic, provided that in that period they cannot be considered a resident of the Republic based on the criteria provided in paragraph 2, point 1) of this Article.

An individual who, at the moment of first entry into the territory of the Republic, knows that they will meet the conditions from paragraph 2, points 1) or 2) of this Article, will be considered a resident from the moment they first entered the territory of the Republic.

Notwithstanding the provisions set forth in paragraph 2 of this Article, a resident of the Republic is also an individual who is posted from the Republic to another country to perform duties in a diplomatic or consular mission of the Republic, or to perform duties for the Republic in international organizations, during the period of performing activities in that or any other diplomatic or consular mission of the Republic, or international organization.

Non-resident

Article 8.

The taxpayer of personal income tax is also an individual who is not a resident (hereinafter: non-resident) for income earned in the territory of the Republic.

Income, in the sense of paragraph 1 of this Article, particularly refers to income that an individual earns based on:

- 1) work performed in the territory of the Republic;
- 2) the use or exercise of rights in the territory of the Republic.

Exemptions from Taxable Income

Article 9.

Personal income tax is not paid on income earned based on:

- 1) regulations on the rights of disabled war veterans;
- 2) income, except for salary compensation, which is earned in accordance with the law governing financial support to families with children;
- 3) allowance for assistance and care of a dependent person and compensation for physical injury;
- 4) unemployment benefits and other types of benefits that, within the framework of active labor market policy programs and measures, are paid by the National Employment Service in accordance with the law governing employment and unemployment insurance;
- 5) social protection services and material support in accordance with the law governing social protection;
- 6) health insurance benefits, except for wage/salary compensation.
- 7) indemnity from property insurance, except indemnity for lost profits, as well as indemnity from personal insurance that compensates for suffered damages, if it has not been compensated by the perpetrator;
- 8) indemnity for material and non-material damage, except indemnity for lost profits and compensation for wages (salary), or compensation for lost earnings (salary);
- 9) assistance paid by the employer to a family member in the event of the death of an employed or retired employee - up to 68,488 dinars;
- 10) relief due to destruction or damage to property caused by natural disasters or other extraordinary events;
- 11) organized social welfare and humanitarian aid;
- 12) scholarships and loans for students - in a monthly amount up to 30,000 dinars;
- 13) meal allowances - food allowances paid to amateur athletes by amateur sports clubs, in accordance with the law governing sports - in a monthly amount up to 5,000 dinars;

14) compensation and rewards for work performed by convicted persons and juvenile offenders, in accordance with the law governing the execution of criminal sanctions;

15) compensation and rewards for work performed by patients in psychiatric institutions;

16) contributions for mandatory social insurance that a company is obliged to pay for its founder, or its member, in accordance with the law governing contributions for mandatory social insurance;

17) pensions, pension benefits, and disability benefits obtained under the mandatory pension and disability insurance, or military insurance;

18) severance pays upon retirement - up to the amount determined as the lowest by the law governing labor, or labor relations;

19) severance payments, or monetary compensation that the employer pays to an employee whose need for work has ceased in accordance with the law governing labor, or labor relations, or to an employee who works in positions for which there is no longer a need or there is a need to reduce the No. of employees in accordance with the law governing the determination of the maximum No. of employees in the public sector - up to the amount determined as the lowest by these laws;

20) severance payments paid to a person whose employment is terminated in the process of resolving the redundancy in the privatization process, in accordance with the Government act determining the program for resolving the redundancy in the privatization process - up to the amount determined by that program;

21) compensation for work of foster parents and compensation for the maintenance of beneficiaries in a foster family;

22) compensation paid, in accordance with the regulations governing the Serbian Army, to soldiers in military service, students and cadets of military school institutions, and persons undergoing other professional training for officers and non-commissioned officers;

23) compensation paid, in accordance with the regulations governing internal affairs, to students of higher education institutions established for the delivery of study programs for police education;

23a) compensation that, in accordance with the law governing dual education, or the law governing the dual study model, as material and financial support, is obtained by students who engage in "learning by doing";

24) premiums, subsidies, reimbursements, and other funds that are paid or disbursed to the holder of a family agricultural holding registered in the register of agricultural holdings in accordance with the regulations governing this area, from the budget of the Republic, autonomous province, and local self-government for the purpose of fostering agricultural development.

25) VAT refund, in accordance with the law governing value-added tax;

26) rewards to students and pupils for achievements during schooling and education, as well as those won at international competitions and competitions within the educational system;

27) compensation for volunteering expenses incurred by a volunteer, in accordance with the law governing volunteering;

28) financial assistance to individuals not employed by the provider, intended for treatment in the country or abroad, in the amount of actual treatment costs, documented by invoices from the health institution that performed the treatment, as well as documented costs of transportation and accommodation for the treatment of that individual;

29) compensation for work of members of electoral commissions, except for members of the Republic Electoral Commission, polling and voting committees for conducting direct elections and other

forms of direct expression by citizens, as well as compensation for work on the population census

- up to 5,000 dinars within the same election cycle, or census;

30) financial assistance to individuals not employed by the provider, which does not represent an equivalent for their work, or a counter-service or counter-performance for any of their activity in relation to the provider - in the amount up to 12,375 dinars annually, obtained from one payer;

31) reimbursement of accommodation expenses to individuals participating in programs of the European Union and other international organizations in the fields of education, training, sports, youth work, science, research, and innovation, paid in accordance with the mentioned programs, up to a maximum amount of 100,000 dinars for monthly expenses;

32) income earned in accordance with the law governing the establishment of a guarantee scheme and subsidizing part of the interest as a measure to support young people in purchasing their first real estate property.

The right to tax exemption for income from paragraph 1, items 10), 11), 12), 13), 28) and 30) of this Article is further regulated by the minister responsible for finance affairs (hereinafter: minister).

Article 9a

Deleted ("Official Gazette of RS", No. 31/09)

Article 9b

The income of a non-resident taxpayer who spends no more than 90 days in the territory of the Republic within a 12-month period starting or ending in the respective tax year is exempt from taxation, provided that such income is earned from a non-resident principal who does not conduct business or activities in the territory of the Republic.

The exemption from paragraph 1 of this Article also applies to income that the non-resident taxpayer from paragraph 1 of this Article earns from a non-resident contracting authority who conducts business activities in the territory of the Republic, provided that the service provided to the non-resident contracting authority does not serve his business or activity conducted in the territory of the Republic.

Dependent Family Members

Article 10.

Dependent family members, for the purposes of this law, are considered to be the following individuals supported by the taxpayer:

- 1) minor children, or adoptees;
- 2) children, or adoptees, in the course of regular schooling or while unemployed, if they live in the household with the taxpayer;
- 3) grandchildren, if they are not supported by their parents and if they live in the household with the taxpayer;
- 4) spouse;
- 5) parents or adopters.

Family members, for the purposes of this law, are considered to be the spouse, parents, children, adoptees, and adopter of the taxpayer.

Household, for the purposes of this law, is considered a community of living, earning, and spending the earned income.

Tax Credit

Article 11.

A tax credit, for the purposes of this law, is understood to be the amount by which the levied personal income tax is to be reduced.

Avoidance of Double Taxation

Article 12.

If a taxpayer - resident of the Republic earns income in another country, on which tax has been paid in that country, a tax credit is granted in the amount of the personal income tax paid in that country, against the personal income tax determined according to the provisions of this law.

The tax credit referred to in paragraph 1 of this Article cannot be greater than the amount that would be obtained by applying the provisions of this law to the income earned in another country.

Adjustment of Dinar Amounts

Article 12a

Dinar amounts from Article 9, paragraph 1, items 9), 12), 13), 29), 30) and 31), Article 12b paragraphs 1 and 2, Article 15a paragraphs 2, 4, and 5, Article 18 paragraph 1 items 1), 2), 5), 7), 8), 9) and 9a), Article 21a paragraph 2, Article 83 paragraph 4 item 1) and Article 85 paragraph 1 item 11) of this law are adjusted by the annual retail price index of the calendar year preceding the year in which the adjustment is made, according to data from the national authority in charge of statistics.

Dinar amounts of monthly salaries from Article 15c paragraphs 5 and 6 of this law represent the amount of two or three average monthly salaries in the Republic paid or earned in the period of the previous 12 months starting from September of the current year, for which period data are published by the national authority in charge of statistics.

The adjusted dinar amounts from paragraph 1 of this Article are published by the Government.

The dinar amounts from paragraph 2 of this Article are published by the Government.

The amounts from paragraphs 1 and 2 of this Article are published every year and apply from the first day of the next month after the publication of these amounts.

Standardized Costs in Dinar Amounts

Article 12b

Standardized costs in dinar amounts from Article 56 paragraph 2 item 1) and Article 85 paragraph 5 item 2) sub-item (1) of this law based on the income that an individual earns in a quarter, are recognized in the amount of 96,000 dinars.

Standardized costs in dinar amounts from Article 56, paragraph 2 item 2) and Article 85, paragraph 5 item 2) sub-item (2) of this law based on the income that an individual earns in a quarter, are recognized in the amount of 57,900 dinars.

To the taxpayer who earns both royalties from copyright and related rights and income based on contracted compensation for work performed in the same quarter, and on which tax is paid by self-assessment, standardized expenditures in the amounts from paragraphs 1 and 2 of this Article are recognized.

Part Two

TAXATION OF CERTAIN TYPES OF INCOME

Heading One

INCOME TAX

Subject of Taxation

Article 13.

For the purposes of this Law, wage/salary shall be understood to mean the wage/salary stemming from employment, as defined by the law dealing with labour relations and other receipts of an employee.

Earnings, in the context of this law, also include agreed compensation and other income obtained by performing temporary and occasional jobs based on a contract concluded directly with the employer, as well as based on a contract concluded through a youth or student cooperative, except for individuals up to 26 years of age who are in secondary, college, and university education.

Earnings, in the context of this law, also include the paid personal earnings of sole proprietors and agricultural sole proprietors determined in accordance with this law.

Earnings, in the context of this law, also include income that an employee in connection with work with a domestic employer earns from a person, which, in terms of the law governing corporate income tax, is considered a related party to the employer (hereinafter: related party).

Earnings, in the context of this law, also include income related to work with an employer that an individual earns based on rights from employment after the termination of employment.

Article 14.

Earnings, in the context of this law, also include income in the form of vouchers, securities, except shares acquired in the process of ownership transformation, monetary certificates, goods, as well as income earned by performing or providing benefits, debt waiver, as well as covering expenses of the taxpayer through monetary compensation or direct payment.

Securities, except shares acquired in the process of ownership transformation, which an employee receives from the employer or from a party related to the employer, are considered earnings at the moment of acquiring the right to dispose of these securities, or at the moment when these securities are considered taxable earnings of the employee in accordance with Article 18, paragraph 3 of this law.

Income from paragraph 2 of this Article, which an employee receives from a party related to the employer, where the employer bears the cost, is considered earnings at the moment when the employee acquires the right to dispose of these securities, or at the moment when these securities are considered taxable earnings of the employee in accordance with Article 18, paragraph 3 of this law.

The tax base for earnings tax for income from paragraph 1 of this Article, except for securities, consists of:

- 1) the nominal value of vouchers and monetary certificates,
- 2) the price that would be achieved by selling goods on the market,

3) the compensation that would be achieved on the market for a service, or benefit provided to the taxpayer,

4) the pecuniary value of covered expenses, increased by the associated tax and contributions for mandatory social insurance paid by the employee from earnings (hereinafter: associated duties from earnings).

If an employee has made pecuniary payments to the payer of earnings based on income from paragraph 4, items 1) to 4) of this Article, the tax base for income tax is the difference between the value of these incomes and the pecuniary payments made by the employee to the payer of earnings, increased by the associated duties from earnings, or in the case of self-assessment, the difference between the income received, or from which he is obliged to pay the associated duties from earnings and the pecuniary payments made.

The tax base for income tax from paragraphs 2 and 3 of this Article consists of the market value of securities increased by the associated duties from earnings, or, in the case of self-assessment, the market value of securities at the moment of acquiring the right to dispose of these securities, or at the moment when these securities are considered taxable income of the employee in accordance with Article 18, paragraph 3 of this law.

If the employee acquired the securities from paragraphs 2 and 3 of this Article by purchasing them at a price lower than the market price, the tax base for income tax is the difference between the market price of these securities at the moment of acquiring the right to dispose of these securities, or at the moment when these securities are considered taxable income of the employee in accordance with Article 18, paragraph 3 of this law and the amount paid by the employee, increased by the associated duties from earnings, or in the case of self-assessment, the difference between the market price of these securities at the moment of acquiring the right to dispose of these securities, or at the moment when these securities are considered taxable income of the employee in accordance with Article 18, paragraph 3 of this law and the amount paid by the employee.

If the market value of the securities is expressed in foreign currency, the tax base for income tax is its dinar equivalent at the official median exchange rate of the National Bank of Serbia on the day of acquiring the right to dispose of these securities, or on the day when these securities are considered taxable income of the employee in accordance with Article 18, paragraph 3 of this law.

The price, amount of compensation, or pecuniary value from paragraph 4, points 2) to 4) of this Article is determined by the salary payer at the moment when the payment is made.

The market value of securities from paragraphs 6 and 7 of this Article is determined by the salary payer, or the employee based on available data if the securities are received from a person connected to the employer who is not obligated to calculate and pay withholding tax.

Article 14a

Income based on the act of providing benefits in the sense of Article 14, paragraph 1. of this law, particularly includes:

- 1) the use of official vehicles and other means of transport for private purposes;
- 2) the use of residential buildings and dwellings that are owned by the employer or available to the employer based on a lease or other basis, with or without payment of rent.

The value of income from paragraph 1, point 1) of this Article monthly, for each started calendar month of vehicle use, represents an amount equal to 1% of the market value of the official vehicle and other means of transport, according to data from the competent

organization as of 31 December of the year preceding the year of vehicle use, reduced by the amount paid by the employee for that use.

The value of income from paragraph 1, point 2) of this Article consists of the amount of rent paid by the employer for the employee, or in the case where the employer does not pay rent, the amount of rent according to market prices in the location where the residential building or dwelling is situated, reduced by the amount paid by the employee as rent.

In the determination of wage/salary tax base, the receipts referred to in this Article shall be increased by associated duties from earnings.

Article 14b

Earnings referred to in Articles 13 and 14 of this law, shall include premiums for all types of voluntary insurance, as well as pension contributions to a voluntary pension fund, which the employer pays for employees - insured persons included in voluntary insurance, or for employees - members of a voluntary pension fund, in accordance with the law governing voluntary insurance, voluntary pension funds, and pension plans.

Notwithstanding the provision of paragraph 1 of this Article, earnings in the sense of Articles 13 and 14 of this law do not include:

1) insurance premium that the employer pays for all employees for non-life collective accident insurance, including insurance against injuries at work and professional diseases, and collective insurance for serious illnesses and surgical interventions, as well as life insurance premium in the case of the death of an employee due to illness, which the employer pays for all employees;

2) premium for voluntary health insurance, or pension contribution to a voluntary pension fund, which the employer pays for employees - insured persons, or members of a voluntary pension fund, in accordance with specific regulations governing these areas, up to the amount exempted from contribution payment according to the law governing contributions for mandatory social insurance.

Taxpayer

Article 15.

The taxpayer for income tax is an individual who earns income.

Tax Base

Article 15a

The tax base for income tax from Articles 13 to 14b of this law consists of paid or earned income.

The tax base for income tax consists of income from Article 13, paragraphs 1 and 3, Articles 14 to 14b, and Article 15b of this law, reduced by the amount of 28,423 dinars per month for a person working full-time.

For a person working part-time, the reduction from paragraph 2 of this Article is proportional to the working hours of that person in relation to full-time.

When a person works full-time for two or more employers, each employer makes the reduction proportional to the working hours with the employer in relation to full-time, provided that the total reduction amounts to 28,423 dinars per month.

When a person works part-time for two or more employers, each employer makes the reduction proportional to the working hours with the employer in relation to the total working hours, provided that the sum of reductions must be less than 28,423 dinars

per month, or proportional to the total working hours of the person in relation to full-time.

Notwithstanding provisions of paragraphs 1 to 5 of this Article, the tax base for income tax for persons for whom a domestic legal entity pays tax according to Article 99, paragraph 3 of this law, consists of the amount that the domestic legal entity paid to the employer from another country as compensation for the costs of work for the person who is seconded or sent to work at the domestic legal entity.

The method and procedure for calculating income tax from paragraphs 2 to 5 of this Article and submitting data to the Tax Administration are further regulated by the minister.

Article 15b

For individuals - residents of the Republic who are posted abroad to perform work for legal entities - residents of the Republic, the tax base for income tax consists of the amount of income that they would, in accordance with the law, general act, and employment contract, earn in the Republic in the same or similar positions.

Individuals in the sense of paragraph 1 of this Article are also considered to be residents of the Republic who are posted abroad for professional training and improvement for the needs of the employer in accordance with the law governing the posting of employees for temporary work abroad.

Article 15c

The tax base on earnings for a newly settled taxpayer, for earnings obtained on the basis of an open-ended contract employment relationship with a qualified employer, where the employment relationship is established at a workplace that requires the person to possess special vocational education and for which there is a need that cannot be easily met in the domestic labor market, is the base from Article 15a paragraph 2 of this law reduced by 70%. A qualified employer from paragraph 1 of this Article is an employer who is a resident of the Republic and who, in terms of the provisions of the law governing corporate income tax, cannot be considered a related party with the employer where the newly settled taxpayer was previously employed.

Notwithstanding paragraph 2 of this Article, any employer resident of the Republic who establishes an employment relationship with a newly settled taxpayer who has met the conditions of Article 7, paragraph 2, point 1) of this law to be considered a resident of the Republic since 1990 for at least three years, is regarded as a qualified employer.

A newly settled taxpayer from paragraph 1 of this Article is considered to be a taxpayer who:

- 1) in the period of 24 months preceding the date of concluding the employment contract with the qualified employer, has not predominantly resided in the territory of the Republic, or
- 2) at the moment of concluding the employment contract with the qualified employer is under 40 years of age, and who in the period of 12 months preceding the conclusion of the employment contract with the qualified employer predominantly resided outside the territory of the Republic for further education or vocational training.

It is considered that the conditions regarding the workplace and special vocational education from paragraph 1 of this Article are met if the monthly salary that the newly settled taxpayer from paragraph 4, point 1) of this Article earns is greater than 217,656 dinars.

It is considered that the conditions regarding the workplace and special vocational education from paragraph 1 of this Article are met if the monthly salary that the newly settled taxpayer from paragraph 4, point 2) of this Article earns is greater than 145,104 dinars.

The right to a reduction of the base from paragraph 1 of this Article is granted to the newly settled taxpayer who, simultaneously with establishing the employment relationship or

within a reasonable period after establishing the employment relationship, settles in the territory of the Republic and meets the condition to be considered its tax resident on the basis of the center of business and life interests in the territory of the Republic, as well as its tax resident for the purposes of applying the double taxation avoidance agreements that the Republic applies with other countries.

The right to a reduction of the base from paragraph 1 of this Article is granted for a period of five years from the date of concluding the employment contract, provided that the conditions from paragraphs 5, 6, and 7 of this Article related to the workplace or the newly settled taxpayer during that period are met, regardless of the change of employers.

The right from paragraph 1 of this Article is granted to the newly settled taxpayer starting from the first salary paid for the month in which the competent authority obtained evidence of the fulfillment of the conditions established by this Article.

The reduction amount of 70% for the purpose of determining the tax base on which income tax is paid under paragraph 1 of this Article represents the part of the salary that the newly settled taxpayer earns from a qualified employer and on which no income tax is paid in the manner determined by this Article.

The minister responsible for financial affairs shall further regulate the manner of exercising the rights under this Article.

Tax Rate

Article 16.

Income from Articles 13 to 14b of this law is taxed at a rate of 10%.

Article 17.

Deleted (Official Gazette of the Republic of Serbia, No. 47/13)

Tax Exemptions

Article 18.

Income earned by an employee from an employer is not subject to tax on the basis of:

1) compensation for documented transportation costs for commuting to and from work - up to the amount of the monthly public transportation ticket, or up to the amount of actual transportation costs, but no more than 3,837 dinars per month;

2) per diem allowance for business travel within the country - up to 2,303 dinars per full per diem allowance, or the corresponding amount for half a per diem allowance, determined in the manner and in accordance with the regulations of the competent state authority;

3) per diem for business travel abroad - up to the amount prescribed by the competent state authority, and up to a maximum of 90 euros per day, determined in the manner and in accordance with the conditions prescribed by the competent state authority.

4) reimbursement of accommodation expenses on a business trip, according to the attached invoice;

5) transportation allowances for business trips, according to the attached invoices from public transport carriers, and when, in accordance with the law, other regulations, or acts, the use of a private car for business travel or other official purposes is approved - up to the amount of 30% of the price per basic unit of measure of fuel multiplied by the No. of units of measure of fuel consumed, but not more than 6,716 dinars per month;

6) per diem allowances earned by members of the Serbian Army in connection with performing their service, in accordance with regulations governing the Serbian Army.

7) solidarity aid for illness, health rehabilitation or disability of an employee or a family member - up to 38,370 dinars;

8) gifts to employees' children, up to 15 years old, for New Year's and Christmas - up to 9,592 dinars annually per child.

9) anniversary awards to employees, in accordance with the law governing labor - up to 19,183 dinars annually;

9a) relief in the event of the death of a family member of the employee - up to 68,488.dinara;

10) financial assistance intended for the treatment of an employee in the country or abroad, in the amount of actual treatment costs, documented by invoices from the healthcare institution that performed the treatment, as well as documented transportation and accommodation costs for the treatment of that person;

11) own shares, options on own shares or employer's own stakes, or shares, options on shares or stakes of an entity related to the employer (hereinafter referred to as: own shares) acquired by the employee free of charge or at a preferential price from the employer.

12) solidarity assistance for the case of childbirth up to the amount of the average salary paid in the Republic, according to the latest published data of the national authority in charge of statistics, per newborn child.

No tax is payable on earnings from income mentioned in paragraph 1, item 11) of this Article, which the employee earns from an entity related to the employer.

Notwithstanding paragraph 1, item 11) and paragraph 2 of this Article:

1) if an employee alienates their own shares before the expiry of two years from the date of acquiring the right to dispose of these shares, such shares will be considered taxable earnings of the employee under Article 14 of this law at the moment of alienation;

2) if the employer or a related entity of the employer buys back the employee's own shares, such shares will be considered taxable earnings of the employee under Article 14 of this law at the moment of buyback;

3) if the employee's employment is terminated before the expiry of two years from the date of acquiring the right to dispose of their own shares, except in the case of termination of employment independently of their will and the will of the employer in accordance with the law governing employment, termination of employment due to acquiring the right to old-age pension in accordance with the law governing pension and disability insurance, and termination of employment to establish employment with a related entity of the employer, such shares will be considered taxable earnings of the employee under Article 14 of this law paid on the last day of the employee's employment with the employer.

No tax is payable on earnings from income mentioned in paragraph 1, items 1) to 5) of this Article, which are earned by individuals who are not in an employment relationship, but earn income for which they are tax liable on earnings under this law.

For determining the tax on earnings based on per diem for business travel abroad, income above the amount prescribed by the competent state authority, or above the tax-exempt amount of 90 euros from paragraph 1, item 3) of this Article, are converted into the dinar amount at the official median exchange rate of the National Bank of Serbia on the day of expense calculation.

The Minister of Finance further regulates the exercise of the right to tax exemption from paragraph 1, items 7), 10), and 11) of this Article.

Article 18a

Notwithstanding Article 14 of this law, no tax is payable on earnings from employee benefits for providing conditions for recreation at the workplace, where the employer incurs expenses for the construction of premises and/or procurement of equipment for recreation, based on compensation for collective recreation expenses

of employees, or organizing sports events and activities of employees that are conducted with the aim of improving the health of employees and/or building better relationships among employees themselves, or between employees and the employer.

The right to tax exemption from paragraph 1 of this Article can be exercised only if the activities of collective recreation of employees from paragraph 1 of this Article are conducted in accordance with the acts of the employer and if all employees of the employer have the right to recreation of the same type, quality, and scope.

Notwithstanding paragraph 2 of this Article, the right to tax exemption from paragraph 1 of this Article can be exercised even if not all employees have the right to recreation of the same type, quality, and scope, provided that the difference in the exercise of rights can be justified by appropriate occupational medicine expertise.

The right to tax exemption from paragraph 1 of this Article exists in the case of organizing sports events, or activities of employees, provided that they are conducted based on a reasoned decision of the employer, where a significant No. of employees at the employer participate and benefit from them.

The Minister of Finance further regulates the implementation of provisions from paragraphs 1 to 3 of this Article.

Article 19.

Deleted ("Official Gazette of RS", No. 31/09)

Article 20.

The liabilities to pay taxes on earnings made for work in foreign diplomatic and consular missions or international organizations, or with representatives or officials of such missions or organizations, are exempted for:

1) heads of foreign diplomatic missions accredited in Serbia, staff of foreign diplomatic missions in Serbia, as well as members of their households, if these household members are not citizens or residents of the Republic;

2) heads of foreign consulates in Serbia and consular officials authorized to perform consular functions, as well as members of their households, if these household members are not citizens or residents of the Republic;

3) officials of the United Nations and its specialized agencies, technical assistance experts of the United Nations and its specialized agencies;

3a) officials, experts, and administrative staff of international organizations if they are not citizens or residents of the Republic;

4) employees in foreign diplomatic or consular missions and international organizations, if they are not citizens or residents of the Republic;

5) honorary consuls of foreign states, for the income they receive from the state that appointed them to perform consular functions;

6) employees working for persons from points 1) to 5) of this Article, if they are not citizens or residents of the Republic.

Notwithstanding paragraph 1 of this Article, individuals who are citizens or residents of the Republic are exempt from the liabilities to pay taxes on earnings made based on work engagement in the United Nations and its specialized agencies.

Article 21.

No tax is payable on the earnings of persons with disabilities employed in a company for vocational training and employment of persons with disabilities.

Article 21a

No tax is payable on:

1) the premium for voluntary health insurance which the employer deducts and pays from the salary of the employee - insured person included in voluntary health insurance in the country, in accordance with the laws governing voluntary health insurance and acts adopted for the implementation of the laws;

2) pension contribution to a voluntary pension fund which the employer deducts and pays from the salary of the employee - member of the voluntary pension fund, according to the law governing voluntary pension funds and pension plans.

The total amount that can be subject to exemption under paragraph 1 of this Article collectively cannot exceed 5,214 dinars per month.

Tax Relief for the Employment of New Persons and Persons with Disabilities

Article 21b

Deleted ("Official Gazette of RS", No. 47/13)

Article 21c

An employer - legal entity, sole proprietor, flat-rate sole proprietor, or agricultural sole proprietor, who employs a new person is entitled to a refund of part of the paid tax on earnings for the newly employed person, paid up to 31 December 2025.

A newly employed person under paragraph 1 of this Article is considered a person with whom the employer has concluded an employment contract in accordance with the law governing labor relations, who is registered for mandatory social insurance in the Central Register of Mandatory Social Insurance and who was continuously registered as unemployed at the National Employment Service for at least six months before establishing the employment relationship, and a person considered a trainee for at least three months.

A person newly employed under paragraph 1 of this Article is not considered to be someone who was employed by an employer who is a related entity to the employer with whom they are establishing an employment relationship, or by an employer who, had it not ceased to exist, would have been a related entity with the employer with whom the newly employed person is establishing an employment relationship, regardless of whether there was a break in employment.

An employer can claim a tax relief under paragraph 1 of this Article if the establishment of an employment relationship with a newly employed person increases the No. of employees compared to the No. of employees on 31 March 2014.

The tax relief under paragraph 1 of this Article can also be used by an employer who starts conducting activities after 31 March 2014.

The employer is entitled to a refund of the paid tax under paragraph 1 of this Article, as follows:

1) 65% if an employment relationship has been established with at least one, but no more than nine newly employed persons;

2) 70% if an employment relationship has been established with at least 10, but no more than 99 newly employed persons;

3) 75% if an employment relationship has been established with at least 100 newly employed persons.

The refund of the paid tax under paragraph 6 of this Article is carried out in accordance with the law governing tax procedure and tax administration, within 15 days from the date of filing the request for a refund to the competent tax authority.

The request for a refund of the paid tax under paragraph 7 of this Article is filed on a prescribed form.

An employer who uses any type of incentive for a specific person, which is regulated by the relevant law, except in accordance with the provision of the law governing contributions for mandatory social insurance related to the same type of relief, upon establishing an employment relationship with that person, is not entitled to the tax relief under this Article.

The tax relief under this Article cannot be claimed by state bodies and organizations, the Ombudsman, the Commissioner for the Protection of Equality, the State Audit Institution, the Commissioner for Information of Public Importance and Personal Data Protection, the Anti-Corruption Agency, the Republic Commission for the Protection of Rights in Public Procurement Procedures, the Commission for Protection of Competition, the Securities Commission, the Fiscal Council, the Republic Broadcasting Agency, the Energy Agency of the Republic of Serbia, and other public agencies, public enterprises, public services, and other direct or indirect budget beneficiaries, or users of public funds.

The form under paragraph 8 of this Article and its content are prescribed by the minister.

Article 21d

An employer who employs a person with disabilities based on an open-ended contract in accordance with the law governing the prevention of discrimination against persons with disabilities, and who proves the disability with appropriate legal-medical documentation, is exempt from the obligation to pay the calculated and withheld tax from the salary of that person, for a period of three years from the date of establishing the employment relationship.

A newly employed person with disabilities under paragraph 1 of this Article is considered to be a person with whom the employer has concluded an employment contract in accordance with the law governing labor and who has been registered for mandatory social insurance with the competent organizations for mandatory social insurance.

A newly employed person with disabilities under paragraph 1 of this Article will not be considered a person who was employed by an employer who is a founder or related entity to the employer with whom they are establishing an employment relationship, regardless of whether there was a break in employment.

Tax relief under this Article cannot be claimed by state authorities and organizations, public enterprises, public services, and other direct or indirect budget beneficiaries.

Employers who use or have used a tax relief for a specific person when paying salary taxes on another legal basis in accordance with the relevant regulation, cannot claim the tax relief for the same person under this Article.

The manner and procedure for the implementation of the provisions of this Article shall be further regulated by the minister.

Article 21e

An employer - a legal entity classified as a micro or small legal entity under the law governing accounting, as well as an sole proprietor, flat-rate sole proprietor, or agricultural sole proprietor, who establishes an employment relationship with at least two new individuals, is entitled to a refund of 75% of the paid income tax for newly employed individuals, paid up until 31 December 2025.

A person newly employed under the provisions of paragraph 1 of this Article is considered to be an individual with whom the employer has concluded an employment contract in accordance with the law governing labor relations, who has been registered for mandatory social insurance in the Central Registry of Mandatory Social Insurance, and who was registered with the National Employment Service before establishing the employment relationship.

employment was continuously registered as unemployed for at least six months, and a person considered an intern for at least three months.

A person newly employed under paragraph 1 of this Article is not considered to be someone who was employed by an employer who is a related entity to the employer with whom they are establishing an employment relationship, or by an employer who, had it not ceased to exist, would have been a related entity with the employer with whom the newly employed person is establishing an employment relationship, regardless of whether there was a break in employment.

An employer who establishes an employment relationship with one newly hired individual from 1 January 2016, and subsequently establishes an employment relationship with another newly hired person, can use the tax relief for the first newly hired individual only after establishing the employment relationship with the second newly hired person. However, the right to a refund of the paid tax for the first newly hired individual can be claimed for the salary paid to that individual for the month in which the condition for using the tax relief was met.

The tax relief referred to in paragraph 1 of this Article can be granted to an employer if the employment of a newly hired person increases the No. of employees by at least two compared to the No. of employees the employer had on 31 October 2015.

If the employer increased the No. of employees between 31 October 2015, and 31 December 2015, compared to the No. of employees on 31 October 2015, the tax relief for newly employed individuals with whom an employment relationship was established from. As of 1 January 2016, it can be used starting from the month in which the condition for using the tax relief was met.

If an employer reduced the No. of employees between 31 October 2015, and 31 December 2015, compared to the No. of employees on 31 October 2015, the employer can use the tax relief for newly hired employees whose employment increases the No. of employees compared to what it would have been had the employer not reduced the No. of employees in that period, starting from the month in which the employer became eligible to use the tax relief.

The tax relief referred to in paragraph 1 of this Article may also be used by an employer who starts conducting business after 31 October 2015.

The refund of the tax paid under paragraph 1 of this Article shall be carried out in accordance with the law governing tax procedure and tax administration, within 15 days from the date of filing the refund request to the competent tax authority.

The request for a refund of the paid tax from paragraph 9 of this Article is filed on the prescribed form.

An employer who uses any type of incentive for a specific person, which is regulated by the relevant law, except in accordance with the provision of the law governing contributions for mandatory social insurance related to the same type of relief, upon establishing an employment relationship with that person, is not entitled to the tax relief under this Article.

State authorities and organizations, public agencies, public enterprises, public services, and other direct or indirect budget beneficiaries, i.e., beneficiaries of public funds, cannot benefit from the tax relief provided in this Article.

The form from paragraph 10 of this Article and its content shall be prescribed by the minister.

Article 21f

An employer - a newly established company, a newly established sole proprietor, and a newly established agricultural sole proprietor, who is registered in the register of the competent authority or organization, may be entitled to exemption from paying tax on the basis of the founders' salaries who are employed in that company, or on the basis of personal income of sole proprietors and agricultural sole proprietors.

The right to tax exemption from paragraph 1 of this Article, the employer may exercise for the salaries of founders and personal incomes of sole proprietors and agricultural sole proprietors, paid in the period of 12 months from the date the company was established, or the sole proprietor and agricultural sole proprietor were registered, whose monthly amount individually for each person during the exemption period does not exceed 37,000 dinars, which amount does not include associated duties from earnings.

The right to tax exemption ceases upon the expiry of the period from paragraph 2 of this Article, or on the day when the monthly salary of the founders, or personal income of sole proprietors and agricultural sole proprietors, which is higher than the amount from paragraph 2 of this Article, is paid, and the employer is liable to calculate and pay the tax on the salary, or personal income, on the amount paid increased by tax and associated contributions that are paid from the salary, and to calculate and pay the tax on the salary for subsequent salaries paid to those persons in accordance with the law.

The employer exercises the right to tax exemption from paragraph 1 of this Article under the following conditions:

1) that the individual - founder, or each of the founders if there are several, has established an employment relationship with the newly established company, concluded a work contract in accordance with the law governing labor relations, and is registered for mandatory social insurance in the Central Register of Mandatory Social Insurance;

2) that the individual - sole proprietor, or agricultural sole proprietor is registered for mandatory social insurance in the Central Register of Mandatory Social Insurance;

3) that during the period for which the right to tax exemption is exercised, this right can be exercised for a maximum of nine employed founders, who meet the requirements;

4) that the individuals - founders of the company, sole proprietor, and agricultural sole proprietor, were registered as unemployed at the National Employment Service for at least six months continuously before the day of establishing the company, or registering the sole proprietor or agricultural sole proprietor, or have acquired secondary, college, or university education in accordance with the law during the 12 months before the day of establishment or registration.

The tax exemption from this Article can be exercised by the employer - company, sole proprietor, and agricultural sole proprietor, which was established or registered by 31 December 2020.

Based on the salary, or personal income of the persons from paragraph 4 of this Article, for which one newly established employer has obtained a tax exemption from this Article, another newly established employer - company, sole proprietor, and agricultural sole proprietor, cannot obtain a tax exemption for these persons from this Article.

An employer who uses the tax exemption from this Article, except in accordance with the provision of the law governing contributions for mandatory social insurance related to the same type of exemption, is not entitled to other benefits for that person based on establishing an employment relationship with them, including the use of subsidies for employment and self-employment.

Article 21g

An employer - a newly established business entity engaged in innovative activities as defined by the law governing corporate income tax, may be entitled to exemption from paying calculated and withheld tax on the earnings of founders who are employed in that newly established business entity.

The right to tax exemption referred to in paragraph 1 of this Article, the employer may exercise for the salaries of the founders paid in the period of 36 months from the day the company was established.

Tax exemption under paragraph 1 of this Article can be exercised for each founder based on their monthly salary, but only for the salary amount that does not exceed 150,000 dinars per month. If the salary is higher, the exemption applies only to the portion of the salary up to 150,000 dinars.

The employer exercises the right to tax exemption from paragraph 1 of this Article under the following conditions:

1) that the individual - founder, or each of the founders if there are several, has established an employment relationship with the newly established company, concluded a work contract in accordance with the law governing labor relations, and is registered for mandatory social insurance in the Central Register of Mandatory Social Insurance;

2) that during the period for which the right to exemption is granted, the founder holds at least 5% of shares or stakes in the newly established company.

The employer may exercise the right to tax exemption referred to in paragraph 1 of this Article.

a business entity that is not affiliated with any legal entity in terms of the law governing corporate income tax and that does not generate more than 30% of its total revenue from other entities considered to be connected with any founder of the employer - business entity.

Based on the earnings of individuals from paragraph 4 of this Article, for which one newly established employer has obtained a tax exemption under this Article, another newly established employer cannot obtain an exemption for those individuals under this Article.

An employer who utilizes the tax exemption provided in this Article, except when using the exemption in accordance with the provision of the law governing contributions for mandatory social insurance related to the same type of exemption, is not entitled to obtain other benefits for that person based on the establishment of an employment relationship with them, including the use of subsidies for employment and self-employment.

Article 21h

An employer who establishes an employment relationship with a person who, in accordance with the provisions of paragraphs 5 and 6 of this Article, may be considered a qualified newly employed person (hereinafter referred to as: qualified newly employed person), is exempt from the liability to pay the calculated and withheld tax on the earnings of the qualified newly employed individual, for earnings paid up to and including 31 December 2022.

The employer referred to in paragraph 1 of this Article is an employer who, at any time during the period from 1 January 2020, to 31 December 2022, concludes an employment contract in accordance with the law governing labor relations with a qualified newly employed person referred to in paragraphs 5 and 6 of this Article, and who has registered the qualified newly employed person for mandatory social insurance in the Central Registry of Mandatory Social Insurance.

Notwithstanding paragraphs 1 and 2 of this Article, an employer who had a maximum of 30 employees on 31 December 2020, and who at any time from 1 January 2020, to 31 December 2021, concluded, or from 1 January 2022 to 31 December 2025, concludes an employment contract in accordance with the law governing labor relations with a qualified newly employed person and registers that person for mandatory social insurance in the Central Register of Mandatory Social Insurance, is exempt from the liability to pay calculated and withheld tax from the earnings of the qualified newly employed person, for earnings paid up to 31 December 2025.

The employer from paragraph 3 of this Article cannot obtain tax exemption based on the earnings paid in the period from 1 January 2023 to 31 December 2025, for a qualified newly employed person from paragraphs 5 and 6 of this Article, with whom an employment contract was concluded after 30 June 2021, and who was previously employed at any time after 1 January 2020, by an employer who according to the regular annual financial report for 2020 had an average of more than 30 employees.

A qualified newly employed person from paragraph 1 of this Article is considered to be a person who from 1 January 2019 to 31 December 2019, did not have the status of an insured employee, or an insured self-employed person who is a founder or member of a company in which they are employed, and who acquired the status of an insured employee, or an insured self-employed person who is a founder or member of a company in which they are employed, in the period from 1 January 2020 to 30 April 2020, by establishing an employment relationship with the employer from paragraph 1 of this Article or with another employer.

A qualified newly employed person from paragraph 1 of this Article is also considered to be a person who from 1 January 2019, to 30 April 2020, did not have the status of an insured employee, an insured self-employed person as a sole proprietor, or an insured self-employed person who is a founder or member of a company in which they are employed, and who acquired the status of an insured employee, or the status of an insured self-employed person who is a founder or member of a company in which they are employed, in the period from 1 May 2020 to 31 December 2020, by establishing an employment relationship with the employer from paragraph 1 of this Article or with another employer.

A qualified newly employed person is also considered to be a person who from 1 January 2019 to 31 December 2021, did not have the status of an insured employee, or an insured self-employed person who is a founder, or a member of a company in which they are employed, and who during that period had the status of an insured self-employed person as a sole proprietor, if they acquire the status of an insured employee, or an insured self-employed person who is a founder, or a member of a company in which they are employed, in the period from 1 January 2022 to 30 April 2022, by establishing an employment relationship with the employer from paragraph 3 of this Article or with another employer who had a maximum of 30 employees on 31 December 2020.

An employer can obtain tax exemption under paragraphs 1 and 3 of this Article if the employment of a qualified newly hired person increases the No. of employees compared to the No. of employees on 31 December 2019.

An employer who starts a business after 31 December 2019 can also be granted tax exemption under paragraph 1 of this Article.

An employer who starts a business after 31 December 2021, can also be granted tax exemption under paragraph 3 of this Article, provided that during the exemption period there are no related legal entities in terms of the law governing corporate income tax, and if at any point during that period there are related entities, from that moment onwards for the subsequent period, the right to tax exemption is lost.

If during the use of the tax exemption the employer reduces the No. of employees compared to 31 December 2019, by terminating the employment of a person who is not considered a qualified newly hired person, the employer loses the right to use the tax exemption for the No. of qualified newly hired persons by which the No. of employees has been reduced compared to 31 December 2019, and in the case where the tax exemption was obtained for more than one qualified newly hired person, the exemption is first lost for the qualified newly hired person with whom the employment relationship was established earlier.

Notwithstanding paragraph 11 of this Article, if during the use of the tax exemption the employer from paragraph 9 or paragraph 10 of this Article reduces the No. of employees compared to the day of 31 December of the year in which the business was started, by terminating the employment of a person who is not considered a qualified newly hired person, the employer loses the right to use the tax exemption for the No. of qualified newly hired persons by which the No. of employees has been reduced compared to 31 December of the year in which the business was started, and in the case where the tax exemption was obtained for more than one qualified newly hired person, the exemption is first lost for the qualified newly hired person with whom the employment relationship was established earlier.

The employer from paragraph 1 of this Article is exempted from the liability to pay calculated and withheld tax from salaries as follows:

- 1) 70% of the tax - for salaries paid in the period from 1 January 2020 to 31 December 2020;
- 2) 65% of the tax - for salaries paid in the period from 1 January 2021 to 31 December 2021;
- 3) 60% of the tax - for salaries paid in the period from 1 January 2022 to 31 December 2022.

The employer from paragraph 3 of this Article is exempted from the liability to pay calculated and withheld tax from salaries as follows:

- 1) 60% of the tax - for salaries paid in the period from 1 January 2022 to 31 December 2022;
- 2) 50% of the tax - for salaries paid in the period from 1 January 2023 to 31 December 2023;
- 3) 40% of the tax - for salaries paid in the period from 1 January 2024 to 31 December 2024;
- 4) 30% of the tax - for salaries paid in the period from 1 January 2025 to 31 December 2025.

An employer referred to in paragraphs 1, 2, or 3 of this Article, may, in the period from 1 January 2022 to 31 December 2022, use for the same qualified newly employed person the exemption from paragraph 13, item 3) of this Article or the exemption from paragraph 14, item 1) of this Article.

Notwithstanding paragraph 14 of this Article, the employer from paragraph 3 of this Article who uses the exemption for a qualified newly employed person from paragraph 7 of this Article shall apply the exemption from paragraph 14 of this Article reduced by three percentage points for each year of application.

An employer who uses any type of incentive for a specific individual that is regulated by the appropriate law, except when using an exemption in accordance with the provision of the law governing contributions for mandatory social insurance related to the same type of relief, is not entitled to obtain a tax exemption for that individual under this Article based on the establishment of an employment relationship with that person.

A qualified newly employed person, as referred to in paragraphs 5 and 6 of this Article, does not include a person who had the status of a recipient of old-age, early old-age, or disability pension from 1 January 2019 to 30 April 2020.

A qualified newly employed person, as referred to in paragraph 7 of this Article, does not include a person who, from 1 January 2019 to 30 April 2022, had the status of a recipient of old-age, early old-age, or disability pension.

Exemption from this Article cannot be granted to state authorities and organizations, public agencies, public enterprises, public services, and other direct or indirect budget beneficiaries, or users of public funds.

An employer, as referred to in paragraphs 1 and 3 of this Article, is considered to be a legal entity, sole proprietor, flat-rate sole proprietor, agricultural sole proprietor, representative office, branch of a foreign legal entity, and an individual.

Article 21i

An employer who establishes an employment relationship with a newly employed person is exempt from the liability to pay 70% of the calculated and withheld tax on the earnings of the newly employed person, for earnings paid up to and including 31 December 2024.

A person referred to in paragraph 1 of this Article is considered to be a person who, during the period from 1 January 2019 to 28 February 2022, had no status of an insured employee, an insured self-employed as a sole proprietor, or an insured self-employed person who is a founder or member of a economic operator employed in the economic operator of which they are a founder or member. This status of an insured employee or an insured self-employed person who is a founder or member of a economic operator employed in the economic operator of which they are a founder or member was acquired in the period from 1 March 2022 to 31 December 2022, by establishing an employment relationship with an employer mentioned in paragraph 1 of this Article or with another employer, and which earns a monthly salary greater than 76,500 dinars.

An employer who uses any type of incentive for a specific individual, as regulated by the relevant law, including allowances paid by the National Employment Service within the framework of active employment policy programs and measures in accordance with the law governing employment and unemployment insurance, except when using an exemption in accordance with the provision of the law regulating contributions for mandatory social insurance related to the same type of relief, does not have the right to claim tax exemption for that individual under this Article based on the establishment of an employment relationship with that person.

A person who has had the status of a recipient of old-age, early old-age, or disability pension since 1 January 2019, is not considered a newly employed person under paragraph 1 of this Article.

An employer, in the sense of paragraph 1 of this Article, is considered to be a legal entity, sole proprietor, flat-rate sole proprietor, agricultural sole proprietor, representative office, and branch of a foreign legal entity.

Article 21j

An employer - a legal entity, which, within its activities on the territory of the Republic, conducts research and development, is exempt from the liability to pay 70% of the calculated and withheld tax from the earnings of persons directly engaged in research and development activities, proportionally to the time such persons spend on research and development tasks relative to full working hours.

A person directly engaged in research and development tasks is considered to be an individual who works on implementing a project in a way that they are directly involved in

identifying and solving relevant process or technical problems or tasks associated with a specific project.

Engagement in research and development tasks, in the sense of paragraph 2 of this Article, does not include activities related to direct or indirect supervision over the implementation of the project or support activities related to the implementation of the project.

Research, in the sense of paragraph 1 of this Article, is considered to be original and planned research undertaken with the aim of acquiring new scientific or technical knowledge and understanding, and development is the application of research results or the application of other scientific achievements or designs with the aim of producing new or significantly improved materials, devices, products, processes, systems, or services before commencing commercial production or use.

The exemption from paragraph 1 of this Article can be used by legal entities that conduct research and development on their own account and retain ownership of the intangible assets that may arise from the research and development.

The exemption from paragraph 1 of this Article does not apply to salaries paid to employees engaged in research activities aimed at finding and developing oil, gas, or mineral reserves in the extractive industry.

An employer who uses any type of incentive for a specific individual that is regulated by the appropriate law, except when using an exemption in accordance with the provision of the law governing contributions for mandatory social insurance related to the same type of relief, is not entitled to obtain a tax exemption for that individual under this Article based on the establishment of an employment relationship with that person.

The limitation on the right to use incentives, in the sense of paragraph 7 of this Article, does not apply to an employer who uses the right to double recognition of costs directly associated with research and development in accordance with the law governing corporate income tax.

The minister further regulates the conditions and manner of exercising the rights from this Article.

Heading two Article 22.

Deleted ("Official Gazette of RS", No. 47/13)

Article 23.

Deleted ("Official Gazette of RS", No. 47/13)

Article 24.

Deleted ("Official Gazette of RS", No. 47/13)

Article 25.

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Article 26.

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Article 27.

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Article 28.

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Article 29.
Deleted (“Official Gazette of RS”, No. 47/13)

Article 30.
Deleted (“Official Gazette of RS”, No. 47/13) Heading Three

TAX ON INCOME FROM SELF-EMPLOYMENT

Subject of Taxation

Article 31.

Income from self-employment is considered to be income earned from economic activities, including activities in agriculture and forestry, providing expert and other intellectual services, as well as income from other activities, if this income is not taxed on another basis under this law.

Income from self-employment also includes income earned from permanent or seasonal exploitation of land for non-agricultural purposes (extraction of sand, gravel, and stone, production of lime, bricks, tiles, charcoal, etc.), incubator poultry production, and other similar activities, regardless of whether they are registered as independent activities with the competent authority.

Taxpayer

Article 32.

The taxpayer for income from self-employment is an individual who earns income by performing activities specified in Article 31 of this law.

The taxpayer referred to in paragraph 1 of this Article is an individual who is registered in the register with the competent authority or organization, and pays tax on income from self-employment on taxable profit (hereinafter: sole proprietor), or on a flat-rate determined income (hereinafter: flat-rate sole proprietor).

In the sense of paragraph 1 of this Article, a taxpayer also includes a taxpayer on the basis of income from agriculture and forestry - an individual who is the holder of a family agricultural holding registered in the agricultural holdings' register in accordance with the regulations governing this area, who keeps business books in accordance with this law and pays tax on income from self-employment on taxable profit (hereinafter: agricultural sole proprietor).

In the sense of paragraph 1 of this Article, a taxpayer also includes an individual who is a taxpayer of value-added tax in accordance with the law governing value-added tax, as well as any other individual who performs activities regardless of whether the activity is registered and pays tax on income from self-employment on taxable profit (hereinafter: sole proprietor other individual).

Tax Base

Article 33.

Taxable income from self-employment is taxable profit, and for a flat-rate sole proprietor, it is flat-rate determined income, unless otherwise specified by this law.

Taxable profit is determined in the tax balance by reconciling the profit shown in the profit and loss statement, prepared in accordance with the regulations governing accounting for the taxpayer who is required to keep double-entry bookkeeping, or in accordance with the regulation from Article 49 of this law for the taxpayer who keeps single-entry bookkeeping, in a manner determined by this law.

Flat-rate income is determined by a decision of the competent tax authority applying criteria and elements from Article 41 of this law.

Article 33a

A sole proprietor and an agricultural sole proprietor may opt for the payment of personal earnings.

Personal earnings, in the sense of this law, are considered the monetary amount that the taxpayer from paragraph 1 of this Article pays and records in the business books as their monthly personal earnings increased by the associated duties from the earnings.

The taxpayer from paragraph 1 of this Article who opts for the payment of personal earnings is required to submit a notification of their choice to make personal earnings' payments in electronic form, via the Tax Administration portal.

An individual who starts performing activities files a notification of the choice to make personal earnings' payments exclusively at the time of registration to the competent organization that maintains the register of companies, which will forward the request to the Tax Administration.

Notwithstanding paragraph 4 of this Article, individuals who do not register with the organization that maintains the register of companies, must file a notification of their decision to make personal salary payments in electronic form via the Tax Administration portal, within five days from the date of registration in the Tax Administration, or the date of assignment of the tax identification No. (hereinafter: TIN) and no later than 31 December of the current year.

The notification from paragraph 3 of this Article must be submitted no later than 15 December of the current year for the period from 1 January of the following year.

The taxpayer from paragraph 1 of this Article who opts for the payment of personal salary, cannot change this decision during the tax period.

If the taxpayer from paragraph 1 of this Article decides to stop the payment of personal salary, they must submit a notification in electronic form, via the Tax Administration portal by December 15 of the current year.

In the case from paragraph 8 of this Article, the taxpayer from paragraph 1 of this Article is not obliged to make personal salary payments from 1 January of the year following the year in which the notification was submitted to the competent tax authority.

Reconciliation of Income and Expenses

Article 34.

Deleted ("Official Gazette of RS", No. 135/04)

Article 35.

Reconciliation of income and expenses, determination of capital gains and losses, determination of the amount of capital gains included in the taxable income from self-employment, and the tax treatment of losses from previous years are shown in the tax balance sheet of sole proprietors in accordance with the relevant provisions of the law governing corporate income tax, unless otherwise specified by this law.

The manner in which taxpayers from Article 32 of this law, except for flat-rate sole proprietors, show transfer prices in the tax balance sheet is further regulated by the minister.

Article 35a

Depreciation of fixed assets shown in the business books is recognized as an expense in the amount and manner determined by the law governing corporate income tax and the by-law issued based on that law.

Article 36.

In addition to physical and legal entities that have this status according to the relevant provisions of the law governing corporate income tax, the following are also considered persons connected with the obligor from Article 32 of this law:

- 1) family members of the taxpayer;
- 2) siblings of the taxpayer;
- 3) parents of the spouse and stepchildren.

Article 37.

In the case of debt to a creditor with the status of a connected person or a loan that the taxpayer takes from a creditor with the status of an associated entity, the interest recognized in expenses in the tax balance sheet cannot be higher than what would have been incurred had it been possible to borrow or take a loan in the market during the accounting period.

In the case of receivables from a debtor with the status of an associated entity or a loan that the taxpayer grants to a debtor with the status of an associated entity, the interest included in income in the tax balance sheet cannot be lower than what would have been achieved had it been possible to negotiate these receivables or approve a loan in the market during the accounting period.

The difference between the market interest rate and the calculated interest on a loan between associated entities from paragraphs 1 and 2 of this Article is included in the taxable profit.

Article 37a

The taxpayer who pays tax on actual income from self-employment is allowed to recognize in the tax balance sheet expenses for:

- 1) paid personal salary.
- 2) travel expenses for official trips up to the amount specified in Article 18, paragraph 1, points 2) to 5) of this law;
- 3) calculated and paid contributions for mandatory personal social insurance based on self-employment if the taxpayer has not opted for personal salary payment.

Article 37b

The treatment of business income includes the withdrawal from business assets for private needs and personal consumption by a taxpayer who pays tax on actual income from self-employment.

The treatment of business expenses includes the investment of personal assets by a taxpayer who pays tax on actual income from self-employment, into business assets, except for investments in fixed assets.

The withdrawal or investment of assets from paragraphs 1 and 2 of this Article that is not in monetary form is estimated according to the comparable market value, in accordance with the principle of permanence.

Article 37c

Taxable income from self-employment does not include income that is taxed according to Article 85, paragraph 1, point 17) of this law, which is earned by a taxpayer on actual income from self-employment.

Tax Rate

Article 38.

The tax rate on income from self-employment is 10%.

Tax Incentives

Article 39.

Tax incentives based on investments in fixed assets in one's own registered activity and based on investments in accordance with regulations governing the promotion of investments in the economy of the Republic are recognized to sole proprietors under the conditions and in the manner recognized to legal entities by the law governing corporate income tax.

Flat-rate Taxation

Article 40.

A taxpayer on income from self-employment registered in the register with the competent authority or organization has the right to apply for tax on income from self-employment to be paid on a flat-rate determined income (hereinafter: flat-rate taxation). The right to flat-rate taxation cannot be recognized for a taxpayer from paragraph 1 of this Article:

- 1) who is engaged in the following activities: accounting, bookkeeping and auditing, tax consulting business, advertising and market research;
- 2) who is engaged in the following activities: wholesale and retail trading, hotel and restaurant keeping, financial intermediation and activities related to real estate;
- 3) whose activities involve investments from other entities;
- 4) whose total turnover in the year preceding the year for which the tax is determined, or whose planned turnover when starting the activity - is greater than 6,000,000 dinars;
- 5) who is registered as a taxpayer of value-added tax in accordance with the law governing value-added tax.

Notwithstanding the provision of paragraph 2, point 2) of this Article, a taxpayer who conducts trading or catering activities in a kiosk, trailer, or similar modular or mobile unit may, upon request, be granted to pay tax on a flat-rate assessed income.

The right to flat-rate taxation according to paragraphs 1 to 3 of this Article can be exercised by a taxpayer who exclusively manufactures and sells their own products within the scope of their activity.

In the total turnover of the taxpayer in the sense of paragraph 2, point 4) of this Article, income that is taxed according to Article 85, paragraph 1, point 17) of this law is not included.

Activities from paragraphs 2 and 3 of this Article are determined in accordance with regulations governing the classification of activities.

Article 41.

If the conditions from Article 40 of this law are met, sole proprietors paying flat-rate taxes are classified into groups for the purpose of determining the amount of flat-rate income as the tax base for income from self-employment, such that one group consists of all flat-rate sole proprietors conducting the same predominant activity.

The predominant activity referred to in paragraph 1 of this Article is the activity that is registered as such in the register of companies, or the activity from which the flat-rate sole proprietor has generated a higher income amount during the tax period compared to the one registered as the predominant activity.

The starting base for determining the amount of flat-rate income by groups is determined in relation to the average monthly salary per employee achieved in the Republic, city, municipality, or city municipality, according to the data published by the national statistical office for the last 12 months (hereinafter: average monthly salary), which is multiplied by the No. of employees in the Republic, city, municipality, or city municipality and by the activity coefficient, and then divided by the No. of residents in the Republic, city, municipality, or city municipality.

The starting base from paragraph 3 of this Article is reduced or increased by applying the following elements:

- 1) registered office of the sole proprietor;
- 2) the time period that has elapsed since the sole proprietor's registration;
- 3) the age of the taxpayer and their working ability;
- 4) other circumstances that affect profit-making.

The government regulates more detailed conditions, criteria, and elements for flat-rate taxation.

Article 42.

The request for flat-rate taxation can be submitted until 31 October of the current year for the next year, or within 15 days from the date of receipt of the act of the competent tax authority confirming deletion from the value-added tax records in accordance with the law governing value-added tax, but no later than 31 December of the current year for the next year, in electronic form via the Tax Administration portal.

An individual who starts conducting an activity submits a request for flat-rate taxation exclusively at the moment of registration to the competent organization that maintains the register of companies, which will forward the request to the Tax Administration.

Notwithstanding paragraph 2 of this Article, individuals who do not register with the organization that maintains the register of companies submit a request for flat-rate taxation in electronic form via the Tax Administration portal, within five days from the date of registration in the Tax Administration, or the date of assignment of the Tax Identification Number, but no later than 31 December of the current year.

A taxpayer of income from self-employment who has been granted the right to flat-rate taxation uses this method of taxation until it is determined that the reasons for flat-rate taxation have ceased, or that changed conditions exclude the right to flat-rate taxation.

In the case from paragraph 4 of this Article, the competent tax authority will, by decision, order the taxpayer from paragraph 4 of this Article to keep business books from the middle of the current year or from the beginning of the next year.

A flat-rate sole proprietor whose right to flat-rate taxation ceases based on Article 40, paragraph 2, item 5) of this law, is obliged to keep business books no later than from the day they become a taxpayer of value-added tax in accordance with the law governing value-added tax, without determining the obligation to maintain business books by a decision of the competent tax authority.

Business Books and Accounting Documents

Article 43.

Entities referred to in Article 32 of this law are required to maintain business books and record business transactions in accordance with the accounting law, or in the manner prescribed by this law.

The sole proprietor from Article 32, paragraph 2 of this law, who pays tax on actual income, maintains books under the double-entry bookkeeping system in accordance with the accounting law.

The agricultural sole proprietor and other individual referred to in Article 32, paragraphs 3 and 4 of this law, maintain business books under the single-entry bookkeeping system, in accordance with this law.

Flat-rate sole proprietors are required to keep only a business book of realized turnover.

Article 43a

Sole proprietors maintain business books under the double-entry bookkeeping system in accordance with the law and other regulations governing accounting.

Article 44.

In business books under the single-entry bookkeeping system, data on income, expenses, fixed assets, tools, and inventory with calculative depreciation are provided, in accordance with this law and the regulation from Article 49 of this law.

Article 45.

The agricultural sole proprietor and other individuals are required to keep business books under the single-entry bookkeeping system from Article 44 of this law up-to-date and orderly, so that they ensure the control of the correctness of entries, storage, and use of data, as well as insight into the chronology of business changes.

The agricultural sole proprietor and other individuals are required to record income no later than the next day from the day the income was earned, record expenses within seven days from the day they occurred, and other entries within the deadlines and in the manner determined by this law and regulations enacted based on it, or in accordance with regulations governing accounting.

The sole proprietor who is required to maintain books under the double-entry bookkeeping system records business changes in accordance with the accounting law.

Article 46.

The recording of each business change in assets, income, and business expenses is based on reliable accounting documents, which must be such that they show the business change occurred and contain appropriate data for recording.

Article 47.

The taxpayer, as per Article 32 of this law, is required to maintain business books and other accounting documents on the business premises.

When bookkeeping is entrusted to a professional accounting firm, the books and other financial documents may be stored on the premises of that firm.

Article 48.

Business books and accounting documents are kept for at least five years from the last day of the business year to which they relate, unless otherwise specified by law.

Article 49.

The minister specifies in detail the types and content of business books and other records kept under the single-entry bookkeeping system, the manner of their maintenance, and the presentation of financial results.

Tax Balance

Article 50.

Taxpayers who pay tax on actual income from self-employment, who maintain business books under the single or double-entry bookkeeping system, prepare an annual tax balance.

Detailed regulations on the content of the tax balance and the manner of its preparation are issued by the minister.

Recording of Income and Expenses at the Bank

Article 51.

The obligor from Article 32 of this law is required, regardless of the method of taxation, to make all payments through a current account at the bank and to manage the funds in that account, including the deposit of received cash, in accordance with the law governing the payment operations of legal entities, sole proprietors, and individuals who do not perform activities.

Heading Four

TAX ON INCOME FROM COPYRIGHTS, RELATED RIGHTS, AND INDUSTRIAL PROPERTY RIGHTS

Subject of Taxation

Article 52.

Income from copyright is considered to be the compensation that the taxpayer earns based on:

- 1) written works (literary, scientific, expert, journalistic and other works, studies, reviews, etc.);
- 2) spoken works;
- 3) dramatic and dramatic-musical works;
- 4) pantomime and choreographic works whose presentation is determined in writing or in another way;
- 5) musical works with or without words;
- 6) cinematographic works and works created in a manner similar to cinematography;
- 7) works of visual arts;
- 8) cartographic works;
- 9) conceptual projects, sketches, drawings, and plastic works related to architecture, geography, topography, or any other field of science or art;
- 10) comics, crosswords, and similar;

11) editorial works that, in terms of the selection and arrangement of material, represent an independent intellectual creation;

12) translations, proofreading, arrangements of musical adaptations, and other processing of copyright works;

13) awards in competitions for the creation of artistic, scientific, expert, and other copyright works, awards in competitions for the creation of conceptual projects, as well as awards for achievements in science and art, unless otherwise specified by this law;

14) performances of musical, literary, and other works;

15) use of performed musical materials;

16) creation of prototypes of artistic objects that are transferred to companies as models for reproduction (production) of such objects;

17) visual works from the field of applied arts;

18) other copyright works.

A visual work from the field of applied arts as referred to in paragraph 1, item 17) of this Article is considered to be unique pieces created by the author himself based on his own idea - in a design or material - in branches of applied arts, such as:

1) plastic works from various materials (stone, gemstone, wood, metal, precious metals, glass, plastic, and others);

2) artistic ceramics;

3) works in the field of interior architecture, facade architecture, space design, as well as supervision over the execution of these works;

4) artistic solutions in the field of horticulture;

5) mural painting and painting in space (in techniques: fresco, engraving, mosaic, marquetry, stained glass, enamel, etc.), as well as marquetry objects and enamel objects;

6) artistic graphic solutions (posters, occasional graphics, screen printing, book equipment, magazines and newspapers, packaging, yearbooks, catalogues, brochures, almanacs, etc.);

7) artistic photography and works produced by a process similar to photography;

8) artistic textile processing (tapestry, woven textile, etc.).

9) artistic solutions for scenography and costume design;

10) fashion design;

11) solutions for industrial design;

12) restoration and conservation works in the field of culture and arts;

13) conceptual sketches and drawings in applied arts, as well as sold prototypes of applied arts, if they have retained the character of originals according to existing customs.

Article 52a

Income from rights related to copyright (hereinafter: related rights) is considered to be the compensation that the taxpayer earns based on:

1) performers' rights;

2) phonogram producers' rights;

3) videogram producers' rights;

4) broadcast producers' rights;

5) database producers' rights.

Article 53.

Income from industrial property rights is considered to be the compensation that the taxpayer earns based on:

1) patents;

2) utility models;

3) trademarks;

- 4) designs and patterns;
- 5) technical improvements.

Taxpayer

Article 54.

The taxpayer of income from copyright, related rights, and industrial property rights (hereinafter: copyright and related rights and industrial property rights) is an individual who, as an author, holder of related rights, or owner of industrial property rights, earns remuneration based on copyright and related rights, or industrial property rights.

The taxpayer of income from copyright and related rights and industrial property rights also includes the successor of the property copyright and related rights and industrial property rights and any other individual who earns compensation on these grounds.

Tax Base

Article 55.

Taxable income from copyright and related rights and industrial property rights consists of the difference between gross income and the costs that the taxpayer incurred in earning and preserving income, unless otherwise prescribed by this law.

Notwithstanding paragraph 1 of this Article, taxable income from copyright and related rights on which tax is paid by self-assessment, except for those incomes earned by a taxpayer who has the status of an independent artist in accordance with the law governing the field of culture, consists of gross income earned in the quarter reduced by standardized expenditures in the amount in dinars:

- 1) in the amount from Article 12b paragraph 1 of this law, or
- 2) in the amount from Article 12b paragraph 2 of this law increased by 34% of the gross income earned in the quarter.

Standardized Expenditures

Article 56.

The following standardized expenditures are recognized for the taxpayer - author, or holder of related rights:

1) for sculptural works, tapestries, artistic ceramics, ceramoplastics, mosaics and stained glass, for artistic photography, mural painting and painting in space in techniques: fresco, graphics, inlay, enamel, inlaid and enameled objects, costume design, fashion design and artistic processing of textiles (woven textile, printed textile, etc.) - 50% of gross income.

2) for painting works, graphic works, industrial design with model and mock-up creation, small sculptures, visual communication works, works in the field of interior architecture and facade treatment, space design, works in the field of horticulture, artistic supervision over the execution of works in the field of interior and facade architecture, space design and horticulture with model and mock-up creation, artistic solutions for scenography, scientific, professional, literary and journalistic works, translation, music and cinematographic works, and restoration and conservation works in the field of culture and arts, for the performance of artistic works (playing and singing, theater and film acting, recitation), film shooting and

concept sketches for tapestry and costume design when not executed in material - 43% of gross income;

3) For interpretation, i.e., performance of entertainment and folk music stage programs, production of phonograms, production of videograms, production of broadcasts, production of databases, and for other copyright and related rights not mentioned in point.

1) and 2) of this Article - 34% of gross income.

Notwithstanding paragraph 1 of this Article, for income from copyright and related rights on which tax is paid by self-assessment, except for such income earned by a taxpayer who has the status of an independent artist in accordance with the law governing the field of culture, standardized expenditures are recognized in the amount in dinars:

1) from Article 12b paragraph 1 of this law, or

2) from Article 12b paragraph 2 of this law increased by 34% of gross income earned in the quarter.

Article 56a

To the taxpayer - author, or holder of related rights, in addition to the standardized expenditures from Article 56 of this law, actual costs from Article 57, paragraph 1 of this law are also recognized.

Actual Costs

Article 57.

For taxpayers from Article 54 of this law, the full amount of the fee they pay for services to the appropriate copyright agency, organization for the protection of musical copyright, and companies and other legal entities authorized to sell and collect revenue from copyright works is recognized as a cost.

To the taxpayer - author and holder of related rights, upon their request instead of standardized, actual costs incurred in earning and preserving income will be recognized if evidence is provided.

To the taxpayer - owner of industrial property rights, the following actual costs are recognized as a cost in determining taxable income:

1) Fees and costs paid for the protection of patents, small patents, trademarks, designs, samples, and technical improvements, according to the confirmation of the competent authority for their protection;

2) Costs of drafting and technical description of patents, small patents, trademarks, designs, samples, and technical improvements, which were an integral part of the application requesting their protection from the competent authority, according to the confirmation of the professional who drafted these plans and technical descriptions and with the opinion on the reality of these costs issued by the appropriate professional organization of inventors;

3) Costs for the production of prototypes, necessary to verify the patent, small patent, trademark, design, sample, or technical improvement, provided they are registered or protected. If the prototype is made in a company or institution, the manufacturer issues a certificate of production costs. If the prototype is made by the inventor on their own, the actual costs incurred are recognized, and the opinion on the reality of the costs is issued by the appropriate professional organization of inventors.

Tax Rate

Article 58.

The tax rate on income from copyright and related rights and industrial property rights amounts to 20%.

Notwithstanding paragraph 1 of this Article, the tax rate on income from contracted compensation from copyright and related rights, which is taxed through self-assessment and for which standardized expenditures are recognized in accordance with Article 56, paragraph 2, item 2) of this law, amounts to 10%.

Time Delimitation of Income

Article 59.

Income from copyright and related rights and industrial property rights, which the taxpayer - author, holder of related rights, or owner of industrial property rights has earned for a work created over more than one year, when assessing income, is divided, at the request of the taxpayer, into as many equal parts as the years the work was created, but not more than five.

In the case from paragraph 1 of this Article, a proportional part of the income is taxed each year.

Tax Base Appraisal

Article 60.

If the Tax Administration determines that an interpreter, manager, or other engaged person has earned income from a program of entertainment and folk music or other entertainment program without having concluded a contract with the organizer of such a program, or considers that the earned income is higher than the contracted income, the gross income is determined by estimation in accordance with the law governing tax procedure and tax administration, and is taxed without recognizing standardized or actual costs.

Heading Five

TAX ON YIELD ON CAPITAL

Subject of Taxation

Article 61.

Income from capital is considered to be:

- 1) interest on the basis of loans, savings, and other deposits (term or on sight) and on the basis of debt securities and similar securities;
- 2) dividends and profit sharing;
- 3) income from an investment unit of an open investment fund;
- 3a) income on the basis of ownership of an investment unit of an alternative investment fund, except for compensation for the transfer of that investment unit;
- 4) taking from the assets and use of services of a company by the owner of the company for their private needs and personal consumption.

Dividend from paragraph 1, item 2) of this Article is also considered to be the liquidation remainder, i.e., the surplus of the division mass in cash or non-monetary assets, above the value of the invested capital determined in accordance with the law governing taxation of corporate profits.

Dividend from paragraph 1, item 2) of this Article is also considered to be the remaining net value of the assets of an open investment fund or an alternative investment fund that does not have the status of a legal entity, which is distributed to members proportionally to their investment units after the dissolution of that investment fund, and which is above the documented acquisition value of those investment units.

Article 61a

Income from dividends is reduced, before determining the tax base, by the amount of the annual installment of the sales price based on the purchase of social and state capital, or assets by public auction, in terms of regulations governing the conditions and procedure for changing ownership of social or state capital, paid before the payment of dividends, but not more than the amount of the paid dividend.

Taxpayer

Article 62.

The taxpayer of the tax on yield on capital is an individual who earns such income.

Tax Base

Article 63.

The taxable yield on capital consists of the pecuniary or non-pecuniary amount of income earned.

If yield on capital is earned in a non-pecuniary form, the value of such income is determined based on the market value of the rights, goods, or services on the day the income is earned.

Tax Rate

Article 64.

The tax rate on the yield on capital is 15%.

Tax Exemptions

Article 65.

No tax is payable on yield on capital from interest:

- 1) on dinar funds based on savings and other deposits (fixed-term or on-sight);
- 2) based on debt securities issued by the Republic, autonomous province, local government unit, or the National Bank of Serbia.

Heading Five a

TAX ON INCOME FROM REAL ESTATES

Subject of Taxation

Article 65a

Income from real estate is considered to be income that the taxpayer earns from leasing or subleasing real property.

Income from real estate as per paragraph 1 of this Article is the realized rent which includes the value of all liabilities and services undertaken by the tenant, except for the costs incurred during the lease, which depend on the tenant's consumption (e.g., electricity, telephone, etc.).

Notwithstanding paragraphs 1 and 2 of this Article, income earned from leasing real estate by the taxpayer from Article 32 of this law, except for flat-rate sole proprietors, is taxed as income from self-employment.

Real property as per paragraph 1 of this Article, includes:

- 1) land;
- 2) residential, commercial, and other buildings, dwellings, business premises, garages, and other (above-ground and underground) construction facilities, or their parts.

Taxpayer

Article 65b

The taxpayer for income tax from real estate is an individual who earns income from leasing or subleasing real estate.

A taxpayer as per paragraph 1 of this Article does not include a taxpayer from Article 32 of this law, except for flat-rate sole proprietors, who lease or sublease real estate as part of a registered self-employment activity.

A taxpayer as per paragraph 1 of this Article also includes an individual who earns income from renting apartments and rooms for a period longer than 30 days, and who, according to the laws governing hospitality and tourism, does not provide hospitality services.

Tax Base

Article 65c

Taxable income from real estate, including income from renting apartments and rooms for a period longer than 30 days, consists of gross income from Article 65a paragraph 2 of this law, reduced by standardized expenditures amounting to 25%.

Notwithstanding paragraph 1 of this Article, income from providing accommodation services for a period up to 30 days, which has a tax treatment according to Article 84b of this law, is not included in taxable income.

To the taxpayer of income tax from real estate, upon their request, instead of standardized expenditures, actual costs incurred in earning and preserving income will be recognized, if evidence is provided.

Taxable income from real estate earned by a tenant who subleases the property is the difference between the rent earned and the rent paid to the landlord.

Tax Rate

Article 65d

The tax rate on income from real estate is 20%.

Heading six

Article 66.

Deleted ("Official Gazette of RS", No. 47/13)

Article 67.

Deleted ("Official Gazette of RS", No. 47/13)

Article 68.

Deleted ("Official Gazette of RS", No. 47/13)

Article 69.

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Article 70.

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Article 71.

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Heading Seven

TAX ON CAPITAL GAINS

Concept of Capital Gain and Capital Loss

Article 72.

Capital gain or loss, in terms of this law, represents the difference between the selling price of rights, shares, and securities and their acquisition price, realized through the transfer of:

- 1) real rights on real estate;
- 2) copyright and related rights and industrial property rights;
- 3) shares in the capital of legal entities, stocks, and other securities;
- 4) investment units, except for investment units of voluntary pension funds, redeemed by an open investment fund, in accordance with the law governing open investment funds;
- 5) investment units of an alternative investment fund, in accordance with the law governing alternative investment funds;
- 6) digital assets.

Under the transfer referred to in paragraph 1 of this Article, a sale or other transfer with monetary or non-monetary compensation is considered.

Another transfer with compensation, in terms of paragraph 2 of this Article, is also considered any entry of non-monetary contribution into a legal entity.

The taxpayer on capital gains tax is any individual, including a sole proprietor, who has performed the transfer of rights, shares, and securities referred to in paragraph 1 of this Article.

Article 72a

Capital gain or loss, in terms of this law, does not include the difference arising from the transfer of rights, shares, or securities when:

- 1) they are acquired by inheritance in the first line of succession;
- 2) the transfer is made between spouses and blood relatives in the direct line;
- 3) the transfer is made between divorced spouses, and is directly related to the divorce;
- 4) the transfer of debt securities issued by the Republic, autonomous province, local government unit, or the National Bank of Serbia is carried out;
- 5) the taxpayer has transferred rights, shares, or securities that he had owned continuously for at least ten years before the transfer;
- 6) in a status change, a swap of shares or shares that the taxpayer has in the transferring company is carried out exclusively for shares or shares in the acquiring company in accordance with the law governing commercial companies.

The right to tax exemption in the sale of rights or shares referred to in paragraph 1, item 5) of this Article, in the case where there has been a change in the percentage of rights or share in the equity during the ownership period, the taxpayer may realize in relation to the percentage of rights that he has owned continuously for at least ten years, or the part of the share based on which he has had the right to participate in the equity continuously for at least ten years, in the percentage that is equal to the percentage initially acquired at least ten years before the sale of rights or shares.

Notwithstanding paragraph 1, item 5) of this Article, the right to tax exemption is not realized in the case where a member of the company transfers a share or shares, or part of a share or shares that he has in the company, and by virtue of that transfer, the company acquires its own shares or shares in terms of the law governing commercial companies.

The change in the nominal value of the right or share referred to in paragraph 1, item 5) of this Article is not considered a change in the percentage of the right or share in the equity referred to in paragraph 2 of this Article.

Article 72b

The transfer of an account from an existing to another voluntary pension fund, carried out by the fund on the order and for the account of a member of the voluntary pension fund, in accordance with the law governing voluntary pension funds and pension plans, is not considered a capital gain.

Determining Capital Gains

Article 73.

For the purpose of determining capital gains, in terms of this law, the sale price is considered to be the contracted price, or the market price determined by the competent tax authority if it assesses that the contracted price is lower than the market price.

As agreed upon, the market price referred to in paragraph 1 of this Article is taken as the price excluding the tax on the transfer of absolute rights.

When transferring rights through an exchange for another right, the sale price is considered the market price of the right being exchanged.

The selling price of an investment unit is considered to be the repurchase price of the investment unit, which consists of the net asset value of the open-end company per investment unit on the day of filing of the fund member's request for the repurchase of investment units, increased by a purchase fee if charged by the management company, in accordance with the law governing investment funds.

Article 74.

For the purpose of determining capital gain, in terms of this law, the acquisition cost is considered to be the price at which the taxpayer acquired the right, share, or security.

When transferring real estate that the taxpayer has built himself, the acquisition cost from paragraph 1 of this Article consists of the amount of construction costs, and if the taxpayer does not prove the amount of construction costs, the property tax base in the year of the occurrence of the liability based on property tax.

In the transfer of real estate under construction, the acquisition cost referred to in paragraph 1 of this Article consists of the amount of construction costs incurred by the taxpayer up to the date of transfer and which can be documented.

The purchase price of an investment unit consists of the net asset value of the fund per investment unit on the payment date, increased by the purchase fee if charged by the management company, in accordance with the laws governing investment funds.

For securities that the taxpayer has acquired through purchase and that are traded on a regulated capital market in accordance with the law governing the capital market (hereinafter referred to as securities traded on the capital market), the acquisition price referred to in paragraph 1 of this Article is considered to be the price that the taxpayer documents as actually paid, or, if not documented, the lowest recorded price at which trading occurred within the year preceding the sale of the securities.

If there were no trades of that security during the period mentioned in paragraph 5, the acquisition cost is considered to be the lowest recorded price in the first previous year in which there was trading.

For securities acquired by the taxpayer that are not traded on the capital market, the acquisition cost referred to in paragraph 1 of this Article is considered to be the price that the taxpayer documents as actually paid, or, if not documented, its nominal value, and if it concerns shares without nominal value, the proportional part of the net assets of the company at the time of acquisition.

Notwithstanding paragraphs 5, 6, and 7 of this Article, if the taxpayer has acquired securities that were subject to taxation in accordance with Article 14 of this law, or exempt from taxation under Article 18, paragraph 1, item 11) and paragraph 2 of this law, the acquisition cost consists of the sum of the documented privileged price at which the taxpayer acquired such shares and the tax base on which income tax was paid in terms of Article 14 of this law, reduced by associated duties from earnings, or in the case of self-taxation, the sum of the documented privileged price at which the taxpayer acquired such shares and the tax base on which income tax was paid in terms of Article 14 of this law.

Notwithstanding paragraph 8 of this Article, in the case of a transfer for consideration of shares or stakes of non-resident companies, or securities whose issuer is not a tax resident of the Republic, if the resident taxpayer at the time of acquiring those shares, stakes, or securities, as well as at least six months after their acquisition, was not a resident of the Republic, the acquisition cost is considered to be their market value on the day he became a tax resident of the Republic.

In the transfer of digital assets, the acquisition cost is considered to be the price that the taxpayer documents as actually paid, and in the case of a transfer of digital assets that the taxpayer acquired by participating in providing computer verification services for transactions in information systems related to a specific digital asset (so-called mining of digital assets), the acquisition cost is considered to be the amount of costs that the taxpayer had in connection with acquiring the relevant digital asset and which can be documented.

Notwithstanding paragraph 10 of this Article, in the case of a transfer of digital assets that the taxpayer acquired by participating in providing computer verification services for transactions in information systems related to a specific digital asset (so-called mining of digital assets), which was subject to taxation in accordance with Article 85, paragraph 1, item 16) of this law, the acquisition cost is considered to be the tax base on which tax on other income was paid in terms of Article 85 of this law.

Notwithstanding paragraph 10 of this Article, in the case of a transfer of digital assets that the taxpayer acquired from an employer or from a person connected with the employer without compensation or at a privileged price, and which receipt was subject to taxation in accordance with Article

14 of this law, the acquisition cost consists of the sum of the documented price at which the taxpayer acquired the digital asset and the tax base on which income tax was paid in terms of Article

14 of this law.

The acquisition cost of shares or stakes acquired in a status change according to Article 72a paragraph 1, item 6) of this law, is equal to the acquisition cost of shares or stakes in the transferring company, which were exchanged for acquired shares or stakes in the acquiring company.

The acquisition cost of shares or stakes acquired on the basis of the transfer of property rights to which tax exemption from Article 79b of this law applies, is considered to be the market value of these rights determined by an authorized appraiser for the purposes of their entry as a non-monetary contribution to the capital of a resident company of the Republic.

The acquisition cost from paragraph 1 of this Article is increased by the annual consumer price index from the date of acquisition to the date of transfer, according to the data of the republic authority responsible for statistics.

Notwithstanding paragraph 15 of this Article, in the case of a transfer of real estate that the taxpayer built himself, the acquisition cost is revalued for each year starting from 1 January of the year following the year in which the investment was made until the day of transfer.

For securities traded on the capital market whose acquisition price is determined as the lowest recorded price from paragraph 5, or paragraph 6 of this Article, the acquisition price is revalued from the next day after the day the lowest price was recorded until the day of transfer.

Article 75.

If the right, share, or security was acquired by the taxpayer as a gift or inheritance, the acquisition price according to Article 74, paragraph 1 of this law is considered to be the price at which the donor or testator acquired that right, share, or security; if that price cannot be determined, then their market value at the moment of acquisition of that right, share, or security by the donor or testator, as determined by the competent tax authority.

Notwithstanding paragraph 1 of this Article, if the taxpayer acquired the right, share, or security from a donor or testator who acquired that right, share, or security before January 24, 1994, the acquisition price will be determined by the competent tax authority according to the market value of that right, share, or security on January 24, 1994.

If the right, share, or security was acquired by the taxpayer through a lifetime support contract, the acquisition price according to Article 74, paragraph 1 of this law is considered to be the market price of the right, share, or security that was or could have been taken as the basis for the tax on the transfer of absolute rights at the moment of their acquisition by the taxpayer.

The acquisition price of the right, share, or security acquired by the taxpayer in accordance with paragraphs 1 to 3 of this Article is increased in accordance with Article 74, paragraphs 15 to 17 of this law.

The acquisition price of securities that an employee receives free of charge from an employer or from a person connected with the employer in terms of Article 18, paragraph 1, item 11) and paragraph 2 of this law, is zero dinars, except in the case from Article 74, paragraph 8 of this law.

Tax Base

Article 76.

Taxable income on which capital gains tax is paid consists of capital gains determined in the manner from Articles 72 to 75 of this law.

Tax Rate

Article 77.

The tax rate on capital gains is 15%.

Offsetting capital gains and capital losses Article 78.

Capital loss incurred from the sale of one right, share, or security can be offset against capital gains made from the sale of another right, share, or security.

Offsetting of capital loss with capital gain from paragraph 1 of this Article can be performed in the case when the taxpayer first incurs a capital loss and later makes a capital gain.

If a capital loss is still shown after offsetting from paragraph 1 of this Article, it is allowed to be offset over the next five years, which includes the year in which the original capital loss was incurred in connection with which the offsetting with capital gain is performed, against future capital gains.

Tax Exemption

Article 79.

A taxpayer who invests funds obtained from the sale of real estate within 90 days from the day of sale in solving their housing issue and the housing issues of their family members or household, in the Republic, is exempt from tax on the realized capital gain.

A taxpayer who within 12 months from the day of sale of real estate invests the funds obtained from the sale for purposes from paragraph 1 of this Article, will receive a refund of the paid capital gains tax.

The Minister further regulates the criteria for obtaining the right to tax exemption under paragraph 1 of this Article.

Article 79a

A taxpayer who invests the monetary funds obtained from the sale of digital assets within 90 days from the date of sale into the share capital of a economic operator resident in the Republic in accordance with the law governing corporate income tax, or into the capital of an investment fund established in accordance with the laws governing

investment funds, and whose center of business and investment activities is located in the territory of the Republic, is exempt from 50% of the capital gains tax.

A taxpayer who, within 12 months from the date of sale of digital assets, invests the monetary funds obtained from the sale of digital assets as per paragraph 1 of this Article, will receive a refund of 50% of the paid capital gains tax.

Notwithstanding paragraphs 1 and 2 of this Article, in the case that the economic operator into whose share capital the pecuniary funds from the sale of digital assets have been invested, conducts a procedure to reduce the share capital in the calendar year in which the investment was registered and in the next two calendar years, the decision to reduce the share capital results in the taxpayer losing the previously obtained exemption and they are required to notify the competent tax authority of the loss of rights within 30 days from the date of loss of rights.

The minister further regulates the exercise of the right to tax exemption and the loss of rights from this Article.

Article 79b

A taxpayer who fully brings property rights from Article 72, paragraph 1, item 2) of this law as a non-pecuniary contribution to the capital of an economic operator resident in the Republic, where the market value of these rights for that contribution is determined by an assessment by an authorized appraiser, is exempt from the capital gains tax incurred by that transfer.

In the event that the economic operator, which acquired the right from Article 72, paragraph 1, item 2) of this law in the manner of paragraph 1 of this Article, alienates that right in full within two years from the date of its acquisition, or in the same period partially or fully leases that right at a price lower than the arm's length price if the lease is made to a related party or to a party whose owner is its related party in accordance with the law governing corporate income tax, the taxpayer loses the previously obtained exemption and is obligated to notify the competent tax authority of the loss of rights within 30 days from the date of loss of rights, at which point the tax liability is considered to have arisen at the moment of entering these rights into the capital of that economic operator.

The minister further regulates the exercise of the right to tax exemption and the loss of rights from this Article.

Tax Credit

Article 80.

If a taxpayer invests only part of the funds obtained from the sale of real estate in solving housing issues in terms of Article 79 of this law, or if they invest only part of the funds obtained from the sale of digital assets into the share capital of an economic operator, or into the capital of an investment fund in terms of Article 79a of this law, their tax liability is proportionally reduced.

Heading Eight

TAX ON OTHER INCOME

Subject of Taxation

Article 81.

Other income is understood to be: income that the taxpayer earns by leasing equipment, transport vehicles and other movable items, gains from gambling, income from personal insurance, income of athletes and sports experts, income earned by providing hospitality services in accordance with the laws governing tourism and hospitality, income of seafarers and other income, except that specifically exempted by this law.

Income from Leasing Movable Items

Article 82.

The payer of tax on income from leasing equipment, transportation vehicles, and other movable items is an individual who leases these items.

Gross income from leasing equipment, transportation vehicles, and other movable items includes the executed lease payment and the value of all fulfilled obligations and services to which the lessee has committed.

Taxable income from leasing movable items is determined by deducting standardized expenditures from gross income at a rate of 20%.

For a taxpayer who requests and documents it, the tax authority will recognize the costs incurred in relation to the items leased instead of standardized expenditures.

Proceeds from Games of Chance

Article 83.

The payer of tax on proceeds from games of chance is an individual who generates proceeds from games considered as games of chance under the law governing the games of chance.

Taxable income for proceeds from games of chance represents each individual winning from games of chance, except those exempted by this law.

If the proceeds consist of items and rights, the taxable income from paragraph 2 of this Article represents the market value of the items or rights at the moment the proceeds are generated.

Tax on proceeds from games of chance is not paid on:

- 1) individually obtained proceeds from paragraphs 2 and 3 of this Article, up to an amount of 100,000 dinars;
- 2) proceeds from special games of chance, including special games of chance when organized through electronic communication means, as per the law governing games of chance.

Income from Personal Insurance

Article 84.

The payer of tax on income from personal insurance is an individual who receives benefits from personal insurance.

Taxable income from personal insurance represents the value of the benefit paid from personal insurance reduced by the amount paid based on insurance premiums, if not exempted from taxation in accordance with Article 9, paragraph 1, item 7) of this law.

Notwithstanding paragraph 2 of this Article, taxable income from personal insurance, in the case when withdrawn accumulated funds based on a member's share in the net assets

of a voluntary pension fund, by order and for the account of the fund member, are invested in the purchase of annuities in an insurance company in accordance with the law governing voluntary pension funds and pension plans, represents the value of the compensation paid from personal insurance reduced by the amount of withdrawn accumulated funds invested in the purchase of annuities.

Income of Athletes and Sports Experts

Article 84a

Income of athletes and sports experts includes earnings achieved by professional athletes, amateur athletes, athletic experts, and experts in sports, from sports organizations, organizations conducting sports activities, sports associations, and federations, which do not have the character of earnings in the view of regulations governing sports.

Income from paragraph 1 of this Article is understood to refer to earnings based on:

- 1) remuneration for signing contracts (transfers, etc.);
- 2) remuneration for the use of an athlete's image;
- 3) financial aid to meritorious top athletes;
- 4) scholarships for top athletes for sports improvement;
- 5) monetary and other awards;
- 6) national recognition and awards for exceptional contributions to the development and promotion of sports.
- 7) remuneration and rewards for work to athletic experts, i.e., experts in sports (coaches, referees, delegates, etc.);
- 8) other types of income besides the income from points 1) to 7) of this paragraph.

Taxable income for earnings from paragraphs 1 and 2 of this Article consists of gross income reduced by standardized expenditures amounting to 50%.

Income from Providing Hospitality Services

Article 84b

Income from hospitality services is considered to be the income that an individual, in accordance with laws regulating hospitality and tourism, earns from providing hospitality services in a domestic hospitality facility and a rural tourism household facility.

Income referred to in paragraph 1 of this Article is understood to be the income that an individual, in accordance with laws regulating hospitality and tourism, earns from accommodation services in a domestic hospitality facility and a rural tourism household facility for a period of up to 30 days.

A domestic hospitality facility and a rural tourism household facility, in terms of paragraphs 1 and 2 of this Article, are considered to be a domestic hospitality facility (house, apartment, and room) and a rural tourism household facility, as defined by the laws regulating hospitality and tourism.

The taxpayer is an individual who earns income from paragraphs 1 and 2 of this Article.

Taxable income for the calendar year is the amount of 5% of the average monthly salary per employee in the Republic in the year preceding the year for which the tax is assessed, multiplied by the number of individual beds, i.e., camping plots and the corresponding coefficient according to the category of the tourist place in accordance with laws regulating hospitality and tourism.

The minister responsible for finance and the minister responsible for tourism affairs jointly regulate the detailed conditions, criteria, and elements for taxing income from paragraph 5 of this Article.

Seafarers' Income

Article 84c

Income of seafarers, in the view of this law, is considered to be the income that an individual, from a foreign employer, earns by performing jobs on ships and other vessels flying the flag of a foreign state.

The taxpayer is an individual who earns income from paragraph 1 of this Article, working as a crew member or performing other jobs as auxiliary staff on ships and other vessels flying the flag of a foreign state.

The number of days spent on ships and other vessels from paragraphs 1 and 2 of this Article, as well as the type of jobs performed by the taxpayer, are proven based on data from the seaman's book, which is certified by the competent authority or other documents issued by the competent authority for transport affairs, in accordance with regulations governing maritime navigation.

The amount of income of individuals from paragraph 2 of this Article, by type of jobs they perform, is determined daily, by a subordinate act issued by the minister responsible for transport affairs, taking into account accepted international standards.

The taxable income of the taxpayer from paragraph 2 of this Article for the calendar year represents the sum of daily incomes determined in accordance with paragraph 4 of this Article, according to the number of days spent on ships and other vessels from paragraphs 1 and 2 of this Article in that calendar year.

Taxpayers from paragraph 2 of this Article who perform jobs on ships and other vessels from paragraphs 1 and 2 of this Article, for more than 174 days in the calendar year for which the tax is assessed and paid, are exempt from paying tax on the income from this Article.

Other Revenues

Article 85.

Other revenues, in the view of this law, are understood to be other incomes that by their nature constitute the income of an individual, especially:

- 1) revenues based on a service contract;
- 2) revenues based on contracts for temporary and occasional jobs concluded through a youth or student cooperative with individuals up to 26 years of age if they are in education at institutions of secondary, college, or higher education;
- 3) proceeds from supplementary activities;
- 4) proceeds from commercial representation;
- 5) proceeds of members of the management bodies of legal entities;
- 6) remuneration to deputies and councilors;
- 7) remuneration related to performing defense, civil protection, and protection against natural disasters;
- 8) proceeds of bankruptcy administrators, court experts, lay judges, and court interpreters;
- 9) revenues from the collection and sale of recyclables;
- 10) revenues from the sale of goods obtained by performing temporary or occasional jobs, if not taxed on another basis under this law;

11) awards and other similar payments to individuals who are not employed by the payer, arising from work or other types of contributions to the payer's activities, amounting to over 12,375 dinars annually, earned from a single payer;

12) earnings from Article 9 of this law above the prescribed non-taxable amounts;

13) reimbursements of expenses and other costs to individuals who are not employed by the payer, except for revenues from item 11) of this paragraph;

14) earnings that, in accordance with the law governing labor, are achieved by an employee based on share in the profits made in the fiscal year;

15) revenues from the sale of agricultural and forestry products and services, including income from the collection and sale of forest fruits and medicinal herbs, as well as the cultivation and sale of mushrooms, bee swarms (bees), and snails;

16) all other revenues that are not taxed on another basis or are not exempt from taxation or exempt from tax payment under this law;

17) remuneration paid to an sole proprietor or flat-rate sole proprietor who performs activities with remuneration for the same client or for a person who, in terms of the law governing corporate income tax, is considered an associated party with the client (hereinafter: associated party with the client), and who additionally meets at least five of the listed nine criteria, or it could be concluded from the circumstances of the case at the onset of the business cooperation that at least five of the nine mentioned criteria will be met, which were subsequently fulfilled:

(1) the client or associated party with the client determines the working hours for the sole proprietor or flat-rate sole proprietor, or the vacations and leaves of the sole proprietor or flat-rate sole proprietor depend on the decision of the client or related party with the client, and the remuneration to the sole proprietor or flat-rate sole proprietor is not reduced proportionally to the time spent on vacation;

(2) the sole proprietor or flat-rate sole proprietor usually uses premises provided or performs tasks at a location designated by the client or associated party with the client for the purpose of performing the tasks entrusted;

(3) the client or related party with the client conducts or organizes professional training or improvement for the sole proprietor or flat-rate sole proprietor.

(4) The client has engaged a sole proprietor or flat-rate sole proprietor after advertising in the media the need for engaging individuals or by engaging a third party who usually deals with finding individuals suitable for employment, and whose service resulted in the engagement of that sole proprietor or flat-rate sole proprietor;

(5) The client or an associated party to the client provides their own basic tools, equipment, or other basic material or intangible assets necessary for the regular work of the sole proprietor or flat-rate sole proprietor, or finances their procurement, except for specialized tools, equipment, or other specialized material or intangible assets that may be necessary for performing a specific job or order, or the client or an associated party to the client usually manages the work process of the sole proprietor or flat-rate sole proprietor, except for such management that involves giving a basic order related to the commissioned work and reasonable control of work results or supervision by the client, as a good businessman, over the performance of the ordered job;

(6) At least 70% of the total income earned by the sole proprietor or flat-rate sole proprietor in a period of 12 months that begins or ends in

the respective tax year is earned from one client or from an associated party to the client;

(7) The sole proprietor or flat-rate sole proprietor performs jobs from the industry of the client or an associated party to the client, and his engagement contract does not contain a clause by which the sole proprietor or flat-rate sole proprietor bears the usual business risk for the job delivered to the client of the client or related party, if such a client exists;

(8) The engagement contract of the sole proprietor or flat-rate sole proprietor contains a partial or complete prohibition for the sole proprietor or flat-rate sole proprietor to provide services based on contracts with other clients, except for a partial prohibition that includes providing services to a limited number of direct competitors to the client;

(9) The sole proprietor or flat-rate sole proprietor performs activities with remuneration for the same client or for an associated party to the client, continuously or with interruptions of 130 or more working days in a period of 12 months that begins or ends in the respective tax year, where performing activities on one working day is considered performing activities at any period during that working day between 00 and 24 hours;

18) Income based on the contracted remuneration for performed work on which tax is paid by self-assessment.

The taxpayer of tax on other incomes is an individual who earns income from the provision 1 of this Article.

Taxable income for incomes from provision 1 of this Article constitutes gross income reduced by standardized expenditures at the rate of 20%.

Notwithstanding provision 3 of this Article, the taxable income from provision 1, item 15) of this Article, which an individual earns from the sale of agricultural and forestry products and services, including income based on the collection and sale of forest fruits and medicinal herbs, as well as breeding and selling mushrooms, bee swarms (bees), and snails, constitutes gross income reduced by standardized expenditures at the rate of 90%.

Notwithstanding provision 3 of this Article, the taxable income from:

1) provision 1, item 17) of this Article, earned by a sole proprietor or flat-rate sole proprietor, constitutes the gross income of the taxpayer.

2) Under point 18) of this Article, the gross income earned by an individual based on a contracted compensation for work performed, which is taxed through self-assessment, is the gross income earned in the quarter reduced by standardized expenditures in a dinar amount.

(1) from Article 12b, paragraph 1 of this law, or

(2) From Article 12b paragraph 2 of this law increased by 34% of the gross income earned in the quarter.

Notwithstanding paragraph 1, item 13) of this Article, tax on other incomes is not paid on documented reimbursement of expenses for official travel for the purpose of performing tasks for a domestic payer, or for a person sending on the trip, up to the amount of those costs that are exempt from income tax for employees under Article 18 paragraph 1, items 2) to 5) of this law, if the payment is made to individuals, or for individuals who are not employed by the payer, including:

1) those sent or invited by a state authority or organization, with the right to expense reimbursement, regardless of the source of payment;

2) members of representative and executive bodies of the Republic, territorial autonomy, and local self-government, in connection with performing their duties;

3) sent to work in the Republic, by order of a foreign employer, in connection with the activities of the domestic payer;

4) sent to the payer by the employer's order, in connection with the employer's activities;

5) if these individuals voluntarily, or by invitation, cooperate for humanitarian, health, educational, cultural, sports, scientific-research, religious, and other purposes, including for the needs of representation on behalf of state authorities or organizations, or cooperate in trade unions, chambers of commerce, political parties, alliances, and associations, non-governmental and other non-profit organizations, without receiving any other remuneration for this cooperation;

6) individuals who are members of the management bodies of legal entities in connection with the activities of those entities that send them on trips.

Compensation in the view of item 5) paragraph 6 of this Article does not include a fee for registration to attend an event that realizes cooperation.

Notwithstanding paragraph 1 of this Article, tax on other incomes is not paid on the receipt by an individual - a bank client (hereinafter referred to as the debtor) when the bank writes off a claim against the debtor under conditions where the write-off of the value of individual claims based on loans is recognized as an expense of the bank in accordance with the provisions of the law governing corporate income tax.

Tax on other incomes is also not paid in the case of a write-off of the remaining part of the bank's claim against the debtor, which is not collected from the funds obtained from the sale of real estate conducted in accordance with the law.

Tax on other incomes is also not paid in the case of a write-off of part of the claim that the bank has against the debtor based on a loan, when, according to a mutual out-of-court settlement, the debtor pays part of the claim that the bank has against him, and the remaining part of that claim is written off by the bank.

On other incomes earned by a member of a student cooperative, a member of a youth or student cooperative up to the age of 26 if they are in education at institutions for secondary, higher, and higher education, as well as an individual based on the collection and sale of recyclables, the calculated tax is reduced by 40%.

The taxable income from paragraph 1, item 11) of this Article, which an individual earns based on awards and other benefits to individuals, is the difference between the income earned and the non-taxable amount, increased by the corresponding obligations paid on behalf of the income recipient.

The taxable income from paragraph 1, item 12) of this Article, which an individual earns based on receipts from Article 9 of this law above the prescribed non-taxable amounts, is the difference between the receipts earned and the non-taxable amount, increased by the corresponding obligations paid on behalf of the income recipient.

Notwithstanding paragraph 1, item 15) of this Article, incomes from the sale of agricultural and forest products and services, including income from collecting and selling forest fruits and medicinal herbs, as well as breeding and selling mushrooms, bee swarms (bees) and snails, earned by individuals are not taxed:

1) holders of agricultural holdings;

2) those who pay mandatory social security contributions based on a decision as insured persons based on agricultural activities, in accordance with the law governing contributions for mandatory social security;

3) recipients of agricultural pensions.

In the sense of paragraph 1, item 17) of this Article, the client is considered to be a domestic or foreign legal entity, sole proprietor or flat-rate sole proprietor who has directly or indirectly engaged a sole proprietor or flat-rate sole proprietor to perform tasks.

In the sense of paragraph 1, item 17) of this Article, the client is not considered to be a domestic or foreign legal entity, sole proprietor or flat-rate sole proprietor who is the direct payer of compensation to the sole proprietor or flat-rate sole proprietor, and who pays such compensation in connection with performing representation or mediation tasks on behalf of another entity and for such a task does not charge anything from that other entity or from the sole proprietor or flat-rate sole proprietor except the usual representative or brokerage commission.

In the case of paragraph 16 of this Article, the client and payer of compensation is considered to be the entity on whose behalf the compensation to the sole proprietor or flat-rate sole proprietor is paid.

Notwithstanding the provisions of paragraph 1, item 17) of this Article, the compensation earned by a sole proprietor or flat-rate sole proprietor who, according to the law governing the relevant activity they perform, cannot be in an employment relationship with the client, is not considered other income within the meaning of this Article.

Tax Rate

Article 86.

The tax rate on other revenues is 20%.

Notwithstanding paragraph 1 of this Article, the tax rate on revenue:

- 1) from the insurance of persons from Article 84 of this law is 15%;
- 2) of seafarers from Article 84v of this law and from the contracted compensation for work performed on which tax is paid by self-assessment and for which standardized expenditures are recognized in accordance with Article 85, paragraph 5, item 2) sub-item (2) of this law, is 10%.

Part Three

ANNUAL PERSONAL INCOME TAX

Taxable Income

Article 87.

Annual personal income tax taxes the income of individuals who have earned income greater than three times the average annual salary per employee paid in the Republic in the year for which the tax is assessed, according to data from the national body in charge of statistics, including:

- 1) residents - income earned in the territory of the Republic and in another country.
- 2) non-resident - income earned in the territory of the Republic.

The income referred to in paragraph 1 of this Article is considered to be the annual total:

- 1) earnings from Articles 15a to 15c of this law;
- 2) taxable income from independent activities from Article 33, paragraph 2, and Article 41 of this law;
- 3) taxable income from copyrights and related rights and industrial property rights from Articles 55 and 60 of this law;
- 4) taxable income from real estate from Article 65c of this law;
- 5) taxable income from leasing movable property from Article 82, paragraphs 3 and 4 of this law;

6) taxable income of athletes and sports experts from Article 84a of this law; 6a) taxable income from providing catering services from Article 84b of this law;
law;

6b) taxable income of seafarers on which tax is paid from Article 84v of this law;

7) taxable other income from Article 85 of this law;

8) income from items 1) to 6) and items 6b) and 7) of this paragraph, earned and taxed in another country for taxpayers from paragraph 1, item 1) of this Article.

Earnings from paragraph 2, item 1) of this Article and taxable incomes from item 2) of that paragraph in connection with Article 41 of this law and items 3), 6), 6b) and 7) of that paragraph are reduced by tax and contributions for mandatory social insurance paid on these incomes in the Republic at the expense of the person who earned the salary, or taxable incomes, and taxable incomes from item 2) of that paragraph in connection with Article 33, paragraph 2 of this law and items 4), 5) and 6a) of that paragraph are reduced by tax paid on these incomes in the Republic. For sole proprietors who have opted for personal earnings, the salary is reduced by tax and contributions for mandatory social insurance paid on these incomes in the Republic at the expense of the sole proprietor who opted for the salary, and taxable income from Article 33, paragraph 2 of this law earned from self-employment is reduced by tax paid on these incomes in the Republic.

Taxpayers who are under the age of 40 at the last day of the calendar year for which the annual income tax is assessed, the annual total of earnings and taxable incomes from paragraph 2, items 1) to 3) and item 6b) of this Article, previously reduced in accordance with the provision of paragraph 3 of this Article, are further reduced by the amount of three average annual salaries per employee paid in the Republic in the year for which the tax is assessed, according to the data of the national body in charge of statistics.

The reduction from paragraph 4 of this Article cannot be greater than the amount of the annual total of earnings and taxable incomes from paragraph 2, items 1) to 3) and item 6b) of this Article, previously reduced in accordance with the provision of paragraph 3 of this Article.

The income from paragraph 2 of this Article is increased by the amount that is paid to the taxpayer in the calendar year for which the annual tax is assessed, on the basis of the refund of contributions for mandatory social insurance in accordance with the law governing contributions for mandatory social insurance.

Revenues from paragraph 2, item 8) of this Article are reduced by tax paid in another country.

The taxable income is the difference between the income assessed in accordance with paragraphs 2 to 7 of this Article and the non-taxable amount from paragraph 1 of this Article.

Tax Base

Article 88.

The basis for the annual personal income tax is the taxable income, which is the difference between the income for taxation from Article 87, paragraph 8 of this law, and personal deductions, amounting to:

- 1) for the taxpayer - 40% of the average annual salary per employee paid in the Republic in the year for which the tax is determined, according to the data of the national body in charge of statistics;
- 2) for a dependent family member - 15% of the average annual salary per employee paid in the Republic in the year for which the tax is assessed, according to the data of the national body in charge of statistics, per Article.

The total amount of personal deductions from paragraph 1 of this Article cannot exceed 50% of the income for taxation.

If two or more family members are liable for the annual personal income tax, the deduction for dependent family members can be claimed by only one taxpayer.

Tax Rates

Article 89.

The annual personal income tax is paid to the base referred to in Article 88 of this law, at the following rates:

- to the amount up to six times the average annual salary - 10%;
- to the amount over six times the average annual salary - 10% on the amount up to six times the average annual salary + 15% on the amount over six times the average annual salary.

Article 89a

A taxpayer who makes an investment in an alternative investment fund, or in the purchase of an investment unit of an alternative investment fund, is entitled to a tax credit against the annual personal income tax of up to 50% of the investment made in the calendar year for which the annual personal income tax is assessed.

The right to a tax credit from paragraph 1 of this Article can only be exercised on the basis of fully paid cash contributions that acquire shares or units in an alternative investment fund, or investment units of an alternative investment fund.

The tax credit from paragraph 1 of this Article cannot exceed 50% of the assessed tax liability based on the annual personal income tax.

Notwithstanding paragraph 1 of this Article, if the taxpayer in the calendar year in which the investment was made in an alternative investment fund, or in the purchase of an investment unit of an alternative investment fund, as well as in the next three calendar years, disposes of shares or units in the alternative investment fund, or investment units of the alternative investment fund, loses the right to the previously obtained tax credit based on that investment.

The taxpayer from paragraph 4 of this Article is obliged to notify the competent tax authority of the loss of the right to a tax credit within 30 days from the day of the loss of the right and pay the obligation on behalf of the previously recognized right to a tax credit, with the corresponding interest from the due date for the payment of the annual personal income tax for the year in which the right to a tax credit was lost.

Part four

FILING TAX RETURNS, ASSESSMENT AND COLLECTION OF TAXES

Heading One

GENERAL PROVISIONS

Article 90.

Deleted (“Official Gazette of RS”, No. 80/02)

Heading Two

FILING TAX RETURNS

General Public Call

Article 91.

A citizen who earns income within the meaning of this law is required to file a tax return, unless otherwise specified by this law.

The competent tax authority, no later than 31 December of each year, issues a general public call inviting citizens to submit their tax returns.

Annual Personal Income Tax Return

Article 92.

The taxpayer of the annual personal income tax is obligated to file a tax return with accurate data to the competent tax authority for the income earned in the year for which the tax is assessed, by the end of that year, and no later than 15 May of the following year.

Based on the data from official records, the tax authority enters the data into the tax return from paragraph 1 of this Article and posts it on the Tax Administration portal no later than 1 April of the year following the year for which the annual personal income tax is assessed.

The taxpayer is bound to make amendments or supplements to the tax return from paragraph 2 of this Article, in the part where the data is not accurately and appropriately shown, and thereafter file the tax return in electronic form via the Tax Administration portal.

If the taxpayer does not file the tax return within the period from paragraph 1 of this Article, the Tax Administration will file the tax return for that person.

Income from Self-employment Tax Return and Tax Balance

Article 93.

The taxpayer from Article 32 of this law, except for flat-rate sole proprietors, who maintains business books in accordance with Article 43, paragraphs 2 and 3 of this law, is obliged to file the tax return and tax balance to the competent tax authority no later than April 15th of the year following the year for which the tax is determined.

A sole proprietor who pays tax on a flat-rate income, and who experiences a significant change in the scope of business, turnover, and other conditions affecting the right to flat-rate taxation and the amount of tax liability in the year preceding the year for which the tax is assessed, is obligated to file the tax return no later than 31 January of the year for which the tax is assessed.

Article 94.

The taxpayer from Article 32 of this law, except for flat-rate sole proprietors, who starts performing independent activities during the year, is obligated to file a tax return in which they will provide an estimate of income and expenses until the end of the first business year, as well as an estimate of monthly tax prepayments, no later than 15 days from the date of registration with the competent authority, or from the date of onset of activities.

A taxpayer of tax on income from self-employment who starts performing independent activities during the year, opts for flat-rate taxation in the registration application to the competent organization that maintains the register of economic

operators, in which case it is considered that they have filed a tax return for flat-rate taxation.

The taxpayer from Article 32 of this law, except for flat-rate sole proprietors, who during the year ceases or interrupts performing independent activities, is obligated to file a tax return for the tax assessment within 30 days from the date of cessation or interruption of activities, for the period from the beginning of the tax period to the date of cessation or interruption of independent activities.

The taxpayer, in terms of Article 43, paragraphs 2 and 3 of this law, is obligated to state in the tax return from paragraph 3 of this Article the amount of calculated and paid tax in the tax period until the date of interruption or cessation of independent activities, and to file the tax balance along with the tax return.

A sole proprietor or another person whose status as a value-added tax (VAT) payer ceases in accordance with the law governing VAT, along with a request for flat-rate taxation from Article 42, paragraphs 1 to 3 of this law, is required to file a tax return within 15 days from the day of receiving the act from the competent tax authority confirming the deletion from the VAT records.

Return of Tax on Capital Gain and Other Revenues on which Withholding Tax is not Payable

Article 95.

A taxpayer who, during the year transfers rights that may result in capital gains or losses in accordance with this law, is required to file a tax return no later than 30 days from:

- 1) the day when the income from the transfer of real property rights, copyrights and related rights, industrial property rights, and shares in the capital of legal entities was executed or started to be executed;
- 2) the end of each calendar half-year in which the transfer of securities and investment units was made.

A taxpayer who, during the year, transfers digital assets that may result in capital gains or losses in accordance with this law is required to file a tax return no later than 120 days from the end of the quarter in which the income from the transfer of digital assets was generated.

Notwithstanding paragraph 1, item 1) of this Article, the deadline for filing a tax return is 120 days from the day of the sale of real estate based on which the taxpayer may be entitled to tax exemption according to Article 79, paragraph 1 of this law, or from the day of the sale of digital assets based on which the taxpayer may be entitled to tax exemption according to Article 79a, paragraph 1 of this law.

Notwithstanding paragraph 1 of this Article, for the transfer of rights that a sole proprietor, agricultural sole proprietor, and another person have recorded in the business books, a tax return from paragraph 1 of this Article is not submitted, but the data on capital gains or losses is shown in the tax balance sheet.

A sole proprietor on a flat-rate tax system is required to separately file a tax return for capital gains income.

A tax return with calculated tax for which Article 100a, paragraph 1, item 2) sub-item (2) and (3) and item 3) and paragraph 2 of this law established the obligation of self-assessment, is filed within 30 days from the day the income was generated.

Notwithstanding paragraph 6 of this Article, a tax return for income from contracted remuneration from copyrights and related rights and contracted remuneration for work performed on which tax is paid by self-assessment, in which the determined standardized expenditures are shown in accordance with

Article 56, paragraph 2, and Article 85, paragraph 5, item 2) of this law, is filed within 30 days from the end of the quarter in which these incomes were generated.

Notwithstanding paragraph 6 of this Article, a tax return for income from Article 84c of this law, is filed no later than 31 March of the current year for income earned in the previous year, and for taxpayers who are on navigation from 1 January to 31 March of the current year within 15 days from the day of the first disembarkation in that year.

A market organizer in the view of the law governing the capital market is required to submit a report to the Tax Administration - headquarters in electronic form within 30 days from the end of each calendar half-year about the transfer of securities made during that half-year.

The form and content of the report from paragraph 9 of this Article are prescribed by the minister.

Article 95a.

The taxpayer, based on the income from providing hospitality services from Article 84b, who starts providing hospitality services during the year, is obliged to submit a tax return within 15 days from the date of the final decision that classifies the domestic and rural tourism facility into the appropriate category in accordance with the law governing hospitality.

The taxpayer from Article 84b paragraph 4 of this law who has submitted a tax return from paragraph 1 of this Article, whose elements are relevant for the amount of tax liability do not change for the next year, is not obligated to file a tax return for the following year.

The taxpayer from Article 84b paragraph 4 of this law, who experiences changes in elements significant for the amount of tax liability during the year, is obligated to inform the tax authority by filing a tax return within 15 days from the date of the change.

The taxpayer from Article 84b paragraph 4 of this law, who stops providing hospitality services during the year, is obligated to inform the tax authority by filing a tax return within 15 days from the day they stop providing hospitality services in accordance with the law governing hospitality.

Tax Return of a Non-resident Taxpayer

Article 96.

A non-resident taxpayer files a tax return for certain types of income they earn for which tax withholding is not provided.

The tax return from paragraph 1 of this Article is filed with the tax authority in the territory where the taxpayer earned the income, or according to the taxpayer's residence, or according to the residence or headquarters of the taxpayer's legal representative.

Article 97.

Deleted ("Official Gazette of RS", No. 118/21)

Competences of the Tax Authority

Article 98.

The taxpayer shall file a tax return:

- 1) for income from self-employment - to the tax authority in the territory where they have their registered head office;
- 2) for income from real estate and for income from providing hospitality services - to the tax authority in the territory where the real estate, domestic activity facility, or rural tourism facility is located;

- 3) for capital gains and for other incomes on which tax is not paid by withholding
- to the tax authority in the territory where the taxpayer has a residence or domicile.

Heading Three

ASSESSMENT AND COLLECTION OF TAXES

Method of Assessing and Paying Taxes

- Article 99.

Taxes on the following incomes are determined and paid by withholding from each individually earned income:

- 1) salaries;
- 2) incomes from copyrights and related rights and industrial property rights, if the income payer is a legal entity, sole proprietor, or flat-rate sole proprietor;
- 3) incomes from capital, if the income payer is a legal entity, sole proprietor, flat-rate sole proprietor, or an open investment fund or alternative investment fund that does not have the status of a legal entity, and which is organized in accordance with the permission of the competent authority;
- 4) incomes from real estate, if the income payer is a legal entity, sole proprietor, flat-rate sole proprietor, or agricultural sole proprietor;
- 5) incomes from leasing movable property, if the income payer is a legal entity, sole proprietor, flat-rate sole proprietor, or agricultural sole proprietor;
- 6) winnings from gambling;
- 7) incomes from personal insurance;
- 8) incomes of athletes and sports experts.
- 9) other income, if the income payer is a legal entity, sole proprietor, or flat-rate sole proprietor.

A legal entity in the sense of paragraph 1 of this Article also includes a part of the legal entity, i.e., a business unit of a non-resident legal entity that is registered with the competent state authority (representation, branch, etc.), as well as state authorities and organizations.

Based on the income of persons from Article 100a paragraph 5 of this law, the obligation to calculate and pay withholding tax lies with the domestic legal entity, as well as a part of the legal entity or business unit of a non-resident legal entity from paragraph 2 of this Article, at the moment when the employer from another country pays an amount for reimbursement of expenses for work only in cases where the tax is not previously paid by self-assessment according to Article 100a paragraph 5 of this law, regardless of whether the deadline from Article 95 paragraph 6 and Article 114 paragraph 1 of this law has expired.

Article 100.

By the decision of the competent tax authority, the tax is determined and paid on:

- 1) flat-rate income from independent activities;
- 2) capital gains;
- 2a) income from providing catering services in accordance with the laws governing tourism and catering.

Article 100a

Taxes are determined and paid by self-assessment on:

1) incomes from independent activities of sole proprietors, agricultural sole proprietors, and sole proprietors of other persons who keep business books in accordance with Article 43 paragraphs 2 and 3 of this law;

2) incomes paid by a payer who is not a legal entity, sole proprietor, or flat-rate sole proprietor, including:

(1) incomes from contracted remuneration from copyrights and related rights and contracted remuneration for performed work for which taxable income is determined in accordance with Article 55 paragraph 2 and Article 85 paragraph 5 item 2) of this law;

(2) interests;

(3) other incomes from Article 85 of this law, except for the income from sub-item (1) of this item;

3) incomes paid by a payer who is not a legal entity, sole proprietor, flat-rate sole proprietor, or agricultural sole proprietor, based on income from leasing real estate and renting movable property;

4) income taxed by the annual income tax on citizens in accordance with Article 87 of this law.

A taxpayer who earns wages and other incomes in or from another country, at a diplomatic or consular representation of a foreign state, or at an international organization or at representatives and officials of such a representation or organization, is obliged to calculate and pay the withholding tax by the provisions of this law, if the income payer does not calculate and pay the tax.

The obligation to calculate and pay taxes in accordance with paragraph 2 of this Article, the taxpayer has also in case the withholding tax is not calculated and paid by another payer, as well as if the income is earned from a person who is not obligated to calculate and pay withholding tax.

The tax on wages and other incomes from paragraphs 1 and 2 of this Article is determined and paid on the income that the taxpayer received, or from the income from which he is obliged to pay the corresponding obligations.

The obligation to calculate and pay taxes also lies with the taxpayer - a person who is sent or assigned to work at a domestic legal entity, based on wages and other earnings obtained from the employer from another country who sent or assigned him to work in the Republic at a domestic legal entity.

Notwithstanding paragraph 5 of this Article, the taxpayer is not required to calculate and pay taxes when the tax has been paid in accordance with Article 99, paragraph 3 of this law.

Tax on income from contracted remuneration for author's and related rights and contracted remuneration for work performed, which is self-assessed, for which the taxable income is determined in accordance with Article 55, paragraph 2, and Article 85, paragraph 5, item 2) of this law, is paid on the income that the taxpayer earned in the quarter.

Based on the income from paragraph 1, item 2) sub-item (1) of this Article earned in each specific quarter, a tax return is submitted in which the taxpayer opts for one tax base, either determined in accordance with Article 55, paragraph 2, item 1) and Article 85, paragraph 5, item 2) sub-item (1) or in accordance with Article 55, paragraph 2, item 2) and Article 85, paragraph 5, item 2) sub-item (2) of this law.

Tax on income from Article 84v of this law is determined and paid on the taxable income from Article 84v, paragraph 5 of this law, for the calendar year.

Notwithstanding paragraph 9 of this Article, the taxpayer from Article 84v, paragraph 6 of this law is not required to pay tax on income from Article 84v of this law.

Method of determining and due date of withholding tax

Article 101.

Withholding tax from Article 99 of this law, for each taxpayer and for each individually paid income, the payer calculates, withholds, and pays into the prescribed unified payment account at the moment of income payment, in accordance with the regulations in force on the day of income payment, unless otherwise provided by this law.

Article 101a

Deleted ("Official Gazette of RS", No. 47/13)

Article 102.

Deleted ("Official Gazette of RS", No. 135/04)

Article 103.

For income from capital based on interest, the bank is required to calculate and pay withholding tax at the moment of interest payment, including interest accrual, or to pay the calculated tax no later than the next business day if payment transactions were not operational at the moment of interest payment, including interest accrual.

Notwithstanding paragraph 1 of this Article, when the netting of money based on the alienation or redemption of debt securities is carried out through the Central Registry, depository, and clearing of securities (hereinafter: Central Registry), the Central Registry at the moment of netting money based on the alienation or redemption of debt securities, calculates, withholds, and pays into the prescribed payment account the capital income tax on the accrued interest for the period from the date of acquisition to the date of alienation or redemption of the debt securities.

Article 104.

An sole proprietor who keeps business books calculates and collects withholding tax on the income earned by a legal entity in accordance with the law governing corporate income tax.

Article 105.

Deleted ("Official Gazette of RS", No. 135/04)

Article 106.

The payer from Article 101 of this law is required to provide the taxpayer, at each payment and at the end of the year, a statement with information on: gross income, expenses, taxable income, allowances, paid social security contributions, and paid tax.

In the case referred to in paragraph 1 of this Article, when the Central Registry, in accordance with Article 103, paragraph 2 of this law, calculates, withholds, and pays withholding tax on interest due to the alienation or redemption of debt securities, it is considered that the bank - a member of the Central Registry where the tax obligor's designated monetary account for payments based on the sale of securities is held.

Article 107.

Deleted ("Official Gazette of RS", No. 47/13)

Article 107a

In calculating withholding tax on income of a non-resident, the income payer applies the provisions of the double taxation avoidance agreement, [14] provided that the non-resident proves the status of a resident of the country with which Serbia has concluded a double taxation avoidance agreement, and that they are the actual owner of the income.

The status of a resident of the country with which a double taxation avoidance agreement has been concluded, in the sense of paragraph 1 of this Article, is proven by the non-resident at the income payer with a certificate of residency in accordance with the law governing tax procedure and tax administration.

If the income payer applies the provisions of the double taxation avoidance agreement, and the conditions from paragraphs 1 and 2 of this Article are not met, resulting in a lesser amount of tax paid, they will bear the difference between the paid tax and the tax owed under this law.

The competent tax authority, upon request of the non-resident, is obliged to issue a certificate of tax paid in the Republic.

If the income payer does not have the certificate from paragraph 2 of this Article at the moment of paying income to the non-resident, they are obliged to apply the provisions of this law during the income payment.

If the non-resident taxpayer subsequently provides the competent tax authority with the certificate from paragraph 2 of this Article, the difference between the amount of tax paid under paragraph 5 of this Article and the amount of tax that would have been due if the taxpayer had the certificate at the moment of income payment, is considered as overpaid tax.

Article 108.

Deleted ("Official Gazette of RS", No. 113/17)

Register of income payers to interpreters

Article 108a

The Tax Administration maintains a Register of income payers for entertainment programs of pop and folk music and other entertainment programs, to which tax is paid by withholding, to interpreters, as authors or holders of related rights, ensembles and orchestras, impersonators, illusionists, and other performers (hereinafter referred to as: interpreter), managers, and other engaged persons (hereinafter referred to as: other engaged persons).

Income payers referred to in paragraph 1 of this Article, for the purposes of this law, are:

1) legal and individuals engaged in registered activities in the fields of hospitality, tourism, brokerage, and other activities, who organize performances of entertainment programs of pop and folk music or other entertainment programs in their own or leased premises;

2) legal and individuals registered for the activity of producing and broadcasting radio and television programs, which produce and broadcast television programs of pop and folk music, entertainment, collage, New Year's, and similar programs, regardless of whether they have been issued a broadcasting license in accordance with the law governing broadcasting activities;

3) legal and individuals engaged in registered activities, associations, organizations, communities, local communities, and similar entities that organize concerts, cultural-artistic, tourist, and other similar events and shows in their own or leased premises or other places, where performances are held.

Entertainment programs of pop and folk music, New Year's and other similar entertainment programs or other entertainment events.

The income payer from paragraph 2 of this Article is obliged to submit an application to the Tax Administration, according to the location of its headquarters, for registration in the register from paragraph 1 of this Article, no later than January 31, 2005.

Newly established income payers from paragraph 2 of this Article are required to submit an application to the Tax Administration, according to the location of their headquarters, from paragraph 3 of this Article, within 15 days from the date of registration in the appropriate register with the competent authority.

Legal and individuals who perform activities from paragraph 2 of this Article, and who are not income payers based on the performance of entertainment programs of pop and folk music and other entertainment programs, in case they engage interpreters and other engaged persons from paragraph 1 of this Article, are required to submit an application for registration in the register from paragraph 1 of this Article within 48 hours from the factual start of organizing entertainment programs of pop and folk music and other entertainment programs.

To the income payer from paragraph 2 of this Article, the Tax Administration issues a decision imposing a temporary ban on conducting activities for a period of up to 30 days, if the Tax Administration does not submit an application from paragraphs 3 and 4 of this Article for registration in the register from paragraph 1 of this Article within the prescribed period.

An appeal against the decision from paragraph 6 of this Article is not allowed.

The income payer from paragraph 2 of this Article is obliged to conclude a contract with the interpreter and other engaged persons on the performance of the entertainment program of pop and folk music or other entertainment program, and to submit a written notification to the Tax Administration by the fifth of the month about the contracts concluded in the previous month.

To the income payer from paragraph 2 of this Article, the Tax Administration issues a decision imposing a temporary ban on conducting activities for a period of up to 30 days, if it organizes the performance of the entertainment program of pop and folk music or other entertainment program, by engaging persons from paragraph 1 of this Article without a concluded contract or if the Tax Administration does not submit a written notification about the concluded contracts within the prescribed period.

An appeal against the decision from paragraph 9 of this Article is not allowed.

The content of the application from paragraph 3 of this Article and the notification from paragraph 8 of this Article is further regulated by the minister.

Article 108b

Deleted ("Official Gazette of RS", No. 113/17)

Taxes by decision

Method of determining and due date of taxes by decision

Article 109.

The tax on flat-rate determined income from independent activities is determined by the tax authority based on the data from the tax return, criteria, and elements determined in accordance with Article 41 of this law.

Until the decision on determining the tax for the current year is made, the tax obligors from paragraph 1 of this Article are required to pay the tax in the amount of the obligation corresponding to the amount of tax determined by the decision for the previous year.

The tax on capital gains is determined by the competent tax authority based on the data from the tax return as well as other data.

The taxpayer on capital gains in the tax return shows data on the price realized from the transfer of rights, shares, and securities and their acquisition price and the right to tax exemption.

If the taxpayer does not submit a tax return, the tax liability is determined based on the data on realized capital gains available to the competent tax authority.

The right to tax exemption under Article 79, paragraph 1, Article 79a, paragraph 1, Article 79b, paragraph

1. and Article 80 of this law, is determined by the decision of the competent tax authority based on the documentation on resolving housing issues, or documentation on investing funds obtained from the sale of digital assets, or on the contribution of non-monetary investments in the capital of a company, submitted with the tax return.

The refund of paid capital gains tax under Article 79, paragraph 2, and Article 79a, paragraph 2, of this law is realized upon the request of the taxpayer, accompanied by documentation on resolving housing issues, or documentation on investing funds obtained from the sale of digital assets.

Income from the provision of hospitality services is determined based on the data from the tax return, criteria and elements from Article 84b of this law, as well as other data.

Until the decision on determining the tax for the current year is made, the taxpayers referred to in Article 84b of this law are obliged to pay the tax in the amount corresponding to the amount of tax determined by the decision for the previous year.

The taxpayer referred to in Article 84b of this law who starts providing hospitality services during the year is required to pay tax starting from the next quarter in relation to the one in which they began providing services.

In cases where there are changes in elements significant to the amount of tax liability during the year, the tax authority will issue a decision establishing a new tax liability that is payable starting from the next quarter in relation to the quarter in which the significant changes occurred.

In the event that the provision of hospitality services ceases during the year, the taxpayer is obliged to fulfill the tax obligation for the quarter in which the services were discontinued.

Article 110.

Taxes determined by the decision of the tax authority are paid within the deadline of:

- 1) 15 days after the end of each month - on a lump sum determined income from self-employment.
- 2) 15 days from the date of delivery of the decision on determining the tax on capital gains.
- 3) 15 days from the end of the quarter - on income from providing hospitality services.

Method of determining and due date of tax in self-assessment

Article 111.

A taxpayer who keeps business books under Article 43, paragraphs 2 and 3 of this law is obliged to that in accordance with this law in the tax return calculates:

- 1) tax for the tax period for which the return is submitted (hereinafter: finally calculated tax)
- 2) monthly advance payment of tax for the current tax period.

The taxpayer referred to in paragraph 1 of this Article shall determine the amount of monthly advance payment as one twelfth of the finally calculated tax, which does not include capital gains tax.

If the taxpayer referred to in paragraph 1 of this Article conducted business for less than twelve months in the tax period, the amount of monthly advance payment is determined as the quotient of the finally calculated tax, which does not include capital gains tax, and the No. of months of business activity in the previous tax period.

In the case referred to in paragraph 3 of this Article, each month in which the taxpayer conducted activities is counted towards the No. of months of activity, regardless of the No. of days of activity in that month.

If the taxpayer from paragraph 1 of this Article has paid less tax provisionally than the final calculated tax, they are required to pay the difference no later than the submission of the tax return.

If the taxpayer from paragraph 1 of this Article has paid more tax provisionally than the final calculated tax, the excess tax paid represents an advance payment for the next period or is refunded to the taxpayer upon their request.

Until the final calculated tax is determined, an sole proprietor who keeps business books as per Article 43, paragraphs 2 and 3 of this law, is required to pay tax in the amount of the monthly advance payment determined for the previous tax period.

If the amount of the monthly advance payment determined in the manner from paragraphs 2 to 4 of this Article is higher or lower than the monthly advance payment paid in accordance with paragraph 7 of this Article, the taxpayer is required to increase or decrease the monthly advance payment for the current tax period so that the total of paid advance payments from the beginning to the end of the current tax period is equal to what it would have been if the advance payments determined in the manner from paragraphs 2 to 4 of this Article had been paid from the beginning of the current tax period.

The obligation to pay the increased or decreased monthly advance payment from paragraph 8 of this Article arises in the month following the month in which the tax return was submitted.

Article 112.

The taxpayer from Article 43, paragraphs 2 and 3 of this law who starts conducting activities during the year determines the amount of the monthly advance payment by applying Article 111 of this law accordingly, based on the data from the tax return submitted in accordance with Article 94, paragraph 1 of this law.

If significant changes occur in the business, tax instruments, or other circumstances that significantly affect the amount of the monthly advance payment during the current tax period, an sole proprietor who keeps business books as per Article 43, paragraphs 2 and 3 of this law may, after submitting the tax return from Article 111 of this law, submit a tax return with a tax balance sheet, in which they will state data significant for the modification of the monthly advance payment and calculate its amount, no later than 30 days after the end of the period for which the tax balance is compiled.

The shortest period for which a tax balance is compiled from paragraph 2 of this Article is one month.

The taxpayer from Article 43, paragraphs 2 and 3 of this law may begin paying the advance payment in accordance with the tax return from paragraph 2 of this Article for the month in which the return is submitted.

Article 113.

A taxpayer who determines tax obligations through self-assessment in accordance with this law, in the tax return, shows data about the type and amount of income earned and other data significant for determining the amount of tax obligation, as well as the amount of tax obligation determined in accordance with this law depending on the type of income.

Article 114.

Taxes that are determined by the taxpayer through self-assessment in accordance with this law are paid no later than the deadline for submitting the tax return.

Notwithstanding paragraph 1 of this Article, a taxpayer who keeps business books as per Article 43, paragraphs 2 and 3 of this law pays the monthly tax advance within 15 days after the end of each month.

Tax on capital gains Article 115.

Deleted ("Official Gazette of RS", No. 47/13) Tax

on other incomes.

Article 116.

Deleted (Official Gazette of RS, No. 47/13)

Annual Income Tax of Citizens

Article 117.

Deleted (Official Gazette of RS, No. 47/13) Tax

Maturity

Article 118.

Deleted (Official Gazette of RS, No. 47/13)

Decision on Tax Determination

Article 119.

Deleted (Official Gazette of RS, No. 47/13)

Appeal

Article 120.

Deleted (Official Gazette of RS, No. 80/02)

Article 121.

Deleted (Official Gazette of RS, No. 80/02)

Reopening of Proceedings

Article 122.

Deleted (Official Gazette of RS, No. 80/02)

Interest

Article 123.

Deleted (Official Gazette of RS, No. 80/02)

Heading Four

COMPULSORY TAX COLLECTION

Article 124.

Deleted (Official Gazette of RS, No. 80/02)

Decision on Determining Compulsory Collection

Article 125.

Deleted (Official Gazette of RS, No. 80/02) Costs

of Compulsory Collection

Article 126.

Deleted (Official Gazette of RS, No. 80/02)

Objects and Means of Compulsory Collection

Article 127.

Deleted (Official Gazette of RS, No. 80/02)

Delivery of Decision

Article 128.

Deleted (Official Gazette of RS, No. 80/02)

Priority in Satisfaction

Article 129.

Deleted (Official Gazette of RS, No. 80/02)

Determining Means and Timing of Compulsory Collection

Article 130.

Deleted (Official Gazette of RS, No. 80/02)

Collection on Real Estate

Article 131.

Deleted (Official Gazette of RS, No. 80/02)

Exemption from Compulsory Collection

Article 132.

Deleted (Official Gazette of RS, No. 80/02)

Compulsory Collection on Monetary Funds in the Tax Debtor's Account

Article 133.

Deleted (Official Gazette of RS, No. 80/02)

Article 134.

Deleted (Official Gazette of RS, No. 80/02) Compulsory

Collection on Movable Property of the Tax Debtor

Article 135.

Deleted (Official Gazette of RS, No. 80/02)

Inventory and Valuation of Property

Article 136.

Deleted (Official Gazette of RS, No. 80/02)

Article 137.

Deleted (Official Gazette of RS, No. 80/02)

Article 138.

Deleted (Official Gazette of RS, No. 80/02)

Article 139.

Deleted (Official Gazette of RS, No. 80/02)

Exclusion Lawsuit

Article 140.

Deleted (Official Gazette of RS, No. 80/02)

Article 141.

Deleted (Official Gazette of RS, No. 80/02)

Article 142.

Deleted (Official Gazette of RS, No. 80/02)

Seizure and Sale of Property

Article 143.

Deleted (Official Gazette of RS, No. 80/02)

Article 144.

Deleted (Official Gazette of RS, No. 80/02)

Article 145.

Deleted (Official Gazette of RS, No. 80/02)

Article 146.

Deleted (Official Gazette of RS, No. 80/02)

Compulsory Collection on Claims of the Tax Debtor

Article 147.

Deleted (Official Gazette of RS, No. 80/02)

Article 148.

Deleted (Official Gazette of RS, No. 80/02)

Article 149.

Deleted (Official Gazette of RS, No. 80/02)

Article 150.

Deleted (Official Gazette of RS, No. 80/02)

Legal remedies in the procedure of forced
collection

Article 151.

Deleted (Official Gazette of RS, No. 80/02)

Article 152.

Deleted (Official Gazette of RS, No. 80/02)

Continuing the procedure of forced collection

Article 153.

Deleted (Official Gazette of RS, No. 80/02) Order

of satisfaction in forced collection

Article 154.

Deleted (Official Gazette of RS, No. 80/02)

Securing collection

Article 155.

Deleted (Official Gazette of RS, No. 80/02)

Writing off taxes

Article 156.

Deleted (Official Gazette of RS, No. 80/02)

Heading five

GUARANTEE, TAX REFUND AND LIMITATION

Guarantee

Article

157.

For withholding tax, the income payer is jointly liable.

For tax on income from independent activities, all adult household members of the taxpayer who constitute the taxpayer's household at the time of the obligation's occurrence are subsidiarily liable with their property, as per Article 10 of this law.

A person who, with or without compensation, takes over part or all of the property with which the taxpayer from Article 32 of this law conducts business, is jointly liable for the obligations of the taxpayer from Article 32 of this law incurred by conducting business before the takeover of the property up to the value of the acquired property, and the taxpayer from Article 32 of this law who ceases to conduct business is obliged to settle all his tax obligations incurred during the conduct of business before being deleted from the prescribed registry.

Article 158.

Deleted ("Official Gazette of RS", No. 47/13)

Article 159.

Deleted ("Official Gazette of RS", No. 47/13)

Article 160.

Deleted ("Official Gazette of RS", No. 47/13)

Article 161.

Deleted ("Official Gazette of RS", No. 47/13)

Article 162.

Deleted (Official Gazette of RS, No. 47/13) Tax

refund and right to interest

Article 163.

Deleted (Official Gazette of RS, No. 80/02)

Limitation

Article 164.

Deleted (Official Gazette of RS, No. 80/02)

Article 165.

Deleted (Official Gazette of RS, No. 80/02) Part

five

PENAL PROVISIONS

Article 166.

Deleted (Official Gazette of RS, No. 68/14)

Article 167.

Deleted (Official Gazette of RS, No. 68/14)

Article 168.

Deleted (Official Gazette of RS, No. 68/14)

Article 169.

Deleted (Official Gazette of RS, No. 135/04)

Article 170.

Deleted (Official Gazette of RS, No. 135/04)

Article 171.

Deleted (Official Gazette of RS, No. 135/04)

Article 172.

Deleted (Official Gazette of RS, No. 80/02)

TRANSITIONAL AND FINAL PROVISIONS

Article 173.

From the day of the commencement of the implementation of this law, the Law on Personal Income Tax (Official Gazette of RS, Nos. 43/94, 74/94, 53/95, 1/96, 12/96, 24/96, 39/96, 52/96, 54/96, 16/97, 60/97, 20/98, 42/98, 18/99, 21/99, 25/99, 27/99, 33/99, 48/99, and 54/99) ceases to be valid.

Until the enactment of regulations according to the provisions of this law, regulations enacted based on the law from paragraph 1 of this Article will be applicable.

Article 174.

The procedure for determining the advance payment of tax for the year 2001 on income from agriculture and forestry and on income from self-employment, which was initiated under the provisions of the law from Article 173, paragraph 1 of this law, will be concluded in accordance with that law.

Article 175.

The procedure for assessing and collecting capital gains tax that has not been legally finalized by the date of onset of this law shall be concluded in accordance with the provisions of this law.

Article 176.

The tax balance for the period from 1 January to 30 June 2001 will be prepared in accordance with the regulations that were in force until the day this law came into effect.

The tax balance from paragraph 1 of this Article must be submitted to the competent tax authority by 15 July 2001.

Article 177.

A taxpayer who has acquired the right to tax exemption on the basis of a newly established business or the right to a tax relief on the basis of foreign capital investment, in accordance with the law referred to in Article 173, paragraph 1 of this law, is entitled to use that exemption or relief until the expiry of the period for which it was established.

Article 178.

The annual personal income tax for the year 2001 is determined and paid according to the provisions of this law, with the prescribed amounts from Article 87, paragraphs 1 and 2, of the Article.

Article 88, paragraph 1, and Article 89, paragraph 1, of this law shall be adjusted in accordance with the percentage increase or decrease in salaries from the date this law comes into effect until 31 December 2001.

Article 179.

For the period from 1 January 1999, until the start of the implementation of this law, no capital gains tax is payable on interest on foreign currency savings converted, without the consent of the investor, into a fixed deposit at an authorized bank, which represents the public debt of the state, in accordance with the law governing the settlement of obligations based on the foreign currency savings of citizens.

Article 180.

This law shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of Serbia, and shall apply from 1 July 2001, except for the provisions on tax on salaries and other incomes, which shall apply from 1 June 2001, and Article 123, which shall apply from the date this law enters into force.

**PROVISIONS THAT HAVE NOT BEEN INCLUDED IN THE CONSOLIDATED
TEXT**

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of the Republic of Serbia, No. 80/02)

Article 16.

The provisions of Article 13, paragraph 1, and Article 14 of this law apply when determining the annual personal income tax for the year 2002.

Article 17.

This law shall enter into force on the eighth day from the date of its publication in the "Official Gazette of the Republic of Serbia" and shall apply from 1 January 2003, except for Article 3. and 9. which shall apply from the date of entry into force of this law.

Law on Amendments to the Law on Personal Income Tax
(Official Gazette of the Republic of Serbia, No. 135/04)

Article 70.

For the years 2004 and 2005, agricultural and forestry income based on cadastral income is not determined and not taxed.

Article 71.

The tax liability, according to the final calculation for the year 2004, for taxpayers on income from self-employment and on income from agriculture and forestry who pay tax on taxable profit, is assessed in accordance with the regulations that were valid until the day of the commencement of this law.

The tax balance for the year 2004, taxpayers from paragraph 1 of this Article shall prepare in accordance with the regulations that were valid as of the day this law came into effect.

Article 72.

The assessment and payment of the annual personal income tax earned in 2004 shall be subject to the provisions of this law.

Law on Amendments and Supplements to the Law on Personal Income Tax
("Official Gazette of RS", Nos. 62/06 and 65/06)

Article 33.

An employer who, on the date of entry into force of this law, pays wages or salary, is obligated to file an application for registration in the register under this Article to the Tax Administration according to the location of its headquarters, on the form from Article 29 of this law, no later than 30 November 2006.

Article 34.

An employer - legal entity will be fined from 100,000 to 1,000,000 dinars for a misdemeanor if it fails to file an application for registration in the register from this Article within the period specified in Article 33 of this law.

For actions from paragraph 1 of this Article, the responsible person in the legal entity will be fined from 5,000 to 50,000 dinars.

For actions from paragraph 1 of this Article, the responsible person in the state authority and local government authority will be fined from 5,000 to 50,000 dinars.

For actions from paragraph 1 of this Article, the sole proprietor will be fined from 50,000 to 500,000 dinars.

Article 35.

The tax on wages earned up to the month of November 2006 is calculated and paid in accordance with the regulations that were valid until the day this law came into force.

Employers who have made a payment of part of the wages for December 2006 and paid the wage tax before the commencement of this law, and after the commencement of this law make a payment of another part or the final payment of wages for that month, calculate and pay the wage tax at the final payment in accordance with this law.

Article 36.

The privilege from Articles 9 and 10 of this law can be obtained by an employer who, on September 1, 2006, has at least the same number of employees as on the date of entry into force of this law.

Article 37.

For the years 2006 and 2007, the tax on income from agriculture and forestry on cadastral income will not be assessed and not paid.

Article 38.

The assessment and payment of the annual personal income tax earned in 2006 shall be subject to the provisions of this law.

Article 39.

The first adjustment of dinar amounts, according to Article 3 of this law, will be carried out in January 2008.

Notwithstanding paragraph 1 of this Article, the first adjustment of dinar amounts from Article 5 and Article 26 of this law, will be carried out in January 2007, for the period from the first day of the following month from the date of entry into force of this law until 31 December 2006.

The adjusted dinar amounts from paragraph 2 of this Article shall apply from the first day of the following month after the publication of these amounts.

Article 40.

Bylaws for the implementation of this law shall be adopted no later than 31 December 2006.

Article 41.

This law shall become effective as of 1 January 2007, except for Article 1, paragraph 9, in the part relating to VAT refund, as well as provisions of Articles 4 and 8, which shall become effective from the date of entry into force of this law, and Articles 2, 9, and 10, which shall apply from 1 September 2006.

Law on Amendments to the Law on Personal Income Tax
(Official Gazette of RS, No. 31/09)

Article 16.

For the year 2010, no tax shall be determined or paid on income from agriculture and forestry based on cadastral income.

Article 17.

Additional income of a foreign resident, employed by a resident entity or in a permanent business unit of a non-resident entity, paid until the date of entry into force of this law, is exempt from income tax in accordance with the regulations that were in force until the date of entry into force of this law.

The income of an individual - foreign resident from paragraph 1 of this Article, paid after the entry into force of this law, shall be calculated in the income from Article 87, paragraph 7 of the Law on Personal Income Tax (Official Gazette of RS, Nos. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, and 65/06 - corrigendum) for assessing the annual personal income tax.

Article 18.

For the year 2011, no tax shall be assessed or paid on income from agriculture and forestry based on cadastral income.

Article 19.

Provisions of this law regarding the obligation to assess and pay annual personal income tax shall apply to income earned in the year 2010.

Article 20.

Exceptionally, for assessing the annual personal income tax for the year 2009, the taxable income is the difference between the income assessed in accordance with Article 87, paragraphs 4 to 7 of the Law on Personal Income Tax (Official Gazette of RS, Nos. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, and 44/09) and the tax-exempt amount from paragraph 1, or paragraph 2 of that Article, reduced by the amount of temporary reduction in salaries, net allowances, and other income of an individual - taxpayer of annual personal income tax, in accordance with the Law on Temporary Reduction of Salaries, Net Allowances, and Other Income in State Administration and Public Sector (Official Gazette of RS, No. 31/09).

Exceptionally, the taxpayer of annual personal income tax for the year 2009 is required to file a tax return for determining the annual personal income tax, no later than 15 April 2010.

Article 21.

Individuals from Article 3 of this law who on 1 January 2010, have the status of a taxpayer of value-added tax in accordance with the law governing value-added tax, except for persons who are already taxpayers of income from self-employment according to the Law on Personal Income Tax (Official Gazette of RS, Nos. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, and 44/09), are required to file a tax return for assessing the tax on income from self-employment, no later than within 90 days from the date of entry into force of this law.

Article 22.

Under the provisions of this law, the assessment, calculation, and payment of tax liabilities based on tax-related relationships that arise from 1 January 2010, in connection with self-employment and annual personal income tax, will be carried out in accordance with the provisions of Articles 3, 4, 11, 12, 13, 15, 19, and 21 of this law.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 50/11)

Article 12.

For the year 2012, the tax on income from agriculture and forestry based on cadastral income is neither assessed nor paid.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 93/12)

Article 12.

Capital gains, in accordance with Article 4 of this law, are neither assessed nor paid on income earned from the date this law takes effect based on the transfer for compensation of rights, shares, or securities that the taxpayer held in their portfolio continuously for at least ten years, including the time until the date this law takes effect.

Article 13.

For the year 2013, the tax on income from agriculture and forestry based on cadastral income is neither determined nor paid.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 47/13)

Article 67.

Payers who have made payments of part of wages or salary and wage or salary compensation before the onset of the implementation of this law will calculate and pay the tax on wages in accordance with the Law on Personal Income Tax (Official Gazette of RS, No.s 24/01, 80/02, 80/02 - another law, 135/04, 62/06, 65/06 - corrigendum, 31/09, 44/09, 18/10, 50/11,

91/11 - US, 93/12, and 114/12 - US) up to the final payment of that wage or salary and wage or salary compensation.

Article 68.

Provisions of this law that regulate the determination of tax by self-assessment shall become effective as of 1 January 2014.

Notwithstanding paragraph 1 of this Article, from 1 July 2013, the determination of tax by self-assessment may be applied by a taxpayer who pays tax on actual income from self-employment who decides to start paying personal earnings as their monthly personal income from Article 22, paragraph 2 of this law from 1 July 2013, and informs the competent tax authority in writing by 1 July 2013.

Provisions of Article 2 of this law will be applicable starting from 1 January 2014.

Article 69.

The final calculation of tax on actual income from self-employment for the year 2013 will be carried out in accordance with the provisions of this law.

Article 70.

Provisions of this law that regulate flat-rate taxation will be applicable to the assessment of liabilities starting from the year 2014, except for the provision of Article 23, paragraph 1, item 4) of this law, which is applicable from the date this law takes effect.

Article 71.

The assessment of the annual personal income tax for the year 2013 will be subject to the provisions of this law.

Article 72.

Regulations for the execution of this law will be issued no later than six months from the date this law takes effect.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 108/13)

Article 13.

A sole proprietor who pays tax on actual income from self-employment, and who decides to pay personal earnings in 2014, shall submit a written notification to the competent tax authority about their decision to make personal earnings payments by 31 January 2014.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 57/14)

Article 3.

An employer who has acquired the right to a tax relief under Articles 21c and 21d of the Law on Personal Income Tax (Official Gazette of RS, nos. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, 44/09, 18/10, 50/11, 91/11 - US, 93/12, 114/12 - US, 47/13, 48/13 – corrigendum and 108/13), will continue to enjoy the tax relief in accordance with this law.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 112/15)

Article 40.

Procedures for assessing and collecting taxes on capital gains that have not been concluded by the date this law comes into effect will be concluded according to the provisions of this law.

Article 41.

An employer who uses the tax relief from Article 21v of the Law on Personal Income Tax (Official Gazette of RS, Nos. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, 44/09, 18/10, 50/11, 91/11 - US, 93/12, 114/12 - US, 47/13, 48/13 - corrigendum, 108/13, 57/14 and 68/14 - other law), for a specific newly employed person, continues to use the relief in accordance with Article 7 of this law.

An employer who establishes an employment relationship with newly employed persons from 1 January 2016 may choose to use the tax relief from Article 7 or from Article 8 of this law based on the employment relationship with those persons.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 113/17)

Article 48.

The first adjustment for the non-taxable amount of earnings of 15,000 dinars, in terms of Article 3 of this law, will be carried out starting in 2019.

Article 49.

The non-taxable amount from Article 7 of this law applies to the calculation and payment of taxes on earnings starting from the earnings for the month of January 2018.

The non-taxable amount of 11,790 dinars applies up to the payment of earnings for the month of December 2017.

Article 50.

The tax exemption from Article 12 of this law will be applicable as of 1 October 2018.

Article 51.

Provisions of Articles 14, 23, 24, 25, 38, 42, 44, 45, and 46 of this law, concerning the manner of keeping business books by taxpayers on income from independent activities, and the provision of Article 37 of this law, will be applicable starting from 2019.

Article 52.

Payer - a legal entity that has paid withholding tax in accordance with the Law on Personal Income Tax since the beginning of the implementation of the Decision on Accounting Write-off of Balance Sheet Assets ("Official Gazette of RS", Nos. 77/17, 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, 44/09, 18/10, 50/11, 91/11 - Constitutional Court, 93/12, 114/12 - Constitutional Court, 47/13, 48/13 - corrigendum, 108/13, 57/14, 68/14 - other law and 112/15), and on the day this law comes into force, meets the conditions for recognizing expenses to the bank based on the write-off of the value of individual receivables related to loans that are considered non-performing under the regulations of the National Bank of Serbia, in accordance with the law governing corporate income tax, may exercise the right

to the refund of such paid tax in accordance with the law governing tax procedure and tax administration.

The income of an individual that was subject to taxation in terms of paragraph 1 of this Article is not included in the annual personal income tax base.

The income payer shall issue a certificate, or to state the data in the certificate regarding the tax paid by deduction in connection with the income of an individual, referred to in paragraph 1 of this Article.

Law on Amendments to the Law on Personal Income Tax
(Official Gazette of the Republic of Serbia, No. 95/18)

Article 26.

The provisions of Articles 3 and 4 of this law, in the part related to treasury shares, will apply to shares acquired starting from 1 January 2019.

Article 27.

The provisions of Articles 5 and 6 of this law shall apply as of 1 January 2019.

Article 28.

An employer who, as of the date of entry into force of this law, acquired the right to relief under Article 21f of the Law on Personal Income Tax (Official Gazette of RS, No. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, 44/09, 18/10, 50/11, 91/11 - US, 93/12, 114/12 - US, 47/13, 48/13 - corrigendum, 108/13, 57/14, 68/14 – other law, 112/15 and 113/17), continues to use the relief in accordance with that law.

The relief from paragraph 1 of this Article may be used by the employer for those persons for whom the right was acquired up to the date of entry into force of this law.

Article 29.

The provision of Article 7 of this law applies to the assessment, calculation, and payment of tax liability starting from the year 2019.

Article 30.

The provisions of Articles 9, 10, 15, 17, 19, 20, 22, 23, 24, and 25 of this law, which relate to income from catering services, will be applicable as of 1 July 2019.

Individuals who, on the date of entry into force of this law, as well as individuals who, upon the entry into force of this law, but before the implementation of the provisions of this law related to income from hospitality services, provide hospitality services in accordance with the laws governing hospitality and tourism, are required to submit a tax return to the competent tax authority from 1 May 2019 to 30 June 2019.

Article 31.

The first adjustment of the non-taxable amount of 100,000 dinars from Article 16 of this law, based on winnings from games of chance, will be carried out starting in the year 2020.

In the procedures for assessing, collecting, and controlling the collection of taxes on gambling winnings that have not been concluded by the date of entry into force of this law, the tax on gambling winnings will be determined in accordance with this law.

Article 32.

Secondary legislation for the implementation of this law shall be adopted within 120 days from the date of entry into force of this law.

Law on Amendments and Supplements to the Law on Personal Income Tax
("Official Gazette of RS", No. 86/19)

Article 20.

The dinar amounts of monthly salaries from Article 5, paragraphs 5 and 6 of this law represent the amount equal to two or three average monthly salaries in the Republic of Serbia paid or earned in the period of the previous 12 months starting from July 2019, for which period data has been published by the competent national statistical office.

The amounts from paragraph 1 of this Article shall apply until the first day of the following month after the publication of dinar amounts in accordance with Article 3, paragraphs 2 and 4 of this law.

Article 21.

The first adjustment of the non-taxable amount of salary of 16,300 dinars with the annual consumer price index will be carried out starting in 2021.

Article 22.

Provisions of Articles 12, 13, 14, and 19 of this law (for flat-rate taxation) will be applicable for determining tax on flat-rate determined income starting from the year 2020.

Article 23.

The procedure for determining and collecting taxes on capital gains that has not been conclusively completed by the date this law becomes effective, will be concluded according to the provisions of this law if the determined amount of tax liability is not higher compared to the amount of tax liability that would have been determined under the provisions of the law applicable on the date the tax liability arose.

Article 24.

Income paid to a sole proprietor or flat-rate sole proprietor within the meaning of Article 31 of the Law on Personal Income Tax ("Official Gazette of RS", nos. 24/01, 80/02, 80/02 - other law, 135/04, 62/06, 65/06 - corrigendum, 31/09, 44/09, 18/10, 50/11, 91/11 - Constitutional Court, 93/12, 114/12- Constitutional Court, 47/13, 48/13 - corrigendum, 108/13, 57/14, 68/14 - other law, 112/15, 113/17, and 95/18 - hereinafter referred to as the Law), up to and including March 1, 2020, will be considered income from self-employment regardless of the nature of his relationship with the client in terms of the provisions of Article 85 of the Law, or Article 9 of the Law on Tax Procedure and Tax Administration ("Official Gazette of RS", nos. 80/02, 84/02 - corrigendum, 23/03 - corrigendum, 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 - corrigendum, 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).

Article 25.

Provisions of this law shall be applicable as of 1 January 2020, except for the provisions of Article 5 and Article 10 concerning the exemption from paying tax on earnings from an employer engaged in innovative activities, which will be effective as of 1 March 2020.

Article 26.

Bylaws for the implementation of this law shall be adopted within 120 days from the date of entry into force of this law.

Law on Amendments and Supplements to the Law on Personal Income Tax
("Official Gazette of RS", No. 153/20)

Article 23.

The first adjustment of the non-taxable amount of earnings of 18,300 dinars with the annual consumer price index will be carried out starting in 2022.

Article 24.

In the procedures for assessing, collecting, and controlling the collection of withholding tax at domestic legal entities based on the income of a foreign obligor sent to work in the Republic of Serbia, based on the income earned from an employer in or from another country, which have not been legally finalized by the date this law comes into effect, the tax liability will be determined in accordance with this law.

Article 25.

In the procedures for assessing, collecting, and controlling the collection of tax on gambling winnings that have not been legally finalized by the date this law comes into effect, the tax on gambling winnings will be determined in accordance with this law.

Article 26.

In the procedures for assessing, collecting, and controlling the collection of tax on income from the transfer of digital assets that have not been legally finalized by the date the provisions of Articles 10, 12, 14, 15, 19, and 22 of this law related to digital assets come into effect, the tax on income from the transfer of digital assets will be determined in accordance with this law.

Article 27.

The bylaw for the implementation of this law will be issued within 120 days from the date this law comes into effect, which regulates digital assets.

Article 28.

The provisions of this law will be applicable from 1 January 2021, except for the provisions of Articles 10, 12, 14, 15, 19, and 22 of this law, related to digital assets, which will be applicable from the date this law regulating digital assets comes into effect.

Law on Amendments and Supplements to the Law on Personal Income Tax
("Official Gazette of RS", No. 44/21 and 118/21)

Article 5.

The tax authority shall determine by decision the tax on income based on contracted remuneration from copyright and related rights and contracted remuneration for work performed, on which tax is paid by self-assessment, earned in the period from 1 January 2015 to 31 December 2022, unless:

- the statute of limitations for assessing the tax liability has occurred in accordance with the legislation in force at the time the income was earned, or

- the procedure for assessing the tax liability has been legally finalized, or
- the tax liability was paid before this law came into effect in accordance with the regulations that were in force on the date the tax liability arose.

No personal income tax will be paid on the income mentioned in paragraph 1 of this Article earned in the calendar year up to the amount of 384,000 dinars annually.

Standardized expenditures for the income mentioned in paragraph 1 of this Article on which personal income tax is paid, are recognized in the amount of 50% of the earned income mentioned in paragraph 1 of this Article.

The tax determined by the decision from paragraph 1 of this Article is paid in 120 equal monthly installments, with the first installment due for payment on the 15th of the month following the month which is next in relation to the month in which the tax authority's decision was made.

The method of recording and notifying the competent authorities about public revenues that are determined and paid in accordance with paragraphs 1-4 of this Article is further regulated by the Minister of Finance.

Article 6.

The bylaw for the implementation of this law will be issued within 120 days from the date this law comes into effect.

Article 7.

This law will be applicable from 1 January 2023, except for Article 5, which will be applicable from the date this law comes into effect.

Law on Amendments to the Law on Personal Income Tax
(Official Gazette of RS, No. 118/21)

Article 21.

In Article 5, paragraph 1 of the Law on Amendments to the Law on Personal Income Tax (Official Gazette of RS, No. 44/21), the words: "31 December 2021" are replaced with the words: "31 December 2022".

Article 22.

In Article 7 of the Law on Amendments to the Law on Personal Income Tax (Official Gazette of RS, No. 44/21), the words: "1 January 2022" are replaced with the words: "1 January 2023".

Article 23.

The first adjustment of the non-taxable amount of earnings of 19,300 dinars from Article 2 of this law, by the annual consumer price index, will be carried out starting in 2023.

Article 24.

For an employer who uses the tax relief from Article 21ž of the Law on Personal Income Tax (Official Gazette of RS, 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 - US, 93/12, 114/12 - US, 47/13, 48/13 - corrigendum, 108/13, 57/14, 68/14 - other law, 112/15, 113/17, 95/18, 86/19, 153/20, and 44/21 - hereinafter referred to as the Law), the method of determining the reduction in the number of employees will be carried out according to the provisions of Article 6 of this law.

Article 25.

Income paid to a sole proprietor or flat-rate sole proprietor under Article 31 of the Law, up to and including 30 April 2022, and which is taxed as income from

self-employment, will be considered income from self-employment regardless of the nature of his relationship with the client in terms of the provisions of Article 85 of the Law, or Article 9 of the Law on Tax Procedure and Tax Administration (Official Gazette of RS, nos. 80/02, 84/02 - corrigendum, 23/03 - corrigendum, 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 - corrigendum, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation, 112/15, 15/16, 108/16, 30/18, 95/18, 86/19, 144/20, and 96/21) in case that sole proprietor or flat-rate sole proprietor becomes a qualified newly employed person under Article 6, paragraph 6 of this law.

Article 26.

The assessment of the annual personal income tax for the year 2021 will be governed by the provisions of this law.

Article 27.

Bylaws for the implementation of this law shall be adopted within 120 days from the date of entry into force of this law.

Article 28.

The provisions of this law will be applicable from 1 January 2022, except for the provisions of Article 7 of this law, which will be applicable from 1 March 2022.

Law on Amendments to the Law on Personal Income Tax
(Official Gazette of RS, No. 138/22)

Article 25.

The first adjustment of standardized expenditures in the amount of 57,900 dinars and 96,000 dinars from Article 3 of this law, as adjusted by the annual consumer price index, will be implemented starting in 2024.

Article 26.

The first adjustment of the non-taxable amount of earnings, from 21,712 dinars as specified in Article 5 of this law, will be made using the annual consumer price index, starting in 2024.

Article 27.

The provisions of this law shall become effective as of 1 January 2023.

Law on Amendments to the Law on Personal Income Tax
(Official Gazette of RS, No. 92/23)

Article 4.

The first adjustment of the non-taxable amount of earnings of 25,000 dinars from Article 1 of this law, by the annual consumer price index, will be carried out starting in 2025.

Article 5.

The provisions of this law shall become effective as of 1 January 2024.

Law on Amendments and Supplements to the Law on Personal Income Tax
(Official Gazette of RS, No. 94/24)

Article 11.

The first adjustment of the non-taxable amount of earnings of 28,423 dinars from Article 1 of this law, by the annual consumer price index, will be carried out starting in 2026.

Article 12.

The provisions of Article 8 of this law apply to the assessment of the annual personal income tax, effective from the year 2024.

Article 13.

The provisions of this law shall take effect as of 1 January 2025.