



REPUBLIC OF SERBIA
MINISTRY OF FINANCE
TAX ADMINISTRATION

THE ANNUAL PERFORMANCE REPORT

OF THE TAX ADMINISTRATION

REPUBLIC
OF SERBIA

2022



Belgrade, January 2023

Published by: Republic of Serbia
Ministry of Finance
Tax Administration
3-5 Save Miskovica
11042 Belgrade
Serbia

Website: www.purs.gov.rs



DEAR COLLEAGUES, ASSOCIATES AND READERS

The year behind us, with unavoidable events we have all witnessed that have significantly affected the global economy, was quite challenging for the Tax Administration of the Republic of Serbia. Still, even in times abundant with new, unpredictable and unexpected situations, we have managed to achieve the set goals and enviable results while maintaining the trend of growth, progress and changing things for the better.

A common thread connecting and embodying the purpose of all of our activities lies in achieving our final goal, which is to complete transformation of the Tax Administration of the Republic of Serbia into a modern and efficient tax administration that ensures sustainable and predictable public finance while creating a climate in which each taxpayer settles their tax liabilities without excessive costs.

The rise in the collection of public revenues we administer in 2022 is the outcome of many external factors, but also of our committed efforts towards implementing reform solutions in our administration. The total collection index in 2022 compared to 2021 amounts to 114.4 or 189.9 in relation to 2015 when the Tax Administration transformation process was launched.

The share of public revenue collection administered by the Tax Administration in the total collection of public revenues in the territory of the Republic of Serbia equalled 64.9 per cent.

In 2022, we have continued implementing reform activities in line with the Transformation Programme 2021-2025 provisions, which is a priority activity for all our staff.

As of May 2022, we started implementing a new, modern fiscalisation model, which brought about positive change in the approach and operation of the oversight system, helping us to make a fierce step forward in countering the shadow economy.

Last November, we introduced a new administration business model entitled «Business Process Redesign». Additionally, we launched the procedure for purchasing a ready-made commercial software solution to support the application of these redesigned business processes from the IT side. Moreover, we started drafting a new Human Resources Development Strategy, which marked the onset of the implementation of one of our strategic goals defined in the Transformation Programme 2021-2025.

However, even with our great desire, it is impossible to list in this foreword all key outputs and everything we have completed. I sincerely hope this Performance Report will offer and provide all details that might be of interest to you, enabling you to create a comprehensive picture of all activities included in the operation of the Tax Administration of the Republic of Serbia. This has been our guiding idea- to bring the activities and results we have achieved in 2022 closer to you in this way.

Last but not least, I would like to highlight that all Tax Administration staff hold merit for all the results we have achieved in 2022. They once again confirm that each of us is an invaluable part of our business system, and without any of these parts, it would not have been possible to deliver all planned activities. I remain assured we will continue working diligently to achieve our goals.

Sincerely,

Dragana Marković,
Director of the Tax Administration
of the Republic of Serbia



The Annual Performance Report is an overview of the major activities of the Tax Administration of the Republic of Serbia in 2022.

The terms utilized in this document that carry gender connotations expressed in the grammatical masculine gender are intended to encompass both natural female and male genders of the individuals they denote.

Abbreviations	6
List of charts, tables and boxes	7
Management	8
Values, vision and mission	10
Transformation Process	12
Organisation	14
Key activities in 2022	16
Major performance results	20

Transformation department	24
Audit department	28
Collection department	36
Tax Accounting department	42
Tax Police department	44
Department for Information and Communication Technologies	48
Department for Service Provision to Taxpayers and Education	50
Department for Separate Activities	58
Department for Tax-related Legal Affairs and Coordination	62
Operational Resources department	66
Office for Large Taxpayers	68
Department for Determining Source of Wealth and Apecial Tax	72
Human Resources department	74
Strategic Risk division	78
Internal Control division	80
Internal Audit division	84
Division for International Cooperation and Information Exchange	86
Group for Corporate Security and Personal Data Protection	88

TABLE OF CONTENT

ABBREVIATIONS

IN THE REPORT

VAT	Value added tax
FMS	Fiscalisation management system
UTR	Uniform Taxpayer Register
TAOU	Tax Administration's organisational unit
TIN	Tax identification number
REG	Confirmation of data registration and change/supplement
CD	Confirmation of deregistration
MI	Ministry of the Interior
LTPTA	Law on Tax Procedure and Tax Administration
SIA	Security Intelligence Agency
HPPO	Higher Public Prosecutor's Office
CPD	Criminal Police Directorate
EU	European Union
RS	Republic of Serbia

IMF	International Monetary Fund
TPD	Tax Police Department
COTS	Commercial-off-the-shelf software solution
TAMP	Tax Administration Modernisation Project
ICT	Information and communication technologies
ISORA	International Survey on Revenue Administration
TADAT	Tax Administration Diagnostic Assessment Tool
ACA	Assessment cycle analysis
OHRM	Office of Human Resources Management
LMSIC	Law on Mandatory Social Insurance Contributions
JRPPS	Uniform Registration Form for Establishment of Legal and Other Entities
BRA	Business Registers Agency
AA	Automobile Association
ART	Absolute rights transfer tax
IGT	Inheritance and gift tax
TRA	Tax on registered arms
IT	Information technologies
DMS	Documentation management system
ECR	Error correction request
PPDG-2R	Annual Personal Income tax return
IIS	Integrated Information System
TPS	Tax Police System
EFD	Electronic fiscal device
PB1	Tax balance sheet form
BRITACOM	a non-profit official Belt and Road Initiative Tax Administration Cooperation Mechanism amongst the jurisdictions of the Belt and Road Initiative
CEF	Centre of Excellence in Finance

OECD	Organisation for Economic Co-operation and Development
PLAC	Legal Assistance to Negotiations Project
IPA 2023	Financial Agreement
GIZ	German Organisation for International Co-operation
BEPS	Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting
NPAA	National Programme for the Adoption of the Acquis
LTO	Large Taxpayers Office
OCD	Organised Crime Directorate
PFA	Priority funding area
LT	Large taxpayers
SAI	Serbian Supreme Audit Institution
TP	Taxpayer
TARS	Tax Administration of the Republic of Serbia
TAC	Taxes and contributions
NIT	Non-life insurance premiums tax
KDP	National Bank of Serbia's specimen signature base
AAP	Advanced analytics platform
PTJ	Preferential tax jurisdictions
CIT	Corporate income tax return
PDPO/S	Withholding tax return
PPP-PD	Single tax return containing calculated taxes and contributions
PPOA	Excise tax calculation return
SRD	Strategic Risk Department

Other commonly known abbreviations are not listed.

Organisation of the Republic of Serbia's Tax Administration (table)

Number of employees as of 31 December 2022 (table)

Structure and share of taxpayers (graph 1)

The number of operational and analytical public revenues, including the number of determined irregularities (graph 2)

Total number of controls (box)

Newly discovered revenues in RSD million (box)

Newly discovered revenues between January and December 2021 and 2022 (table)

Newly discovered revenues in 2022 by type of tax forms (graph 3)

The number of controls of turnover recording, including the number of determined irregularities and the share of hospitality industry entities in that percentage (chart 4)

Temporarily closed businesses by industry (table)

Other activities of the Audit department (table 1)

Total annual collection by the Tax Administration for: 2014–2022 (graph 5)

Personal Income tax collection (graph 6)

Corporate income tax collection (graph 7)

Gross domestic VAT collection (graph 8)

VAT recovery (graph 9)

Net VAT (graph 10)

Gross domestic excise duty collection (graph 11)

Collection of mandatory social insurance contributions (graph 12)

Implementation of the Republic of Serbia budget schedule in RSD million (graph 13)

Cases received in the organisational units of the Tax Accounting Department (table 2)

Main performance results of Tax Police in 2022 (box)

Number of filed criminal charges (box)

Amount of tax evasion in RSD billion (box)

Tax evasion structure in 2022 (graph 14)

Countering shadow economy results in 2022 (table 3)

Curbing complex tax evasion and organised financial crime (box)

Electronically submitting tax returns and forms via the eTaxes portal (box)

Standard compliance percentage in 2022 (graph 15)

The number of closed cases at the Department for Separate Activities by types (tables 4 and 5)

Overview of adopted tax collection by-laws in 2022 (table 6)

Overview of realised collection in 2022 by tax forms (table 7)

Handling requests for accessing information of public importance (box)

Number of court procedures (table 8)

Share of 448 LTO taxpayers by economic activity in 2022 (graph 16)

RDF - Risk Differentiation Framework (graph 17)

Share of large taxpayers in total collection of public revenues by TARS in 2022 (graph 18)

Tax forms administered by LTO (graph 19)

Total effects of tax control and implemented pilot projects achieved in 2022 (in %) (graph 20)

Tabular summary of received and solved cases 1 January 2022 - 31 December 2022 (table 9)

Registry offices - number of recorded cases (box)

Tabular overview of the received and closed cases at the Internal Control Division

LIST

OF CHARTS, TABLES AND BOXES

MANAGEMENT

TAX ADMINISTRATION



DIRECTOR

Dragana Marković

TAX ADMINISTRATION
REPUBLIC OF SERBIA



TRANSFORMATION DEPARTMENT

Assistant Director
Rade Šević



AUDIT DEPARTMENT

Assistant Director
Nenad Krtolica



COLLECTION DEPARTMENT

Assistant Director
Mira Stanojev



TAX ACCOUNTING DEPARTMENT

Assistant Director
Slađana Nuhbegović



TAX POLICE DEPARTMENT

Assistant Director
Nada Novosel



DEPARTMENT FOR INFORMATION AND COMMUNICATION TECHNOLOGIES

Assistant Director
Saša Dulić



DEPARTMENT FOR SERVICE PROVISION TO TAXPAYERS AND EDUCATION

Assistant Director
Snežana Veličković



DEPARTMENT FOR SEPARATE ACTIVITIES

Assistant Director
Ljubinko Sredojević



**DEPARTMENT FOR
TAX-RELATED LEGAL
AFFAIRS AND
COORDINATION**

Assistant Director
Branka Sarić



**OPERATIONAL RESOURCES
DEPARTMENT**

Assistant Director
Vidoje Jevremović



**OFFICE FOR LARGE
TAXPAYERS**

Assistant Director
Miroslav Đinović



**STRATEGIC RISK
DIVISION**

Head of division
Nataša Arsić



**INTERNAL CONTROL
DIVISION**

Head of division
Nebojša Kostić



**INTERNAL AUDIT
DIVISION**

Head of division
Suzana Jablanović



**DIVISION FOR
INTERNATIONAL
COOPERATION AND
INFORMATION EXCHANGE**

Head of division
Milka Lukač



**GROUP FOR CORPORATE
SECURITY AND PERSONAL
DATA PROTECTION**

Manager
Miloš Radovanović

VALUES, VISION AND MISSION OF THE REPUBLIC OF SERBIA'S TAX ADMINISTRATION

TAX ADMINISTRATION
REPUBLIC OF SERBIA

OUR GOALS

creating and
maintaining a
competitive tax
system

supporting **inclusive**
growth within legal
powers

providing
high-quality
services to
taxpayers

maximising
voluntary
settlement of tax
liabilities

strengthening
the institution
and employee
productivity

reaching a **high**
level of employee
competences and
satisfaction

OUR MISSION. WHY WE EXIST

The Tax Administration collects public revenues, monitors and improves fiscal discipline and creates an environment in which every taxpayer fulfils its tax liabilities voluntarily and without unnecessary costs, which in turn enables the Government of the Republic of Serbia to provide quality public services to its citizens.

OUR VISION. WHAT WE WANT TO BECOME

Our wish is to be a reputable and partner institution for citizens and the economy, with a modern business and organisational structure, which ensures the highest level of compliance with the tax regulations of the Republic of Serbia by employing minimum resources and incurring as few costs as possible by taxpayers..

OUR VALUES – PRINCIPLES WE ARE GUIDED BY IN FURTHER INSTITUTION STRENGTHENING

- ▶ **LEGALITY**
acting in accordance with and within the rule of law
- ▶ **PROFESSIONALISM**
professional and quality performance of activities within the scope of work of the Tax Administration
- ▶ **EFFICIENCY**
rational use of available resource and creation of an environment that helps reduce taxpayers' costs when discharging their tax liabilities
- ▶ **EFFECTIVENESS**
adequate selection of goals
- ▶ **TRANSPARENCY**
transparent and public performance of legally specified duties of the Tax Administration and transparent communication with taxpayers
- ▶ **CONSISTENCY**
consistent application of tax regulations
- ▶ **TEAM WORK**
employees work as a team and are well organised when it comes to achieving common goals, all the while showing trust and respect for one another, and pride and dedication, as well as faith in and understanding of their goals
- ▶ **INITIATIVE**
always seeking new ways to technologically improve the public revenue administration

THE REPUBLIC
OF SERBIA'S TAX
ADMINISTRATION
**TRANSFORMATION
PROCESS**

TAX ADMINISTRATION
REPUBLIC OF SERBIA



Planned and implemented activities of the first Transformation Programme 2015–2020 resulted in a considerable collection increase of as much as 35 percent compared to the first year of implementation. In addition, the efficiency of the core business processes was increased and all tax returns and tax forms that the TA is in charge of were converted to electronic format. The quality of services was improved by introducing new digital services for more elaborate and easier communication both with taxpayers and general public in the Republic of Serbia.

The Transformation Programme 2021–2025 has managed to maintain the continuity of implementing the changes initiated by the 2015–2020 Transformation Programme. Moreover, the activities are meant to additionally contribute to the development of the state digitalisation, which the Republic of Serbia's Government is strategically committed to.

TAX ADMINISTRATION TRANSFORMATION PROGRAMME 2021–2025

The reform of the Tax Administration in the Republic of Serbia is recognised as one of major reform processes, not only as part of the public finance system, but also as part of the modernisation of the overall public administration system. The Government of the Republic of Serbia adopted the Transformation Programme 2021–2025 at its session on 20 May 2021. The main objective of the reform is for the Tax Administration (TARS) to become an organisation characterised by modern digital operations, for the administration to be focused on the provision of services to taxpayers, for services to be provided in accordance with the best international standards, for the TARS to have a risk assessment ensuring that the TARS efficiently uses its available resources for the optimisation of revenue collection.

By implementing the three strategic goals of the
Transformation Programme 2021–2025:

the establishment of business processes and organisation in line with the best international practice in order to increase public revenue collection

quality improvement of existing services and the introduction of new types of services adapted to taxpayers' needs

profiling of a new tax officer whose main distinguishing features are exceptional professionalism and competence

will result in the creation of the foundations of a new Tax Administration architecture, which are visible through three “products”, i.e. components:

1. **An integrated information system** based on a commercial off-the-shelf (COTS) software solution, which cross-checks data of the Tax Administration and third parties in order to detect taxpayers that fail to observe tax regulations
2. **Personal e-Portal**, customised for each taxpayer, which represents a module for direct communication between an individual and the Tax Administration
3. **Professional development** of tax officers.

ORGANISATION OF THE REPUBLIC OF SERBIA'S TAX ADMINISTRATION

TAX ADMINISTRATION
REPUBLIC OF SERBIA

MINISTRY OF FINANCE- TAX ADMINISTRATION

DIRECTOR OF TAX ADMINISTRATION

TAX ADMINISTRATION
DIRECTOR'S OFFICE

SPECIAL ADVISOR TO THE
TAX ADMINISTRATION
DIRECTOR FOR PR AND
MARKETING

SPECIAL ADVISOR TO THE
TAX ADMINISTRATION
DIRECTOR FOR TAX
CONTROL AND TAX
POLICE AFFAIRS

SPECIAL ADVISOR TO THE
TAX ADMINISTRATION
DIRECTOR FOR IMPROVED
COLLECTION AND TAX
ACCOUNTING AFFAIRS

SPECIAL ADVISOR TO THE
TAX ADMINISTRATION
DIRECTOR FOR TAX-
RELATED LEGAL AFFAIRS

GROUP FOR CORPORATE
SECURITY AND PERSONAL
DATA PROTECTION

INTERNAL CONTROL
DIVISION

STRATEGIC RISK
DIVISION

INTERNATIONAL
COOPERATION AND
INFORMATION EXCHANGE
DIVISION

INTERNAL AUDIT
DIVISION

TAX POLICE DEPARTMENT

TRANSFORMATION
DEPARTMENT

DEPARTMENT FOR TAX-
RELATED LEGAL AFFAIRS
AND COORDINATION

AUDIT DEPARTMENT

DEPARTMENT FOR
DETERMINING THE
ORIGIN OF ASSETS AND
SPECIAL TAX

COLLECTION
DEPARTMENT

TAX ACCOUNTING
DEPARTMENT

DEPARTMENT FOR
SEPARATE ACTIVITIES

HUMAN RESOURCES
DEPARTMENT

OPERATIONAL
RESOURCES
DEPARTMENT

DEPARTMENT FOR
INFORMATION AND
COMMUNICATION
TECHNOLOGIES

DEPARTMENT FOR
SERVICE PROVISION
TO TAXPAYERS AND
EDUCATION

DEPARTMENT FOR LARGE TAXPAYERS

Branch offices in the territories of the City of Belgrade, Danube, Braničevo, Kolubara and Mačva administrative districts	Branch offices in the territories of the North Banat, Central Banat, North Bačka, West Bačka, South Bačka and Srem administrative districts	Branch offices in the territories of the Šumadija, Pomoravlje, Rasina, Zlatibor, Moravica and Raška administrative districts	Branch offices in the territories of Niš, Bor, Zaječar, Pirot, Jablanica, Toplica and Pčinj administrative districts	Branch offices in the territory of the Autonomous Province of Kosovo and Metohija
Branch office A	Branch office A			
Centar	Novi Sad 1			
Novi Beograd				
Branch office B	Branch office B	Branch office B	Branch office B	Branch office B
Palilula	Subotica	Kragujevac	Niš	Kosovska Mitrovica
Zaječar	Stara Pazova	Užice	Prokuplje	
Zemun	Novi Sad 2	Čačak	Pirot	
Voždovac	Zrenjanin	Novi Pazar	Leskovac	
Čukarica	Sremska Mitrovica	Kraljevo	Zaječar	
Šabac	Vršac	Kruševac	Vranje	
Smederevo	Kikinda	Jagodina		
Požarevac	Pančevo	Prijepolje		
Valjevo	Sombor			
Loznica				

NUMBER OF EMPLOYEES

AS OF 31 DECEMBER 2022

4.392

PERMANENT **3.717** M/1285 F/3717

FIXED-TERM **616** M/202 F/414

TRAINEE **62** M/20 F/42

KEY ACTIVITIES IN 2022

TAX ADMINISTRATION
REPUBLIC OF SERBIA

COLLECTION

Ensuring a long-term stable source of funding for public needs and constant growth of public revenues is an extremely important task. It contributes to smooth system operation and improvement of the quality of life, by investing in education, science, healthcare, security structure.

The best illustration of our work and commitment is to compare the collection from 2022 with the collection outcomes in 2014, immediately prior to the beginning of the implementation of the first Transformation Programme. Compared to 2014, when the collection amounted to RSD 1,157 billion, the Tax Administration collected RSD 2,250 billion in 2022, which is higher by 95% in the absolute amount.

eFiscalisation

A new model of electronic fiscalisation has been in use in the Republic of Serbia since 1 May 2022, which includes the use of hardware or software solutions used for issuing fiscal receipts with a QR code. By scanning the QR code, customers and service users can check whether an invoice has been issued in accordance with the law.

Thanks to the new fiscalisation model:

The Tax Administration **has the data on the transaction volume in real time**, which are comparable across the territory, industries and at the level of time of issuance

Comparison of the recorded transaction volume, along with an obligation to issue a taxpayer's receipt is simplified

Better risk analysis and quicker detection of irregularities in taxpayers' operations is enabled

Control methods of issuing fiscal receipts has been improved since the receipt validity is checked by simply scanning the QR code

Apart from Tax Administration's inspectors, **the validity of fiscal receipts can be checked by customers in retail outlets** after they obtain a fiscal slip

Operating expenses of fiscalisation obligors have been reduced since the new model does not entail a double slip and a mandatory annual technical check-up, which makes GPRS and fiscal modules useless

The new fiscalisation model entails several improvements which contribute to Countering shadow economy and combating unfair competition, decreasing the costs for taxpayers and increasing the number of taxpayers. All this contributes to an increase in the budget for public and social needs of all citizens in the Republic of Serbia and the general atmosphere of complying with regulations.

Data from fiscal receipts issued according to the new fiscalisation model in real time are sent to the Central Control Unit and are readily available to the Tax Administration. Consequently, taxpayers that are liable to avoid paying taxes are efficiently monitored and controlled by processing the received data and applying analytical models for risk assessment.

At the same time, fiscalisation obligors that are regular payers are spared from unnecessary inspections. All business entities in the territory of the Republic of Serbia that issue receipts according to the new fiscalisation system are displayed on large LED monitors in the Central Control Unit, down to the last detail.

The new fiscalisation model offers possibilities for advanced risk analyses that help tax inspectors to have real-time insight, without going on-site, into what happens at each point of sale. Consequently, they can perform targeted controls of taxpayers liable to avoid paying taxes.

The new fiscalisation system provides the Tax Administration with a larger volume of data and a possibility to better assess risks. This makes the taxpayer control system more rational and far more efficient. Namely, only those taxpayers that have been estimated, based on a risk assessment, to have failed to duly meet their legal obligation are subject to control.

The new fiscalisation model considerably facilitates the operation of the economy and helps combat unfair competition. Online sellers, transporters, vending machine vendors, organisers of sports, entertainment and recreational events are now required to have a fiscal device and record their turnover.

The fact that we receive over nine million fiscal receipts from new fiscal devices on a daily basis is something we are pleased with and something that indicates we are on the right path to establishing an efficient control system.

The benefit of eFiscalisation is reflected not only in the fact that it introduces a real-time data exchange between taxpayers and the Tax Administration, but also in the fact that it records a large amount of data that can be used for targeted controls.

Data on retail sales or provided services, as well as calculated VAT for taxpayers that are in the VAT system, are collected and stored in the fiscalisation management system (FMS). In order for the FMS data to be properly used, the Tax Administration has initiated and continues the work on the development of the advanced analytics platform (AAP), whose task is to detect and identify deviations from the taxpayers' typical behaviour, both individually and against a homogeneous group of taxpayers in certain time series.

It must be mentioned that, in order to raise citizens' awareness of the importance of taking fiscal receipts in Countering shadow economy, the Tax Administration has for the first time developed a mobile application for a prize-winning game "Get a receipt and win". Instead of sending fiscal receipts in envelopes, citizens became eligible to participate by creating mobile application account and scanning the QR code on the receipt.

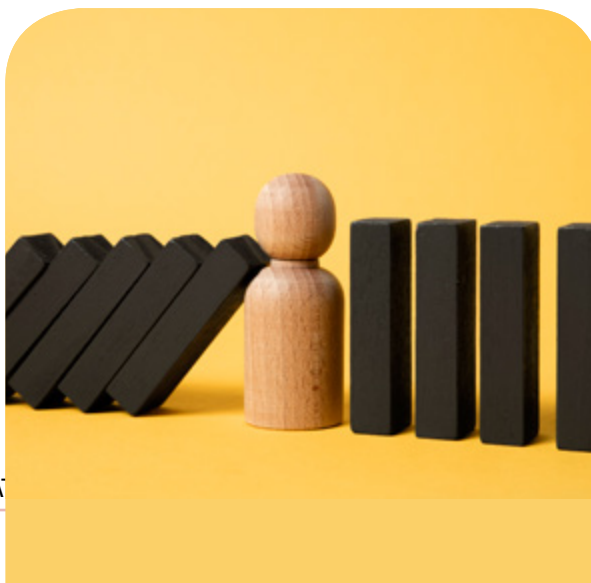
GREY ECONOMY

The Republic of Serbia's Tax Administration confirmed its key role in Countering shadow economy in the Republic of Serbia based on activities it performed in 2022. The activities of the Tax Police aimed at Countering shadow economy are focused on early detection of companies that help business entities to avoid paying public revenues, which are among the main generators of the shadow economy, (the so-called "laundering" and "shell" companies). A total number of 283 "laundering" and "shell" business entities were identified.

In 2022, the Tax Police filed 704 criminal charges for the illicit trade of excise goods and seized over RSD 147 million worth of excise goods.

As regards the control function, almost RSD 28 billion of newly discovered public revenues were calculated in the same period.

Over 14.5 thousand controls of recording turnover using fiscal devices were carried out in 2022, including a check of employment statuses of employees. A temporary measure of prohibition of doing business activity was imposed in 33.7% of cases for identified irregularities, primarily in trade, hospitality and service industries.





SERVICES

In order to develop and improve a customer-friendly and fair relationship with taxpayers and for the purpose of voluntarily discharging tax liabilities, the Tax Administration is constantly working on improving the transparency of its operations. All necessary information is available to taxpayers through numerous communication channels, including the Tax Administration website, the Customer Service, the media, social networks and “Your tax collector” counters.

The website is customised for taxpayers, i.e. focused on its clients. Taxpayers can also obtain tax information either on the telephone or by filling in an electronic form on the Tax Administration website

Портал еПорези

Информације

Како постати корисник ?

Технички предуслови

Упутства и образци

Апликација еПорези

Најчешће постављана питања

Провера извода ППП-ГД

Калкулатор паушалног пореза и доприноса

Пореска управа > еПорези > Портал еПорези

Портал еПорези

Портал “еПорези” представља скуп електронских сервиса Пореске управе Републике Србије, који омогућава свим пореским обвезницима предају електронски потписаних образаца пореских пријава, праћење статуса послатих пријава, увид у стање на рачунима пореског обвезника и доделу/одузимање овлашћења за коришћење електронских сервиса. Циљ успостављања портала “еПорези” је брже, лакше и једноставније испуњавање обавеза према Пореској управи. Овај систем задовољава високе стандарде безбедности и омогућава сигуран и некомпромитован пренос података електронским путем.

За приступ електронским сервисима на порталу “еПорези” користи се јединствена, специјално дизајнирана апликација еПорези, коју можете преузети кликом на банер испод.

ЕПОРЕЗИ

Преузмите апликацију

Апликација еПорези се једноставно инсталира на локални рачунар корисника и након покретања и уноса ПИН-кода Квалификованог електронског сертификата приступа се порталу “еПорези”.

Упутство за коришћење апликације еПорези можете преузети [ОВДЕ](#).

PERFORMANCE DIGITISATION AND AUTOMATION

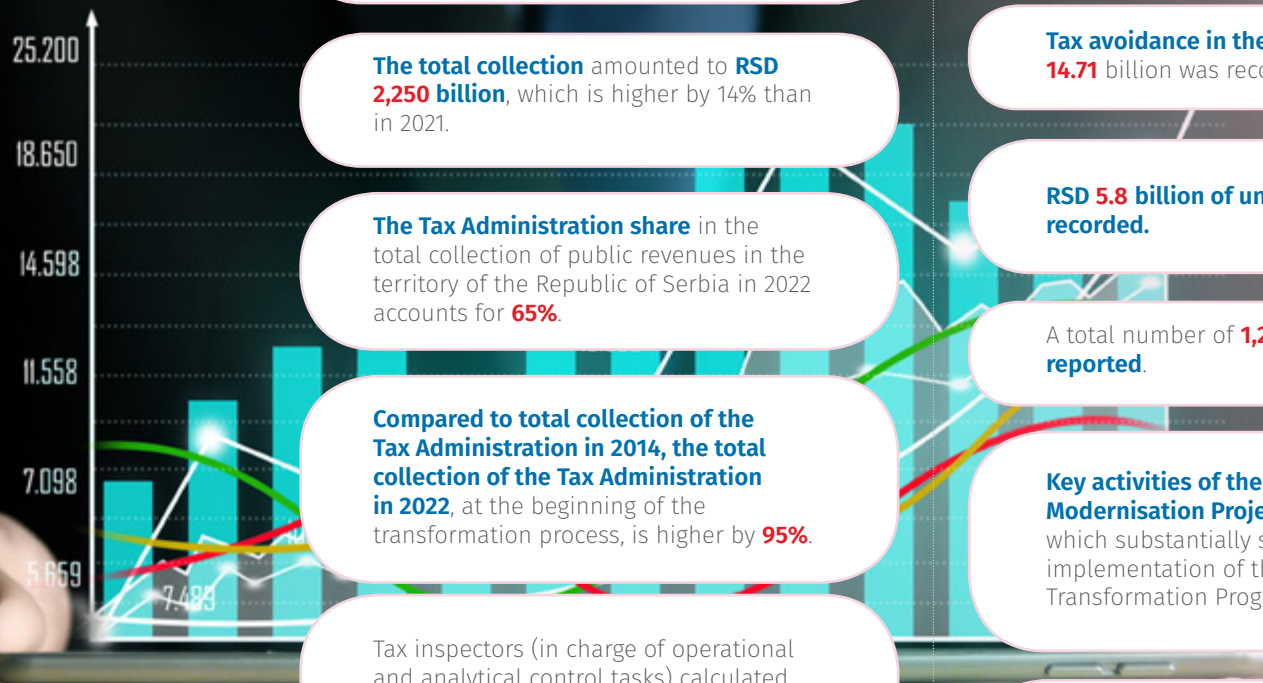
The Tax Administration has been diligently working for years now on digitising its operations, which can be easily observed by taxpayers when they use the Tax Administration portal to submit their tax returns, obtain certificates of discharged tax liabilities or simply check the status of their liabilities.

The main focus is on the digitisation of key tax procedures, primarily the most sizeable ones. Therefore, the determination of a flat-rate self-employment income tax is fully digitised. Digitisation is actually a necessary basis for the next step in the tax administration development, i.e. the automation of business processes.

The overall performance digitisation and automation will contribute to faster and more efficient performance of certain tax administration activities in the future..

MAJOR PERFORMANCE RESULTS

TAX ADMINISTRATION
REPUBLIC OF SERBIA



A larger amount of major (the most sizeable) public revenues was collected compared to the same period in 2021.

The total collection amounted to RSD 2,250 billion, which is higher by 14% than in 2021.

The Tax Administration share in the total collection of public revenues in the territory of the Republic of Serbia in 2022 accounts for 65%.

Compared to total collection of the Tax Administration in 2014, the total collection of the Tax Administration in 2022, at the beginning of the transformation process, is higher by 95%.

Tax inspectors (in charge of operational and analytical control tasks) calculated newly detected revenues in the amount of RSD 27.992.425.461,00 during a tax control procedure, which is higher by 8% than in 2021.

1,100 criminal charges were filed against 1540 entities/parties.

Tax avoidance in the amount of RSD 14.71 billion was recorded.

RSD 5.8 billion of undue profit was recorded.

A total number of 1,286 tax crimes were reported.

Key activities of the Tax Administration Modernisation Project (TAMP) continued, which substantially support the implementation of the Tax Administration Transformation Programme 2021-2025.

Interactive workshops were held within the Business Process Re-engineering project, including the training of trainers for introducing new functions in Tax Administration's organisational units.

Interactive workshops were held **within the Consulting Services for Market Assessment and Development of Specifications for a Commercial off-the-shelf (COTS) Software Solution project.**

Consultants were selected and a contract was signed within the **Consulting Services for the Institutional Development of Tax Administration's Human Resources project.**

Participation in the preparation of the Public Finance Management Reform Programme 2021–2025 with regard to TA's competence was achieved.

The Remote Control Analysis project in cooperation with GIZ.

The Improvement of the Human Resources Function project within the Public Finance Reform – Agenda 2030 project was audited.

The collection of data regarding the filling in the ISORA survey was initiated and completed.

Timely evidence collection and submission due to TADAT mission requirements continued.

Participation in the preparation of the **Economic Reform Programme 2023-2025** was achieved.

The ISKRA Project – a Centralised Information System for a Public Sector Payroll Solution with Accompanying Computer Equipment and Licences – was successfully implemented.

Three public job vacancy announcements for executive positions were published, **with a total of 2,209 job applications.**

A total of **420 candidates applied for the Youth Employment Promotion Programme “My First Salary” in 2022, out of which 30 people accepted** the Tax Administration's offer for the first job.

149 requests for handling requests for accessing information of public importance were responded to.

A self-taxation system was introduced in relation to tax on the sales of second-hand motor vehicles between natural persons, with a changed tax base and a new calculation formula.

MAJOR PERFORMANCE RESULTS

The determination of the infringement of intellectual property rights, in particular rights to computer programmes (software) and databases, was transferred from the Tax Administration's jurisdiction to the jurisdiction of the Market Inspection within the Ministry of Trade and Services.

A total of **7,695,542** tax returns were submitted and **141,946** e-certificates were issued through the eTaxes portal.

An information system for eFiscalisation was introduced at the Republic of Serbia's Tax Administration.

A prize-winning game "Take a receipt and win" was organised.

1,482,720 pieces of service information were provided.

6,683 questions submitted in writing from taxpayers were answered.

Security elements in the form of a smart card were handed to fiscalisation obligors at the "Your tax collector" counter.

Five new Fact Sheets were produced and printed.

Existing Fact Sheets were updated in line with the most recent amendments to laws and by-laws.

The Customer Service provided **127,292** pieces of information to taxpayers.

A total of **14,611** pieces of information and **994** pieces of information on the balances on public revenue accounts were provided via e-mail by filling in a form in the "Customer Service/ Ask a question" section of the Tax Administration website.

In order to improve service provision, the automated answering service of the Customer Service was reconfigured.

7,248 features were published in both national and local media.

A media campaign was conducted in order to promote the new eFiscalisation system in Serbia.

A media campaign "From your pocket to your pocket" was conducted.

The website was redesigned for easier navigation by taxpayers and better user experience.

24 notifications were published in connection with amendments to existing regulations and the application of the new ones, as well as **87 press releases**, out of which **35 releases by the Tax Police**.

Training courses on **34 topics** attended by **3,243 participants** were held.

A total of **98.68% of requests for the return/reclassification of tax certificates**, as well as recorded book entry orders **were attended** in tax accounting divisions/departments.

The project for **Negotiation Chapter 33 – Financial and Budgetary Provisions resumed**.

A proposal to continue the **project for Negotiation Chapter 16 – Taxation – Shell companies** and rules to prevent the misuse of shell entities was drawn up and approved as part of the PLAC III legal assistance to negotiations.

A project proposal was drawn up: **Strengthening functions and systems of the Serbian Tax Administration in order to be interconnected and interoperable with EU systems as part of IPA programmes**.

A new project **“Big Data Capacity Building – Design and Development of the Field to Increase the Effectiveness of Data Usage, Control and Reporting” was approved**. The project will be implemented with the Korea Development Institute for the 2022/23 cycle.

The Tax Administration assumed rights and obligations as a competent authority in the Republic of Serbia for **administering requests for information exchange** based on the multilateral Convention on Mutual Administrative Assistance in Tax Matters and a Double Taxation Treaty.

Guidelines on the Treatment of Received and Sent Requests for Information Exchange for Tax Purposes were prepared.

Out of databases created in 2021, which contain asset and income data on **1,184,503 natural persons**, **84 natural persons** were singled out for a preliminary proceeding, i.e. persons whose assets grew between 2018 and 2020 by EUR 150,000 compared to the reported income..

TRANSFORMATION DEPARTMENT

Some of major activities defined under the Tax Administration's Transformation Programme 2021-2025 continued last year. Their implementation directly results in the creation of conditions for an overall reform of the Tax Administration and its transformation into an efficient and modern tax administration, which enables taxpayers to discharge their tax liabilities as simple as possible and at the lowest possible cost. These processes are actively dealt by the Department.

The Department carries out planning, design and implementation of modernisation projects across the Tax Administration; it performs the standardisation of project management policies, processes and methods; provides information and project drafts to the Tax Administration's Director and the Programme Transformation Committee; it manages initiatives and implements and co-ordinates project activities that take place in cooperation with creditors and donors.

Last year, the Department actively managed changes through the work of teams created at the Tax Administration for that purpose, and the coordination of activities of all donors and creditors interested in the reform of the Serbian Tax Administration.

Assistant Director

Rade Šević



Major activities from the Transformation Programme are implemented using the proceeds from the credit facility “Tax Administration Modernisation Project – TAMP”, which was signed in 2019 between the Republic of Serbia and the International Bank for Reconstruction and Development.

Some of the most significant activities implemented through the said programme in 2022 are listed below.

Business process re-engineering, including the training of trainers to introduce functions to Tax Administration’s organisational units



The members of a working group, which was created to implement business process re-engineering activities for tax purposes, were working along with the consultant on re-designing business processes. A number of interactive workshops were held, which followed the development of the document “Business Processes Design with Annexes and Presentations”. Certain issues arisen during their work were resolved by means of extensive consultations among the Tax Administration, the Treasury Administration, the Ministry of Finance and the consultant. According to suggestions and decisions made by the Tax Administration and the Ministry of Finance, a final draft of the document “Business Processes Design with Annexes and Presentations” was drawn up and adopted by the Transformation Programme Committee on 14 November 2022

Consulting Services for Market Assessment and Development of Specifications for a Commercial-off-the-shelf (COTS) Software Solution



Interactive workshops were held between the selected consultant, Tax Administration’s teams, created based on functionalities, where functional and non-functional requirements the COTS should meet were discussed and agreed, in order to create a basis for developing technical specification for the commercial-off-the-shell software solution (COTS). The Tax Administration Transformation Programme Committee adopted three documents: “Market Analysis”, “TO-BE State with Implementation Options” and “Technical Specification for the Commercial-off-the-shell Software Solution (COTS)”.

A consultant was hired in the next phase to provide advisory services in the form of the overall support to the procurement of a commercial-off-the-shell software solution for the Serbian Tax Administration. Having submitted an Introductory Report, the consultant began preparing a Request for Proposal in accordance with the established project standards.

Procurement of a commercial-off-the-shelf (COTS) software solution



As part of the implementation of this activity, a number of presentations of commercially available off-the-shell solutions were given by potential suppliers at the invitation of the Tax Administration. A market analysis on the sale and implementation of COTS solutions from COTS suppliers was conducted. Subsequently, based on the number of taxpayers according to tax forms administered by the Tax Administration and the World Bank’s designated loan proceeds allocated for this purpose, criteria for the initial selection of suppliers were established and a call for tender was published. Pursuant to a decision made by the Tax Administration Director, a Committee for the Evaluation of Bids in the Procurement Procedure for a new COTS Solution was established in order to evaluate and rank the bids during the initial selection of bidders and make an Evaluation Report on an Expert Evaluation of Bids.

Consulting Services for the Institutional Development of the Serbian Tax Administration’s Human Resources Function



The submitted bids were evaluated based on the specified terms of reference and tender for the consultant selection. Consultants were also selected and a contract was signed, which marked the beginning of the Consulting Services for the Institutional Development of Tax Administration’s Human Resources project. On 12 September 2022, the first operational meeting was held between the selected consultant and the Working Group tasked with working with the consultant regarding the institutional development of the Serbian Tax Administration’s human resources function, which was established based on a de-

cision passed by the Tax Administration's Director on 25 August 2022.

Apart from the above-mentioned activities, the following activities were also implemented.

Preparation of, monitoring and reporting on the implementation of the Public Finance Management Reform Programme 2021-2025 falling under the Tax Administration's jurisdiction



The Public Finance Management Reform Programme 2021-2025 (PFMRP) is a new strategic framework for planning and implementing reform processes in public finance management sub-systems in terms of public administration. It aims at achieving a better-balanced and sustainable budget, reducing the public debt, strengthening financial management and control and improving the external control of public finance.

Also, since the Tax Administration is the initiator of the Efficient Collection of Budget Revenues measure, which the Tax Administration is in charge of within the Specific Objective II - Efficient Collection and Management of Budgetary Resources, the Department participated in the preparation of the Report on the Implementation of the Public Finance Management Reform Programme 2021-2025 in 2022.

Improving change management with the support of international technical experts



The activities are aimed at key areas of Tax Administration's operations in order for the operating results of the experts to contribute to building institutional capacities. The key activity factor in this segment is the co-operation with international experts with regard to the following areas: data analysis and VAT gap, strengthening the control function, questions about the procurement of a COTS solution for the Tax Administration, improving services provided to taxpayers, using the advantage of analytics when doing researches on the basis of risk assessments, and public debt management strengthening and planning future transition.

Organising meetings between donors and creditors involved in the transformation of the Tax Administration



Key activities aimed at providing support to the implementation of the Tax Administration Transformation Programme and the actual progress are presented at the meetings. At the same time, a master plan was drawn up and presented in order to remove a potential risk of overlapping projects funded by different creditors and donors.

Building the control function capacity and the functionality of the taxpayer register



In this process, the Tax Administration is involved in the project "Support to the Ministry of Finance under the Public Administration Reform Sector Reform Contract", financed by the European Union.

After the analysis of the Register's current state, a concept design draft was made in order to improve the Taxpayer Register, the coverage of taxpayers, data and maintenance system updates. In order to further strengthen the Tax Administration's capacities, provide support to the development of a strategic risk assessment and enable an efficient and effective information exchange between relevant authorities for the purpose of improving the Tax Administration performance, the work on developing a strategic risk assessment, defining risk assessment indicators according to tax forms and preparing a Guide to International Information Exchange continued.

- Remote Control Analysis Project implementation

A gap analysis of the existing legal framework for tax controls, business processes and ICT solutions at the Tax Administration, as well as a recommendation for implementing remote tax controls were presented through this project, which should further contribute to the control procedure efficiency, a reduction in taxpayers' costs and further digitalisation of the contact between the Tax Administration and taxpayers.

- Data collection for the International Survey on Revenue Administration (ISORA)

In September 2022, the collection of data for 2021 from all competent organisational units in relation to filling in the ISORA survey started. The International Survey on Revenue Administration (ISORA) collects comparable data on tax administrations from administrations worldwide and uses an online data collection platform developed and managed by the IMF, whose purpose, among other things, is to enable tax administrations to compare their current state with others.

- Re-assessment for the purpose of the Tax Administration Diagnostic Assessment Tool (TADAT)

The purpose of the Tax Administration Diagnostic Assessment Tool (TADAT) is to assess certain performance areas of tax administrations in order to compare them to other tax administrations and best international practice. A TADAT mission visited the Tax Administration between 7 February and 18 March 2022, when a number of meetings between the Tax Administration's business functions and the TADAT mission were held to discuss all assessed performance areas when the Serbian Tax Administration's system was re-assessed using the Tax Administration Diagnostic Assessment Tool (TADAT).

This new assessment, which followed a similar one in July 2016, provides an overview of reform achievements and new information on the current state that can be used to determine reform priorities.

- Participation in the preparation of the Economic Reform Programme 2023-2025

The Economic Reform Programme is a document that the Republic of Serbia, as a candidate country for the European Union membership, is required to prepare once a year in accordance with the instructions of the European Commission. The Department took part in the preparation of an Economic Reform Programme document for the period between 2023 and 2025, since the Tax Administration has a proposed structural reform in this document – Tax Administration Transformation.

- Cooperation with the Korea Development Institute through the support to the Knowledge Sharing Programme

The Knowledge Sharing Programme of the Ministry of Strategy and Finance of the Republic of Korea was initiated in August 2018 in order to strengthen the capacities of public sector employees through a one-year consultation programme in state authorities. After an evaluation of project proposals for the annual 2022/23 cycle, the following Tax Administration project was selected: "Big Data Capacity Building – Design and Development of the Field to Increase the Effectiveness of Data Usage, Control and Reporting".

The project was initiated on 15 December 2022, with the participation of the representatives of the Korea Development Institute, and the representatives of the Tax Administration and the Ministry of Finance. The final project outcome entails giving recommendations for necessary strategies and policies, but also pre-conditions for a technological infrastructure of big data. These recommendations should lead to a more effective data exploitation, collection, processing, analyses and storage. Three key sub-topics of this project were re-defined and agreed on at the meetings held between the Korea Development Institute and the Tax Administration: Analysis of a system and technical environment for the development of Tax Administration's big data, analysis and recommendations for the application of big data to Tax Administration's business processes, and analysis and recommendations for institutional arrangements in order to improve the tax administration in Serbia, which relies on big data..

AUDIT DEPARTMENT

The Audit Department plans, organises and coordinates tax control of the legality and validity of discharging tax liabilities by taxpayers; makes annual, extraordinary and operational plans of tax audit, monitors the execution and submission of reports on the implementation of tax audit plans, recommending measures for rectifying identified omissions in order to improve the quality of executing audit tasks.

Assistant Director

Nenad Krtolica



KEY ACTIVITIES OF THE DEPARTMENT

- A new Law on Fiscalisation has been in effect since 1 May 2022. Each receipt, including data on sold items, in the new fiscalisation system, are submitted to the Tax Administration in approximately real time, i.e. they are entered into the Fiscalisation Management System (FMS). The Tax Administration now has turnover data about each business.
- For risk analysis purposes and taking into consideration that 10 million receipts are submitted daily, the so-called Advanced Analytics Platform was developed, where reports are generated according to certain criteria. For example, for a certain type of economic activity on a specific location (place, municipality, street, etc.), a report on invalid receipts is generated, or a report on receipts that did not arrive at the Tax Administration.
- Activities were conducted for the implementation of a new recording system of turnover and services through electronic fiscal devices, i.e. for the application of the Law on Fiscalisation.
- Business processes were created for turnover recording control in accordance with the new Law on Fiscalisation.
- Tax inspectors attended the training on eFiscalisation,
- A Methodological Tax audit Manual was produced, which will ensure uniform implementation of a control procedure.
- A Methodological Manual on Corporate Income Tax audit was drafted.

PROJECTS IMPLEMENTED BY THE DEPARTMENT

- A decision was adopted on excise refund (the right on VAT refund) on paid oil derivatives in electronic format and placed in the tax mailbox on the Tax Administration portal
- A decision was adopted on establishing a tax liability for natural persons who generated income from copyright and related rights' fees and contractual benefits for work performed that are subject to self-taxation
- Technical capacity was introduced for electronic data exchange between TAOU to the Uniform Taxpayer Register (UTR) in order to improve and optimise business processes
- Consequently, since 1 December 2022 the communication among the Tax Administration's Head Office, Audit Department, Registers Department and TAOU, regarding temporary TIN seizure/return, takes place only electronically via the UTR.
- Upgrade of the Tax Administration website
- By-laws adopted by the Registers Department during the registration procedure of taxpayers, i.e. decisions (on temporary TIN seizure/return and on declining applications for returning temporarily seized TINs) and certificates (Certificate of Registration and Certificate of Data Change/Supplement – REG Form and Certificate of Deregistration – PO Form) have been submitted electronically since 1 December 2022 to the taxpayers' tax mailbox on the Tax Administration portal.
- Implementation of the Action Plan of the Tax Administration Transformation Programme 2021-2025 continued through the performance of activities related to the control procedure standardisation and its monitoring by means of a quality assessment of each audit

NUMBER OF TAXPAYERS

In 2022, the Tax Administration administered a total of **577,941** active taxpayers, namely: **275,025** legal entities (**47.59%**) and **302,916** entrepreneurs (**52.41%**).

The number of taxpayers and their share in percentages are shown on Chart 1.

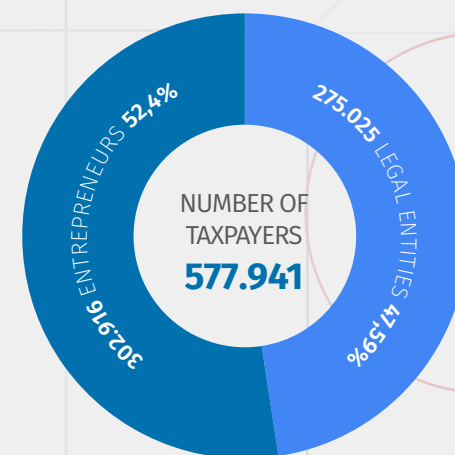


Chart 1 - Structure and participation of taxpayers

TAX INSPECTORS' PERFORMANCE IN 2022

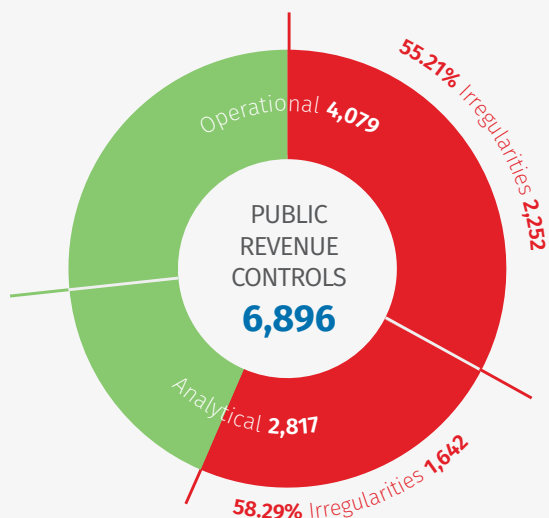


Chart 2 - The number of control of operating and analytical public revenues, including the number of determined irregularities

TOTAL NUMBER OF CONTROLS

A total number of **25,029** controls was conducted in 2022, namely:

- Inspectors in charge of operational control** tasks performed **20,388** controls. Such a large number is the result of more frequent turnover recording controls due to the introduction of the new fiscalisation model;
- Inspectors in charge of analytical** control tasks performed **4,641** controls.

Operational	20,388
Analytical	4,641
Total	25,029

NUMBER OF PUBLIC REVENUE CONTROLS

Out of the total number of controls, **6,896** controls related to the calculation of public revenues. Irregularities were identified in **3,894** controls, which is **56.47%** of misdemeanours..

- Inspectors in charge of operational control tasks performed **4,079** controls related to the calculation of public revenues, whereby irregularities were identified in **2,252** control, or **55.21%** of cases.
- Inspectors in charge of analytical control tasks performed **2,817** controls related to the calculation of public revenues, whereby irregularities were identified in **1,642** controls, which is **58.29%** of cases.

NEWLY DISCOVERED REVENUES

In the period between 1 January and 31 December 2022, tax inspectors (in charge of operational and analytical control tasks) calculated newly discovered revenues during a tax audit procedure in the amount of RSD **27,992,425,461.00**, which is **higher by 8%** compared to the same period in 2021 (RSD 25,891,933,774.00), which is shown in Table 2 and Chart 2.

NEWLY DISCOVERED REVENUES IN RSD MILLION	
2021.	25,892
2022.	27,992
	+8%

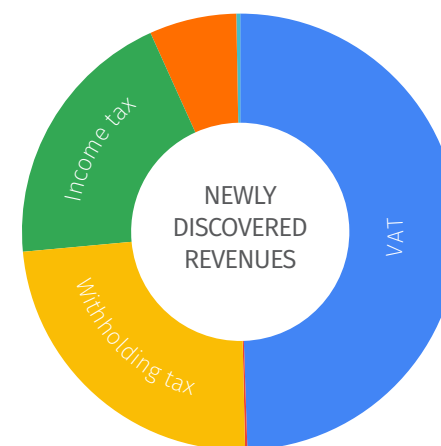


Chart 3 – Newly discovered revenues in 2022 by type of tax forms

VAT	49.48	%	Corporate income tax	19.71
Excise duty	0.17		Tax on other income	6.46
Withholding tax	23.90		Value of seized goods	0.29

Activities of the Department for Countering grey economy

The Tax Administration frequently carried out actions on suppressing business activities in the grey zone, increasing fiscal discipline, by developing a policy of strengthening voluntary tax payment. At the same time, they also intensified comprehensive control.

In order to check the application of the new Law on Fiscalisation, the Department performed a control from 5 May until the end of year of taxpayers that are required to record their turnover by means of an electronic device in the entire territory of Serbia.

TURNOVER RECORDING CONTROL

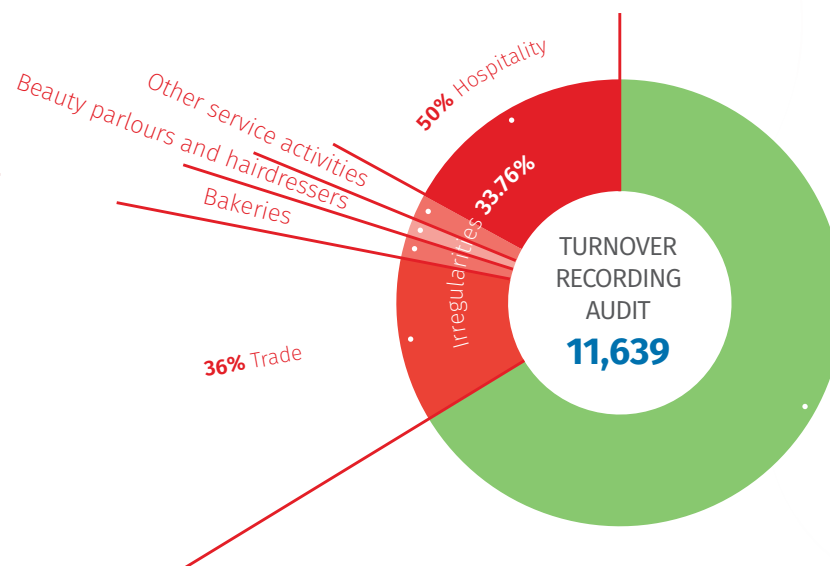
A total of 14,741 controls were performed, which included 3,102 checks of taxpayers as to whether they operate at the address they provided to the Tax Administration. A procedure of temporary TIN seizure was initiated against **2,225 taxpayers that were not at the address provided to the Tax Administration at the time of the control procedure**

A total of **11,639** turnover recording controls were performed, namely:

- No irregularities were identified in **7710** controls
- Temporary measures of prohibition of doing business activity due to non-issuance of an electronic fiscal receipt were imposed on **3,929** businesses (**33.76%** of cases)
- **Out of 3929 temporarily closed businesses**, the highest percentage is in the hospitality industry (**50.42%**).

TEMPORARY MEASURES OF PROHIBITION OF DOING BUSINESS ACTIVITY

DUE TO NON-ISSUANCE OF AN ELECTRONIC FISCAL RECEIPT



UNTIL 90 DAYS TEMPORARILY CLOSED

281 BUSINESSES

- 20 BAKERIES
- 107 SHOPS
- 153 HOSPITALITY BUSINESSES
- 1 BUSINESS PROVIDING OTHER BUSINESS ACTIVITIES

Three businesses were temporarily closed for a year.

Chart 4 - The number of controls of turnover recording, including the number of determined irregularities and the share of hospitality industry entities in that percentage

TURNOVER RECORDING CONTROL IN SPECIFIC INDUSTRIES

- **Controls of roast pork parlours and restaurants that mainly sell roast pork** – performed with 535 taxpayers, whereas **a temporary measure of prohibition of doing business activity was imposed on 286 taxpayers (53.46%)**.
- **Control of bus carriers** – performed with 28 taxpayers, whereas **a temporary measure of prohibition of doing business activity was imposed on 14 taxpayers**.
- **Control of sports associations** – performed with 160 taxpayers, whereas **a temporary measure of prohibition of doing business activity was imposed on 75 taxpayers (46.87%)**.
- **Turnover recording controls at tourist destinations and events** – a total of 344 controls were performed between 1 July and 31 December 2022 at various tourist destinations and cultural events and **temporary measures of prohibition of doing business activity were imposed on 208 taxpayers (60.47%)**.

CONTROL OF PETROL STATIONS

A total of **88** controls of petrol stations were carried out within the aforesaid number of turnover recording controls. An **operational irregularity** was identified with **27** petrol stations (**30.68%**), which entails a misdemeanour liability, whereas a temporary measure of **prohibition of doing business activity** was imposed on **24** taxpayers, i.e. in **27.27%** of cases. A **shortage of 11,094 litres**, which VAT was charged on, was identified during the control of petrol stations in 2022.



UNREGISTERED BUSINESS ACTIVITY

Applying the provisions of the regulations governing the control treatment of entities that perform an unregistered and/or unreported business activity, **63** entities were subject to control. Consequently, tax liabilities were established in the amount of **RSD 181,214,191.00**.

As part of the aforesaid controls, **12** natural persons who transported passengers by van without being registered for such a business activity and without having a work permit from a competent authority were subject to control in cooperation with the traffic inspection. A Personal Income tax liability established during these controls amounts to **RSD 981,528.00**, and one vehicle was permanently seized.



INTERNET TRADING

Seven natural persons who were engaged in Internet trading without being registered for such a business activity were subject to tax audit in co-ordination with tax police, and tax measures were undertaken accordingly. All persons were registered in the VAT system due to the realised turnover.



ILLICIT TRADE OF TOBACCO PRODUCTS

As regards illicit trade of tobacco products during tax audit, **179,249 packs** of tobacco products in the amount of **RSD 40,163,380.00** and cut tobacco amounting to **RSD 4,457,936.00** were seized from natural persons who were found transporting tobacco products without an excise stamp in the territory of the **Kragujevac** Tax Audit Coordination Division.



OPERATIONS OF THE DEPARTMENT IN COOPERATION WITH OTHER INSPECTION AUTHORITIES

A total of **48** turnover recording controls by means of a fiscal cash register were performed together with other inspection authorities. Institutions with which cooperation was established and results achieved are presented below

- **Ministry of the Interior** – **five** controls have been conducted, of which one control of a hospitality business, in which no irregularities were identified, and four controls, during which a temporary measure of prohibition of doing business activity was imposed
- **Utility inspection and utility police** – **two** controls have been conducted, during which no irregularities were identified
- **Traffic inspection** – **40** controls conducted, out of which a temporary measure of prohibition of doing business activity was imposed in **14** controls, an unregistered business activity was identified in **12** controls and **14** controls during which no irregularities were identified
- **Healthcare inspection** – **one** control performed, during which no irregularities were identified

The following was also conducted:

Control of non-profit organisations – A total of **24** controls of non-profit organisations were conducted in co-operation with the Administrative Inspectorate, namely 16 associations and 8 foundations. Irregularities were identified in **16** controls and measures from the jurisdiction of the Tax Administration were undertaken accordingly.

Control of bus carriers – A total of **28** turnover recording controls of bus carriers were carried out from 15 July until 31 December 2022 in co-operation with traffic inspection; a temporary measure of prohibition of doing business activity was imposed in the case of **14** buses in which fiscal receipts were not issued to passengers (50.00%).

OTHER ACTIVITIES OF THE DEPARTMENT

	Total
Registration of taxpayers, an update of the Uniform Taxpayer Register data, removal of TINs of those taxpayers that no longer operate – 172,394 completed cases (registration/record application)	172,394 (registration/record application)
Decisions adopted on temporary seizures and revocation of temporary seizures of TINs, control of related parties and checks of a debt status in accordance with Article 26 of the LTPTA – 30,564 completed cases	30,564
Decisions imposing a temporary measure of prohibition of registration of acquiring interest or shares in business entities and/or incorporation of new business entities in accordance with Article 26, paragraph 20 of the LTPTA – 51 completed cases	51
Recording, data changes, deletions in VAT records and taxpayer registration for e-business – 37,042 completed cases;	37,042
Initiated cases according to taxpayers' requests – 107 completed cases	107
Appeals against decisions on temporary TIN seizure – 69 cases	69
The Tax Administration issued 7,896 temporary rulings for 2017, based on which a liability for mandatory social insurance taxes and contributions was established in accordance with the provisions of Article 5 of the Law on Amendments to the Personal Income Tax Law.	7,896
The number of submitted VAT exemption applications	18,468
The number of applications for refunding foreign taxpayers	611
The number of applications for VAT refund of churches and religious communities	783
The number of applications for VAT refund of diplomatic and consular missions	10

Table 1
Other activities of the Department

COLLECTION DEPARTMENT

The Collection Department plans, organises and co-ordinates public revenue collection, which the Tax Administration's main activity is in charge of, namely the following tax forms: VAT, corporate income tax, Personal Income tax, mandatory social insurance contributions, excise duties and specific taxes. It also prepares by-laws for the uniform application of tax regulations governing the procedure of regular and forced collection of these public revenues and monitoring of their application in all internal units of the Tax Administration in charge of regular and forced collection of the said tax liabilities.

Assistant Director

Mira Stanojev



TOTAL COLLECTION BY THE TAX ADMINISTRATION

(Gross corporate income tax, VAT and excise duties)

During the period between 1 January and 31 December 2022, the total collection of all public revenues by the Tax Administration, i.e. the **total collection by the Tax Administration amounted to RSD 2,250 billion**.

The total collection by the Tax Administration in the same period in 2021 amounted to RSD 1966 billion. Hence, **the total collection realisation rate of the Tax Administration for 2022/2021 is 114.**

The Tax Administration's share in the total public revenue collection in the territory of the Republic of Serbia during 2022 was 65% (a total of RSD 3465 billion of public revenues was collected in the territory of the Republic of Serbia during 2022).

The total collection realisation rate of the Tax Administration for 2022/2014 is 195 (total collection by the Tax Administration during the 2022 accounting period – RSD 2250 billion in comparison to the total collection by the TA in the same period in 2014 – RSD 1157 billion). An amount higher by RSD 1093 billion was collected in 2022 compared to the same period in 2014.

The total collection realisation rate of the Tax Administration for 2022/2015 is 190 (total collection by the Tax Administration during the 2022 accounting period – RSD 2250 billion in comparison to the total collection by the TA in the same period in 2015 – RSD 1185 billion). An amount higher by RSD 1065 billion was collected in 2022 compared to the same period in 2015.

The total collection by the Tax Administration was larger than the collection in 2021 (the 2022/2021 rate is 114).

Namely, all major (the most sizeable) public revenues were collected in a larger amount in 2022 than in 2021.

The charts below, both those related to total public revenue collection and those regarding public revenue collection by major tax forms, show the collection between 2014 and 2022 in order to graphically confirm previously mentioned facts about the performance of the Tax Administration's collection function.

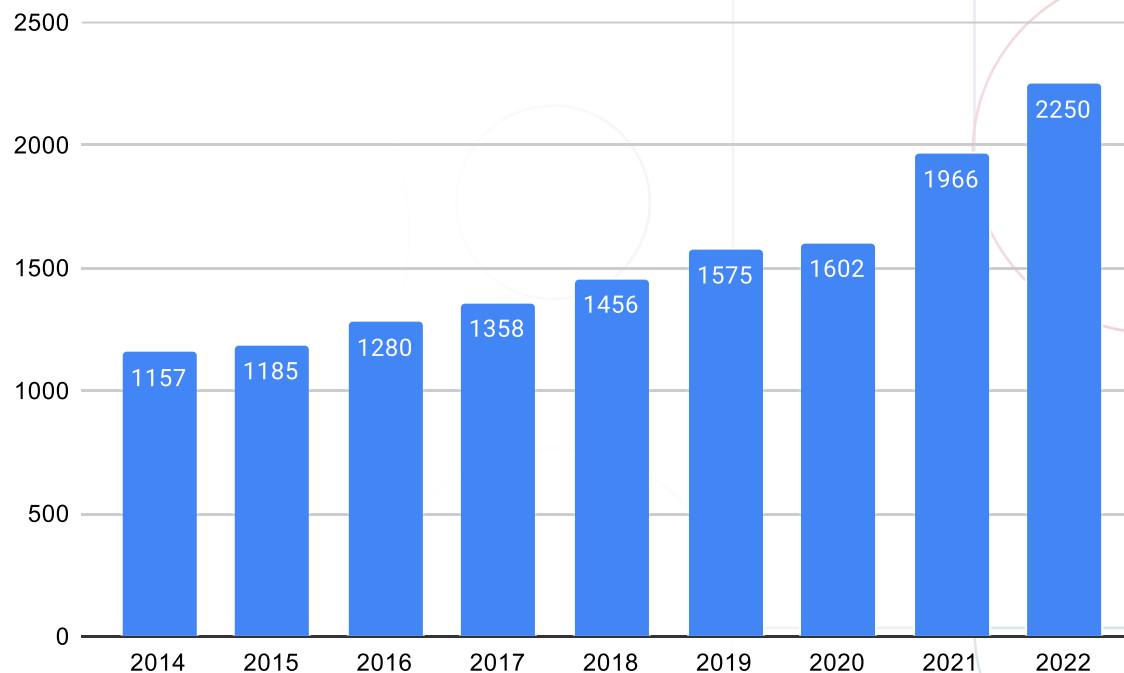


Chart 5 – Total collection by the Tax Administration from 2014 to 2022

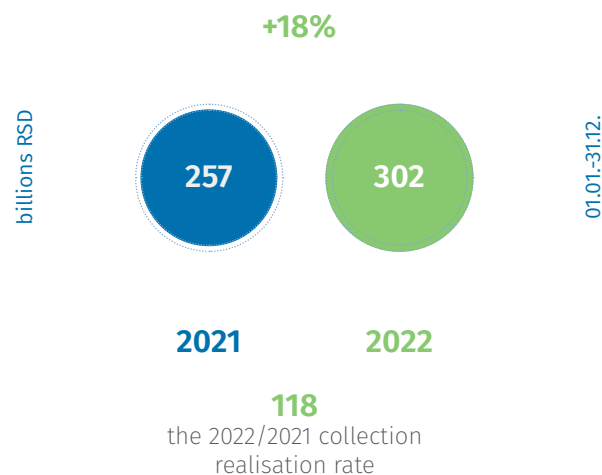
BREAKDOWN OF TAX ADMINISTRATION'S COLLECTION

BY TYPE OF PUBLIC REVENUES

Personal Income tax – The collection of Personal Income tax was RSD **302** billion, while in the same period in 2021 it was RSD **257** billion (the 2022/2021 collection realisation rate was **118**).

Chart 6 – Personal Income tax collection

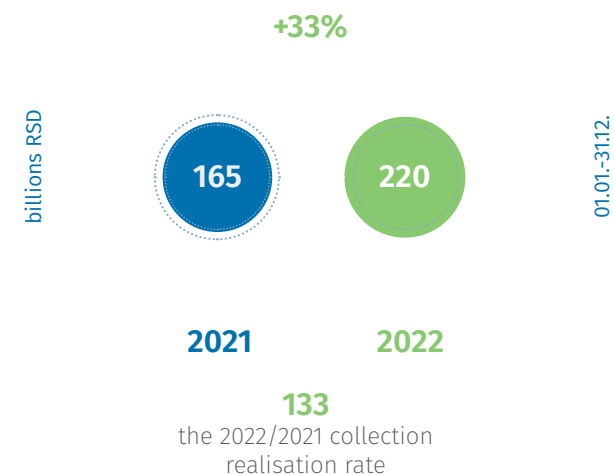
PERSONAL INCOME TAX



Corporate income tax – The collection of corporate income tax was RSD **220** billion, whereas in the same period in 2021 it was RSD **165** billion (the 2022/2021 collection realisation rate was **133**).

Chart 7 – Corporate income tax collection

CORPORATE INCOME TAX

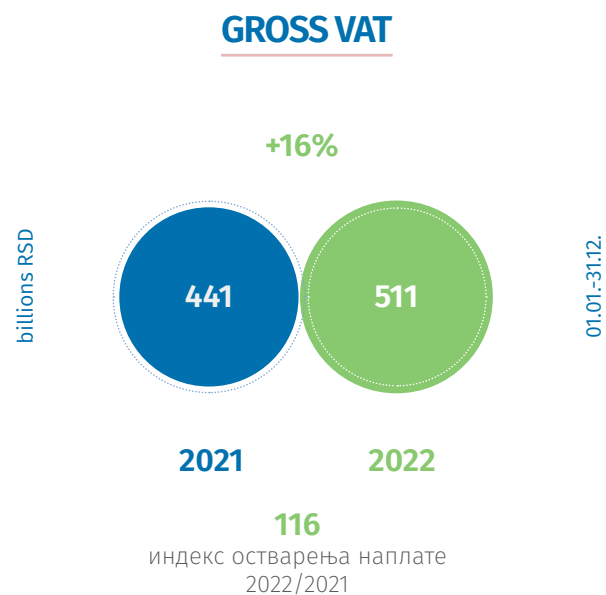


Other property taxes – The collection of other property taxes was RSD **14** billion, whereas in the same period in 2021 it was RSD **10** billion (the 2022/2021 collection realisation rate was **134**).

Gross domestic VAT – The collection of gross domestic VAT was RSD **511** billion, whereas in the same period in 2021 it was RSD **441** billion (the 2022/2021 collection realisation rate was **116**).

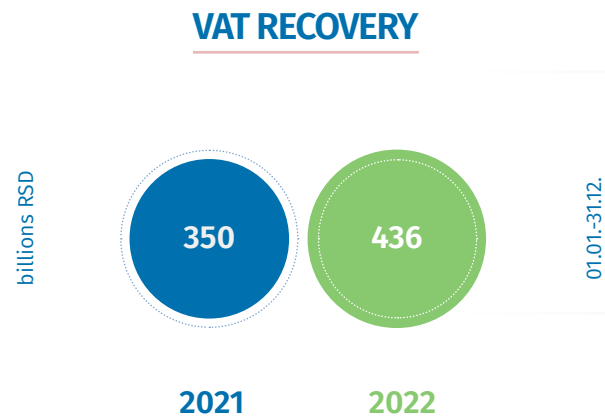
The collection of sales tax was RSD 4 billion, whereas in the same period in 2021 it was also RSD 4 billion (the 2022/2021 collection realisation rate was 100).

Chart 8 – Gross domestic VAT collection



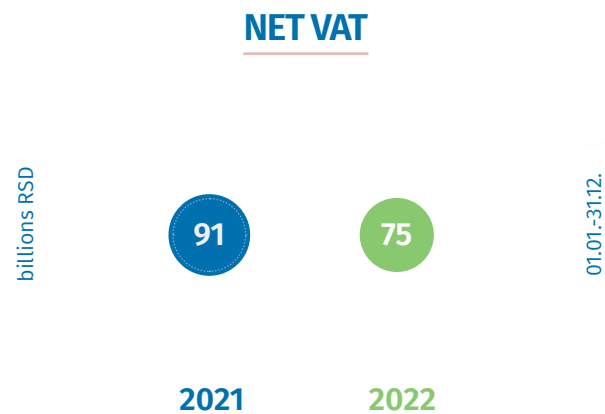
VAT recovery was RSD **436** billion, while in the same period in 2021 it was RSD **350** billion.

Chart 9 – VAT recovery



Net VAT was RSD **75** billion, while in the same period in 2021 it was RSD **91** billion.

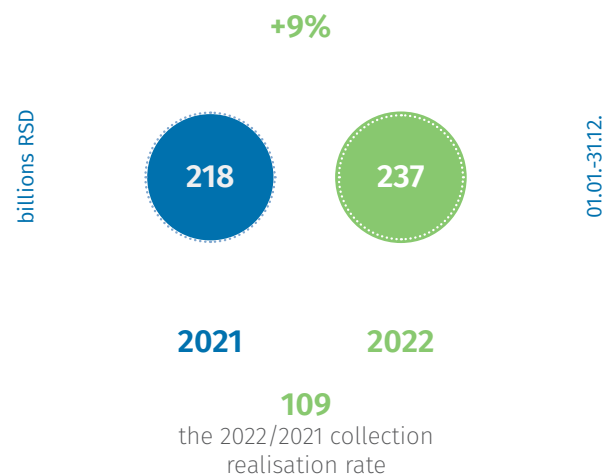
Chart 10 – Net VAT



Gross domestic excise duties – The collection of gross domestic excise duties was RSD **237** billion, while in the same period in 2021 it was RSD **218** billion (the 2022/2021 collection realisation rate was **109**) .

Chart 11 – Gross domestic excise duty collection

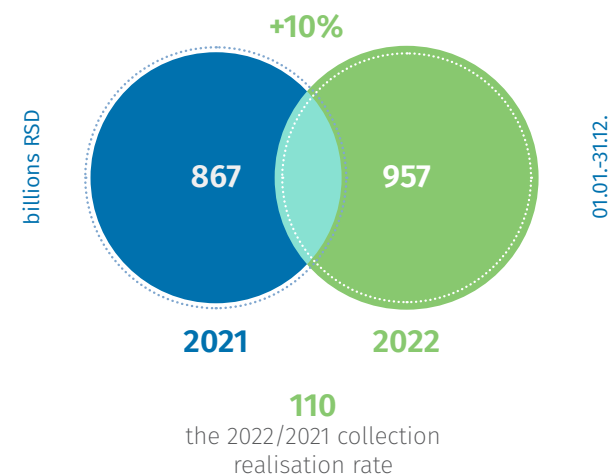
EXCISE DUTIES



Mandatory social insurance contributions – Last but not least, the collection of mandatory social insurance contributions in 2022 was RSD **957** billion, whereas in the same period in 2021 it was RSD **867** billion (the 2022/2021 collection realisation rate was **110**).

Chart 12 – Collection of mandatory social insurance contributions

SOCIAL INSURANCE CONTRIBUTIONS



COLLECTION OF MAJOR BUDGET REVENUES (GROSS VAT AND EXCISE DUTIES)

During 2022, the Tax Administration managed to achieve the forecast collection of budgetary revenues (Personal Income tax, corporate income tax, VAT and excise duties) in the projected amounts, whereby some public revenues were collected in amounts considerably higher than the forecast ones.

According to a forecast based on the 2022 Budget Law of the Republic of Serbia (which the Tax Administration received each month from the Ministry of Finance), the Tax Administration was supposed to collect RSD **1044** billion of budgetary revenues.

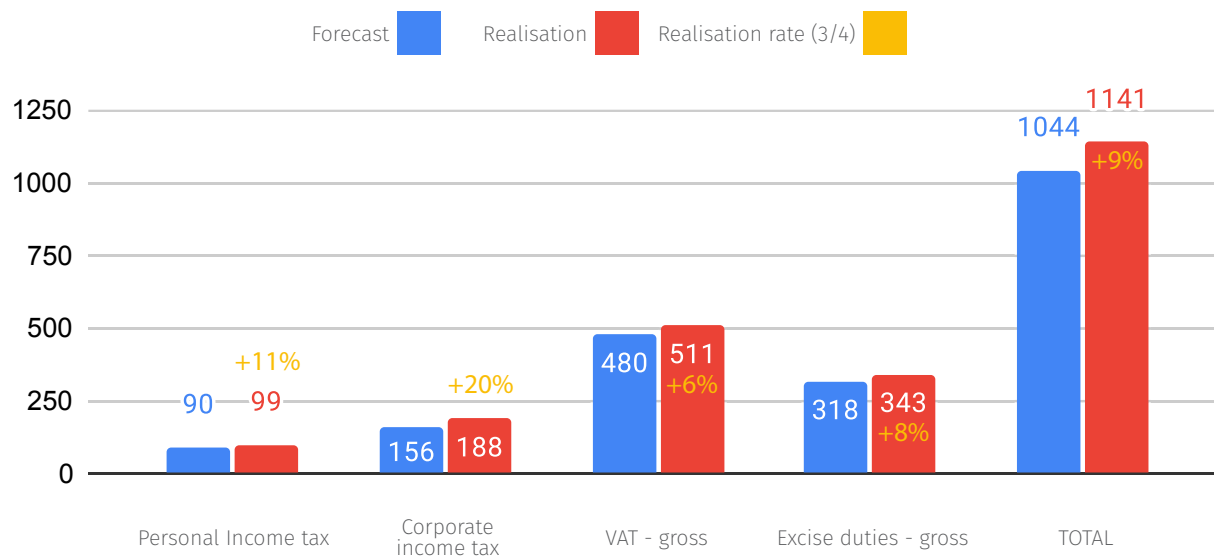
IMPLEMENTATION OF THE REPUBLIC OF SERBIA BUDGET SCHEDULE

Budgetary revenues were collected in the amount of RSD 1,141 billion, with a collection realisation rate of 109 since out of the projected amount of RSD 1,044 billion, RSD 1,141 billion was collected.

Corporate income tax had the highest collection rate (**120**) of all public revenues. Namely, a forecast of the corporate income tax collection was RSD **156** billion, whereas the realised collection amounted to RSD **188** billion, whereby the collection realisation rate was **120**.

A VAT collection forecast was RSD **480** billion, while the realised collection amounted to RSD **511** billion and the collection realisation rate was **106**.

Chart 13. – Implementation of the Republic of Serbia budget schedule (in RSD million)



TAX ACCOUNTING DEPARTMENT

The Tax Accounting Department organises and conducts tax accounting records of all public revenues with regard to Tax Administration's competences, carries out procedures at the request of taxpayers for recovery/re-classification of overpaid or incorrectly paid taxes and secondary tax payments; acts on applications for issuing tax certificates; performs reconciliation of tax accounting records with the Treasury Administration's records and books closing.

TAX ADMINISTRATION
REPUBLIC OF SERBIA

Assistant Director

Slađana Nuhbegović



While performing operations that fall under its competence, the Department still strived to achieve its main goals, i.e. up-to-date case processing, further improvement of business processes in terms of reducing the time needed for resolving requests/applications, introducing digitalisation to business processes that are not yet automated and a further reduction in administration costs of business processes.

As a centralised function within the Tax Administration's organisational structure, the Department is in charge of the following business processes:

- Organising and keeping tax accounting records of all public revenues regarding the Tax Administration's competences
- Deciding on requests for recovery and reclassification of overpaid or incorrectly paid public revenues, issuing hard-copy tax certificates and posting of R-orders
- Reconciliation of tax records of taxpayers with the tax accounting status
- Resolving disputed payments (deposit)
- Creating VAT refund orders
- Coordinating, monitoring and performing tasks and procedures regarding the preparation of annual tax reports – final accounts of public revenues
- Preparation and adoption of methodological guides, instructions and orders for tax accounting treatment
- Harmonising and updating bookkeeping records with amendments to tax regulations
- Reconciliation of tax accounting data with data obtained from the Treasury Administration
- Books closing
- Preparation of annual tax reports – final accounts of public revenues
- Giving opinions on address by other authorities and government institutions
- Other tax accounting activities.

Organisational units of the Department received a total of **457,960** cases.

Case type	NUMBER OF RECEIVED CASES	NUMBER OF SOLVED CASES
1	3	4
Refund requests	39.412	37.498
Reclassification requests	179.493	175.672
Requests for issuing tax certificates	171.910	171.723
Book entry orders	67.145	67.130
Total:	457.960	452.023
%	100	98,70

There were an increased number of requests for refund and reclassification of overpaid or incorrectly paid public revenues submitted electronically via the Tax Administration website in the previous period, which resulted in a reduction in the time needed for solving cases and more efficient exercise of taxpayers' rights.

In order to successfully achieve its business objectives, the Department will keep on strengthening the personnel potential and improving its business processes by optimising existing and introducing new business processes for the purpose of further developing a new business model of the Tax Administration in compliance with the best international practice.

Table 2
Cases received by organisational units under the Tax Accounting Department

TAX POLICE DEPARTMENT

Tax police is authorised to discover tax crimes and their offenders during a pre-trial procedure. Tax crimes are criminal offences stipulated by the Law on Tax Procedure and Tax Administration and the Criminal Code, which may result in complete or partial tax avoidance, endangerment of tax collection and tax control, illicit trade of excise products and other illegal actions in relation to tax evasion and helping tax evasion. The competences of tax police include the discovery, research and provision of evidence required to be presented at court and used during a criminal proceeding against tax crime offenders.



Assistant Director

Nada Novosel



MAIN PERFORMANCE RESULTS

In 2022, competent public prosecutor's offices in the Republic of Serbia received:

- **1100** criminal charges,
- against **1,540** parties,
- RSD **14.71 billion** of tax evasion
- RSD **5.8 billion** of undue profit
- **1286** tax criminal charges

Tax avoidance in the amount of around RSD 14.7 billion, which is higher by approximately RSD 1.4 billion compared to tax evasion in the same period in 2021.

NUMBER OF FILED CRIMINAL CHARGES

2021.	1.268
2022.	1.100

AMOUNT OF TAX EVASION IN RSD BILLION

2021.	13,5
2022.	14,7

TAX EVASION STRUCTURE IN 2022 BY TAX FORMS

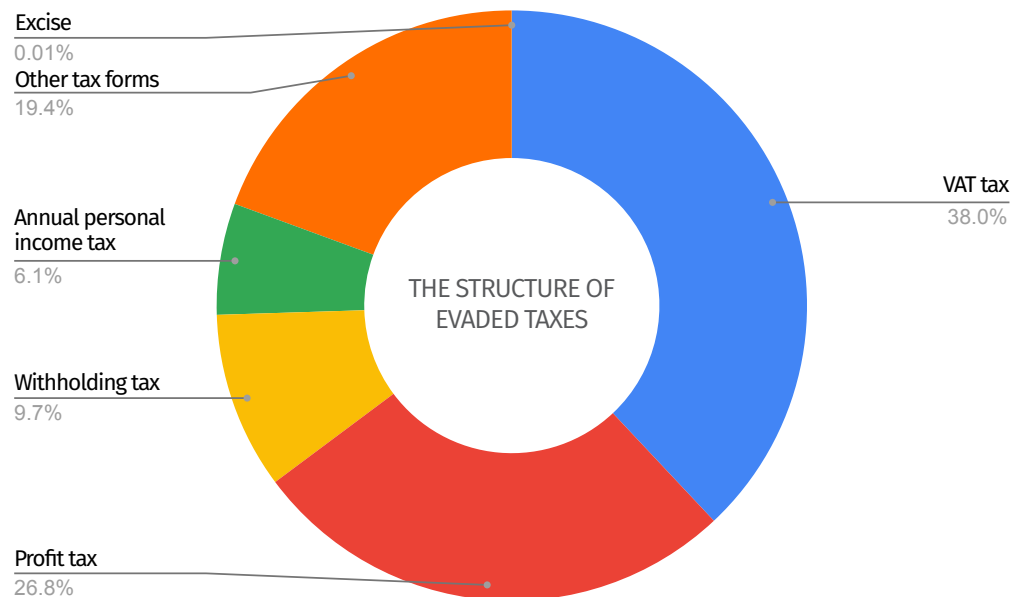


Chart 14

Tax evasion structure in 2022 by tax forms

Table 3 – Grey economy

The total value of goods seized in 2022 amounts to RSD 147 million and is higher by 42.50% than in 2021, which is the result of extensive activities undertaken to counter shadow economy. The quantity of seized cigarettes is more than twice higher, the quantity of seized oil and oil derivatives is higher by 40.25%, while the quantity of alcoholic beverages was decreased by as much as 94.85% compared to 2021..

CURBING COMPLEX TAX EVASION AND ORGANISED FINANCIAL CRIME

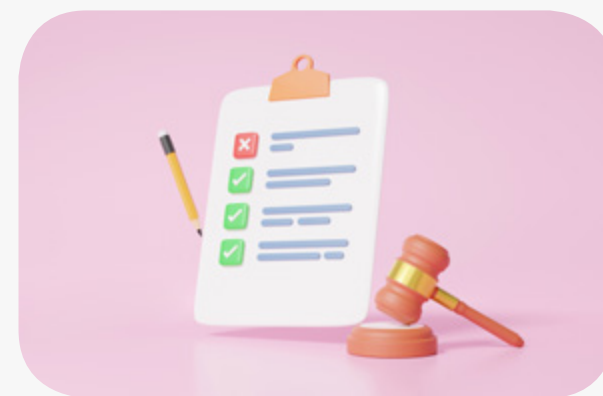
TYPE OF SEIZED GOODS	2021		2022		INDEX 2022/2021
	QUANTITY	VALUE	QUANTITY	VALUE	
Cut tobacco (kg)	11.823,67	23.647.330,00	16.339,15	32.677.048,00	138,18
Tobacco leaf (kg)	17.680,99	17.687.490,00	13.821,66	13.821.660,00	78,14
Aromatised nargile tobacco (kg)	50,50	227.250,00	12,99	58.455,00	25,72
Cigarettes (pack)	163.131	34.205.140,00	354.294	74.587.740,00	218,06
Rolled cigarettes (piece)	148.325	1.483.250,00	203.431	2.034.310,00	137,15
Alcoholic beverages (litre)	5.076,70	5.076.700,00	261,40	261.400,00	5,15
Oil and oil products (litre)	110.749,00	16.612.350,00	155.323,50	23.298.525,00	140,25
Coffee (kg)	2.403,51	2.884.212,00	150,90	181.080,00	6,28
Instant coffee (kg)	505,38	1.364.526,00	43,79	118.080,00	8,66
TOTAL VALUE OF SEIZED GOODS		103.188.248,00		147.038.442,90	142,50

According to the strategic commitment and development directions of Tax Police, its operational activities are aimed at detecting the most complex tax crimes as well as certain tax crimes which are highly organised and whose offenders have a clear intention to commit criminal offences that are extremely harmful to the Republic of Serbia budget.

Tax Police achieved significant performance results in 2022 in detecting more complex tax crimes with a tendency of being organised.

Excellent cooperation among Tax Police and the Ministry of the Interior and SIA made it possible to expose and break a network of related business entities incorporated for fraudulent actions by members of criminal groups specialised in “cash extraction” and tax avoidance.

In 2022, eight criminal groups were discovered and **65** people were arrested for an invoice fraud, since their so-called “shell” and “laundering” companies issued fake invoices and made it possible for regular business entities to evade large amounts of tax liabilities.



COOPERATION WITH THE MEDIA

The Department always responds to journalists' questions regarding its scope of work and regularly informs the public about achieved results in combating tax crime and the grey economy, operational actions performed and criminal charges against parties suspected of having deprived the Republic of Serbia budget of millions.

Informing the public has an indirect impact on voluntary compliance with the regulations as it sends a message that Tax Police will combat tax crime within its scope of work and that offenders will be processed before competent judicial authorities.

In 2022, Tax Police made 35 press releases about discovering tax crimes and their offenders.



IMF'S VISIT TO THE TAX ADMINISTRATION, TAX POLICE DEPARTMENT

During her visit to the TARS in 2022, which was organised for the purpose of giving recommendations for operating risk development, an IMF representative, an external expert from the Fiscal Affairs Department, said there had been significant progress compared to previous IMF's recommendations. In her report titled **"Leveraging Analytics Advantages in Risk-based Investigations"**, she said:

"The Tax Police Department has adopted a number of good practices that are the backbone of strong capacities for criminal investigations. Both the management and employees at the TPD show a high level of professionalism and commitment. Their openness to change, their interest in international good practice, their active involvement in the modernisation of work processes and their good work relationships with other state authorities are strategic advantages, based on which the TPD is well positioned."



DEPARTMENT FOR INFORMATION AND COMMUNICATION TECHNOLOGIES

The Department for Information and Communication Technologies is engaged in IT project management and planning across the Tax Administration, it proposes to the Tax Administration's Director a strategy, programmes and projects related to IT administration development and modernisation, cooperates with various authorities and organisations, and foreign technical missions involved in the introduction of the e-government project to government authorities.

TAX ADMINISTRATION
REPUBLIC OF SERBIA

Assistant Director

Saša Dulić



The Department continued to implement envisaged activities regarding further development of an integrated information system in line with priorities defined under several strategic documents of the Tax Administration.

The Department performed regular tasks important for IT administration development and modernisation, as well as tasks concerning the development of e-government in state authorities. **The establishment of new and improvement of existing electronic services at the Tax Administration** resumed:

eTaxes: taxpayer profile, e-payment, log in application; the implementation of the mobile m-taxes application



Several projects were implemented, out of which the key ones are the Implementation of an eFiscalisation Information System at the TARS and a **Prize-winning Game "Take a receipt and win"**.

In addition to the above-mentioned projects, the Department took part in the implementation of the following projects: Development of New Functionalities of the TA's Integrated Information System; Reconstruction of the Flat-rate Taxation System; Improvement of the Tax Administration's Document Management System (DMS) for Misdemeanour's Control and Collection Orders and the Implementation of the Electronic Reminder System; Technological advancement along with Data Preparation for the Creation of PPDG2R Application; DMS Improvement along with the Integration of the Registry and eTaxes Portal and the Digitalisation of the Electronic ECR Form for Reception and Processing; Renewal, Upgrade and Technical Support to EMC/Open Text licences; Upgrade of the Business Reporting System with Tax Reminders for Better Electronic Services provided to Taxpayers; Improvement of the registration and Establishment of a Tax Liability for Natural

Persons; Integration of TA's IIS with the e-invoice System; New Functionalities of the Tax Police System (TPS) for Tax Administration purposes.

As part of the Implementation of the eFiscalisation Information System, a Technical Team was established to conduct qualitative and functional tests of electronic fiscal device components, check the fulfilment of the requirements from the Technical Guide and approve electronic fiscal devices. Team members underwent training and successfully approved 624 EFDs (549 ESIRs, 75 LPFRs). The Administrative Centre for Initialisation and Personalisation of Security Elements was also formed, which produced a total of 261,706 security elements.

Activities concerning the development of a priority plan in the current year were conducted within the reconstruction of the cable infrastructure. Technical preconditions were ensured for the expansion of network capacities and the expanded administration of active network equipment during the relocation of users at the locations of the Tax Administration due to the transformation and reconstruction performed over the past years and the current one.

Performances were regularly monitored and bottlenecks detected; the following was also done: monitoring of the network communication equipment (testing the functionality and customising to new needs); monitoring and maintaining information system functionalities by constantly testing the system and hardware; generation of daily, weekly and monthly reports and reports upon request; everyday data exchange with external institutions; solving incidents posted on the Service Desk, providing technical and customer support, regular maintenance of computer and communication equipment and communication systems.

The process of electronically submitting tax returns and forms via the eTaxes portal was smoothly conducted. A total of 7,695,542 tax returns were filed via the eTaxes portal. In addition, 141,946 e-certificates were issued through the eTaxes portal.

Electronically submitting tax returns and forms via the eTaxes portal:

eTAXES	
Tax returns	7,700,000
e-certificates	142,000

DEPARTMENT FOR SERVICE PROVISION TO TAXPAYERS AND EDUCATION

The Department for Service Provision to Taxpayers and Education performs the following activities: design and development of a strategy contributing to the improvement of voluntary compliance with tax regulations; development, graphic design and organisation of producing and distributing educational material; conducting informational campaigns, coordination between the internal and external communication of the Tax Administration; providing answers through Customer Service and the "Your tax collector" counter, organisation of other tasks concerning the transparency of Tax Administration's operations.

TAX ADMINISTRATION
REPUBLIC OF SERBIA

Assistant Director

Snežana Veličković



In order to develop and improve a cooperating relationship with taxpayers with the aim of increasing voluntary settlement of tax liabilities, which is a strategic goal of the Tax Administration, the Department carried out a number of activities that contribute to the improvement of voluntary compliance with tax regulations. To that end, everyday contact and communication were established with taxpayers through numerous communication channels (Customer Service, the Tax Administration portal, media, social networks, tax fact sheets and direct communication at “Your tax collector” counters). The scope and importance of communication with taxpayers is best evidenced by the fact that the department provided a total of 1,482,720 pieces of service information and replies to questions asked by customers either on the phone, in writing, via e-mail or by means of direct contact at the “Your tax collector” counter.

The most important project and challenge in 2022 was the transition to a new fiscalisation model. Numerous activities were carried out in order to acquaint fiscalisation obligors with their obligations arising from the regulations on eFiscalisation, both by means of notifications of the application of regulations and by calling and having conversations with taxpayers.

Planned education of newly registered entrepreneurs’ taxpayers was carried out on the phone, instead of visits, by contacting newly registered flat tax rate entrepreneurs and providing them with detailed tax information and information about their rights and obligations.

THE DIVISION FOR THE DESIGN

The Division for the Design of a Service Provision Strategy to Taxpayers and Education replied to more than 6,000 asked questions, out of which the largest number related to the application of regulations on eFiscalisation. More than two thousand requests from the Ministry of the Interior, the Agency for the Prevention of Corruption, courts, public bailiffs and other authorities were addressed.

“YOUR TAX COLLECTOR”

At the single tax point – “Your tax collector” counter in 37 branches of the Tax Administration, taxpayers were provided with information, in direct communication, on how to apply tax regulations, how to exercise their rights in a tax procedure, about case progress, they were provided with clarifications of decisions passed, access to receivables and payables on public revenue accounts, as well as with assistance in filing tax returns and filling in tax payment slips. Security elements in the form of a smart card were handed to fiscalisation obligors at the “Your tax collector” counter.

A total of **1.3 million services** were provided at “Your tax collector” counters.

Existing tax fact sheets, which were added five new sheets, were updated in accordance with the most recent amendments to laws and by-laws for the needs of taxpayers:

- “Annual Personal Income tax”
- “Reduction in the tax base for calculating mandatory social insurance taxes and contributions for a new taxpayer”
- “Residence certificate”
- “Tax reliefs for legal entities that are involved in research and development”
- “Tax reliefs for newly employed people”

All fact sheets are published on the **Tax Administration website**.



STANDARD COMPLIANCE PERCENTAGE IN 2022

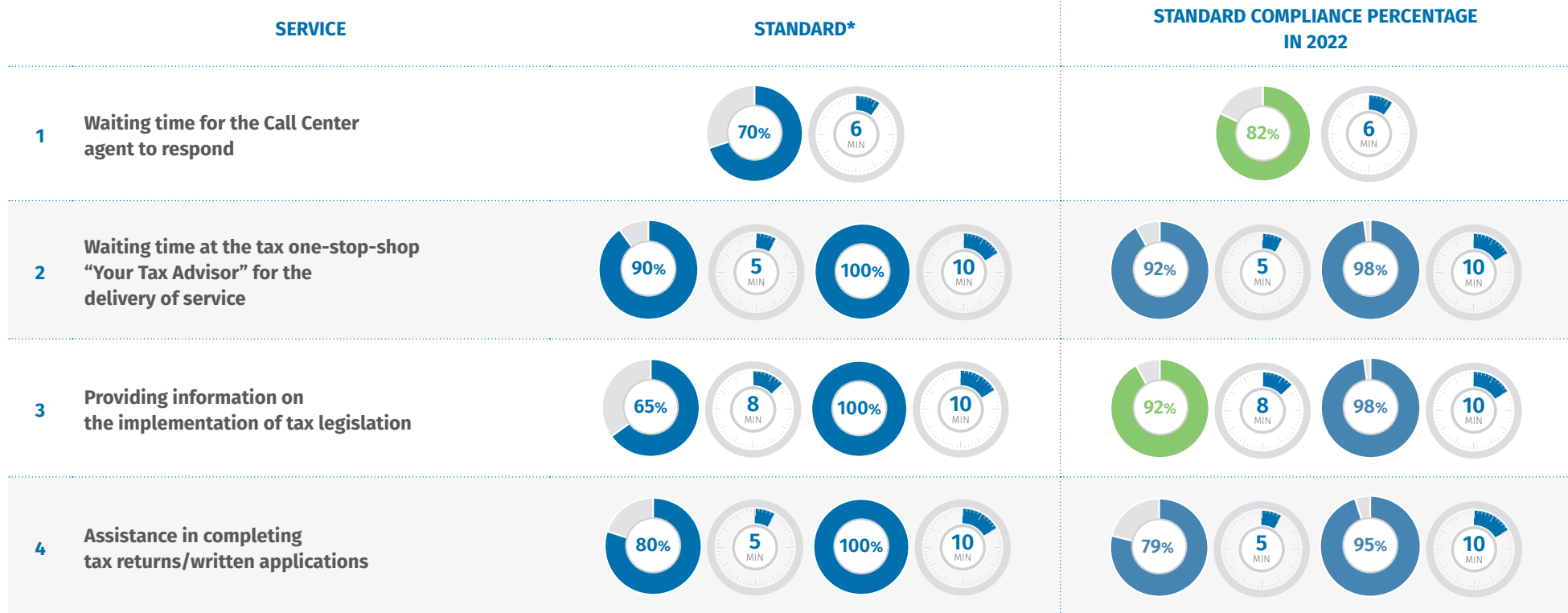
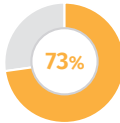
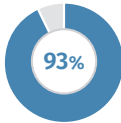
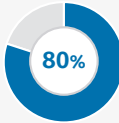
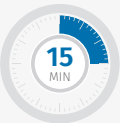
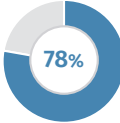
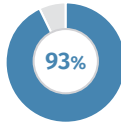
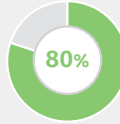
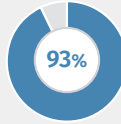
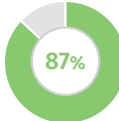
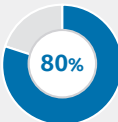
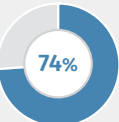
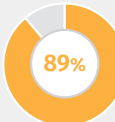


Chart 15
Standard Compliance percentage in
2022

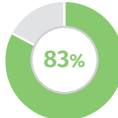
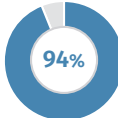
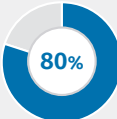
* standards are expressed in the time required for service delivery

SERVICE		STANDARD*				STANDARD COMPLIANCE PERCENTAGE IN 2022			
5	Assistance in completing payment orders								
6	Assistance in completing tax returns/electronic applications								
7	Ensuring, delivering and analysing balance queries								
8	Providing information on the case status								

* standards are expressed in the time required for service delivery

SERVICE		STANDARD*				STANDARD COMPLIANCE PERCENTAGE IN 2022			
9	Clarification of decisions on assessed liabilities for natural persons/ entrepreneurs/legal entities/ reprimands/forced collection decisions								
10	The number of scheduled appointments with the tax inspector								
11	Delivery of security element								
12	Education of newly registered entrepreneurs								

* standards are expressed in the time required for service delivery

SERVICE		STANDARD*				STANDARD COMPLIANCE PERCENTAGE IN 2022			
13	Frequently asked questions, in writing and by email								
14	Elaborating texts and clarifications to inform the community								
15	Taxpayers' questions asked via the Tax Administration website, section Contact Center- Ask a question								

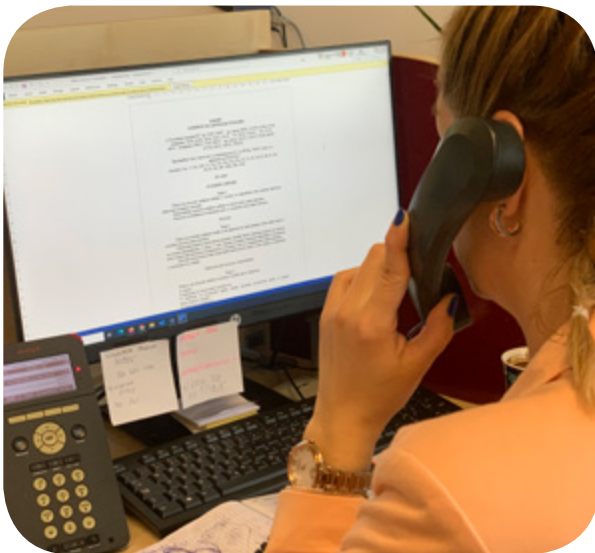
* standards are expressed in the time required for service delivery

CUSTOMER SERVICE

Division for Electronic Communication Management – Customer Service provided a total of **127,292** pieces of information to taxpayers, out of which **111,687** replies to questions asked on the phone. **14,611** pieces of information and **994** pieces of information on the balance on public revenue accounts were provided via e-mail, by filling in a form in the Customer Service/Ask a question section on the Tax Administration website.

The automated answering service, as an important activity of the Customer Service, was reconfigured in order to improve service provision in 2022.

As regards service provision, employees are guided by standards as a measure of time needed to adequately provide a service. The table below showing average annual standard compliance for each service type confirms that standards are largely complied with, with minor deviations, which can be justified by a smaller number of employees compared to the number of jobs according to the job classification.



MARKETING DEPARTMENT

The Marketing and Public Relations Unit regularly monitors and analyses all information published in national and local media about the Tax Administration.

During the year, **7,248 features were published in national and local media** – out of which **2,070 feature stories in print media, 1,207 in electronic media** and **3,971 on the Internet**.

A media campaign was conducted in cooperation with the Ministry of Finance to promote the new e-fiscalisation system in Serbia by producing brochures and flyers, and journalist features, holding media conferences, and actively participating in social media.

The media campaign **“From your pocket to your pocket”** comprised the development and preparation of a marketing plan, releases and announcements, as well as broadcast features. A part of the campaign activities was focused on broadcasting advertising spots, and the other one on broadcasting journalist TV features in informative TV shows on two national televisions. A total of 90 informative and educational features were broadcast on TV Prva and B92 over a three-month period.



Communication with taxpayers also takes place on social networks where the Tax Administration's has accounts - Instagram, Facebook and Twitter.

All information necessary for both taxpayers and Tax Administration's employees is published on the Tax Administration website. The website is simplified and customised for taxpayers'/customers' use. All tax information is available to taxpayers on the Tax Administration website.

Precisely, **24 notifications** were published in connection with amendments to existing regulations and the application of the new ones, as well as **87 press releases**, out of which **41 releases** by the Tax Police.

Information was regularly published on the internal portal in the News section. Major activities were performed to redesign the internal portal and introduce several functionalities, and create a new visual identity

EDUCATION

The Division for Education was involved in planning, organising and holding all kinds of training courses, preparing training material, developing training programme, conducting training courses, and training recording and evaluating. Regular training sessions were held for both employees and taxpayers. Training courses on 34 topics attended by more than 3,000 participants were held.



DEPARTMENT FOR SEPARATE ACTIVITIES

The Department for Separate Activities establishes, controls and collects absolute rights transfer tax, inheritance and gift tax; tax on use, possession and carrying of goods, determines the market value of real estate; establishes infringement of intellectual property rights; supervises the application of the Law on Anti-Money Laundering and Counter-terrorism Financing; supervises the settlement of pecuniary liabilities in commercial transactions between business entities.

Assistant Director

Ljubinko Sredojević



The Department is also in charge of the administration and performance the following activities:

- Establishment, control and collection of absolute rights transfer tax, inheritance and gift tax
- Establishment and collection of tax on use, possession and carrying of goods (arms)
- Absolute rights transfer tax concerning the sale of used motor vehicles
- Determination of the market value of real estate
- Establishment of the infringement of intellectual property rights, particularly the right to computer programmes (software) and databases
- supervision of the application of the Law on Anti-Money Laundering and Counter-terrorism Financing
- Supervision of the settlement of pecuniary liabilities in commercial transactions between business entities
- Forced collection of Republic administrative fees
- Enforcement of the protection of competition measure and payment delay of owed tax on public revenue accounts within the Department's competence.

A few changes occurred in 2022 in terms of the Department's competences:

- A **self-taxation system was introduced in terms of tax on sales of used motor vehicles among natural persons** and the tax base was changed (a formula was introduced instead of using data from the Catalogue of the Serbian AA), which became effective on 1 May 2022.
- On 6 October 2022, **the process of establishing the infringement of intellectual property rights**, particularly the right to computer programmes (software) and databases that are within the Tax Administration's competence, i.e. the competence of the Department, **was transferred** to the **Market Inspection** of the Ministry of Trade and Services.
- Pursuant to amendments to the Property Tax Law, **the deadline for the transfer of the Department's competencies regarding the establishment and collection of absolute rights transfer tax and inheritance and gift tax to the local taxation level, was extended by one year, i.e. as of 1 January 2024.**



TAX DETERMINATION AND CONTROL UNDER THE DEPARTMENT'S COMPETENCE

Tax determination and control activities that the Department is in charge of used to be performed at the level of the Head Office and a network of 76 organisational units on-site (on-site departments, divisions and groups – hereinafter: OUs for on-site control).

The OUs for on-site control solved a total of **384,242** control cases.

Case type	Number of solved cases
ART on real estate	123.595
Inheritance and gift tax	190.098
ART on motor vehicles	44.611
Real estate valuations at the request of state authorities	25.938
УКУПНО	384.242

Table 4
The number of closed cases at the Department for Separate Activities by types

In addition to the aforesaid, a total of **182,020** decisions/ amendments on the tax on registered arms were adopted in 2022.

Case type	Number of solved cases
Tax on registered arms for 2022	166.890
Tax on registered arms – decision amendments for 2021 and 2022	15.130
УКУПНО	182.020

Table 5
The number of closed cases at the Department for Separate Activities by types



TAX COLLECTION UNDER DEPARTMENTS' COMPETENCE

As regards the collection of public revenues, the Department is in charge of regular and forced collection of absolute rights transfer tax, inheritance and gift tax and tax on registered arms; forced collection of the Republic administrative fee; forced collection of the amount of the protection of competition measure at the request of the Commission for the Protection of Competition; and payment delay of owed tax (**rescheduling**).

On-site tax collection that the Department is in charge of is done through six collection divisions, which are separately in charge of the collection for a larger number of territories: Novi Sad, Subotica, Belgrade, Kragujevac, Ivanjica and Negotin.

The Department adopted 41,767 by-laws due to the work of on-site collection divisions. An overview of adopted by-laws by form is provided in the following table.

TYPE OF ADOPTED TAX BY-LAW	NUMBER OF ADOPTED BY-LAWS
Reminders and warnings	26.278
Decisions on forced collection	1.945
Rescheduling decisions	8.609
Statute of limitations on the collection right	2.049
RAF (Republic administrative fee) refund and collection	2.886
TOTAL	41.767

Table 6

Overview of adopted tax collection by-laws in 2022

Overview of realised collection in 2022 by tax forms

TAX FORM	COLLECTION IN RSD
ART on real estate	11,329,322,000.00
Inheritance and gift tax	1,311,945,000.00
ART on motor vehicles	734,434,000.00
Tax on registered arms	557,157,000.00
Other tax forms	126,871,000.00
TOTAL	14,059,729,000.00

Table 7

Overview of realised collection in 2022 by tax forms



DEPARTMENT FOR TAX-RELATED LEGAL AFFAIRS AND COORDINATION

The Department for Tax-related Legal Affairs and Coordination performs activities related to the cooperation between the Tax Administration and the line ministry and other administration bodies with regard to drafting and applying regulations on public revenues, the participation in the process of harmonising the regulations on public revenues with the EU regulations and standards, the coordination of its operations with other organisational units within the Tax Administration concerning the application of tax regulations and preparation of initiatives to be amended; the preparation of draft decisions on the exemption of officials from tax procedures; the coordination of TA's tasks related to tax offences; tax and legal protection of Tax Administration's interests in civil, enforcement and criminal proceedings and the resulting cooperation with the Public Attorney's Office and the cooperation with the Ombudsman, the Commissioner for Information of Public Importance and Personal Data Protection, and other public administration bodies.

Assistant Director

Branka Sarić



TAX-RELATED LEGAL AFFAIRS

The Division for Tax-related Legal Affairs performed the following activities:

- drawing up replies to taxpayers' questions in accordance with Article 24 of the Law on Tax Procedure and Tax Administration (hereinafter "LTPTA") – ongoing activity
- Drawing up replies on disputed tax issues of organisational units of the Tax Administration - ongoing activity
- Updating information for the Tax Administration website and updating the Tax Administration's Fact Sheet – ongoing activity
- Preparing Tax Administration's opinions on requests submitted to the Ombudsman – ongoing activity
- Handling requests accessing information of public importance
- Drawing up opinions on laws, by-laws and strategic documents
- Participating in the work of internal and external working groups

HANDLING REQUESTS FOR ACCESSING INFORMATION OF PUBLIC IMPORTANCE

A total of **151** requests for accessing information of public importance were sent to the Tax Administration, either indirectly through the Ministry of Finance, or directly, according to the structure in the table below.

CASES		
	RECEIVED	PROCESSED
Citizens	62	60
Media	13	13
NGOs and other civil society organisations	6	6
Political parties	0	0
Government authorities	2	2
Others*	68	68
Total	151	149

*Others: legal entities, lawyers, court experts

Processing two requests submitted by citizens at the end of December were postponed to January 2023.

Applicants filed **34** complaints on decisions adopted by the Ministry of Finance – Tax Administration concerning requests for accessing information of public interest..

TAX-RELATED LEGAL PROTECTION OF TAX ADMINISTRATION'S INTERESTS

As part of its activities related to tax-related legal protection of TA's interests, the Division for Tax-related Legal Protection of Tax Administration's Interests received and processed the following cases.

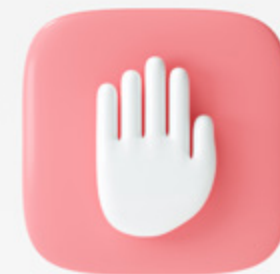
As part of coordination, monitoring and considering the outcomes of court procedures concerning tax and legal affairs (civil, criminal and enforcement procedures), which result from lawsuits filed by taxpayers against the Tax Administration and vice versa, the procedures were recorded according to the following table.

		TYPE OF COURT PROCEDURE			
		Civil	Enforce- ment	Criminal	Total
1	Total number of court procedures	279	1	69	349
2	Court procedures initiated	86	37	80	203
3	Total 1+2	365	38	149	552
4	Completed court procedures	104	21	60	185
5	Active court procedures	261	17	89	367

Table 8
Number of court procedures

The Division for Tax-related Legal Protection of Tax Administration's Interests carried out the following activities:

- Providing opinions at the request of the Public Attorney's Office with regard to lawsuits in which one of the litigants is the Tax Administration – ongoing
- Providing opinions to amendments to laws and by-laws – ongoing
- Providing advice to Tax Administration's organisational units (branches) at their request, written and oral, on how to handle civil, enforcement and criminal procedures
- Cooperation with a second-tier authority at the Ministry of Finance (sending notices and forwarding of cases located in Belgrade, Kragujevac, Nis and Novi Sad branches).



MISDEMEANOUR-RELATED TASKS

Employees performing tasks related to tax misdemeanours acted as:

- Authorised officials for tax misdemeanour cases for which misdemeanour orders were issued
- Authorised officials for tax misdemeanour cases for which requests for initiating a misdemeanour procedure were filed.

MISDEMEANOUR-RELATED TASKS REGARDING MISDEMEANOUR ORDERS

Out of 2467 misdemeanour orders issued between 1 January and 31 December 2022, 1058 fines imposed by those orders were paid voluntarily. Misdemeanour courts were submitted 855 unpaid orders for enforcement purposes (collection of fines in enforcement proceedings). In the case of 298 issued misdemeanour orders, defendants requested court adjudications. Therefore, the employees engaged in misdemeanour tasks submitted to misdemeanour courts requested information and evidence in court proceedings. As regards the issued misdemeanour orders for which court adjudications were requested, misdemeanour courts passed 67 decisions discontinuing the proceeding, 76 acquittals, 121 convictions, out of which 72 reprimands and 49 decisions on imposing fines in the total amount of RSD 780,000.

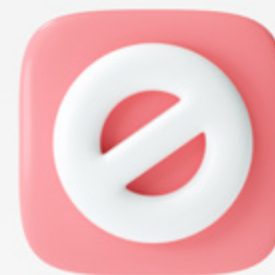
MISDEMEANOUR-RELATED TASKS REGARDING REQUESTS LODGED FOR INITIATING MISDEMEANOUR PROCEDURES

A total of 9385 notices of committed misdemeanours were received between 1 January and 31 December 2022. A total of 9044 requests for instituting misdemeanour proceedings were submitted to competent misdemeanour courts, namely 6640 requests for misdemeanours stipulated by the Law on Tax Procedure and Tax Administration, 399 requests for misdemeanours specified under the Law on Fiscal Cash Registers, 1827 requests for misdemeanours stipulated by the Law on Fiscalisation and 178 requests for misdemeanours specified under other regulations.

Based on submitted requests for instituting misdemeanour proceedings, first-instance misdemeanour courts issued: 762 decisions on request dismissal and discontinuation of proceedings, 243 acquittals and 7,351 convictions, out of which 1,357 reprimands and 5,994 decisions on imposing fines in the total amount of RSD 284,004,425.

Six agreements on confessing misdemeanours were signed with defendants in accordance with the Guidelines on Applying Agreements on Confessing Misdemeanours stipulated by the Law on Tax Procedure and Tax Administration and the Law on Fiscal Cash Registers.

The Division for Misdemeanour Affairs filed 528 complaints against decisions of misdemeanour courts. The Misdemeanour Appellate Court dismissed and declined 197 complaints in total and upheld first-instance decisions, it upheld 225 complaints, out of which 102 first-instance decisions were dissolved and returned for retrial and to be re-decided, while it reversed 123 first-instance decisions and imposed fines in the amount of RSD 6,671,000.



OPERATIONAL RESOURCES DEPARTMENT

The Operational Resources Department develops financial plans and monitors their implementation; performs payroll operations for Tax Administration's employees. It controls the spending of operational resources; carries out the activities regarding bookkeeping, financial operations, accounting control, accounting planning; sales, keeps records on seized goods. At the same time, it controls warehouse operations, performs activities concerning the sale of seized goods, purchase of equipment, consumables and small inventory. The Department also carries out investment planning, monitors and carries out investment operations, carries out property-related legal affairs, fire protection and hospitality services.

TAX ADMINISTRATION
REPUBLIC OF SERBIA

Assistant Director

Vidoje Jevremović



The Department performed the following operations: calculation and payment of salaries and other employee benefits, bookkeeping records of all business transactions, payment of incoming invoices for financial and other costs. The Department also performs enforcement of court decisions and bailiffs' resolutions, budget execution planning and monitoring, preparation of annual (final account) and interim financial statements, reports on the annual performance of the program budget, creation of questionnaires/reports at the request of line ministries and other state authorities. The competencies of the Department also include execution of a decision on an annual inventory count of assets and liabilities, preparatory activities for implementing a regular annual inventory count of assets and liabilities for the current year, drafting decisions, instructions and other by-laws, disbursement of World Bank's loans, application of a resolution passed by the State Audit Institution on a performed compliance audit of the MF – Tax Administration. The Department's

scope of work also includes activities concerning the introduction of electronic invoices, planning and implementation of public procurement and other procurement procedures, implementation and monitoring the execution of concluded contracts, investment and regular maintenance of buildings and equipment, property-related legal affairs, fire protection activities, activities regarding the commissioning of the new Tax Administration building in Zemun. Department's competences also include procurement, reception, storage and distribution of material purchased for Tax Administration purposes, handling movables seized in a tax procedure, a procedure conducted by Tax Police and forced tax collection procedures, handling disposed and written-off goods and equipment, and commercial waste generated from regular performance of Tax Administration's operations. Other operations that fall under the Department's competencies are related to budget planning, budget accounting, commercial and investment activities, goods treatment, etc.



OFFICE FOR LARGE TAXPAYERS

The Office for Large Taxpayers (LTO) is an organisational unit within the Tax Administration in charge of taxpayers that acquired the status of large taxpayers based on stipulated criteria. The LTO assesses the fiscal capacity of these taxpayers, monitors and controls the validity and legality of discharging tax liabilities, introduces and controls compliance with tax discipline, conducts risk analyses and selects large taxpayers that will be subject to tax audit.

Assistant Director

Miroslav Đinović



LTO has **448 taxpayers** in its portfolio, which are classified under **16 sectors** and **122 branches** of economic activity, whose share in active companies is **0.33% / 99.67%**. In 2022, **22** companies acquired the status of large taxpayers, while **12** taxpayers lost the status - 8 of them due to a failure to meet the criteria stipulated by the Rulebook, and four of them due to status changes.

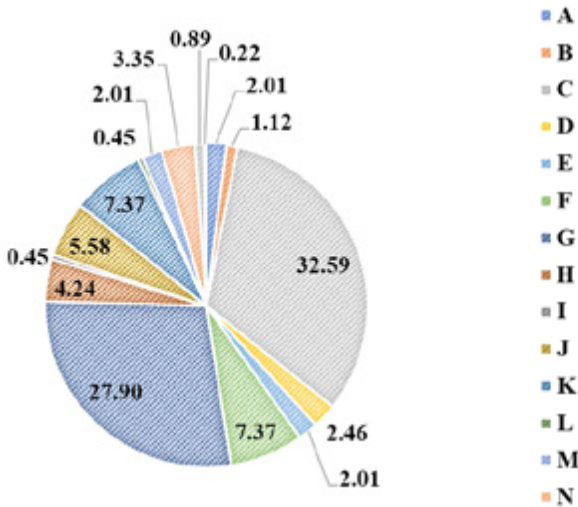


Chart 16
Share of the 448 Office for Large Taxpayers obligors by activity sectors (as per the Law on Classification of Activities) in 2022

Based on the determined scoring and risk level according to the identified risk filters by tax forms and other general criteria for 2021, **448 large taxpayers are classified under four Risk Differentiation Framework**: key taxpayers – 3; high risk taxpayers – 10; medium risk taxpayers – 295, and low risk taxpayers – 140. A share of key taxpayers in the total gross collection from LTO taxpayers in 2022 is 33.68%, and they were reviewed..

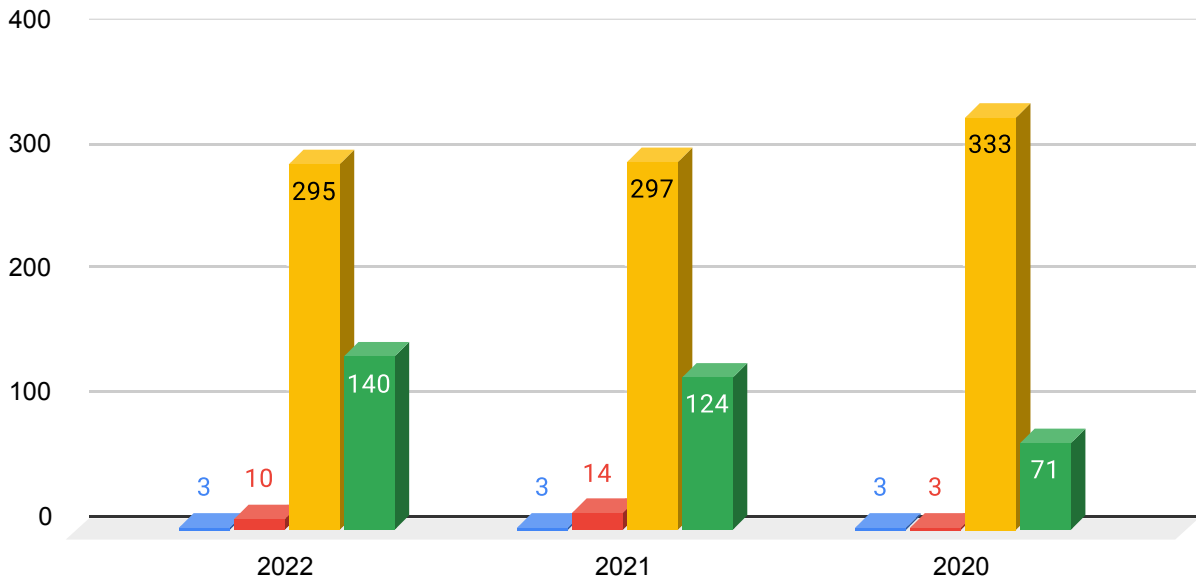


Chart 17 - RDF (Risk Differentiation Framework)



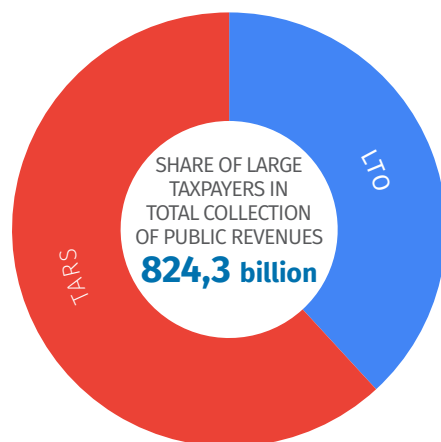


Chart 18
Share of large taxpayers in total collection of public revenues by TARS in 2022

The **total gross collection** of public revenues from 448 large taxpayers, which the LTO is in charge of, amounts to **RSD 824.3 billion**, i.e. a share of large taxpayers in the total amount of collected public revenues by the TARS is 38.16%.

A **share of large taxpayers** by tax forms in the total collection by the TARS is as follows: VAT – 39.96%, profit – 43.03%, taxes and contributions – consolidated collection – 24.47%, excise duty – 98.75% and NIT – 86.96%.

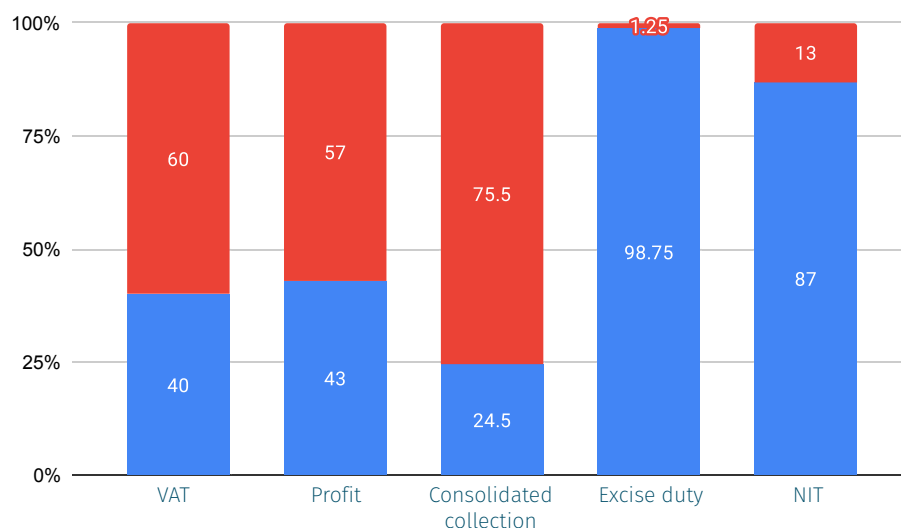


Chart 19
Tax forms administered by LTO

The share of the total outstanding debt of large taxpayers as of 31 December 2022 in the total collection from LT is 0.95%, whereas the share of a debt older than 12 months in the total outstanding debt is 74.05%.

Total excise tax refund for 2022 amounts to RSD 1,109,031,904.69, and its share in the total collected excise tax from large taxpayers is 0.47%.

According to the Annual Control Plan for 2022, the Risk Management Division made a proposal for a total of 84 planned controls (10 comprehensive controls, 37 individual, and 37 targeted). Out of the indicated number, 79 controls were completed (94.04% of the annual plan was realised).

Total effects of tax audit achieved in 36 conducted controls are RSD 1,402,637,696.60, out of which: total effects in 26 controls according to the LTO's plan amount to RSD 1,028,982,004.73 (73.37%); total effects in 10 controls upon requests and orders from the Tax Administration's Head Office are RSD 373,655,691.87 (26.63%). Additionally, an effect was achieved from two pilot-projects implemented by the LTO's Risk Management Division, initiated due to a discrepancy between the data recorded in the available database of the National Bank of Serbia (KDP) and the data stated in the withholding tax returns, which amounts to RSD 20,331,022.10.

The total effect achieved in tax audits and pilot-projects is RSD 1,422,968,718.70. Out of the total identified effects from value added tax amounting to RSD 1,104,806,893.65, an amount of RSD 1,029,611,993.13 is related to withholding tax, which is the result of a larger number of targeted controls of taxpayers (international taxation). The effect of corporate income tax based on the calculated tax on reduced tax loss in 2022 amounts to RSD 3,929,220.00

After the completion of controls in which irregularities were identified, both descriptive and computable data on those irregularities were entered into the Catalogue of Necessary Information, and quantitative benchmarks of output indicators of conducted controls were determined, i.e. a tax gap and a risk level for each out of all 38 controlled taxpayers, with identified irregularities. An average newly determined liability is higher by 3.63% than the taxpayer's reported liability. A low risk level was identified with 31 taxpayers (a newly determined liability in comparison to the reported one ranges from 0.02% to 8.82%); a medium risk level was identified with two taxpayers (11.11% and 15.89%); a high risk levels was identified with one taxpayer (42.32%), and a very high risk level was identified with three taxpayers (69.79%, 71.22%, and 97.56%).

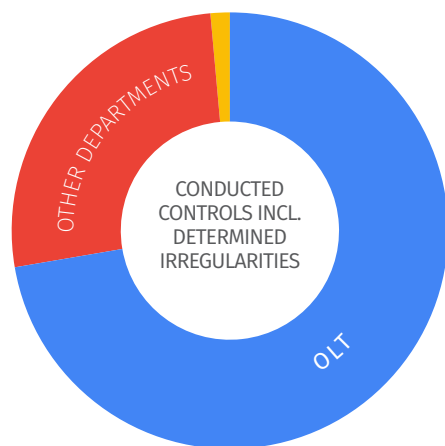


Chart 20 – Total effects of tax audit and implemented pilot-projects achieved in 2022 (in %)

OLT	72,31	%
OTHER HQ DEPARTMENTS	26,26	
PILOT PROJECTS	1,43	

The Department issued 409 warnings due to untimely payments of tax liabilities (profit - 201; taxes and contributions – consolidated collection - 143; VAT - 49; excise duty - 16). Additionally, 276 reminders for paying due tax liabilities were issued.

The number of untimely filed tax returns in 2022 for tax forms that the LTO is in charge of is as follows: VAT – 2; CIT – 18; PDPO/S – 1484; PPP-PD – 8692, and PP-OA – 7.

In 2022, activities for strengthening and improving mutual cooperation were carried out through the Forum of large taxpayers. Activities concerning the admission of taxpayers that acquired the LT status in 2022 were also performed. A total of 33 Protocols of Cooperation between large taxpayers and the LTO were signed and nine notices were posted on the LTO Forum.

In November 2022, a survey was conducted among all large taxpayers for the purpose of better understanding their needs and improving work processes. Information that will help improve mutual cooperation was collected. The survey findings showed a high degree of satisfaction with the cooperation with LTO units from the moment of acquiring the LT status. Namely, 97% of the respondents agreed that the cooperation with the Tax Administration became easier once they acquired the LT status, and 81.5% recognised positive effects of the cooperation with LTO units.

DEPARTMENT FOR DETERMINING SOURCE OF WEALTH AND SPECIAL TAX

The Department for Determining Source of Wealth and Special Tax organises and carries out the procedure for determining wealth and wealth increase of natural persons, their reported income generated in a certain period, and special tax on a wealth increase.

TAX ADMINISTRATION
REPUBLIC OF SERBIA



THE DIVISION FOR OPERATIONAL RISK AND ANALYTICS

From databases created in 2021, which contain data on assets and income for 1,184,503 natural persons, and within that number for 13,522 natural persons whose wealth increased between 2018 and 2020 compared to the reported income in an amount of more than EUR 150,000, 84 natural persons were singled out to be subject to a preliminary procedure. The persons who were singled out were assigned an appropriate number of points using the criteria specified in the risk register, which enabled the classification of natural persons under groups with low, medium or high risk.

PRELIMINARY PROCEDURE DIVISION

The data on each natural person singled out during a risk analysis were verified by having access to available applications and Internet platforms of state authorities, organisations, authorities of autonomous provinces and local self-government units. The data from the OCD application, Profile and application on the Tax Administration website were also checked.

Third-party data and/or web presentations, newspaper articles, data from social media and all available data on natural persons and member of their immediate family were analysed.

Based on established facts and all available data, a report on property and income was prepared for 42 natural persons, containing a compulsory conclusion on whether or not a natural person opts for tax audit.

The Division also acted on requests of state authorities and other institutions, as well as on citizens' motions for conducting preliminary procedures related to the control of the source of wealth and reported income for some natural persons. In that regard, reports on property and income were prepared for about 40 natural persons, containing a mandatory conclusion on whether or not a natural person opts for tax audit.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department drafts and develops general corporate by-laws and guidelines on employment relationships; gives expert opinions on labour regulations; designs the internal organisation and makes a job classification; does HR planning and ensures the execution of the procedure for filling vacant positions by publishing job vacancy announcements and drawing up by-laws in each phase of the announcement.

An overview of processed by-laws at the Department:

A TOTAL OF 29,368 PROCESSED BY-LAWS	29.368
decisions - staff rights	23.683
job applications	3.994
applications processed for the "My First Salary" Programme	420
certificates of the employment status	420
HR reports for the needs of other organisational units of the Tax Administration, the Ministry of Finance and other government authorities	390
pieces of information/notifications for employees and/or other state authorities	461

Table 9

Tabular overview of the received and closed cases from 1 January 2022 to 31 December 2022

HR planning and filling vacant job positions through job vacancy announcements

- JTrainee vacancy announcement for **288** people (published at the end of 2021, **1785** applications), **52** candidates started work.
- Vacancy announcement for non-executive job positions (April 2022), permanent employment relationship, for **11** people, **11** candidates started work.
- Trainee vacancy announcement (July 2022), for **262** people, **57** trainees started work.
- Vacancy announcement for non-executive job positions (October 2022), permanent employment relationship, for **8** people, **8** candidates started work.
- The youth employment promotion program "My First Salary" for 2021 was implemented for **44** candidates, **36** employees continued working at the TA.
- The youth employment promotion program "My First Salary" for 2022 is underway, comprising **28** people.

An amendment to the rulebook on the internal organisation and job classification at the Ministry of Finance – Tax Administration, restaurant activities were transferred from the Tax Administration's jurisdiction to the jurisdiction of the Administration for Joint Services of the Republic Bodies:

- Institutional development of the Serbian Tax Administration's human resources function
- Separate working group for drafting innovated HR planning in public administration authorities
- Central registry of state authorities
- The ISKRA Project – a Centralised Information System for a Public Sector Payroll Solution with Accompanying Computer Equipment and Licences – was successfully implemented..

EVALUATION OF EMPLOYEE PERFORMANCE

Submitting notifications for the previous year, defining operational goals for the next year, developing resolutions and then producing, compiling and submitting ACA forms to the OHRM (assessment cycle analysis) in accordance with the envisaged deadlines

Tax officers were rewarded through pay grades based on an evaluation of their performance, and thus, **1018** resolutions were adopted.



COOPERATION WITH THE PUBLIC ATTORNEY'S OFFICE AND COURTS

In order to resolve labour disputes, the Public Attorney's Office and courts were submitted **93** opinions in **55** lawsuits, and **145** complaints from taxpayers were processed. There are **13** ongoing court proceedings regarding housing issues. The Housing Commission held two telephone meetings, discussing current topics.



HEALTH AND SAFETY AT WORK

Regular monitoring of the Covid-19 spread in the work environment comprised the following activities: receiving information on infected tax officers on a daily basis and creating tables of confirmed infected cases and those who were exposed to someone infected, receiving instructions, orders and decisions on isolation from a competent healthcare institution, submitting data to the Department for the purpose of receiving a salary compensation, issuing orders for disinfection of business premises after the infection was identified in the work environment, reporting on a daily basis to line managers about the total number of the infected and those who were in contact with the infected. The total number of tax officers who were reported infected with the Covid-19 disease in 2022 was **1252**.

A total of **48** injury lists were submitted to the Health Insurance Fund due to work-related injuries of employees.



ACTIVITIES OF REGISTRY OFFICES OF THE TAX ADMINISTRATION

- A total of **2,480,366** cases were recorded
- **2,050,502** cases were archived
- A list of by-laws was made, comprising a total of **15,977** by-laws
- A total number of briefs received electronically is **1,010,609**
- A total number of briefs personally handed at registry offices is **1,469,757**



REGISTRY OFFICES

RECORDED

2.480.366 cases

ARCHIVED

2.050.502



RECEIVED ELECTRONICALLY

1.010.609



PERSONALLY HANDED

1.469.757

STRATEGIC RISK DIVISION

The Strategic Risk Department performs the following operations: compliance risk identification and assessments, design, implementation and supervision of compliance strategies.

Head of division

Nataša Arsić



The Division continued to perform activities aimed at defining risks at strategic level. Risk identification, analysis, definition of primary goals, risk treatment, and monitoring are the key functions for the preparation of a Tax Compliance Plan.

According to the aforesaid, the Division defined priority risks in its Tax Compliance Plan for 2022 and strived to recognise risk occurrences and expand the data volume for further analyses.

A **new fiscalisation method** started on 1 May 2022 and thereby, an advanced analytics platform (AAP) was put into operation as an integral part of the fiscalisation management system, which conducts an automated analysis of all data from fiscal receipts, i.e. an analysis of taxpayers, and creates profiles of taxpayers' behaviour. The system verification is underway in order to obtain accurate data. The AAP has already generated reports indicating irregularities in recording turnover on fiscal devices. Machine learning and artificial intelligence are planned to be developed in the future work in order to identify taxpayers that do not comply with regulations.

International payments made by resident legal entities helped determine that considerable amounts were paid for services to non-resident legal entities from preferential tax jurisdictions (PTJ – tax havens). Since it is legally binding to calculate and pay withholding tax for these payments, taxpayers that had to pay considerable amounts and failed to do so were singled out. Identified risk was confirmed during controls.

Taking into consideration that **the number of foreign tourists has increased over the last years** and the fact that some natural persons rent their real estate to these tourists – “a rental to stay for a day” – using AIRBNB and BOOKING platforms, and based on the information obtained from banks about incoming foreign currency payments through the said platforms, natural persons that received money in that regard were identified. Since those natural persons were required to calculate and pay rental real estate income tax, but it was discovered that they failed to do so, they were subject to controls and the liabilities were determined in decisions.

Apart from renting real estate through the said platforms, and by searching data on real estate rentals – **“a rental to stay for a day”**, it was determined that natural persons also rent their real estate through local platforms. As a result, one of the platforms was asked to provide data on lessors who are natural persons, i.e. on the charged real estate rental fee, which only confirms that they generated income from renting real estate. After searching the e-Turista application, which the Ministry of Tourism and Youth is in charge of, it was determined that the aforesaid taxpayers did not categorise their rental facilities and did not file valid tax returns to the Tax Administration, thereby violating several laws. The criteria for controlling these taxpayers will be developed in 2023.

After learning that **natural persons advertise the sale of their goods on the Internet** and taking into account the fact that goods are delivered to customers' addresses by express mail, data were obtained from courier services about individuals who delivered a larger number of packages and received considerable pecuniary resources. The risk of performing an unregistered activity in the above-mentioned manner was confirmed in pilot-controls.

Decisions were adopted for 2017 income based on the legislation governing natural persons' income from foreign work and copyright contracts (colloquially called **freelancers**). The adoption of decisions will continue in 2023.

Starting in 2023, tax on the aforesaid income has been paid by means of self-taxation, whereby the Tax Administration will develop criteria for reviewing the accuracy of the reported data about income and tax, and those natural persons who do not report taxable income will be subject to control.

The **“Taxpayer Profile” application is being developed** on the basis of internal and external data available to the Tax Administration, in order to assess the risk of each taxpayer.

In cooperation with the IMF under the **“EU for You”** project, the Department is working on a methodology for calculating a VAT gap and a total tax gap.

Having concluded a **contract with the Faculty of Mathematics**, the Tax Administration resumed analysing big data in relation with withholding tax, and developing machine

learning algorithms in order to identify taxpayers in real time that deviate from a homogeneous group.

All activities of the Division are focused on encouraging voluntary compliance with tax regulations, as one of the key objectives of the Tax Administration. The Division is working extensively on strengthening the Tax Administration capacities for identifying taxpayers that partially or completely avoid paying their tax liabilities, but it is also working on helping those taxpayers that fully comply with tax regulations..

INTERNAL CONTROL DIVISION

The Internal Control Division performs direct and indirect control of legality, timeliness, accountability, professionalism and efficiency of the performance and behaviour of employees at the Tax Administration's organisational units by order of the Tax Administration's Director and based on complaints about employee's performance.

Head of division

Nebojša Kostić



TABULAR SUMMARY OF RECEIVED AND SOLVED CASES

Number of unsolved cases as of 1. January 2022	24
Number of received cases between 1 January 2022 and 31 December 2022	188
Number of solved cases	196
Number of unsolved cases as of 31 December 2022	16

Table 10

Tabular overview of the received and closed cases at the Internal Control Division

Taking into consideration the fact that the work of internal control inspectors, based on their job description, cannot be entirely reduced to only a numerical expression (complex procedures, regular order monitoring, analyses of submitted reports, multiple processing, and conducting different procedural actions in relation to one case), the activity is explained below in more detail:



INTERNAL CONTROL INSPECTORS

When the Division prepares an annual control plan, it assesses the areas that pose the highest risk for potentially illegal work. The subject matter of a control is determined accordingly, whereas the entities that are to be subject to control are selected immediately before the very control in order for it to have a greater effect.

Upon the completion of the procedure, the inspectors in all cases would produce a report imposing measures for rectifying the identified irregularities and, even in some cases, they would initiate disciplinary proceedings.

After irregularities and/or a lack of corporate regulations that would clearly define and determine actions that should be taken were identified during internal controls, initiatives were submitted to competent departments for the purpose of supplementing or amending adopted instructions that stipulate actions to be taken by authorised persons within the Tax Administration's jurisdiction.

INSPECTORS IN CHARGE OF ADMINISTRATIVE AND LEGAL MATTERS OF DISCIPLINARY PROCEEDINGS

Taking into consideration the fact that acting on cases includes different procedural stages that are complex and long, inspectors in charge of administrative and legal matters adopted the following:

- **33** conclusions – resolutions on initiating disciplinary proceedings
- public hearings and discovery of evidence took place in **30** cases
- **29** decisions on imposing disciplinary penalty/ action: **28** fine imposing decisions, one decision containing a warning of a notice of dismissal for class IV staff, and **13** decisions on discontinuance of proceedings due to the termination of an employment relationship or the onset of the statute of limitations on making decisions (based on resolutions passed by the Administrative Court).



Eight responses were compiled to the appeals of taxpayers that were dissatisfied with the decisions on disciplinary liability passed by a first-instance authority, which were submitted to the Appeal Commission of the Republic of Serbia to be dealt with after making a representation.

A total of **53** e-mails containing complaints about the work of Tax Administration's employees were sent to the official e-mail. After checking the allegations contained in the complaints, the complainants were replied to in accordance with Article 24 of the Law on Tax Procedure and Tax Administration.

At the same time, a total of **1,295** phone calls were received with objections and suggestions about the work of Tax Administration's employees.



Taking into consideration the complexity and comprehensiveness of the activities performed by the Division and the fact that the department controls and monitors the activities of all employees (branch managers, department and division heads, assigned inspectors, employees), we deem that the findings of conducted controls directly contribute to a better quality of work of all organisational units, by implementing prescribed procedures, showing a clear signal to employees that all civil servants and employees at the Tax Administration are required to adhere to the law and integrity standards and rules of conduct defined under the Code of Conduct when performing their tasks and duties.

An employee from this department ended their engagement on this project. The said person was a coordinator of a working group in charge of developing an Integrity Plan of the Tax Administration in the third cycle, in accordance with the Guideline on How to Develop and Implement an Integrity Plan, pursuant to Article 95 of the Anti-Corruption Law that prescribes the adoption of this document for the purpose of maintaining and improving the institution's integrity by simplifying procedures, increasing accountability, supervising discretionary powers, providing education, strengthening ethics, introducing an efficient control system and eliminating inefficient practice.

The Internal Control Division regularly monitors the performance and behaviour of employees in all organisational units and informs the Tax Administration's Director in a timely manner.

INTERNAL AUDIT DIVISION

The Internal Audit Division performs strategic and operational planning of internal audit, whereas planning coverage includes all organisational units of the Tax Administration and all programmes, processes and activities that the Tax Administration is in charge of.

The Division is an independent internal unit at the Tax Administration's headquarters, which consists of two units: the Unit for Planning, Methodology and Work Quality Assessment and the Unit for Internal Audit Operations. The Internal Audit Division is functionally and organisationally independent and reports directly to the Director of the Tax Administration about its operations. Functional independence is established by independent planning, performing and reporting on internal audits.

Internal audit is an activity that provides independent and objective assurance and advisory services in order to improve business operations. It provides support to the Tax Administration in achieving its objectives by assessing and evaluating risk management, controls and governance/management in a systematic and disciplined manner.

Head of division

Suzana Jablanović



The Division adopted an Internal Audit Charter of the Tax Administration, which specifies the purpose, mandate and responsibility of internal audit. The Charter provides the status of internal audit within the users of public funds, authorises access of internal auditors to records, employees and assets necessary for the performance of audit tasks and defines the scope of internal audit.

Additionally, the Republic of Serbia's Tax Administration adopted the Internal Auditing Code of Ethics, which regulates ethical principles, generally accepted rules of conduct and professional standards that internal auditors are required to adhere to.

Internal audit is performed according to a three-year strategic plan, the annual plan and an audit plan.

The strategic plan of internal audit is the key planning document of internal audit. It establishes a strategic framework of internal audit over the next three years in terms of adequate audit coverage of the areas determined during a risk assessment procedure, and accordingly it provides a basis for planning of the internal audit strategy and objectives in terms of resources, development, etc.

In order to identify all systems and processes aimed at achieving goals set by the Tax Administration, consultations were held with the Tax Administration's top management during the first phase of the strategic plan development. Apart from the identified systems, the subject matter of audit may also be subsystems partially, as a part of a system (e.g. certain tax forms within tax control or certain types of public procurement procedures, etc.).

After identifying the systems that may be the subject matter of audit over the next three years, a risk assessment is made for each of these systems. The goal is to concentrate on those activities that carry a greater risk for the whole organisation.

Internal auditors performed eight system audits:

- determination of write-offs of taxes and secondary tax payments, of statute of limitations on taxes and secondary payments, and of disputed and doubtful tax liabilities for 2020 – 4 audits

- tax and contribution on flat-rate income from self-employment – 2 audits
- public procurement system - Public Procurement Planning subsystem at the Department
- subsequent system audit – Capital gains tax regarding the transfer of real estate rights in rem of natural persons for 2021.

In total, **43** recommendations were made, whereby auditing entities set an implementation deadline in 2022 for **32** recommendations and in 2023 for 11 recommendations. A total of 28 recommendations were implemented. Four recommendations were not implemented.

An assessment of the quality of work of the Division was carried out by applying the internal audit quality assurance and improvement programme in accordance with the Law, Rulebook and International Standards for the Professional Practice of Internal Auditing. In order to assess the quality of work, the results of an internal periodic self-assessment for 2022, which was conducted by the Division Head and certified internal auditors in the public sector – employed at the Division, were used.

The Centralised Harmonisation Unit at the Ministry of Finance was submitted reports on professional development of certified internal auditors in the public sector – employees of the Tax Administration's Internal Audit Division for 2022, and an Annual Report on Performed Audits and Internal Audit Activities in 2022. The Report on Key Performance Indicators of the Tax Administration for 2021 and an Annual Activity Report of the on the Internal Audit Division for 2022 were also prepared.

Internal auditors attended seminars and webinars in order to improve their knowledge and skills and to be able to perform higher-quality audits.

All internal auditors hold a professional certification titled Certified Internal Auditor in the Public Sector.

DIVISION FOR INTERNATIONAL COOPERATION AND INFORMATION EXCHANGE

The Division for International Cooperation and Information Exchange performs the following activities: coordinates the participation of the Tax Administration in the Republic of Serbia's association and accession to the EU in cooperation with the Ministry of Finance and the Ministry for European Integration, and coordinates tax information exchange in accordance with international legal instruments.

TAX ADMINISTRATION
REPUBLIC OF SERBIA

Head of Division
Milka Lukač



The division carried out a number of activities in terms of international cooperation as part of **BRITACOM**, **CEF**, **OECD**, as well as activities necessary for signing a new Agreement between the European Union and the Republic of Serbia on Serbian Participation in “**Fiscalis**”, an EU cooperation programme regarding taxation.

As regards the project implementation under PLAC III – provision of legal assistance to negotiations, a project proposal was drawn up and approved for Negotiation Chapter 16 – Taxation – Shell companies and rules to prevent the misuse of shell entities, whereas the project continued under Chapter 33.

The Ministry of Finance Support Project as part of the Sector Reform Contract for the public administration sector was focused on the implementation of assigned activities, and a proposal for two additional activities was developed: (1) comparative case law in resolving tax misdemeanours of taxpayers concerning an information exchange for tax purposes and (2) capacity building of the Serbian Tax Administration for the application of transfer pricing regulations.

As part of **IPA 2023**, the following project proposal was drawn up: Strengthening the functions and systems of the Serbian Tax Administration in order to be interconnected and interoperable with EU systems.

As part of development and technical assistance from **GIZ**, the Division participated in the implementation of the activities it delegated: An Econometrics Analysis of the BEPS 5 Package of Measures, Workshops on the Prevention of Tax Treaty Abuse and Harmful Tax Practices, and activities regarding Chapter 23.

As part of the **Knowledge Sharing Programme of the Korea Development Institute**, a new project titled “Big Data Capacity Building – Design and Development of the Field to Increase the Effectiveness of Data Usage, Control and Reporting” was approved for the annual 2022/2023 cycle.

As **part of the administrative cooperation and information exchange**, the division continued with the improvement and implementation of an information exchange process with competent authorities in other countries in accordance with the information exchange provisions defined under relevant international legal instruments.

The division developed a number of corporate guidelines and improved its corporate procedures in line with the standards of the **Global Forum on Transparency and Exchange of Information** for Tax Purposes. All requests were processed in a timely manner and responses were submitted to other countries.

The department is also involved in resolving the collective negotiation procedure according to Article 25 of the Double Taxation Treat signed with the Republic of Switzerland, along with the relevant departments of the Tax Administration and the Ministry of Finance, which has the jurisdiction over this procedure.

As regards the activities in relation to European integrations, the department submitted in a timely manner quarterly reports for National Programme for the Adoption of the Acquis (NPAA), as well as information for subcommittees from the Tax Administration’s field of competence.

GROUP FOR CORPORATE SECURITY AND PERSONAL DATA PROTECTION

The Group for Corporate Security and Personal Data Protection was established in accordance with the By-law on Job Classification at the Tax Administration in May 2020, and it was officially established and became operable in January 2021. It performs activities related to the control of security measures aimed at protecting people, business operations and assets of the Tax Administration.

TAX ADMINISTRATION
REPUBLIC OF SERBIA

Manager

Miloš Radovanović



Corporate security is a modern business function of protecting people, assets and business operations within an organisational structure of big business systems. Performing its main activity of protecting the interests of the Serbian Tax Administration and set goals, corporate security also contributes to a wider context. Corporate security also contributes to increasing the overall national security level of the Republic of Serbia through the promotion of accountable corporate security behaviour in its environment and the social community in which the Serbian Tax Administration operates.

Since the modern business environment is rapidly changing due to numerous complex factors, risks and threats that business operations of the Serbian Tax Administration are exposed to are quite diverse, and they frequently change in terms of the occurrence and form they take. Therefore, the scope of corporate security includes a large number of protective functions, out of which the key ones being detection and prevention of corporate crime, protection of people, protection of business operations in regions in crisis, protection of assets and property, as well as protection of confidential data, trade secret and intellectual property.

Published by: Republic of Serbia
Ministry of Finance
Tax Administration
3-5 Save Miskovica
11042 Belgrade
Serbia

Design and layout: Miodrag Bogradnovic

Printing: Agencija Fortmat d.o.o.

Print amount: 16

Belgrade, January 2024

This publication was supported by the German Development Cooperation under the project "Public Finance Reform - Agenda 2030" implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The positions stated herein represent the views of the authors and do not necessarily reflect the positions of the German Government or GIZ.



Podržano od strane:

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

CIP - Каталогизација у публикацији

Народна библиотека Србије, Београд

336.225.2:351(497.11)"2022"(047)

SRBIJA. Ministarstvo finansija. Poreska uprava (Beograd)

The annual performance report of the tax administration Republic of Serbia. - Belgrade : Republic of Serbia, Ministry of Finance, Tax Administration, 2024 (Belgrade : Agencija Format). - 90 str. : ilustr. ; 30 cm

Tiraž 16. - Str. 3: Dear colleagues, associates and readers / Dragana Marković.

ISBN 978-86-80390-53-6

а) Србија. Министарство финансија. Пореска управа -- 2022 -- Извештаји

COBISS.SR-ID 138838281



REPUBLIC OF SERBIA
MINISTRY OF FINANCE
TAX ADMINISTRATION

