



**TOMIĆ STEVIĆ DULIĆ**

ADVOKATSKA KANCELARIJA

# TSD NEWSLETTER

Advokatska kancelarija TOMIĆ STEVIĆ DULIĆ informiše o aktuelnostima u radu Kancelarije i u zakonodavnom reljefu RS / Die Rechtsanwaltskanzlei TOMIĆ STEVIĆ DULIĆ informiert über aktuelle Themen der Kanzlei und über den Rechtsrahmen der RS / The TOMIĆ STEVIĆ DULIĆ Law Office is informing about the actual activities of the Law office and the Law frame in RS/ Юридическая компания Tomić Stević Dulić информирует о самых актуальных событиях в работе компании и законодательном рельефе РС / Glavni urednik/ Chefredakteur / Editor-in-Chief / Главный редактор: Ljubica Tomić /Lektor/Lektor/Proof reader/Лектор: Ivana Radović, Vesna Gašić, Vojislava Tasić, Viktorija Topalović, Magda Braun / Br. 47/12

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## Content:

### 1. Tax Incentives when Investing in Serbia

#### Tax Incentives when Investing in Serbia

On 17 December 2012, the Republic of Serbia introduced changes to the Law on Legal Entity Profit Tax ("Official Gazette of the Republic of Serbia", No. 119/2012), which will come into force on 25 December 2012.

The aforementioned changes in the law retain tax incentives for investment, but the conditions for the realization of the tax incentives have been tightened.

Namely, the law provides that a taxpayer who invests in its fixed assets, and in whose fixed assets another person invests more than 1.000.000.000 dinars approx. € 8,855,000.0 (formerly 800 million dinars), and uses the funds to perform core activity and activity stated in the founding act of the taxpayer, and employs at least 200 persons (formerly 100 persons) within the period of investment, shall be exempt from legal entity profit tax payment for the period of ten years, in proportion to the investment.

Tax incentives for business operation in under-developed areas have been repealed by the new law.

If prior to the expiry of the tax exemption period, a taxpayer who uses tax incentives:

- Terminates its business,
- Ceases to use or dispose of fixed assets or investments, and does not invest in new fixed assets, within the same tax period, the amount equal to the market price of disposed assets, and at least in the value that ensures that the total amount of investment has not fallen below the amount specified in the law,
- Reduces the number of employees who are directly engaged in working for the taxpayer, below the total number of full time employees in relation to the number of employees it had in the tax period in which it qualified for tax exemption,

the taxpayer shall lose the entitlement to be tax-exempt; At the date of filing the tax return for the next tax period, the taxpayer shall calculate and pay the tax that he was supposed to pay, as if he had not used the tax incentive.





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Please note that a taxpayer qualified for tax incentives by 31 December 2012 under the previous law, may exercise this entitlement up to the deadline and in the manner prescribed by the previous law.

Thus the above provisions of the new law shall be applicable for each taxpayer who does not qualify for tax incentives under the previous law by 31 December 2012.

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