



**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. 50/13**

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### **LAW ON PAYMENT DEADLINES IN COMMERCIAL TRANSACTIONS ("Official Gazette of the Republic of Serbia", No. 119/2012)**

For quite a long period of time now the commercial environment of the Republic of Serbia has evinced discouraging economic indexes reflected in a low economic growth rate, low credit rating, absence of serious competition, and high unemployment rate which all result in high illiquidity rate of companies.

Based on analyses conducted during the preparing activities for the Law on payment deadlines in commercial transactions it has been described that the bank accounts of more than 60.000 companies and entrepreneurs had been blocked, as well as that this number continually rises which denotes that nearly 25% of companies' accounts and 20% of entrepreneurs' accounts have been blocked.

The above illiquidity indexes are partially the result of the financial crises in 2008, the consequences of which will be visible for many years to come. On the other hand it is a result of the way companies with a dominant position in the market of the Republic of Serbia conduct their business, destabilising the market due to untimely payments i.e. due to postponing of payments and agreeing upon extremely long payment deadlines.

Payment delays and agreeing of long payment deadlines through the misuse of a dominant position in the market may have a serious negative affect on the economy of the Republic Serbia, especially when the financial means are limited and costs for obtaining thereof are expensive, which results in severe endangerment of solvency and liquidity of creditors.

With respect to all the above mentioned reasons on the Eight Sitting of the Second Regular Session of the National Assembly of the Republic of Serbia in 2012 the Law on payment deadlines in commercial transactions (hereinafter referred to as: "**Law**") has been passed. The Law entered into force on 25th day of December, 2012, whereas the implementation of the Law has been delayed until 31th day of March, 2013.





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## NEW DEVELOPMENT OF PAYMENT DEADLINES IN COMMERCIAL TRANSACTIONS

The most important development stipulated by the Law is the imperative regulation of payment deadlines in commercial transactions between legal entities as well as between legal entities and public sector.

This Law stipulates that "**an agreement between legal entities cannot set forth the payment deadline longer than 60 days**", whereas in cases when an agreement is being concluded **between the public sector as debtor and a legal entity the payment deadline shall not exceed 45 days.**

In exceptional cases a deadline longer than 60 days can be agreed between companies if and when:

- the contractual obligations are to be paid in instalments, whereby this deadline **cannot be longer than 90 days**. In this case the debtor shall pay at least 50% of the amount due before half of the agreed deadline has expired and the rest of the payment before the deadline expiry;
- The debtor delivers to the creditor securities, such as (i) a bank guarantee containing clauses: "irrevocable", "unconditional", "payable on first demand" or (ii) a bill of exchange per aval endorsed by a bank.
- It is stipulated by the contract between a registered agricultural estate or agricultural co-operative as debtor and other legal entity as creditor, and only in cases where the processed materials for basic activities, for seeding and planting material, protection materials and manure are to be procured.

Therefore, by entering into an agreement on commercial transactions between companies or between companies and the public sector, **the parties shall** as of 31st day of March, 2013 **agree the above mentioned payment deadlines and perform these payments within the stipulated deadlines. If the parties should fail to do so, they shall be liable under the petty offence regulation.** The legislator has prescribed **high fines** in case of breach of these provisions of the Law and has set forth fines in the range of 100.000 up to 2.000.000 RSD for a legal entity, 10.000 up to 500.000 RSD for entrepreneurs, 5.000 up to 150.000 RSD for a responsible person in the public sector and 5.000 up to 150.000 RSD for a company's representative.

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## **2.**

### **THIRD REGIONAL CONFERENCE OF THE CIVIL LAW FORUM FOR SOUTH EAST EUROPE IN TIRANA, ALBANIA**

We are pleased to inform you that Attorney-at-Law Predrag Groza will be representing our Office at the Third Regional Conference of the Civil Law Forum for South East Europe in Tirana, Albania.

The Conference shall take place this year in Tirana, Albania, Hotel Tirana International between 11 and 12 March 2013.

During the conference, you may meet or schedule an appointment in Tirana with our Attorney-at-Law Ljubica Tomić at [ljubica.tomic@tomic-stevic.co.rs](mailto:ljubica.tomic@tomic-stevic.co.rs).

We are looking forward to meeting you there!

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