

# Amendments to the Value Added Tax Law

20 April 2018

## In Brief

The National Assembly of the Republic of Serbia adopted the Amendments of the Value Added Tax Law yesterday. Meanwhile, the Ministry of Finance issued the Rulebook which closely regulates VAT rules associated with the investment gold.

In order to further harmonize the VAT Law with the relevant European Union legislation and with the Law on Financial Support to Family with children, the National Assembly of the Republic of Serbia adopted the proposed amendments to the VAT Law.

Amendments will be applicable from 1 July 2018, except for the amendment associated with the VAT refund to foreign taxpayers, which will start to apply as of 1 January 2019.

We will notify you about the final version of changes after those are being published in the Official Gazette of the Republic of Serbia.

### VAT Refund to Foreign Taxpayers

In accordance with Article 170. point b) Council Directive on the Common System of Value Added Tax 2006/112 / EC, scope of the right to VAT refund to the foreign taxpayers will be extended. Namely, from the 1 January 2019 foreign taxpayer will have the right to VAT refund if he performs taxable supply of goods and services in the Republic to the Serbian VAT payer.

This amendment practically enables foreign taxpayers (that are not obliged to register for VAT in Serbia) who perform taxable supply in the territory of Republic to the Serbian VAT payer, to refund VAT incurred on local transactions if it fulfills other conditions prescribed by VAT Law.

### Other proposed changes

- *Date of issuance of the invoice* will be considered as one of the relevant moments when the VAT liability arise for services that are *directly related* to the services of transfer, assignment and making available for usage of intellectual property rights;
- Reduced tax rate of 10% will be applied to the sale and import of *both complete and supplementary feeding for cattle*, which is in accordance with the Council Directive on the Common System of Value Added Tax 2006/112/EC, Annex 3;
- In order to support export activities, zero VAT rate will apply on the supply of goods entering into the free zone, transportation and other services that are directly related to that entry, and the supply of goods into the free zone *performed to foreign entity who has a signed contract with the VAT payer – free trade zone user* to install those goods into the goods intended for export;
- The right to VAT refund for the purchase of baby food and equipment will be realized in accordance with the VAT Law (Article 56b) for babies born up to 30 June 2018.

***Amendments to the Tax  
Administration and Tax Procedure  
Law closely related to VAT***

Most important amendments include:

- The taxpayer can not submit amended VAT return by which it has made a change with respect to executing VAT refund, for the tax period for which he has already submitted VAT return, regardless of the refund amount.
- VAT refund will be reduced by the amount of tax that is due on another basis.

***New Rulebook Regarding Investment  
gold***

The Ministry of Finance has issued a new Rulebook which specifies the manner and procedure for delivery of notification on opting for VAT calculation, the content of the invoice and records associated with the supply of investment gold.

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***Let's Talk!***

For a deeper discussion of how this issue might affect your business, please contact:

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