
Introduction of Country-by-Country Report envisaged by the proposed amendments to the Corporate Income Tax Law

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In brief

The Ministry of Finance has issued a working paper of the Law on Amendments of the Corporate Income Tax Law (“the Law”) which envisages introducing the obligation of annual submission of Country-by-Country report for certain taxpayers.

Serbia has shown intention of taking first steps in harmonising its transfer pricing regulations with BEPS Action 13 by introducing Country-by-Country reporting requirements. Proposed amendments to the Law prescribe an obligation for resident legal entities that are considered to be the ultimate parent of a multinational group, to submit the Country-by-Country Report – CbCR. This is an annual report which includes information broken down for each jurisdiction in which the multinational group operates (e.g. financial data, number of employees, nature of business, etc.).

The obligation of preparing and submitting CbCR is prescribed for the ultimate parent entities of a multinational group:

- which represents a group of entities that are related through ownership or control in terms of IAS, i.e. IFRS, with total consolidated group revenue of at least **EUR 750 million** in the immediately preceding fiscal year (e.g. in 2019 for 2020);
- of which one or more members have the obligation to prepare consolidated financial statements, or would be required to do so if its equity interest were traded on a public securities exchange;
- which has a taxable presence in at least one other tax jurisdiction, either through a legal entity or a permanent establishment (e.g. branch).

In accordance with the proposed amendments of the Law, the provisions will be applied for the first time for tax periods starting in 2020, while the deadline for submission of the report will be 12 months following the end of a tax period.

The Law will also define more precisely which entities will be considered as ultimate parents, while the Minister of Finance will further prescribe the manner of implementation of the proposed amendments.

Let's talk

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

PricewaterhouseCoopers Consulting d.o.o.

Omladinskih brigada 88a

11070 Belgrade

Tel: +381 11 33 02 100

www.pwc.rs

Branka Rajčić

Partner

branka.rajcic@rs.pwc.com

Dragan Drača

Director

dragan.draca@rs.pwc.com

Mirjana Petkov

Manager

mirjana.petkov@rs.pwc.com

Maja Pavlović

Consultant

maja.pavlovic@rs.pwc.com

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