Tax Alert, Tax Consulting Services, PwC Serbia

Tax Alert: Introduction of New Carbon-Related Taxes in Serbia

November 2025

In brief

The Republic of Serbia is introducing two complementary carbon-related taxes, aligned with the European Union's approach under the Carbon Border Adjustment Mechanism (CBAM). Both laws are expected to enter into force on 1 January 2026, aiming to promote environmental sustainability, reduce greenhouse gas (GHG) emissions, and protect domestic industry competitiveness.

The new framework regulates taxpayers, tax base, rates, reporting and payment obligations, as well as tax credits and incentives for decarbonisation projects. Emissions and related obligations are measured in tons of carbon dioxide equivalent (tCO_2eq).

Law on Greenhouse Gas Emission Tax (GHG Tax)

Scope and Taxpayer

Taxpayers are legal entities and entrepreneurs operating installations that require a GHG emission permit. The GHG Tax applies to emissions of carbon dioxide (CO_2), nitrous oxide (N_2O), and perfluorocarbons (PFCs).

This law primarily covers operators in the production of fertilisers and nitrogen compounds, cement, iron, steel, ferroalloys, and aluminium, as well as electricity producers.

Tax Base and Calculation

The tax base represents the difference between verified emissions and reference emissions – i.e., those emissions that are unavoidable even when using the best available technologies.
The tax rate is set at EUR 4 per tonne of CO_2eq.

Tax Credits and Incentives

Electricity producers generating at least 80% of their income from electricity production are entitled to a tax credit amounting to 20% of eligible investments in emission reduction. The credit cannot exceed 80% of the total annual tax liability and can be used over a 10-year period.

Additionally, the Serbian state budget will provide financial incentives for investments in renewable energy, energy efficiency, industrial decarbonisation, green construction, innovative low-carbon technologies, etc. Eligibility criteria and reporting obligations will be defined by the Government in corresponding rulebooks.

Reporting and Payment

Tax returns must be filed annually by 31 May for the previous calendar year, accompanied by a verified emissions report. The taxpayer is obligated to pay the tax within the deadline for filling the tax return.

In case a revised emissions report is submitted, the taxpayer is required to file an amended tax return within 15 days from the date of submitting the revised report. The revised emissions report must be attached to the amended tax return.

Law on Import Tax on Carbon-Intensive Products

Scope and taxpayers

This tax applies to importers bringing into Serbia more than 5 tonnes per year of specified carbon-intensive products. These include iron and steel, ferroalloys, cement, fertilisers, and aluminium.

Tax Base and Calculation

The tax base consists of verified carbon emissions embedded in imported products, reduced by the reference emission levels. Where verified emission data are unavailable, estimated emissions will be used for tax purposes.

The tax rate is EUR 4 per tonne of CO_2eq, converted into dinars at the official middle exchange rate of the National Bank of Serbia on the date of filing the tax return.

Tax Credit

Importers have the right to claim a tax credit for payments made in connection with carbon taxes on the production of carbon-intensive goods in the country of origin. The tax credit may be applied for the tax period in which the import occurred or the immediately following tax period.

Reporting and Payment

Tax returns must be filed annually by 31 May for the previous calendar year, together with documentation verifying the amount of embedded emissions and proof of carbon related fee paid abroad. The data contained in the tax return must be consistent with the data in duly completed customs declarations according to which carbon-intensive products were imported into the Republic of Serbia. The taxpayer is obligated to pay the tax within the deadline for filling the tax return.

Amended tax returns must be filed within 15 days from the date of any revision of verified emission data.

Supervision

The Customs Administration will provide data on imports to the Tax Administration for the purpose of compliance monitoring and enforcement.

Entry into force and transitional provisions

Both laws enter into force on 1 January 2026, with the first tax returns and payments due by 31 May 2027 for the 2026 tax year.

Secondary legislation detailing calculation methods, filing and payment procedures, verification requirements, and criteria for tax credits and incentives must be adopted within 180 days from the publication of the laws.

How we can help

We can help you assess the impact of these new carbon-related tax obligations and support you throughout the implementation process and ensuring compliance.

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

Dragan Draca	Tanja Mitrovic	Iva Danilovic
Partner	Senior Manager	Senior Associate
dragan.draca@pwc.com	tanja.mitrovic@pwc.com	iva.danilovic@pwc.com