



Tax&Legal Highlights

Serbia

International taxation and exchange of information

I On 13 June 2019, Serbia has signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters

The Convention enables jurisdictions to engage in a wide range of mutual assistance in tax matters: exchange of information on request, spontaneous exchange, automatic exchange, tax examinations abroad, simultaneous tax examinations and assistance in tax collection, all in line with the level of obligations taken over by a particular state.

This Convention should be ratified in the following period, when more information on obligations of Serbia are expected.

II Serbia has signed the FATCA Agreement with United States of America on 10 April 2019

FATCA Agreement envisages that foreign financial institutions or other financial intermediaries participate in precluding tax evasion of USA citizens or tax residents, by reporting on USA citizens and tax residents that keep their financial assets in non-US financial institutions and foreign bank accounts.

The Agreement has still not been ratified by Serbia.

III During April 2019 a first round of negotiations was held in Hong Kong for the conclusion of double tax treaty between Serbia and Hong Kong.

MLI Developments

Malta, Ireland and Finland have deposited their instruments of ratification to the OECD.

The provisions of Multilateral Convention have effect on the Serbia – Malta Double Tax Treaty, as follows:

- In Serbia and Malta, for taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2020;
- With respect to all other taxes levied by Serbia, for taxes levied with respect to taxable periods beginning on or after 1 October 2019; and
- With respect to all other taxes levied by Malta, for taxes levied with respect to taxable periods beginning on or after 1 January 2020.
- The provisions of Multilateral Convention have effect on the Serbia – Ireland Double Tax Treaty, as follows:
 - In Serbia and Ireland, for taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2020;
 - With respect to all other taxes levied by Serbia or Ireland, for taxes levied with respect to taxable periods beginning on or after 1 November 2019;
- The provisions of Multilateral Convention have effect on the Serbia – Finland Double Tax Treaty, as follows:
 - In Serbia and Finland, for taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2020;
 - With respect to all other taxes levied by Serbia, for taxes levied with respect to taxable periods beginning on or after 1 December 2019; and
 - With respect to all other taxes levied by Finland, for taxes levied with respect to taxable periods beginning on or after 1 January 2020.

Other: It is expected that the Multilateral Convention will come into force for the following states with which Serbia has concluded double tax treaty:

1. Luxembourg – 1 August 2019
2. The Netherlands – 1 July 2019
3. Georgia – 1 July 2019
4. United Arab Emirates – 1 September 2019.

Guidance for mutual agreement procedure related to international double taxation treaties

Serbian Ministry of Finance has recently published a Guidance on the use of the mutual agreement procedure under the double tax treaties, which is an important step in establishing and developing international tax practice in Serbia.

The text of the Guidance may be found on the following link:
<https://www.mfin.gov.rs/UserFiles/File/dokumenti/2019/Objasnjenje%20o%20Postupku%20zajednickog%20dogovaranja%20Final.pdf>. (Please note that the Guidance is only available in Serbian language).

Contacts Details

Slobodanka Kolundzija LL.M.

Manager

Tel: + 381 (11) 3812 171

e-mail: skolundzija@deloittece.com

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