



Tax&Legal Highlights

Serbia

New Ministry of Finance ruling – Value Added Tax

Tax treatment of "cash back" services

In case that a VAT payer, at the request of a individual, performs payment in cash from the cash register to that individual, based on the use of a payment card on the payment terminal installed in the VAT payer's facility, whereby the individual has paid with its card the fee for the supply of goods or services provided by a VAT payer before receiving the cash, the "cash-back" service is considered to be an VAT exempt supply of services.

(Ministry of Finance ruling, no. 011-00-630/2017 as of September 05, 2017)

New Ministry of Finance ruling – Value Added Tax

Tax treatment of transport services related to import of goods within customs warehousing proceedings

When a VAT payer provides a transport service related to import of goods to another VAT payer in the sense of Article 12 of the VAT law – business entity with the seat in Serbia, the place of supply of such service is Serbia. A zero VAT rate is prescribed for the supply of such services under the conditions that the value of the transport service is included in the tax base for computing VAT on import of goods, and if the provider of the transport service possesses a document on executed transport service (CMR, CIM, manifest, etc.) and an invoice or other document which serves as invoice issued in accordance with the VAT law.

However, in case that the value of a transport service is not included in the tax base for computing VAT for import of goods, in specific case the value of the transport service related to import of goods for which the procedure of customs warehousing has been approved, the VAT shall be computed in accordance with the VAT law.

(Ministry of Finance ruling no. 430-00-00818/2017-04 as of December 22, 2017)

New Ministry of Finance ruling – Value Added Tax

The right to deduct VAT computed on import of goods

A VAT payer has the right to deduct VAT calculated by the customs authority on import of goods by a VAT payer, paid for by a conversion of Serbia's claims from calculated VAT into a permanent share in the capital of that VAT payer, if other conditions for deduction of the input tax prescribed by the Law have been fulfilled.

(Ministry of Finance ruling, no. 413-00-276/2017-04 as of February 1, 2018)

New Ministry of Finance ruling – Value Added Tax

Taxation of cross-border rental of equipment

In case that the customs authority, from 1 April 2017, computed VAT based on temporary import of movable goods according to the contract concluded with a nonresident entity that is not a VAT payer in Serbia, the subject of which is the rental/leasing of such goods, a VAT payer – service recipient is not entitled to deduct the VAT paid as input tax.

A VAT payer who has paid VAT calculated by the customs authority may apply for a VAT refund.

(Ministry of Finance ruling, no. 011-00-00610/2017-04 as of February 6, 2018)

New Ministry of Finance ruling – Corporate Income Tax

Recognizing expenses in the tax balance due to foreign currency exchange losses and the effects of the currency clause

When a taxpayer states expenses based on currency exchange losses and the effects of a currency clause arising from the conversion of advanced payments paid in a foreign currency and in dinars with contracted currency clause for the purchase of certain goods and services, such expenses are recognized for tax balance purposes.

(Ministry of Finance ruling, no. 430-00-770/2017-04 as of January 10, 2018)

New Ministry of Finance ruling – Corporate Income Tax

Recognizing expenses in the taxpayer’s balance based on impairment of share in the capital of a subsidiary company

When a taxpayer records expenses based on the impairment of shares in the capital of a subsidiary, which were not recognized in the tax period in which they were disclosed, such expenses are admissible for tax balance purposes in the tax period in which the taxpayer and his subsidiary cease to exist due to status change (through a merger).

(Ministry of Finance ruling, no. 011-00-1114/2017-04 as of December 28, 2017)

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