



Tax&Legal Highlights

Serbia

Treaties for the Avoidance of Double Taxation

Treaty for the Avoidance of Double Taxation with San Marino entered into force

On October 8, 2018, the Treaty between the Government of the Republic of Serbia and Government of the Republic of San Marino for the Avoidance of Double Taxation and prevention of tax evasion regarding income taxes has entered into force and will become applicable on January 1, 2019.

The aforementioned means that residents of Republic of Serbia and Republic of San Marino could, as of the next year, rely on the provisions of this Treaty when it comes to determination of the tax treatment of transactions they undertake. Besides, these transactions should not be the subject of the special regime of taxation which applies on transactions with persons from jurisdictions with preferential tax systems.

The Draft of the Treaty for the Avoidance of Double Taxation with Algeria has been finalized

The Draft of the Treaty between the Government of the Republic of Serbia and the Government of the People's Democratic Republic of Algeria for the

removal of double taxation regarding income and property taxes and prevention of tax evasion and avoidance, has been finalized in order to undertake the necessary steps to sign the Treaty in the near future.

Rulebook on recognized expenditures for investments in the field of culture

Minister of Culture and Information has adopted Rulebook on investments in the field of culture recognized as expenditure (hereinafter: "Rulebook"), related to application of Corporate Income Tax Law.

The Rulebook comes into force eight days after being published in the Official Gazette of the Republic of Serbia, whereupon the previously applicable Rulebook on recognized expenses for investments in the field of culture ("Official Gazette RS", no., 9/02) ceases to apply.

Compared to the previously applicable solution, the new Rulebook provides a modernized legal framework for the matter at hand, specifically through updated activity codes for the entities – recipients of the investments and by expanding the list of admissible investments including investments through the use of information and communication technologies.

For all matters related to the application of the Rulebook and the determination of admissible expenses, feel free to contact our colleagues from the Tax & Legal department.

Investments recognized as expenditure for tax balance purposes

Investments in the field of culture are recognized as expenditure if they contribute to:

- 1) creating of conditions for performing and developing cultural activities;
- 2) discovering, collecting, researching, documenting, studying, evaluating, protecting, preserving, presenting, interpreting, using and managing cultural goods;
- 3) encouraging international cultural activities and cooperation;
- 4) encouraging education in the field of culture;
- 5) encouraging scientific research in the field of culture;
- 6) encouraging young talents in the field of cultural and artistic work;
- 7) application of information and communication technology (digital guides, upgraded and virtual reality, 3D animations etc.), generic services, unique software solutions aiming to present cultural heritage and contemporary art and to make it accessible to the general public;
- 8) encouraging amateur and artistic cultural creativity;
- 9) encouraging children's creativity and creativity for children and young people in culture;
- 10) encouraging cultural and artistic creativity of persons with disabilities and the accessibility of all cultural content of persons with disabilities;

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11) encouraging development of creative industries;

12) encouraging cultural and artistic development of socially sensitive groups.

Abovementioned investments in the field of culture are recognized as expenditures if the investment is made in cultural institutions, artistic associations, faculties, academies, art schools and other domestic legal entities, registered under the following subgroups of activities, in accordance with Decree on Classification of Activities (Official Gazette of RS, no. 54/10):

1) protection and maintenance of immovable cultural heritage, cultural and historical sites, buildings and similar touristic monuments (91.03);

2) the activity of libraries and archives (91.01);

3) the activity of museums, galleries and anthologies (91.02);

4) artistic creativity (90.03)

5) production of cinematography, audio-visual and television program (59.11);

6) recording and publishing soundtracks and music (59.20);

7) publishing book, magazines and other publishing activities (58.1);

8) activities related to botanical and zoo gardens and other natural reserves (91.04).

Investments in the field of culture, made in cultural institutions, artistic associations, faculties, academies, art schools and other domestic legal entities registered for abovementioned activities, are recognized as expenditure if these were invested in reconstruction of the existing or construction of new cultural facilities, conservation and restoration of cultural heritage, as well as preservation of elements of intangible cultural heritage inscribed in National register of intangible cultural heritage, program activities, production and equipment used in cultural and artistic activities.

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