



## Tax&Legal Highlights

### SERBIA

#### [New Ministry of Finance Rulings – Value Added Tax](#)

The place of supply of services of providing exhibitors the possibility of presenting their goods or services in a particular facility during the fair along with other related services, provided by the fair organizer to local and foreign exhibitors

When a VAT payer – fair organizer provides exhibitors the possibility of presenting his goods or services in a particular facility during the fair along with other related services, whereby the exhibitor is a taxpayer from Article 12 of the VAT law, the place of supply of services is considered to be the place where the service recipient has its head office or a permanent establishment, if the supply is performed to a permanent establishment that is not in the place where service recipient has its head office, i.e. the place in which the service recipient has permanent or temporary residence.

However, for services involving the lease of conference halls with accompanying equipment (as an ancillary supply), provided by a VAT payer – fair organizer to exhibitors or other persons during the fair, the place of supply for such services is the place wherein the immovable asset is located, i.e. the place where the conference hall is located. This means that when the

conference hall is located in Serbia, the VAT payer – fair organizer is obliged to compute and pay VAT in accordance with the VAT law, regardless of whether the service is provided to a taxpayer from Article 12 of the VAT law or not.

*(Ministry of Finance explanatory note, no. 430-00-00136/2017-04 as of April 10, 2017)*

#### **New Ministry of Finance Rulings – Value Added Tax**

##### **The place of supply of services related to attending an international conference held in Serbia**

On participation fees charged by the Faculty of Mechanical Engineering, University of Belgrade based on participants' attendance in international conference held in Serbia, meaning that the place of supply of said services is Serbia, the general VAT of 20% applies, since these are not services from the field of science for which the tax exemption is prescribed.

*(Ministry of Finance ruling, no. 430-00-61/2017-04 as of May 8, 2017)*

#### **New Ministry of Finance Rulings – Value Added Tax**

##### **VAT treatment of intermediary services for the supply of goods dispatched from abroad to Serbia and from Serbia to abroad**

When a VAT payer provides intermediation services for the supply of goods sent or shipped to Serbia, to a taxpayer from Article 12 of the VAT law – legal entity with a seat in Serbia, after April 1, 2017, the general 20% VAT applies on the supply of said service (amount of intermediation fee), without VAT, considering that the place of supply of such services is considered to be the place in which the service recipient has a seat.

*(Ministry of Finance ruling, no. 430-00-144/2017-04 as of May 8, 2017)*

#### **New Ministry of Finance Rulings – Corporate Income Tax**

##### **Tax incentive for investments based on a purchase of a legal entity as part of bankruptcy proceedings**

Full text regarding above text [no more than 3000 characters with spaces]

In case of investments made by another individual for the purchase of the taxpayer – bankruptcy debtor as a legal entity, such investments are not made pursuant to Article 50a of the Law on Corporate Income Tax, and the taxpayer (for which, in this case the bankruptcy proceeding is suspended) is not entitled to a tax incentive.

*(Ministry of Finance ruling, no. 011-00-255/2017-04 as of May 4, 2017)*

### New Ministry of Finance Rulings – Corporate Income Tax

#### Recognizing expenses in the taxpayer's balance arose for registration and accommodation fees for participation in a pharmaceutical symposium

Expenses that a taxpayer, engaged in wholesale of pharmaceutical products, stated in its ledger as registration and accommodation fees for participation of its employees and clients in the pharmaceutical symposium organized with an aim to get acquainted with the new medicines and new treatment approaches, whilst at the end of the symposium participants take tests and collect credits necessary for maintaining the pharmaceutical license, are recognized for tax balance purposes.

In terms of regulations governing accounting, every taxpayer should divide advertising and propaganda costs on one hand and entertainment costs on the other hand in accordance with its general act, i.e. such an act should regulate in more detail the question of approval and the amount of entertainment costs. Additionally, in determining whether a particular cost should be considered as advertisement and propaganda or entertainment, it should be considered that advertising and propaganda activities performed were intended for a larger number of (anonymous) individuals under the same conditions, as opposed to entertainment activities intended for predetermined (known) individuals.

Considering the above, the expenses that a taxpayer (in this particular case) stated in its ledger based on a fee for participation and accommodation of its business partners in a symposium, represents entertainment expenses which are recognized for tax balance purposes in accordance with Article 12, para 7 of the Law.

However, when it comes to expenses that the taxpayer stated on the same bases for participation of its employees in the said symposium, such a stated expense does not represent an entertainment expense.

*(Ministry of Finance ruling, no. 011-00-154/2017-04 as of May 8, 2017)*

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