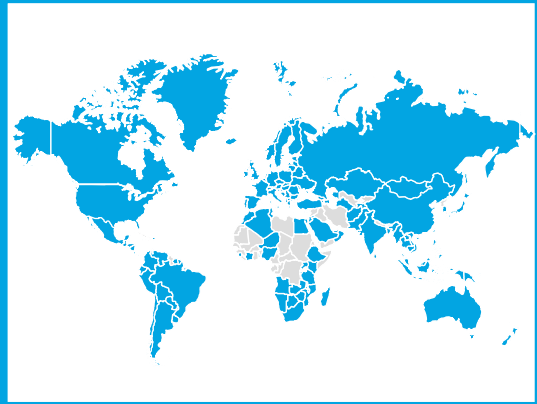


INPATRIATES

Serbia

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

Residents of the Republic of Serbia are subject to personal income tax on worldwide income. Nonresidents are subject to personal income tax on their income from Serbia.

A resident of the Republic of Serbia is an individual who:

- Has residence or center of business and personal interests in the territory of the Republic, or
- Resides in the Republic of Serbia for a continuous period or periods exceeding in the aggregate 183 days in the twelve-month period that begins or ends in the fiscal year concerned.

Personal Income tax Treatment

Personal income tax is payable by individuals on different sources of personal income generated. The taxable income includes salaries, income from self-employment, income from royalties and industrial property rights, income from capital, income from real estate, capital gains and other income. The text below describes in more detail the taxation of salaries.

According to Serbian regulations and most of the concluded Double Tax Treaties, if the assignee is present in the Republic of Serbia for a period or periods that are exceeding in the aggregate 183 days in the fiscal year concerned, he will be obliged to pay tax at the rate of 10% on his/her monthly salary.

In the case where the company which assigns the employee to work in the Republic of Serbia pays the salary, the assignee will have the sole obligation for submitting the tax return and paying the tax within the 30 days from the day of submission.

Otherwise, in the case where the company from the Republic of Serbia to which the employee is assigned performs payments of salary, such company will have the obligation to submit the tax return and pay the tax on the day of submission.

Furthermore, depending on the provisions of the Double Tax Treaty, the taxes paid in Serbia can be used as a tax credit for calculated tax in the other country. Please note that such a credit cannot exceed the amount of taxes that would be calculated and paid in the other country.

Annual Personal Income Tax

In addition to the personal income tax paid during the year, an individual is obliged to pay the Annual Personal Income Tax at the end of the year if his income exceeds the amount of three times the average annual salary paid per employee in the Republic of Serbia. He will be obliged to submit the tax return by 15 May of the year following the year in which the income was realized (e.g. 15 May 2020 for income realized in year 2019).

Further, a resident individual whose income in the year exceeds the mentioned amount is obliged to pay Annual Personal Income Tax for worldwide income. Otherwise, a nonresident individual only pays Income Tax for income earned in Serbia.

The Annual Personal Income Tax shall be paid at the following rates:

- For realized income up to six times the amount of the average annual income - at a tax rate of 10%;
- For realized income exceeding six times the amount of the average annual income - at a tax rate of 15%.

For comparison purposes, please note that the threefold average salary in Serbia for year 2019 was approximately 23,159 EUR.

INCOME TAX RATES

Tax rates	Type of tax and contributions
10%	Salary
20%	Other income
10%	Self-employment
20%	Royalties and industrial property rights
15%	Income from capital
20%	Income from real estate
15%	Capital gains
25.5%	Pension and disability insurance
10.3%	Health insurance
0.75%	Unemployment insurance

SOCIAL TAX RATES

The Republic of Serbia has signed Social Security Conventions with certain countries. In order to exercise the right not to calculate contributions in Serbia, the assignee will be obliged to obtain a Confirmation that he is socially insured in the other country, on the prescribed form.

If the Confirmation on social insurance is not provided, social security contributions shall be calculated according to domestic rules on salary received from abroad.

This means that assignee should pay tax as well as social security contributions at the following rates:

- For pension and disability insurance - 25.5%;
- For health insurance - 10.3%;
- For unemployment insurance - 0.75%

Additionally, the legislation in Serbia provides the maximum base for calculation of mandatory social security contributions as a five times average salary in Serbia. In case the income exceeds the maximum base, mandatory social security contributions would only be paid on the maximum base.

For comparison purposes, please note that monthly maximum base for calculation of mandatory social security contributions in Serbia for year 2019 is approximately 2,899 EUR, while the annual maximum base was approximately 34,795 EUR.

REGISTRATION/FORMALITIES

Every foreign citizen who enters the territory of the Republic of Serbia must be registered in the Directorate for Foreigners of the Ministry of Interior Affairs of the Republic of Serbia as a competent body. The deadline for registration is 24 hours from the moment of providing the accommodation service to a foreigner. A competent body issues the “White card” i.e. Foreigner’s residence registration certificate.

If a foreign citizen intends to stay in the Republic of Serbia more than 90 days, he/she is obligated to submit the request for **temporary residence** in the Republic of Serbia.

Non-residents that come to Serbia with an intention to work for a period exceeding 90 days over a period of six months from the first day of entrance in the Republic will have to apply for a **work permit**.

Prior to leaving the Republic of Serbia, non-residents are obliged to register with the Directorate for Foreigners of the Ministry of Interior Affairs.

For further information and to register for future updates contact expat@bdo.global

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