



**1/2017
NEWSLETTER**

ISAILOVIĆ&PARTNERS

Beginning of this year has brought several new regulations which are very important for most of the business subjects. Herein we are giving an overview of the amendments and new regulations which we consider important for you and your business. For any questions or further assistance, do not hesitate to call us or write.

Isailovic & Partners
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AMENDMENTS TO THE PUBLIC-PRIVATE PARTNERSHIP AND CONCESSIONS ACT

National Assembly of Republic of Serbia on December 22nd 2016 passed the Amendments to the Public-Private Partnership and Concessions Act. Amendments are in force from December 31st 2016.

Amendments give the possibility to, within the proposal of the project or concession act, prescribe that the private partner shall have the right to directly charge the end-users for the provided services.

It has been cleared up that the period of validity of the public contract starts on the day of signing.

Public body is now obliged to send the final draft of the public contract, with all the addendums, to the competent authority after the decision on appointment of the private partner. Prior to this amendment, draft had to be sent before making the decision on appointment of the private partner.

DANGEROUS GOODS TRANSPORT ACT

Dangerous Goods Transportation Act came into force on December 31st 2016.

The Act prescribes the conditions for inland and international transport of goods by road, rail and/or inland water in Republic of Serbia, conditions regarding the packaging and vehicles for transport of the dangerous goods and the powers of the competent authorities and organizations regarding the rules of transport of such goods.

In terms of the Act, dangerous goods are items or materials whose transport is prohibited, i.e. allowed under the conditions prescribed by European Agreement Concerning the International Carriage of Dangerous Goods by Road, Convention Concerning International Carriage by Rail and European Agreement Concerning the International Carriage of Dangerous Goods by Inland Waterways.

The Act prescribes number of conditions that subjects in transport – senders, organizers of transport, packers, fillers, loaders, carriers, recipient, unloaders, road drivers, rail infrastructure handlers, commanders, owners and lessees of ships, ship crews, manufacturers of packaging and other persons are required to fulfil regarding the dangerous goods and carriage of dangerous goods.

Subject in transport of dangerous goods (company, other legal entity or entrepreneur who is the sender, carrier, recipient, loader, packer, filler, user of container-cistern, i.e. portable cistern, cistern wagon, rail infrastructure handler, unloader, organizer of transport and any other company, legal entity or entrepreneur undertaking preparation for transport and transport of dangerous goods is

HOUSING AND MAINTENANCE OF BUILDINGS ACT

obliged to hire one or more advisors for safety and submit the personal data of the advisor to the Ministry of Construction, Traffic and Infrastructure.

Vehicles for road carriage of dangerous goods must have certificate of compliance with the conditions prescribed by the European Agreement Concerning the International Carriage of Dangerous Goods by Road. Transport of dangerous goods can be conducted only by drivers that have valid certificate on professional competence for carriage of dangerous goods, in accordance with that Agreement.

Road transport of dangerous goods is controlled by police officers.

Breach of the provisions of the Act shall be treated as criminal offense, with fines for legal entities ranging from RSD 300.000 to 3.000.000 and misdemeanors, with fines for legal entities ranging from RSD 100.000 to 2.000.000.

The Act has been passed on December 22nd and came into force on December 31st 2017.

This act determines the sustainable development of housing, management of the buildings, use and maintenance of the buildings, common and particular parts of the buildings, eviction and moving of the tenants and other matters.

Buildings are residential buildings, family houses, business-residential buildings, business buildings, public purpose buildings and other objects.

Owner of the particular part of building must repair and undertake other works on common part of the building in order to prevent damage on his particular part, if the person responsible for such repairs and works fails to undertake such activities timely.

In buildings with common parts and at least two particular parts owned by different persons, the building is managed by housing community or a professional manager. Housing community consists of all the owners of the particular parts of the residential, i.e. business-residential building. Housing community is considered legal entity from the moment at least two different persons become owners of two different particular parts of the building. Housing community must be registered in the register of housing communities and has its TIN, registration number and bank account.

Mandatory bodies of the housing community are the assembly and the manager. Assembly appoints the manager from the members of the housing community or delegates the duties of the manager to the professional manager. Lessees of the particular parts participate in the assembly and costs of maintenance of the building if they have agreed on that with the owner of the particular part, i.e. if the lease agreement is made for undefined time period.

The Act brings the rules on eviction of the illegal tenants, determines the procedure of eviction of the persons living in buildings that were built contrary to the law on planning and construction and that exist on the land owned by other legal entities and individuals, the procedure of moving the tenants to appropriate locations and the rules of housing support to the persons which

cannot solve their housing needs under market conditions. Local self-governments shall be running the registers of housing communities, while the Republic Geodetic Authority shall run the central register of all the housing communities. Licenses for professional managers shall be issued by Serbian Chamber of Commerce.

Maintenance of the buildings includes urgent interventions, day-to-day maintenance and investment maintenance.

Lessor of the flat is required to submit the lease agreement to the competent tax authority within 30 days of signing.

REAL ESTATE VALUE APPRAISERS ACT

On January 6th 2017, into force came the Real Estate Value Appraisers Act which determines the conditions and procedure of appraisal of value of real estate by licensed appraisers, mandatory appraisals and other matter regarding the appraisal of the value of real estate by licensed appraisers.

The Act applies to appraisals of the value of real estate necessary for conclusion of the mortgage credit loan agreements and other services of the financial institutions secured by mortgage, assessment of the value of real estate in bankruptcy procedure and appraisal of value of real estate in extrajudicial settlement.

Application of the Act shall start after 150 days from the day the Act came into force.

AMENDMENTS TO THE CUSTOMS ACT

On January 6th 2017, amendments to the Customs Act came into force.

One of the most important is the one determining that the Ministry of Finance shall be making decisions on appeals against first-instance decisions made in administrative proceeding by the customs authority and that the Appeals Commission of Customs Administration shall cease to exist. This provision shall be applied from July 1st 2017.

Domestic and foreign citizens are no more relieved from the payment of import duties on medications for personal use received in consignments from abroad, while disabled persons and their organizations are no more relieved from the payment of import duties, except for the items for education, employment or improvement of the social status of disabled persons.

Import duties are now charged on new equipment that's not being produced in the country, that is imported for new production or widening of the existing production, modernization of the production, implementation of new technology or update of the current technology.

AMENDMENTS TO THE TAX PROCEDURE AND TAX ADMINISTRATION ACT

On January 1st 2017, amendments to the Tax Procedure and Tax Administration Act came into force. From July 1st 2017, the body formed in the Ministry of Finance shall be in charge for the second-instance procedure instead the Tax Authority.

Besides General Administrative Procedure Act, the tax procedure shall be also conducted in accordance with the provisions of the Inspections Act.

Tax Authority shall make decisions on cessation of the tax obligations in accordance with the prescribed reasons.

TIN cannot be assigned to the legal entity incorporated by legal entity, entrepreneur or individual whose TIN has been temporarily forfeited. On demand of the bankruptcy judge, TIN can be temporarily restored to the taxpayers in bankruptcy, during the bankruptcy procedure. Commercial subject whose TIN has been temporarily forfeited cannot be deleted from the register of the Serbian Business Registers Agency, cannot register status changes, or changes to the data on stakeholders, name, seat, stake and legal form, until SBRA receives the notice that TIN has been restored.

From the day of inventory of the real estate in enforced collection procedure, taxpayer cannot dispose the real estate subject to enforced collection and such prohibition shall be inscribed in the cadaster.

The decision on tax can be made without prior statement of the taxpayer, if the decision is based on data from the records of the competent authorities.

Foreign legal entities undertaking the trade of goods and services in the Republic of Serbia, without registered seat or permanent establishment, or if it has permanent establishment, but the undertakes the trade outside its permanent establishment, shall be charged with fine ranging from RSD 100.000 to 2.000.000, if it fails to appoint tax representative or file for taxation.

AMENDMENTS TO VALUE ADDED TAX ACT

On January 1st 2017, amendments to Value Added Tax Act came into force.

Amendments prescribe that the foreign legal entity or individual undertaking taxable trade of goods and services in the Republic of Serbia is required to appoint tax representative or file for VAT, regardless of the value of trade in the past 12 months. Foreign legal entity or individual that conducts taxable trade strictly to the VAT taxpayers is not required to appoint tax representative and file for VAT in the Republic of Serbia.

If services are traded to the taxpayer, the place of trade shall be considered the place where the recipient's registered seat or permanent establishment is, if these are different places, i.e. residence. If services are traded to the taxpayer who isn't the

taxpayer, the place of trade shall be considered the place where the registered seat or permanent establishment of the provider of services is, if these are different places, i.e. residence. There are numerous exceptions. These provisions shall apply from April 1st 2017.

Application of the provisions regarding the obligation to file the review of VAT calculation attached to the tax return is delayed to January 1st 2018.

AMENDMENTS TO THE EXCISE TAX ACT

On January 1st 2017, amendments to the Excise Tax Act came into force.

Excise taxpayer is considered each person selling excisable products acquired in accordance with the law and registered in the business books of such person and each person that in the Republic of Serbia trades excisable products illegally. Excisable products which do not fulfil the conditions required for trade shall be seized in accordance with the Tax Procedure and Tax Administration Act. These provisions shall apply from January 1st 2018.

The products made of substances that aren't tobacco, but are considered tobacco products in accordance with Tobacco Act, tax base for determination of the minimum excise is the minimum excise on tobacco for smoking and other tobacco products, in proportion to the amount of tobacco in such products.

AMENDMENTS TO THE CITY OF BELGRADE'S DECISION ON BUILDABLE LAND

City of Belgrade's assembly passed amendments to the Decision on Buildable Land on December 29th 2016 and January 26th 2017 and they will come into force on February 2nd 2017.

Most important changes are that in case of repeated public bid, when no one submits a bid after the first public invitation, starting price of the land shall be decreased by 20% of the market price, and in case of any further repeated public bid starting price shall be decreased for 40% of the determined market price of the buildable land. If the buildable land is being disposed through a direct agreement, the market price shall be decreased for 30% of the determined price of the buildable land, if the price is paid at once, except for the exchange of the immovable property.



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