Unofficial translation, just for information purposes

RS Official Gazette, 84/2004, 86/2004, 61/2005, 61/2007, 93/12, 108/13, 68/14, 142/14, 83/15, 108/16

VALUE ADDED TAX LAW

I. INTRODUCTORY PROVISIONS

Article 1

This Law shall introduce the value added tax (hereinafter: VAT) in the Republic of Serbia (hereinafter: the Republic).

The VAT shall mean a general consumption tax that is assessed and paid on the delivery of goods and provision of services in all stages of production and sales of goods and services, as well as on the import of goods, unless otherwise provided by this Law.

Article 2

The revenue from the VAT shall belong to the budget of the Republic.

II SUBJECT OF TAXATION

Article 3

The subject of the VAT shall be the following:

1) Delivery of goods and provision of services (hereinafter: the sale of goods and services) carried out by a taxpayer in the Republic for a charge, in the conduct of its business;

2) Import of goods into the Republic.

Sale of Goods and Services

Article 4

For the purposes of this Law, the sale of goods shall mean the transfer of the right to manage tangibles (hereinafter: the goods) to a person who can dispose of them as their owner, unless otherwise provided by this Law.

Goods shall also mean water, electricity, gas and heating and cooling energy.

For the purposes of this Law, the sale of goods shall also mean the following:

1) Transfer of the right to dispose of goods for a charge on the basis of regulations or other acts of a government body, a territorial autonomy body or a local self-government body;

2) Delivery of goods under a leasing contract or under a sales contract with deferred payment, which provides that the right of disposal is to be transferred upon payment of the last instalment;

2a) Delivery of goods based on a leasing or lease contract, concluded to a fixed period, for movable and immovable property, whereby none of the contracting parties can terminate the contract if all the parties comply with the contractual obligations;

3) Delivery of goods by the owner to a commission agent and by a commission agent to the recipient;

4) Delivery of goods under a contract on the basis of which commission is payable on sale;

5) Delivery of goods by the owner to the consignment-stock keeper and by the consignment stock keeper to the recipient of goods;

6) Delivery of goods produced or assembled on the customer's order using the supplier's materials, unless only accessories or other additional materials are involved;
7) First transfer of the right of disposal of newly erected buildings or economically divisible entireties in such buildings;
7a) First transfer of equity shares in newly constructed buildings or economically divisible entireties in such buildings;
8) Exchange of goods for other goods or services.
The following shall be considered equal to sale of goods for a charge:
1) Taking goods that are part of the taxpayer's business assets for the founders', owners', employees' and other individuals' personal needs;
2) Any other sale of goods without a charge;
3) Declared expenditures (ullage, wastage, breakdown and breakage) exceeding the quantity determined by the act issued by the Republic of Serbia Government.
The taking of goods or any other transfer of goods referred to in paragraph 4 of this Article shall mean the sale of goods for a charge, on condition that the VAT assessed in the previous phase of sale on such goods or their components may be deducted wholly or proportionately, regardless of the eligibility for deduction of input tax.
If the delivery of goods is made concurrently with an additional delivery of goods or additional provision of services, it shall be deemed that a single delivery of goods has been made.
Transfer of rights of disposal on buildings or economically divisible entireties in such buildings, which are considered immovable property under the Law regulating immovable property, shall not be deemed additional delivery of goods referred to in paragraph 6 of this Article.
In the case of transfer of total or partial property, with or without compensation, or as an equity stake, the delivery of each good within the transferred property shall be deemed a separate sale.
In the case of a delivery in batches of one and the same product, where the first supplier transfers the right of management directly to the last recipient of goods, any delivery effected in batches shall be deemed a separate delivery.
The minister in charge of finance (hereinafter: the Minister) shall set out in greater detail what is meant by a newly erected building referred to in paragraph 3, item 7), of this Article, as well as what is meant by taking the goods that are a part of the taxpayer's business assets, as well as any other transfer without a charge as referred to in paragraph 4 of this Article.

Article 5

For the purposes of this Law, the sale of services shall be understood to mean all operations and acts in the scope of conducting activities that are not considered the sale of goods as referred to in Article 4 of this Law.
Any failure to act and sufferance shall also mean the sale of services.
For the purposes of this Law, the following shall also be regarded as the sale of services:
1) Transfer, relinquishment and disposition of copyrights and related rights, as well as of patents, licenses, trademarks and other intellectual property rights;
2) Provision of services for a charge on the basis of the regulations or other acts of government bodies, territorial autonomy bodies or local self-government bodies;
3) Delivery of goods produced or assembled on the ordering party's instructions using the materials supplied by the ordering party;
4) Exchange of services for goods or services;
5) Delivery of foods and beverages for consumption on the spot;
6) DELETED ("RS Official Gazette", 61/05)

7) Relinquishment of shares or interests.
The following shall also be regarded as the sale of services for a charge:
1) Use of goods that are a part of a taxpayer's business assets for the founders', owners', employees' and other individuals' personal needs or usage of assets by the taxpayer for non-business purposes;
2) Provision of services by the taxpayer free of charge for the founders', owners', employees' and other individuals' needs or provision of services for non-business purposes by the taxpayer;
The use of goods as referred to in paragraph 4, item 1), of this Article shall be deemed the sale of goods for a charge, on condition that the VAT assessed in the previous sale phase on such goods can be deducted wholly or proportionately, regardless of the eligibility for deduction of input tax.
If an additional service is provided or additional goods are delivered concurrently with a service, it shall be deemed that one service has been provided.
While transferring property as a whole or partially, with or without compensation, or as an equity stake, each service provided by transfer of property shall be deemed as a separate transfer.
The Minister shall specify what is meant by the use of goods and the provision of services as referred to in paragraph 4 of this Article.

Article 6

For the purposes of this Law, the following shall not be considered the sale of goods and services:
1) Transfer of property wholly or partly, with or without charge or as an equity stake, if the transferee is a taxpayer or is to become one on the basis of that transfer and if it carries on conducting the same business;
2) Replacement of goods in warranty period;
3) Giving away free of charge business samples in the usual quantity for such purposes to buyers or prospective buyers, or to third persons for analysis based on the act of a competent authority;
4) Giving promotional material and other presents of small value, if given occasionally to different persons.
Part of the property referred to in paragraph 1, item 1) of the present Article is considered to be an entirety which enables its acquirer to independently perform business activity.
In the case of transfer of the entire or a part of the assets as referred to in paragraph 1, item 1), of this Article, it shall be deemed that the acquirer is taking the place of the transferor.
The transferor of property or part of the property referred to in paragraph 1, item 1) of this Article shall submit to the acquirer all information pertaining to goods and services that make up the property or part of the property which has been transferred.
If within three years from the date of completed transfer of property or part of the property in accordance with paragraph 1, item 1) of this Article the conditions referred to in paragraph 1, item 1) of this Article cease to exist, the acquirer of the property or part of the property shall calculate VAT on goods and services acquired through that transfer, which became part of his property on the day the conditions expired, in the manner the transferor of property or part of the property should have calculated VAT if the conditions referred to in paragraph 1, item 1) of this Article had not been fulfilled during transfer of property or part of the property.
Notwithstanding Paragraph 5 of this Article, the obligation to calculate VAT shall not apply to equipment and facilities for the performance of business activities and investments in facilities for business activities for which there is an obligation to correct the input tax deduction in accordance with this Law.

The Minister shall specify the procedure for the replacement of goods in the warranty period, what is meant by the transfer of entire or a part of assets, with or without charge, or as an equity stake, as referred to in paragraph 1, item 1), as well as what is meant by the usual quantity of business samples, promotional material and presents of small value referred to in paragraph 1, items 3) and 4), of this Article.

Import of Goods
Article 7
Import shall mean any bringing of goods into the customs territory of the Republic.

III. TAXPAYER, TAX DEBTOR AND TAX PROXY

Taxpayer
Article 8
A taxpayer (hereinafter: the taxpayer) shall mean a person, including a person without a head office or residence in the Republic (hereinafter: foreign person), that is selling goods and services independently in the scope of its business.
The business referred to in paragraph 1 of this Article shall mean a permanent activity of a producer, merchant or provider of services that is pursued for the purpose of generating income, including the exploitation of natural resources, farming, forestry and self-employment.
A taxpayer shall be deemed to be conducting a business also when he is conducting it within a permanent branch office.
Notwithstanding paragraph 3 of this Article, if a foreign person has a permanent branch office in the Republic, that foreign person shall be the payer for the sale not performed by his permanent branch office.
A permanent branch office as referred to in paragraphs 3 and 4 of this Article shall mean an organizational part of the legal entity which, in keeping with the Law, is entitled to perform business activities.
A taxpayer shall mean a person on whose behalf and for whose account goods are delivered or services provided.
A taxpayer shall mean a person that is delivering goods, providing services or importing goods on his own behalf and for the account of another person.
Article 9
For the purposes of this Law, the Republic and its bodies, organizations of territorial autonomy and local self-government as well as legal entities established under Law or other act of the Republic or territorial autonomy or local self-government, for the purpose of dealing with matters within the competencies of government agencies (hereinafter: the Republic, authorities and legal entities), shall not be deemed taxpayers under this Law, if they are selling goods and services in the scope of the government administration competencies or for the purposes of state administration or local self-government.
The Republic, bodies and legal entities referred to in paragraph 1 of this Article shall be deemed taxpayers, if they are selling goods and services taxable under this Law for which the exemption from taxes could cause an infringement of competition or which are outside the scope of the government administration competencies or the activities of state administration or local self-government. It is considered that exemption from taxes referred to in paragraph 1 of this Article could lead to infringement of competition pursuant to this Law if the sale of goods and services

referred to in paragraph 1 of this Article, apart from the Republic, authorities and legal entities, is also conducted by some other entity.

Tax Debtor
Article 10

For the purposes of this Law, tax debtors shall also include the following:

1) A taxpayer conducting a taxable supply of goods and services, except when other person is obligated to pay VAT in accordance with this Article;

2) DELETED ("RS Official Gazette", 83/15);

3) A recipient of goods and services, if the foreign person is not a VAT taxpayer in the Republic, regardless of whether he has a permanent branch office or whether that permanent branch office is subject to paying VAT taxes in the Republic;

4) A person that declares the VAT in a bill or other document serving as a bill (hereinafter: the bill), without being obligated to assess and pay the VAT under this Law or without having performed supply of goods or services;

5) A person importing goods;

Notwithstanding paragraph 1, item 1) of this Article, the tax debtor is:

1) A recipient of goods or services, a VAT payer, for the sale of secondary raw materials and services that are directly related to those goods, carried out by another VAT payer;

2) A recipient of goods, a VAT payer, for the sale of construction buildings and economically divisible units within these buildings, including ownership shares in such assets, carried out by another VAT payer, when the contract which regulates the sale of those assets stipulates that VAT shall be calculated for that sale in accordance with this Law;

3) A recipient of goods and services in construction industry, a VAT payer, or the person referred to in Article 9 paragraph 1 of this Law, for the sale conducted by the VAT payer;

4) A recipient of electric energy and natural gas delivered through transmission, transport and distribution network, a VAT payer who acquired these goods for resale, for the sale of electric energy and natural gas performed by another VAT payer;

5) A recipient of goods or services, a VAT payer, for the sale performed by another VAT payer as follows:

(1) Mortgaged real estate in the process of foreclosure in accordance with the law governing mortgage;

(2) Pledged goods in the process of debt settlement in accordance with the Law governing the right of pledge on movable assets;

(3) Goods or services being the subject of enforcement in the process of enforcement proceedings in accordance with the Law;

6) An acquirer of property or part of property which is transferred in accordance with the Article 6, paragraph 1 of this Law, when after such transfer the conditions referred to in Article 6 paragraph 1 item 1) ceased to exist.

Notwithstanding paragraph 1, item 3) of this Article, when a foreign person supplies goods and services in the Republic to the person who is not a VAT payer, except if it is the person referred to in Article 9, paragraph 1 of this Law, and the compensation for the supply of goods and services in the name and on behalf of a foreign person is charged by a VAT payer, the tax debtor for that sale shall be the VAT payer who charges the compensation.

The Minister shall specify what is considered as secondary raw materials, services that are directly related to secondary raw materials and goods and services in the construction industry referred to in paragraph 2 items 1) and 3) of this Article.

Tax Proxy
Article 10a

A foreign person who makes taxable sale of goods and services in the Republic shall appoint a tax proxy and register for tax obligation, regardless of the amount of sale performed within the previous 12 months, unless otherwise prescribed by this Law.

Foreign person shall not be obligated to appoint a tax proxy in the Republic and register for tax obligation if he is performing taxable supply of goods and services in the Republic to VAT taxpayers exclusively or persons referred to in Article 9, paragraph 1 of this Law, or if he is providing passenger transport services by buses, for which the tax basis for calculating VAT is determined by an average transportation fee for each individual transport, in accordance with this Law.

The foreign person referred to in paragraph 1 of this Article may appoint only one tax proxy.

Tax proxy of a foreign person may be a natural person, including an enterpreneur or a legal person who has a residence or head office in the Republic, who has been a registered VAT payer for at least 12 months before applying for approval of the tax power of attorney, who on the day of application has no due and unpaid obligations for public revenues on the basis of conducting business as determined by the Tax Administration and to whom the relevant tax authority, on the basis of the submitted application for approval of a tax power of attorney accompanied by the prescribed documentation (hereinafter: the application for tax proxy), issued a decision approving the tax proxy.

Tax proxy of a foreign person may not be the permanent branch office of that foreign person.

Tax proxy of a foreign person, in the name and on behalf of that foreign person, performs all tasks related to fulfilling the obligations and exercising rights that a foreign person has as a VAT payer in accordance with this Law (filing of a registration form, calculation of VAT, invoicing, filing tax returns, payment of VAT, and other).

The competent tax authority shall not issue an approval for tax proxy to a person who has been convicted for a tax crime.

The competent tax authority shall cancel the approval for tax proxy to a person who has been convicted for a tax crime.

In the event of cancellation of approval for tax proxy referred to in paragraph 8 of this Article, or termination of the tax power of attorney on any other basis, all legal consequences of the erasure from the register for VAT in terms of this Law arise, unless the foreign person within 15 days of the cancellation of approval for tax proxy, or termination of the tax power of attorney on other grounds, appoints another proxy, and such proxy, in the same term, files an application for tax proxy to the competent tax authority.

If the competent tax authority does not approve the tax power of attorney to the proxy referred to in paragraph 9 above, all legal consequences under that paragraph arise.

In case of revocation or cancellation of the power of attorney, tax power of attorney shall terminate on the day when the competent tax authority received a notice of revocation or cancellation of power of attorney, sent by the person whose power of attorney ceased by revocation or cancellation.

Tax proxy of a foreign legal person shall be jointly and severally liable for all obligations of the foreign person as a VAT payer, including liabilities arising from the deletion from the VAT register, and in particular for the payment of VAT, penalties and interest in respect to the VAT debt.
Act for the enforcement of this Article shall be issued by the Minister.

IV PLACE AND TIME OF THE SALE OF GOODS AND SERVICES AND ONSET OF TAX LIABILITY

Place of the Sale of Goods
Article 11
The place of the sale of goods shall be the place:
1. Where goods are at the moment of their dispatch or transport to the recipient or on the recipient's order, to a third party, if the goods are dispatched or transported by the supplier, recipient or a third party, on his order;
2. Where the goods are incorporated or assembled, if they are incorporated or assembled by the supplier or on his instructions, by a third party;
3. Where the goods are at the moment of delivery, if delivery is being carried out without dispatching and/or carriage;
4. Where the recipient of electricity, gas, heating and cooling energy, which is being delivered through the transmission, transportation and distribution networks, and which has been acquired by the recipient for further resale, has its head office or a permanent branch office to which these goods are delivered;
5. Where water, electricity, gas and heating/cooling energy are received for final consumption.
In the case of sale of goods on consignment stock or commission basis, the place of the sale of goods by the commission agent or consignment-stock keeper shall be determined as provided by paragraph 1 of this Article, also when the delivery is made to the commission agent or the consignment-stock keeper.

Place of the Sale of Services
Article 12
This Article shall determine the taxpayer exclusively in reference to the rules which apply to setting the place of sale.
If the service is being rendered by a VAT taxpayer in accordance with this Law, the taxpayer receiving such services shall be one of the following:

1) Any individual performing activities as a permanent business regardless of the purpose of such activity;
2) Legal entities, state bodies, territorial autonomy bodies or local self-government bodies, with head offices in the Republic;
3) Foreign legal entities, state bodies, territorial autonomy bodies or local self-government bodies, registered for paying consumption taxes in the states where they have their head offices.

If the service is being supplied by a foreign person not registered for VAT obligation in accordance with this Law, taxpayer to whom such services are supplied shall be one of the following:

1) Any individual performing activities as a permanent business regardless of the purpose of such activity;
2) Legal entities, state bodies, territorial autonomy bodies or local self-government bodies.

If services are being supplied to a taxpayer, the place of sale of services shall be the place where the recipient of services has a head office or a permanent branch office, if the supply of services is made to a permanent branch office which is not situated in the place where the recipient has a head office or a permanent or temporary residence.

If services are being supplied to a non-taxpayer, the place of sale of the services shall be the place where the provider of services has a head office or a permanent branch office, if the supply of services is made from a permanent branch office which is not situated in the place where the provider of services has a head office or a permanent or temporary residence.

Notwithstanding the provisions of paragraphs 4 and 5 of this Article, the place of sale of services shall be one of the following:

1) The place where the real estate is situated, in the case of a service directly associated with that real estate, including mediation in the sales of such real estate;

2) The place where passengers' transport is carried out, and if transport is carried out both in the Republic and abroad, the provisions of this Law shall apply only to the transport carried out in the Republic;

3) The place where the transport of goods is carried out, if such transport is provided to a non-taxpayer, and if the transport is carried out both in the Republic and abroad the provisions of this Law shall apply only to the transport carried out in the Republic;

4) The place where service was actually provided, if the following are involved:

(1) Services related to participation in cultural, artistic, sports', scientific, educational, entertainment/show business and similar events (fairs, exhibitions, etc.), including logistic support for such participation;

(2) Services of the promoters of events referred to in subitem (1) of this item, delivered to a non-taxpayer;

(3) Accessory transport services, such as loading, unloading, transshipments and similar services rendered to a non-taxpayer;

(4) Chattel assessment services or work performed on chattels for a non-taxpayer;

(5) On the spot catering;

5) The place where vehicles are actually rented by the client, in the case of short-term vehicles rental;

6) The place where a person renting a vehicle has a head office, or a permanent or temporary residence, if a person renting a vehicle is a non-taxpayer, and in the case of vehicle rental not subject to item 5) of this paragraph;

7) The place where the recipient of services has a head office, a permanent or temporary residence, if the following services are provided to a non-taxpayer:

(1) Transfer, relinquishment and disposition of copyrights and related rights, rights to patents, licenses, trademarks and other intellectual property rights;

(2) Advertising;

(3) Consulting, engineering, legal advice, auditing and the like, as well as interpreting, including written translations;

(4) Data processing and providing/relinquishing information, including the information on business activities and experiences;

(5) Undertaking obligation to withdraw fully or partially from performing certain activity or obligation to waive certain rights referred to in this item;
(6) Banking, financial transactions, insurance and reinsurance, with the exception of renting safes;
(7) Making personnel available;
(8) Hiring out chattels, with the exception of means of transport;
(9) Facilitating access to the natural gas network, electricity transmission network and heating or cooling network, transport and distribution via these networks, as well as other services that are directly related to those services;
(10) Telecommunications services;
(11) Radio and television broadcasts;
(12) E-services;
8) The place of actual sale of the goods and services which are subject to mediation if mediation for the sales of goods or services has been provided to a non-taxpayer.
A place of the sale of mediation services, except for mediation services specified in paragraph 6, item 1), of the present Article shall be determined in accordance with paragraph 4 of the present Article.
Short-term rental referred to in paragraph 6, item 5) of the present Article shall be uninterrupted period of time not longer than 30 days, and in case of vessels not longer than 90 days.
The Minister shall specify what are considered to be: services referred to in paragraph 6 item 1), item 4) subitem (5), vehicles referred to in items 5) and 6) and item 7) subitem (8), as well as services referred to in item 7) subitem (12) of this Article.

Place of the Import of Goods
Article 13
The place of import of goods shall be any place at which imported goods are brought into the customs territory of the Republic.

Time of the Sale of Goods
Article 14
The sale of goods shall take place when it is made:
1) On the date of commencement of the dispatch or carriage of goods to the recipient or a third party, on its request, if goods are being sent or carried by the supplier, recipient or a third party at their request;
2) On the date of the takeover of goods by the recipient in the case of goods that are to be installed or mounted by the supplier or by a third party based on its order;
3) On the date of the transfer of right of disposal of goods to the recipient, if goods are delivered without dispatch and/or carriage;
4) On the date of official reading or other legal manner of determining the metered quantity of received water, electricity, gas and heating/cooling energy delivered through the transmission, transportation and distribution network, to a person referred to in Article 11, paragraph 1, item 4) of this Law, for the purpose of calculating the consumption;
5) On the date of reading of the received water, electricity, natural gas and heating/cooling energy, for the purpose of calculating the consumption;
In the case of commission sales and consignment stock sales, the time of delivery of goods by the commission agent or consignment-stock keeper shall be determined in accordance with

paragraph 1 of this Article also for the delivery to the commission agent or consignment-stock keeper.
The provisions of paragraphs 1 and 2 of this Article shall also apply to partial deliveries.
The partial deliveries referred to in paragraph 3 of this Article shall also be deemed existent if a special price has been stipulated by contract for economically divisible deliveries.

Time of the Provision of Services
Article 15
A service shall be deemed provided on the day when:
1) A single provision of service is completed;
2) A legal basis for provision of services ceased to exist - in the event of providing time limited or unlimited services.
Notwithstanding paragraph 1 item 2) of this Article, if periodical invoices are issued for the provision of services, the sale of services shall be deemed effected on the last day of the period for which the invoice is issued.
A partial service shall be deemed effected when the provision of that part of service was completed.
The partial provision of services referred to in paragraph 3 of this Article shall be deemed existent, if a special charge has been stipulated for specific parts of economically divisible services.

Time of Import of Goods
Article 15a
The time of import of goods initiates on the day when the goods are brought into the customs territory of the Republic.

Onset of Tax Liability
Article 16
Tax liability shall run from the date of the earliest completion of the following operations:
1) Sale of goods and services;
2) Collection of payment, if the price was paid wholly or partially prior to the sale of goods and services;
2a) Issuing invoice for the services referred to in Article 5, paragraph 3, item 1) of this Law;
3) Onset of the duty to pay customs debt in the case of importing goods, and if there is no such duty, on the date on which the duty to pay that debt would mature.

V. TAX BASE AND TAX RATE

Tax Base in the Case of Sale of Goods and Services
Article 17
The tax base (hereinafter: the base) in the case of sale of goods and services shall be the price (in money, objects or services) received or to be received by the taxpayer for the goods delivered or services provided by the recipient of goods or services or a third party, including subsidies and other income (hereinafter referred to as: subsidies), into which the VAT is not included, unless otherwise prescribed by the present Law.

The subsidies referred to in paragraph 1 of this Article shall be the monetary means which form the compensation, or part of the compensation, for the supply of goods or services, except monetary means issued as incentives in order to attain goals of a certain policy in accordance with the law.
The base shall also include the following:
1) Excise tax, customs duty and other import charges, as well as other public revenues, with the exception of VAT;
2) All secondary expenses the taxpayer charges to the recipient of goods and services.
The base shall not include the following:
1) Discounts and other price reductions granted to the recipient of goods or services at the time of sale of goods or services;
2) Amounts collected by the taxpayer on behalf and for account of another person, if it is transferring that amount to the person on whose behalf and for whose account the taxpayer has made the collection.
If the price or a part thereof is not expressed in money, but in the form of sale of goods and services, the base shall mean the market value of such goods or services on the date of their delivery, excluding VAT.
In the case of sale of goods or services which make up an equity share in a company, the base shall be the market value of such goods and services as on the date of their delivery, excluding VAT.
The Minister shall specify the manner of determining the tax base.

Article 18
The base in the case of sale of the goods without compensation shall mean the purchase price of such or similar goods at the moment of their sale.
The base in the case of sale of the services without compensation shall mean the cost price of such or similar services at the moment of their sale.
In the event referred to in paragraphs 1 and 2 of this Article, VAT shall not be included in the base.
In the case of transport of passengers by bus carried out by a person whose actual place of administration is not in the Republic, the base shall be the average fare for each transport individually.
The minister shall specify the manner of determining the average fare referred to in paragraph 4 of this Article.

Base in the Case of Imported Goods
Article 19
In the case of imported goods, the base shall be the value of such goods as determined in accordance with customs regulations.
The base referred to in paragraph 1 of this Article shall also include the following:
1) Excise tax, customs duty and other import charges, as well as other public revenues, with the exception of VAT.
2) All secondary expenses incurred before reaching the first destination in the Republic.
In terms of paragraph 2, item 2), of this Article, the first destination shall mean the place denoted in the dispatch note or some other shipping document, and if one has not been denoted, the place of the first reloading of goods in the Republic.

Article 20

In the case of import of goods that had been temporarily exported by the taxpayer for the purpose of their being refined, processed, finished or converted (hereinafter: refinement), repaired or incorporated, the base shall be the price that has already been or is to be paid by the taxpayer for refinement, repair or incorporation, and if such price is not payable, the base shall be the increase in value resulting from refinement, repair or incorporation.

In a case referred to in paragraph 1 of this Article, the provisions of Article 19, paragraph 2, of this Law shall apply.

Change in the Tax Base

Article 21

Should the base be subsequently increased for the VAT taxable sale of goods and services, a taxpayer who has delivered the goods or services shall be obliged to correct, in conformity with such change, the VAT amount owed by him on that grounds.

The duty referred to in paragraph 1 of this Article shall also apply to the persons referred to in Article 10, paragraph 1, item 3) and paragraphs 2 and 3 of this Law.

Should the base be subsequently reduced, the taxpayer who has made the sale of goods and services may change the VAT amount only if the taxpayer receiving the goods and services - has corrected the deduction of the input VAT, and if he has notified accordingly, in writing, the supplier of goods and services.

If goods and services have been supplied to a taxpayer who is not eligible for deduction of the input VAT or a person who is not a VAT payer, the taxpayer may make the amendment referred to in paragraph 3 of this Article, if it possesses the document on the reduction of the charge for the goods and services sold to such persons.

The taxpayer may change the base for the part of the price that has not been paid only on the basis of an effective court decision on the conclusion of bankruptcy proceedings or on the basis of verified transcript of the minutes of court settlement.

If the taxpayer who has changed the base pursuant to paragraph 5 of this Article receives the full price or part of the price for delivered goods and services for which the change of base is permitted, he shall assess VAT on the amount received.

The correction of the base referred to in paragraphs 1 through 5 of this Article shall be made in the taxation period in which the change had occurred.

If the consideration for the sale of goods and services is denominated in a foreign currency, an increase or decrease in the value of the dinar against foreign currency does not lead to a change in the tax base, provided that the same type of exchange rate for dinars by the same bank is applied for the determination of the base, the output VAT and collection of the consideration.

Should the base for the imports of goods and services that are subject to VAT be changed in conformity with customs regulations, the provisions of the present Law shall apply.

The Minister shall specify the manner of tax base modification.

Calculation of the Values Declared in Foreign Currencies

Article 22

If the price of the sale of goods and services is declared in a foreign currency, that value shall be converted into domestic currency by applying the mean exchange rate of the central bank or the contracted exchange rate valid on the date of onset of tax liability.

If the base for imported goods is expressed in a foreign currency, that value shall be converted into domestic currency by applying the customs regulations specifying the customs value, valid on the date of onset of the tax liability.

Tax Rate
Article 23
The general VAT rate for the taxable sale of goods and services and import of goods shall be 20%.
Special 10% VAT rate shall apply to the following sale of goods and services or the imports of goods:
1) Bread and other baked products, milk and dairy products, flour, sugar, edible sunflower seed oil, maize, rapeseed, soybean and olive oils, and edible fats of animal and vegetable origin and honey;
1a) DELETED;
2) Fresh, chilled and frozen fruits, vegetables, meats, including giblets and other slaughterhouse products, fish and eggs;
2a) Cereals, sunflower seeds, soybean, sugar beet and rapeseed;
3) Medicaments, including the ones used in veterinary medicine;
4) Orthotic and prosthetic aids, as well as medical aids – products that are surgically implanted in the organism;
5) Dialysis materials;
6) Fertilizers, pesticides, seed stock, nursery stock, compost with mycelia, complete fodder mixtures for cattle and livestock;
7) Textbooks and teaching aids;
7a) DELETED;
8) Daily newspapers;
9) Monographs and serial publications;
10) Firewood, including briquettes, pellets and other similar goods made of wooden biomass;
11) Accommodation in hotel facilities in keeping with the Law regulating the area of turism;
12) services charged through tickets for the cinema and theater shows, fairs, circuses, amusement parks, concerts (music events), exhibitions, sporting events, museums and galleries, botanical gardens and zoos, if the sale of such services is not exempt from VAT;
12a) DELETED;
13) Natural gas;
13a) Thermal energy for heating purposes;
14) Transfer of rights of disposal over residential buildings, economically divisible units within those buildings, as well as over equity stakes on such properties;
15) Services that precede the supply of drinking water through water supply network, as well as drinking water, other than bottled water;
16) Treatment and disposal of storm water and wastewater;
17) Management of municipal waste;
18) Rubbish cleaning in the areas for public use;
19) Rubbish cleaning in green spaces and coastal areas;
20) Passenger transport and transport of accompanying passenger baggage;
21) Managing cemeteries and funeral services.

The Minister shall specify what is meant by the goods and services referred to in paragraph 2, items 1), 2), 2a), 4) through 11), and 15) through 21) of this Article, for the purposes of this Law.

VI. TAX EXEMPTIONS

Tax Exemption in the Sale of Goods and Services with the Right to Deduct Input Tax
Article 24

The VAT shall not be payable on the following:

1) Transport and other services associated with the import of goods, if the value of such goods is included in the base referred to in Article 19, paragraph 2, of this Law;

2) Sale of the goods which the taxpayer, or a third party based on his instructions, is dispatching or shipping abroad;

3) Sale of the goods which a foreign recipient, or a third party based on his instructions, is dispatching or shipping abroad;

4) Sale of goods which a foreign recipient is dispatching abroad in the luggage carried by him, provided that:

(1) Goods are dispatched prior to the expiration of three calendar months from the delivery of such goods;

(2) The total value of delivered goods exceeds the dinar equivalent of €150 calculated at the National Bank of Serbia mean rate, including VAT;

5) Import of goods in a free zone, transportation and other services to users of free trade zones that are directly connected to this entry and sale of goods and services in the free trade zone for which the taxpayer – acquirer would have the right to input tax deduction, if it was obtaining such goods for the conduct of business outside the free zone;

6) Sale of goods that are in the procedure of customs warehousing;

6a) Dispatching goods to duty-free shops opened at the international airports provided with passport and customs control facilities, for the purpose of sale to passengers in accordance with customs regulations (hereinafter: duty-free shops), as well as delivery of goods from duty-free shops;

7) Services performed on the chattels acquired by a foreign recipient of services in the Republic or which are imported for the purpose of being refined, repaired or incorporated, after which they are carried or shipped abroad by the performer of services, foreign recipient or a third party based on their instructions;

8) Transport and other services directly related to the export, transit or temporary import of goods, except for the goods exempt from VAT, without the right to tax deduction pursuant to this Law;

9) International passenger air transport services, whereby in the case of non-resident air companies, the tax exemption is subject to reciprocity;

10) Deliveries of aircrafts, servicing, repairs, maintenance, chartering and renting the aircrafts that are used in international air traffic for a charge mainly, as well as deliveries, renting, repair and maintenance of the goods intended for equipping such aircrafts;

11) Sale of goods and services intended to satisfy the direct needs of the aircrafts referred to in item 10) of this paragraph;

12) International passenger transport services on river-faring ships, whereby in the case of nonresident companies engaged in international transport by river-faring ships, the tax exemption is subject to reciprocity;

13) Deliveries of ships, servicing, repair, maintenance and renting of the ships that are mainly used in international river transport for a charge, as well as deliveries, renting, repair and maintenance of goods intended for equipping such ships;
14) Sale of the goods and services intended to satisfy the direct needs of the ships referred to in item 13) of this paragraph;
15) Deliveries of gold to the National Bank of Serbia;
16) Goods and services intended for:
(1) Official needs of diplomatic and consular missions;
(2) Official needs of international organizations, if so provided by international agreements;
(3) Personal needs of the foreign staff of diplomatic and consular missions, including their family members;
(4) Personal needs of foreign staff of international organizations, including their family members, if so provided by international agreements;
16a) Sale of goods and services carried out in conformity with donation agreements concluded with the State Union of Serbia and Montenegro or the Republic, which provide that tax is not to be paid from the funds obtained, in terms of the part financed by received monetary funds, unless a ratified international treaty provides otherwise;
16b) Sale of goods and services carried out in conformity with credit and/or loan agreements concluded by the State Union of Serbia and Montenegro or the Republic with international financial organizations or other states, or by third parties with international financial organizations or other states, whereby the Republic of Serbia is the guarantor or counter guarantor, in terms of the part financed by received monetary funds, if such agreements provide that tax is not to be paid from the funds thus obtained;
16c) Sale of goods and services carried out on the basis of international agreements, if such agreements provide for tax exemption, with the exception of the international agreements referred to in items 16a) and 16b) of the present paragraph;
17) Mediation services related to sale of the goods and services referred to in items 1) through 16) of this paragraph.
The tax exemption referred to in paragraph 1 of the present Article shall apply even if the price was collected wholly or partly before the sale.
The tax exemption referred to in paragraph 1, item 3) of this Article shall not apply to the sale of goods transported by a foreign recipient itself for the purpose of equipping or purveying sports vessels, sports aircrafts and other means of transport for private needs.
The exemption referred to in paragraph 1, item 16), subitems (1) and (3) of this Article shall be subject to reciprocity, on the basis of a certificate issued by the ministry in charge of foreign affairs.
For the purposes of this Article, the following shall be deemed foreign recipients of goods and services:
1) A taxpayer whose head office is outside the Republic;
2) A person who is not a taxpayer and whose residence or head office is outside the Republic.
The Minister shall specify the method and the procedure for exercising the right to tax exemption referred to in paragraphs 1 through 3 of this Article.

Tax Exemption in the Sale of Goods and Services without Right to Input Tax Deduction
Article 25
VAT shall not be payable in the money and capital transactions in the following cases:

1) Operation and mediation in transactions involving legal tender, with the exception of bank notes and coinage which are not used as legal tender or which have numismatic value;
2) Operation and mediation in transactions involving shares, interests in companies and associations, bonds and other securities, with the exception of operations relating to the safekeeping and management of securities;
3) Credit transactions, including mediation, as well as loans in money;
3a) DELETED;
4) Taking on commitments, guarantees and other sureties, including mediation;
5) Operation and mediation in the business relating to deposits, current and transfer accounts, payment orders, as well as payment operations and remittances;
6) Operation and mediation in the business relating to receivables, checks, bills of exchange and other similar securities, with the exception of collection of debts on behalf of other persons;
7) Operation of investment fund management companies in accordance with the regulations dealing with investment funds;
8) Operation of optional pension fund management companies in accordance with the regulations dealing with optional pension funds and pension schemes.
VAT shall also not be payable on the sale of the following:
1) Insurance and reinsurance services, including the supporting services of the insurance intermediaries and agents (proxies);
2) Land (farming, forest, building, developed and non-developed), as well as leasing out such land;
3) Buildings, with the exception of the first transfer of the right of disposition of new buildings or economically divisible units in such buildings and the first transfer of equity shares in new buildings or economically divisible units in such buildings, as well as sale of buildings or economically divisible units in such buildings, including equity shares in such buildings, if the contract concluded between the VAT payers, under which the sale of those goods is conducted, stipulates that VAT shall be calculated for this sale, provided that the acquirer may fully deduct the output VAT as input tax;
3a) goods and services for which the tax payer did not have the right to deduct input tax on delivery;
3b) goods for which tax payment obligation existed in the preliminary phase of sale in accordance with the law governing the property tax;
4) Apartment lease services, if they are used for housing purposes;
5) Interests, securities, postal orders, tax and other valid securities according to their printed value in the Republic, with the exception of the equity shares referred to in Article 4 of the present Law;
6) Postal services provided by public enterprises and related delivery of goods;
7) Services provided by public health institutions in accordance with public health service regulations, including care, board and lodging for patients in such institutions, with the exception of pharmacies and pharmacy-related establishments;
8) Services rendered by physicians, dentists or other persons providing services in accordance with public health service regulations;
9) Services and delivery of dental prosthetics in the dental technician domain, as well as delivery of dental prosthetics by dental surgeons;
10) Human organs, tissues, body liquids and cells, blood and mother's milk;

11) Services relating to social welfare, childcare and youth care, services of social welfare centers, as well as directly related sale of goods and services by persons duly registered therefore;
12) Accommodation and meals for pupils and students in their hostels or similar institutions, as well as directly related sale of goods and services;
13) Services in the field of education (preschool, elementary, secondary, college and university) and vocational retraining, as well as directly related sale of goods and services by persons duly registered for the conduct of such business, if that business is conducted in accordance with the regulations dealing with that area;
14) Services in the field of culture and directly related sale of goods and services carried out by persons whose business is not profit-making oriented and who are duly registered for conducting such business;
15) Services in the field of science and directly related sale of goods and services by persons whose business is not profit-making oriented and who are duly registered for conducting such business;
16) Services of a religious nature provided by registered churches and religious communities and directly related sale of goods and services;
17) Public broadcasting services other than those of commercial nature;
18) Games-of-chance staging services;
19) Services provided in the field of sports and physical training to persons engaged in sports and physical training by persons whose business is not profit-making oriented and who are duly registered for such business.
If the tax payer, while purchasing goods, could exercise the right to deduct a part of the input tax in accordance with Article 30 of this Law, tax exemption referred to in paragraph 2, item 3a) of this Article shall not apply.
A person whose activity is not profit-making oriented, in terms of paragraph 2 of this Article, shall be the person that has been established by the Republic, autonomous province or unit of the local government and owned by the Republic, autonomous province or unit of the local government in whole or with a majority stake.
The minister shall specify what are considered to be goods or services referred to in paragraph 2, items 3), 7), 11), 12), 13), 14), 15) and 18) of this Article.

Tax Exemptions in the Importing of Goods
Article 26
VAT shall not be payable on the import of the following goods:
1) Goods the sale of which is exempt from VAT under Article 24, paragraph 1, items 5), 10), 11) and 13) through 16c) and Article 25, paragraph 1, items 1) and 2) and paragraph 2, items item 5) and 10) of this Law;
1a) Goods imported on the basis of donation agreements or as humanitarian aid, in accordance with the Law regulating donations or humanitarian aid;
1b) Exported goods which are being returned to the Republic as unsold or because of their noncompliance with the terms of contract or business arrangement on the basis of which they were exported;
1c) Goods brought into duty-free shops within the scope of the customs clearance procedure;
1d) Goods on the basis of replacement in the warranty period;

1e) Goods whose delivery is done through the transmission, transportation and distribution networks, namely: electricity, natural gas and heating/cooling energy;
2) Goods temporarily imported and then exported again within the scope of customs procedure, as well as those put in the customs procedure for inward processing with deferment;
3) Goods temporarily exported within the scope of customs procedure and then imported again in unaltered state;
4) Goods allowed to be processed under customs surveillance within the scope of the customs procedure;
5) Goods in transit within the scope of customs procedure;
6) Goods allowed to be stored under customs surveillance within the scope of the custom clearance procedure;
7) Goods that are exempt from customs duty pursuant to Article 216 and Article 217, paragraph 1, item 6) of the Customs Law ("RS Official Gazette ", 18/10, 111/12 and 29/15), with the exception of motor vehicle importing.

VII. INPUT TAX

Definition
Article 27
The input tax shall be the amount of VAT assessed in the input stage of the sale of goods and services, or paid on import of goods, which the taxpayer may deduct from the VAT owed.

Requirements for Deduction of Input Tax
Article 28
The taxpayer may exercise the right to deduction of the input tax if the taxpayer uses the goods that are acquired in the Republic or imported, including the procurement of equipment, as well as buildings for the conduct of business and economically divisible units in such buildings (hereinafter: facilities for the conduct of business) or received services, for the sale of goods and services in the following cases:
1) If VAT is payable;
2) If such sale is exempt from VAT under Article 24 of this Law;
3) If such sale was made abroad, provided that such sale would have been eligible for deduction of input tax if it had been made in the Republic.
The taxpayer may exercise the right to deduction of input tax if he possesses the following:
1) An invoice issued by the other taxpayer participating in the sale stating the amount of input tax, in keeping with this Law;
2) Document on the effected import of goods stating the VAT, and document confirming that the declared VAT has been paid on import.
In the taxation period in which the requirements referred to in paragraphs 1 and 2 of this Article have been met, the taxpayer may deduct the input tax from the VAT owed, including:
1) Assessed and declared VAT for the sale of goods and services, which has been or is to be made by the second taxpayer in the sale;
2) The VAT that has been paid when goods were imported.
The right to deduction of the input tax shall run from the date of fulfilment of the requirements referred to in paragraphs 1 through 3 of this Article.
The right to deduction of the input tax may also be exercised by a taxpayer:

1) Referred to in Article 10, paragraph 1, item 3) and paragraph 2, items 1) through 5) of this Law provided that the VAT has been paid in keeping with this Law and that the received goods and services serve for the sale of goods and services referred to in paragraph 1 of this Article.
2) Referred to in Article 10, paragraph 2 and item 6) of this Law, provided that he has an invoice of the previous participant in sale in accordance with this Law, that he has calculated VAT in accordance with this Law, and that he shall use those goods and services for the sale of goods and services under paragraph 1 of this Article.
A taxpayer may execute the right to deduction of the input tax within five years from the expiry of the year in which he acquired that right.

Non-eligibility for Input Tax Deduction
Article 29
The taxpayer shall not be eligible for deduction of input tax on the following grounds:
1) Procurement, production and import of motorcars, motorcycles, motorcycles with sidecars, tricycles, quadricycles, yachts, boats and aircrafts, facilities to accommodate these goods, spare parts, fuel and operating supplies intended for these, renting, maintenance, repair and other services related to the use of these transportation means, as well as goods and services that are associated with the use of facilities for the accommodation of such goods;
2) Taxpayer's entertainment expenses;
3) Expenses for food and transportation of employees, or other hired persons for commute to work or from work;
Notwithstanding the provision of paragraph 1, item 1) of this Article, the taxpayer shall be eligible for deduction of input tax if it is using the means of transport and other goods exclusively for the conduct of the following business:
1) Selling and renting of the mentioned means of transport and other goods;
2) Transporting people and goods or training drivers for the use of mentioned means of transport.
Representation costs referred to in paragraph 1, item 2) of this Article shall include expenses for catering services, gifts, other than gifts of small value, expenses for holidays, sports, entertainment and other expenses incurred for the benefit of business partners, potential business partners, and representatives of business partners and other natural persons, provided that there is no legal obligation for such expenses.

Input Tax Division and Proportional Tax Deduction
Article 30
If a taxpayer is using the delivered or imported goods or receiving services for the needs of its business, in order to sell the goods and services to which the right to deduction of input tax applies or in order to sell the goods and services to which the right to deduction of input tax does not apply, it shall divide the input tax according to economic affiliation into the portion it may deduct from the VAT owed and the portion it may not deduct from the VAT owed.
If a taxpayer is unable to divide the input tax in the way referred to in paragraph 1 of this Article on some delivered or imported goods or received services, which it is using for conducting its business, in the event of selling the goods and services to which the right to deduction of input tax applies or the goods and services to which the right to deduction input tax does not apply, it may deduct a proportionate part of the input tax that corresponds to the share of the sale of goods and services eligible for deduction of input tax in which VAT is not included, from the total sales in which the VAT is not included (hereinafter: the proportionate tax deduction).

The proportionate tax deduction shall be determined by applying the percentage of the proportionate tax deduction to the amount of input tax in the taxation period, reduced by the amounts as defined in paragraph 1 of this Article, as well as by the amount of input tax for which the taxpayer does not have the right to deduction as referred to in Article 29, paragraph 1, of this Law.
The percentage of proportional tax deduction for the tax period shall be established by relating the sale of goods and services eligible for deduction of input tax in which VAT is not included and the total sales of goods and services in which VAT is not included, effected from 1 January of the current year until the expiration of taxation period for which the tax return is filed.
The sale of equipment and buildings intended for business activities shall not be included in the sale of goods used for determining the percentage of the proportionate tax deduction referred to in paragraph 4 of this Article.
In the last taxation period or the last taxation period of the calendar year, the VAT payer shall correct the proportionate tax deduction by applying the percentage of the proportionate tax deduction to the amount of input tax from all taxation periods in the calendar year.
The Minister shall specify the manner of determining and correcting the proportionate tax deduction.

Correction of Input Tax Deduction when the Base is Changed
Article 31
If the base of the taxable sale of goods and services:
1) Decreases, the payer to whom the supply of goods and services was made shall, in accordance with such change, correct the input tax deduction achieved on that basis;
2) Increases, the payer to whom the supply of goods and services was made may, in accordance with this change, correct input tax deduction achieved on that basis.
The correction of input tax deduction referred to in paragraph 1 of this Article shall also apply to the recipient of goods or services referred to in Article 10, paragraph 1, item 3) and paragraph 2 of this Law.
The correction of the input tax deduction referred to in paragraph 1 of this Article shall also be carried out on the basis of a verified transcript of minutes of the court settlement, pursuant to Article 21, paragraphs 3 and 5, of this Law.
The input tax deduction shall be corrected within the tax period in which the base has been modified.
The Minister shall specify the manner of correction of the input tax deduction when the base is changed.

Correction of Input Tax Deduction Based on a Decision of the Tax or Customs Authority
Article 31a
If a tax authority in the control procedure issues a decision of existing liability based on VAT for executed sale of goods and services, VAT taxpayer who received these goods and services may correct the deduction of the input tax if he has paid the amount of VAT calculated by the tax authority, to a VAT taxpayer which has supplied him with goods and services.
If the decision from paragraph 1 this article is annulled, amended or repealed in the section that defines a liability originating from VAT, VAT taxpayer who has made the sale of goods and services shall inform the recipient of goods and services in writing.

On the basis of the written notice from paragraph 2 of this Article, the recipient of goods and services is required to correct the deduction of input tax.
If, during control procedure, the tax authority issues a decision of existing liability originating from VAT for the sale of goods and services on the part of the VAT payer - tax debtor referred to in Article 10, paragraph 1, item 3) or paragraph 2 of this Law, such VAT payer may correct the input tax deduction if he has paid VAT amount determined by the competent tax authority.
If the decision referred to in paragraph 4 of this Article is annulled, amended or repealed in the part which determines the VAT liability, the VAT payer shall correct the deduction of input tax on that basis.
If VAT on imported goods, which was deducted as input tax, is increased, decreased, refunded, or the taxpayer was exempt from paying, the taxpayer shall, on the basis of a customs document or decision of a customs authority, correct the deduction of the input tax in accordance with that change.
Correction of input tax deduction is made in the taxation period in which the change occurred.

Correction of Input Tax Deduction in the Case of Equipment and Buildings Serving for Business Purposes
Article 32
The taxpayer who is eligible for input tax deduction on the basis of obtaining equipment and buildings for business purposes, as well as investing in facilities belonging to him or to others, except for investments related to routine maintenance of facilities (hereinafter referred to as: investment in facilities) shall correct the input tax deduction if it stops fulfilling the requirements for the exercise of that right, within less than five years from the moment of first use of the equipment or within less than ten years from the moment of first use of the building, or within less than ten years since the investment into facilities has been completed.
The correction of the input tax deduction shall be made for a period that is equal to the difference between the terms referred to in paragraph 1 of this Article and the period in which the taxpayer has been fulfilling the requirements for exercising the right to input tax deduction.
The payer has no obligation to correct the input tax deduction in the case of:
1) Sale of equipment and facilities intended for performing the activity with the right to deduct input tax;
2) Investment in facilities intended for performing the activity for which the fee is charged;
3) Transfer of property or part of the property referred to in Article 6, paragraph 1, item 1) of this Law.
In the case of a transfer referred to in Article 6, paragraph 1, item 1), of this Law, the time limits referred to in paragraph 1 of this Article shall not cease to run.
The property acquirer referred to in paragraph 3, item 3) of this Article shall correct the input tax deduction to which the transferor of property is entitled for the buildings and equipment or investment in business facilities, if it no longer meets the requirements for input tax deduction.
The Minister shall specify what is meant by the equipment and buildings for business purposes or investment in facilities, in terms of this Law, as well as the way of making the correction of the input tax deduction.

Subsequent Exercising of Right to Input Tax Deduction for Equipment and Facilities Intended for Performing an Activity
Article 32a

VAT taxpayer who was not entitled to input tax deduction on the basis of sale of equipment and facilities intended for carrying out activity and investments in facilities, may exercise the right to deduct input tax if he meets the requirements for achieving the right to deduct input tax within the time limits referred to in Article 32, paragraph 1 of this Law.
Taxpayer from the paragraph 1 of this Article may exercise the right to deduct a part of input tax proportionate to the period that is equal to the difference between the time limits referred to in paragraph 1 of this Article and the period in which the taxpayer did not meet the requirements for eligibility to deduct of input tax.
The acquirer of assets referred to in Article 6, paragraph 1, item 1) of this Law may exercise the right to deduct part of the input tax for equipment and facilities intended for performance of activities or for investments in facilities, pursuant to which the transferor of assets was not entitled to the input tax deduction, if he meets the requirements for the exercise of this right within time limits referred to in paragraph 1 of this Article, and if the transferor of property delivers him necessary data for exercising the right to deduct input tax.
In the event of transfer referred to in Article 6, paragraph 1, item 1) of this Law, time limits specified in paragraph 1 of this Article shall not cease to run.
If a VAT taxpayer who has exercised the right to deduct part of the input tax in accordance with paragraph 1 of this Article ceases to meet the requirements for eligibility for deduction of the input tax before the end of the prescribed time limits, he is required to correct the deduction of input tax in accordance with Article 32 this Law in proportion to the period wherein he is not eligible for deduction of input tax.
The Minister shall specify the method of determining the part of the input tax referred to in paragraph 2 of this Article.

Entitlement to input tax deduction while filing for the payment of VAT
Article 32b
A person who is registered for VAT payment obligation in accordance with this Law shall be entitled to deduct input tax on goods he owns on the day preceding the commencement of VAT activities, which were purchased within the 12 months prior to the commencement of VAT activities, under the following conditions:
1) That he made an inventory of goods and submitted the inventory list to the tax authority while submitting the VAT return (hereinafter: registration form);
2) That he possesses a bill issued to him by the previous participant in sale, a VAT taxpayer, wherein the calculated VAT for goods is indicated, or a customs document confirming completed import of goods and stating the amount of VAT charged for the importation of such goods;
3) That he paid the bill to the supplier of goods, a VAT taxpayer, or that the VAT has been paid during importation.
It is considered that the VAT activity specified in paragraph 1 of this Article, in terms of this Law, starts on the day following the commencement of obligation to register for VAT payment obligation, or on the day VAT payment obligation has been opted for.
VAT taxpayer is entitled to the right to deduct input tax on goods, specified in paragraph 1 of this Article, in a taxation period wherein he made the sale eligible for input tax deduction of those goods, or goods produced or manufactured from those goods.
Goods under paragraph 1 this Article shall not mean goods deemed to be equipment and facilities for carrying out activities in accordance with this Law.

Inventory list referred to in paragraph 1, item 1) of this Article shall especially include information on the type, amount and date of purchase of goods, purchase price of goods without VAT and the amount of charged VAT.

VIII SPECIAL TAXATION PROCEDURE

Small Taxpayers
Article 33

Small taxpayer, under this Law, shall mean a person who conducts sale of goods or services in the territory of the Republic and/or abroad, and whose total turnover of goods and services in the previous 12 months does not exceed 8,000,000.00 dinars, or a person who, while starting its business, estimates that over the next 12 months it will not achieve a total turnover which is higher than 8,000,000.00 dinars.

Small taxpayer shall not charge VAT for performed sale of goods and services, shall not have the right to indicate the VAT in bills, shall not be eligible for input tax deduction, and shall not be required to keep records prescribed by this Law.

Small taxpayer may opt for VAT payment obligation by submitting a registration form prescribed in accordance with this Law to the competent tax authority and thus earn the rights and obligations referred to in paragraph 2 of this Article, as well as other rights and obligations which the VAT taxpayer has under this Law.

In case referred to in paragraph 3 this Article, the VAT liability lasts for at least two years.

Upon the expiration of the term referred to in paragraph 4 of this Article, the taxpayer may file a request to the competent tax authority to terminate the obligation of VAT payment.

Total turnover under paragraph 1 of this article is considered to be the sale of goods and services referred to in Article 28, paragraph 1 items 1) and 2) of this Law, save the sale of equipment and facilities intended for performance of an activity and investments into facilities for activity for which the fee is charged (hereinafter referred to as: total turnover).

Farmers
Article 34

Individuals who are owners, tenants and other users of agricultural and forest land and individuals who are inscribed in the register of agricultural households as heads or members of the agricultural household in accordance with a regulation that governs the registration of agricultural households (hereinafter referred to as: farmers), are entitled to reimbursement on the basis of VAT (hereinafter: VAT reimbursement), under the conditions and in the manner prescribed by this Law.

The VAT reimbursement shall be granted to farmers who make the sale of agricultural and forest products, and/or agricultural services to taxpayers.

If the farmers make the sale of goods and services specified in paragraph 2 of this Article, the taxpayer shall be obliged to calculate the VAT reimbursement at the amount of 8% of the value of the received goods and services, and issue an accounting document to that effect (hereinafter: receipt), and to pay the farmers the calculated VAT reimbursement in money (by making payment to the current account or savings account).

The taxpayers referred to in paragraph 3 of the present Article shall have the right to deduct the amount of the VAT reimbursement as input tax, provided that they have paid to the farmer the VAT reimbursement and the value of the received goods and services.

Farmer whose total turnover of goods and services in the previous 12 months does not exceed 8,000,000.00 dinars shall not charge VAT for the performed sale of goods and services, shall not have the right to indicate VAT in bills, shall not be eligible for income tax deduction, and shall not be required to keep records required by this law.
Farmer may opt for VAT payment obligation by submitting a registration form prescribed in accordance with this Law to the competent tax authority and thus earn the rights and obligations referred to in paragraph 5 of this Article, as well as other rights and obligations which the VAT taxpayer has under this Law.
In case referred to in paragraph 6 this Article, the VAT liability lasts for at least two years.
After the period referred to in paragraph 7 of this Article, taxpayer may file a request for termination of the VAT payment obligation to the competent tax authority.

Tourist Agency
Article 35
For the purposes of this Law, a tourist agency shall mean a taxpayer providing tourist services to travellers, acting on its own behalf in relation to them, while receiving goods and services from other taxpayers for travel organization purposes, which are used by travelers directly (hereinafter: the input tourist services).
For the purposes of this Law, the tourist services provided by a tourist agency shall be deemed a single service.
The place of provision of the single tourist service shall be determined in accordance with Article 12, paragraphs 1 and 2, of this Law.
The base for the single tourist service provided by a tourist agency shall be the amount representing the difference between the total amount paid by the traveller and the actual costs paid by the tourist agency for the input tourist services, less the VAT included in that difference.
In the cases referred to in Article 5, paragraph 4, of this Law, the total value referred to in paragraph 4 of this Article, shall be the value referred to in Article 18 of this Law.
A tourist agency may determine the base in accordance with paragraphs 4 and 5 of this Article for groups of tourist services or for all tourist services provided in the taxation period.
A tourist agency may not state the VAT in bills or other documents for the tourist services referred to in paragraph 1 of this Article and it shall not be eligible for input tax deduction on the basis of the input tourist services stated in the bill.

Second-hand Goods, Works of Art, Collector Pieces and Antiques
Article 36
The taxpayers engaged in the sale of second-hand goods, including second-hand motor vehicles, works of art, collector goods and antiques, shall determine the base as the difference between the sale and purchase price of the goods involved (hereinafter: taxation of difference), less the VAT deduction included in that difference.
The tax base referred to in paragraph 1 of this Article shall apply if, on the procurement of goods, their supplier did not owe any VAT or if he applied the taxation of difference referred to in paragraph 1 of this Article.
In the cases referred to in Article 4, paragraph 4 of the present Law, the sale price for calculating the difference shall be the value referred to in Article 18 of the present Law.
In the sale of the goods referred to in paragraph 1 of this Article, the taxpayer may not state the VAT in the bills and other documents.

The taxpayer shall not be eligible for the input tax deduction for the goods and services directly related to goods referred to in paragraph 1 of this Article.
Secondary raw materials referred to in Article 10, paragraph 2, item 1) of this Law are not considered to be used goods referred to in paragraph 1 of this Article.
If the amount of VAT calculated in accordance with the provisions of paragraph 1 through 3 of this Article for the sale of goods whose transfer of ownership is subject to taxation in accordance with the law governing property taxes, was lower than the amount of tax that would be calculated for that sale in accordance with that law, VAT shall not be payable for that sale.
The minister shall specify what shall be considered as second-hand good, work of art, collector good and antique referred to in paragraph 1 of the present Article.

Tax obligation after recovered claim
Article 36a
VAT taxpayer whose total turnover of goods and services in the previous 12 months does not exceed 50,000,000 dinars and which at that time period was continuously registered for the obligation to pay VAT may apply to the competent tax authority for approval to pay tax obligation after recovered claim for the sale of goods and services (hereinafter referred to as: recovery system), completed under the following conditions:
1) That in the previous 12 months he filed VAT tax returns within the prescribed period;
2) That in the previous 12 months the requirements for charging VAT under recovery system have not ceased to exist, or that the taxpayer has not ceased to use the recovery system at his own request.
Application under paragraph 1 of this Article shall be submitted to the competent tax authority which overviews the compliance with requirements for recovery system and issues a certificate of approval of the recovery system.
VAT taxpayer shall apply the recovery system from the first day of the taxation period following the taxation period in which he received the certificate referred to in paragraph 2 this Article.
VAT taxpayer to whom the competent tax authority has approved the application of the recovery system:
1) Charges VAT for the sale of goods and services, issues a bill in accordance with this Law wherein he indicates the calculated VAT and states that for this sale of goods and services recovery system shall apply;
2) Pays the tax obligation, referred to in item 1) of this paragraph, for the taxation period wherein he recovered his claim, or part of the claim for performed sale of goods and services, in part of recovered claim;
3) Is entitled to an input tax deduction for the part of paid obligation in accordance with Article 28, paragraph 1, 2 and 4 of this Law, provided that he paid the obligation for sale of goods and services to the previous participant in sale, or that VAT was paid on import of goods.
Notwithstanding paragraph 4 of this Article, the recovery system does not apply in the following cases:
1) Sale of goods under Article 4, paragraph 3, item 7) and 7a) of this Law;
2) Transfer of all or part of the property, except for transfer under Article 6, paragraph 1, item 1) of this Law;
3) Sale of goods and services for which the VAT taxpayer is the tax debtor referred to in Article 10, paragraph 1, item 3) and paragraphs 2 and 3 of this Law;
4) Sale of goods and services in accordance with Article 35 and 36 this Law;

5) Sale of goods and services that is conducted through affiliates in accordance with the Law governing corporate income tax.
If the VAT taxpayer does not recover the claim for the sale of goods and services within six months from the date the sale is made, he is due to pay the tax obligation arising from such sale for the taxation period in which the time deadline of six months has expired.
Recovery system ceases on the first day of the taxation period following the taxation period in which:
1) Tax payer submitted a statement to the competent tax authority on termination of recovery system;
2) Circumstances arose due to which the competent tax authority would not approve the tax payer to use the recovery system when applying for its approval.
The competent tax authority shall issue a certificate of termination of the recovery system referred to in paragraph 7 of this Article.
Notwithstanding paragraph 7 of this Article, the recovery system shall also cease in the event of the submitted request to strike off the VAT records effective on the date of termination of VAT activities.
At the termination of the recovery system, the VAT taxpayer shall also, for the last taxation period, or the period in which the VAT activity ended, and in which he applied the recovery system, pay the tax obligation for sale of goods and services for which he has not recovered his claim and is entitled to deduct VAT, charged by the previous participant in sale to whom he has not paid the obligation for sale of goods and services, as input tax in accordance with this Law.
The Minister shall specify what is considered to be recovery of claims under paragraph 1 of this Article.

IX DUTIES OF TAXPAYERS IN THE SALE OF GOODS AND SERVICES

Article 37

It shall be the duty of a taxpayer to do as follows:
1) Present the registration form;
2) Issue bills for the goods and services sold;
3) Keep records and draft a review of VAT calculation in accordance with this Law;
4) Assess and pay the VAT and file tax returns.
5) Supply information to the tax authority in accordance with this Law.

Keeping Records of VAT Payers and their Deletion from Records

Article 38

A taxpayer whose total turnover exceeded 8,000,000 dinars in the previous 12 months shall file a registration form with the competent tax authority not later than the expiration date of the first deadline for filing the periodical tax return.
A registration form shall also be submitted by a small taxpayer, or farmer, who opted for VAT payment obligation, within a time period specified in paragraph 1 of the present Article.
The competent tax authority shall issue to the taxpayer a VAT certificate of registration.
The taxpayer shall indicate the tax identification number (hereinafter: TIN) in all the documents, in accordance with the present Law.

Article 38a

At the request for termination of VAT payment obligation submitted by a taxpayer who in the previous 12 months has not achieved a total turnover exceeding 8,000,000 dinars, including the

taxpayer referred to in Article 33, paragraph 5 and Article 34, paragraph 8 of this Law, the competent tax authority conducts proceedings and issues a certificate of striking off the VAT records.
Prior to striking off the register of companies, or any other register (hereinafter referred to as: the register) with the authority responsible for maintaining the register in accordance with the Law, a VAT taxpayer who ceases to conduct business shall, not later than 15 days before filing for striking off the register, submit to the competent tax authority a request for striking off the VAT records.
Request for striking off the VAT records under paragraphs 1 and 2 of this Article shall contain data on the date of termination of the VAT activities.
Competent tax authority shall conduct proceedings and issue a certificate of strike off the VAT records.
Authority responsible for maintaining the register may not execute strike off the register of the taxpayer without a certificate referred to in paragraph 4 of this article.
Certificate under Article 38, paragraph 3 and paragraph 4 of this Article shall contain the following information:
1) Taxpayer's name, or the first and last name, and address;
2) Date of issuance of the certificate of VAT registration and strike off the VAT records;
3) Tax identification number;
4) Date of commencement of VAT activities and VAT registration, and date of strike off the VAT records.
The competent tax authority shall maintain records of all VAT tax payers who have been issued certificates under paragraph 5 of this Article.

Article 39

DELETED ("RS Official Gazette", 93/12).

Article 40

A taxpayer who has filed an application for strike off the the VAT records is obliged to do the following, on the day of cessation of VAT tax activities:
1) Conduct an inventory of assets, including equipment, facilities for provision of services and investments in facilities, as well as given advance payments, pursuant to which he was entitled to input tax deduction in accordance with this Law and to draft an inventory list thereon;
2) Correct the input tax deduction for equipment, facilities, and investments in facilities in accordance with this Law;
3) Determine the amount of input tax for given advance payments and goods, except for goods referred to in item 2) of this paragraph.
The taxpayer shall indicate the amount of corrected input tax deduction and the amount of input tax specified in paragraph 1, items 2) and 3) of this Article as owed in his tax return, in accordance with this Law.
Taxpayer shall file the Inventory list referred to in paragraph 1, item 1) of this Article, alongside his tax return referred to in paragraph 2 of this Article.

Article 41

The Minister shall prescribe the registration form and the procedure for entering the VAT payers in the records and striking them off such records, as well as the contents of the Inventory list referred to in Article 40, paragraph 3 of this Law.

Issuance of Bills

Article 42

The taxpayer shall issue a bill for any sale of goods and services to other taxpayers.

In case of provision of time-limited or unlimited services whose duration is longer than one year, a periodic bill shall be issued, provided that the period for which the bill is issued shall not be longer than one year.

The duty to issue the bill referred to in paragraphs 1 and 2 of this Article shall apply even if the taxpayer collects the price wholly or partly before the sale of goods and services is made (advance payment), provided that the advances that include VAT are deducted in the final bill.

The bill shall include the following data in particular:

1) Name, address and TIN of the taxpayer issuing the bill;
2) Place and date of issue and serial number of the bill;
3) Name, address and TIN of the taxpayer receiving the bill;
4) Kind and quantity of delivered goods or kind and volume of services provided;
5) Date of sale of goods and services and amount of advance payment;
6) Tax base;
7) Tax rate applied;
8) Amount of the VAT calculated on the base;
9) Note on provision of the present Law under which VAT was not charged;
10) Note that recovery system is applied for the sale of goods and services.

The bill shall be issued in minimum two copies, out of which one shall be kept by the bill issuer and the remaining ones shall be given to the recipient of goods and services.

VAT taxpayer shall not issue a bill for the sale of goods and services for which an obligation to pay VAT was established by a decision of a tax authority.

Article 43

The bill referred to in Article 42, paragraph 1, of this Law shall also serve as an accounting document issued by the taxpayer as the recipient of goods and services, on the basis of which the price of the goods and services is calculated in the following cases:

1) If the taxpayer receiving goods and services has the right to state the VAT in the bill;
2) If there is an agreement between the taxpayers issuing and receiving accounting document that the sale of goods and services is to be be accounted by the recipient of goods and services;
3) If the accounting document has been presented to the taxpayer who has delivered the goods or services;
4) If the taxpayer who has delivered the goods and services has agreed in writing with the stated VAT, except in a case where that payer is not a tax debtor for goods delivered and services rendered in accordance with this Law.

Article 44

Should a taxpayer state in the bill for delivered goods and services the VAT exceeding the amount than he owes under this Law, he shall pay the stated amount of tax, until he makes the correction of VAT in a new bill.

Correction of VAT referred to in paragraph 1 of this Article shall be made in the taxation period in which the bill was issued with the corrected amount of VAT.

A person who states the VAT in a bill and is not a VAT payer or who has not made a sale of goods and services shall be in debt for the VAT stated.

Article 45

The Minister shall specify the cases in which bills need not be issued or certain data may be omitted in the bill and in which the bill issuing procedure may be simplified additionally.

Obligatory Records Keeping

Article 46

A taxpayer shall keep records in the manner enabling the control and he shall prepare a review of VAT calculation for each tax period, in order to ensure proper assessment and payment of the VAT.

The Minister shall specify the form, contents and manner of keeping records, as well as the form and contents of the VAT calculation review.

Article 47

The taxpayer shall keep the records referred to in Article 46 of this Law and documents on the basis of which he keeps these records until the expiry of a limitation period for assessment and collection of VAT or at least ten years after the expiry of the calendar year from the moment of first use of facilities and the completion of investments in facilities under Article 32 of this Law.

Taxation Period, Tax Return Filing, VAT Assessment and Payment

Article 48

The taxation period, for which VAT is assessed, the tax return is filed and VAT is paid, shall be a calendar month in the case of a taxpayer whose total turnover was exceeding 50,000,000 dinars in the previous 12 months as well as the taxpayer under Article 36a of this Law.

The taxation period, for which VAT is assessed, the tax return is filed and VAT is paid, shall be a calendar quarter in the case of a taxpayer whose total turnover was less than 50,000,000 dinars in the previous 12 months, except in the case of the taxpayer referred to in Article 36a of this Law.

For the payer referred to in paragraph 1 of this Article who achieved total turnover of less than 50,000,000 dinars in the past 12 months, the taxation period shall be the calendar quarter starting with the month following the expiration of a calendar quarter.

For the taxpayer referred to in paragraph 2 of this Article who in the calendar quarter achieved the total turnover exceeding 50,000,000 dinars in the past 12 months, the taxation period shall be the calendar month starting with the month following the expiration of a calendar quarter.

The taxpayer referred to in paragraph 2 of this Article may file with the competent tax office a request for the taxation period to be changed to a calendar month, by 15 January of the current calendar year at the latest.

The approved tax period referred to in paragraph 5 of this Article shall run for at least 12 months.

In the case of the taxpayers who are starting up a business for the first time in the current calendar year, regardless of the date of registration for carrying out business activities of such taxpayer registering to conduct business activities, the taxation period for the current and next calendar year shall be one calendar month.

For a tax debtor who is not a VAT taxpayer, the tax period shall be a calendar month.

Article 49

A taxpayer shall assess the VAT for the appropriate taxation period on the basis of the total sale of goods and services made in that period, if they are taxable pursuant to this Law and the taxpayer is also a tax debtor.

The corrections referred to in Article 21 and Article 44, paragraph 1, of this Law shall also be taken into account in assessing the VAT.

The VAT calculated pursuant to paragraphs 1 and 2 of this Article shall be reduced by the amount of the input tax in accordance with Articles 28, 30, 34 and 36a of this Law.

The calculation of the amount of input tax referred to in paragraph 3 of the present Article, shall also include the corrections referred to in Articles 31, 31a, 32, 32a, 32b and 40 of this Law.
The imports VAT shall be deducted from the VAT in the taxation period in which it has been paid.
Tax debtor who is not a VAT taxpayer shall calculate VAT for the sale of goods and services for the taxation period in which the tax obligation has originated in accordance with this Law.
Notwithstanding the provisions of paragraph 1 of this Article, in the case of transport of passengers by bus carried out by foreign taxpayers, in the course of which the state border is crossed, the competent customs office shall assess the VAT for each transport individually (hereinafter: individual transport taxation), subject to reciprocity.

Article 50

The taxpayer shall file the tax return with the competent tax authority using the prescribed form, within 15 days from expiration of the taxation period.
The taxpayer shall file the tax return regardless of whether he is obliged to pay VAT in the taxation period or not.
Tax return shall also be filed by tax debtors who are not VAT taxpayers within ten days after the expiry of the taxation period in which the tax obligation has originated.
Notwithstanding paragraph 1 of this Article, VAT taxpayer who is being struck off the VAT records shall file a tax return to the competent tax authority on the day when the request for strike off has been submitted.
Tax return under paragraph 4 this Article shall be filed for the period from the day of beginning of the taxation period in which the request for strike off was submitted until the day of cessation of VAT activities.

Article 50a

Along with a tax return, the taxpayer shall also file the review of VAT calculation.
If the taxpayer fails to file the review of VAT calculation with the tax return it shall be considered that the tax return has not been filed.

Article 51

For each taxation period, a taxpayer shall pay the VAT that is equal to positive difference between the total amount of tax duty and the amount of the input tax, within the deadline for tax return filing.
Notwithstanding paragraph 1 of this Article, VAT is paid:
1) Within 15 days of filing the tax return for the VAT taxpayer referred to in Article 38a, paragraph 1 of this Law;
2) Until the day when the request for strike off the register of taxpayers is submitted for the taxpayer referred to in Article 38a, paragraph 2 of this Law.
The tax debtors who are not VAT taxpayers shall pay VAT within the deadline for filing of the tax return.

Article 51a

Taxpayer shall notify in writing the competent tax authority on changes of data from the registration form which are relevant for the calculation and payment of VAT, at the latest within five days from the day the change occurred.
Along with the tax return for the last taxation period of the calendar year, or the last taxation period, the payer shall provide the competent tax authority with the information on:
1) A person who is not registered for VAT payment obligation in accordance with this Law, who had supplied him with secondary raw materials and services that are directly related to those

goods from January 1 until the end of the last taxation period of the calendar year, or the last taxation period in the Republic, as well as on the value of that supply;
2) A farmer who is not registered for VAT payment obligation in accordance with this Law, who had supplied him with agricultural and forest products and agricultural services from January 1 until the end of the last taxation period of the calendar year, or the last taxation period, as well as on the value of that supply.
Information under paragraph 2 of this Article shall at least contain information on the business name, or first and last name, as well as the address and TIN of the person referred to in paragraph 2, item 1), or a farmer referred to in paragraph 2, item 2) of this Article, as well as on the value of that supply, without corresponding obligations.

X TAX REFUND, REIMBURSEMENT AND RESTITUTION

Tax Refund
Article 52
If the amount of the input tax exceeds the tax duty, the taxpayer shall be entitled to refund of the difference.
If the taxpayer does not opt for the refund referred to in paragraph 1 of this Article, the difference shall be recognized as a tax credit.
The taxpayer may request a reimbursement of the unused amount of tax credit referred to in paragraph 2 of this Article by filing a request at the earliest by the expiry of deadline for filing a tax return for the current taxation period.
The refund referred to in paragraphs 1 and 3 of this Article shall be paid within 45 days, or within 15 days in the case of predominant exporters, after the expiry of the deadline for filing a tax return if the tax return is timely filed, and/or within the term of 45 days, or within 15 days for predominant exporters, from the filing date if the tax return was not filed in a timely manner, or from the day of filing the request referred to in paragraph 3 of this Article.
The Government of the Republic of Serbia shall specify the criteria for establishing what shall be considered predominant exporter status pursuant to this Law.
The Minister shall specify the procedure of exercising the right to the VAT refund, as well as the procedure and conditions for the reimbursement of VAT instead of tax credit.

VAT Reimbursements to Foreign Taxpayers
Article 53
VAT reimbursement shall be made to a foreign taxpayer, at his request for the sale of movable goods and services in the Republic provided that:
1) VAT for the sale of goods and services is stated in the bill, in accordance with this Law, and that the bill is paid;
2) The amount of VAT for which a VAT reimbursement application is submitted equals more than 200 Euros in dinars equivalent, at the mean exchange rate of the National Bank of Serbia;
3) The conditions are met under which the VAT taxpayer may be entitled to an input tax deduction for such goods and services in accordance with this Law;
4) He is not making sale of goods and services in the Republic, but providing exclusively services of transportation of goods which are, in accordance with Article 24, paragraph 1, items 1), 5) and 8) of this Law, exempt from tax, or carrying out exclusively transport of passengers

which is, in accordance with Article 49, paragraph 7 of this Law, subject to individual taxation of transport.
VAT reimbursement in cases referred to in paragraph 1 of this Article shall be subject to reciprocity.

Humanitarian Organizations
Article 54
The right to VAT reimbursement may be exercised on request by the registered humanitarian organizations for the goods delivered to them in the Republic, on condition that:
1) The sale of goods is taxable;
2) The VAT on the delivered goods is stated in the bill, in accordance with Article 42 of this Law, as well as that the bill has been paid;
3) The purchased goods are dispatched abroad, where they are to be used for humanitarian, charitable or educational purposes.

Traditional Churches and Religious Communities
Article 55
The right to the VAT reimbursement may be exercised on request by traditional churches and religious communities: Serbian Orthodox Church, Islamic Community, Catholic Church, Slovakian Evangelist Church a.v, Jewish Community, Reformist Christian Church and Evangelist Christian Church a.v. (hereinafter: the traditional churches and religious communities), for the goods delivered to them in the Republic or being imported by them, as well as for the services rendered to them, which are directly related to religious activities, on condition that:
1) The sale of goods and services and import of goods are taxable;
2) The VAT on delivered goods or services provided is stated in the bill, in accordance with Article 42 of this Law, as well as that the bill has been paid by a person eligible for VAT reimbursement in accordance with this Law, or that the VAT owed based on the import of goods has already been paid.

VAT Reimbursement to Diplomatic & Consular Missions and International Organisations
Article 55a
If a diplomatic or consular mission or an international organization or a person referred to in Article 24, paragraph 1, item 16), of this Law does not decide to procure or import goods or receive services intended for their official or personal needs free of tax, it shall be entitled to VAT reimbursement.
The persons referred to in paragraph 1 of this Article may exercise the right to VAT reimbursement on request, under the conditions set for tax exemption in the following cases:
1) If the deliveries or import of goods or provision of services are subject to VAT;
2) If VAT on the sale of goods and services is stated in the bill in accordance with this Law and if the bill and the VAT owed for imported goods have been paid;
3) If the total value of goods or services declared in the bill or the value declared in the customs clearance document exceeds EUR 50 without VAT, except in the case of purchasing motor vehicle fuels.

VAT Reimbursement to Foreign Citizens
Article 56
The VAT reimbursement shall be carried out under the conditions referred to in Article 24, paragraph 1, item 4), of this Law, upon request of a foreign citizen who is not a taxpayer and is not a resident of the Republic.

VAT Restitution to the Buyer of First Apartment
Article 56a
Any individual of legal age, who is a citizen of the Republic and its resident, in the process of buying his/her first apartment (hereinafter: the buyer of first apartment) shall be entitled to restitution of VAT on buying the first apartment based on the request submitted.
The buyer of first apartment shall be entitled to VAT restitution as referred to in paragraph 1 of this Article on the following conditions:
1) That he/she has not been the owner or co-owner of an apartment in the territory of the Republic from 1 July 2006 to the date of verification of the sales contract on the basis of which he/she is acquiring the first apartment;
2) That the contract price of the apartment VAT included has been paid to the current account of the seller fully.
Notwithstanding paragraph 2, item 2) of this Article, for the purchase of the apartment under non-profit conditions from an entity of a local government or a non-profit housing organization established by local governments for the implementation of the activities arranged by regulations in the field of social housing, tax refund referred to in paragraph 1 of this Article can be achieved under condition that amount of the purchase price for the apartment VAT included, paid on the current account of the seller, is not less than the amount of VAT calculated for the first transfer of the right to disposal on the apartment
The right to VAT restitution as referred to in paragraph 1 of the present Article may be exercised for an apartment the floor area of which is up to 40 m2 for the buyer of first apartment and up to 15 m2 per member of his/her family who was not the owner or co-owner of an apartment in the territory of the Republic in the period referred to in paragraph 2, item 1), of this Article, and for ownership share in the apartment up to the surface proportionate to the share of ownership in relation to the surface of up to 40 m2, or 15 m2.
If a buyer of first apartment is buying an apartment the floor area of which is greater than the floor area for which he/she is entitled to VAT restitution pursuant to paragraph 4 of this Article, he/she may exercise the right to VAT restitution in the amount corresponding to the apartment floor area referred to in paragraph 4 of this Article.
For the purposes of paragraph 4 of this Article, the family household of a buyer of first apartment shall be a union of living, working and spending the income of the buyer of first apartment, his/her spouse, his/her children, his/her adoptees, children of his/her spouse, his/her spouse's adoptees, his/her parents, his/her adoptive parents, parents of his/her spouse, adoptive parents of the buyer's spouse, having the same residence as the buyer of first apartment.
The following shall not have the right to VAT restitution as referred to in paragraph 1 of this Article:
1) A buyer who has exercised the right to VAT restitution on buying the first apartment;

2) A member of the family household of the buyer of first apartment on account of whom the buyer of first apartment has exercised the right to VAT restitution, when such member of the family household is buying an apartment;
3) A buyer of an apartment who has acquired the first apartment without the seller's obligation to pay tax on the transfer of absolute rights for that apartment on the basis of buying the first apartment in keeping with the Law dealing with property tax;
4) A member of the family household of the buyer of first apartment who has acquired the first apartment without the seller's obligation to pay tax on the transfer of absolute rights on the basis of buying the first apartment in keeping with the Law dealing with property tax, for whom such tax exemption has been exercised.
Following the executed procedure of control of the fulfillment of the conditions for the exercise of the right to a VAT refund, which must be met on the day of court certification of a contract on sale and purchase of an apartment, except the conditions referred to in paragraph 2, item 2), or paragraph 3 of this Article that must be met on the day of submitted request for VAT refund, the competent tax authority shall issue a decision on the VAT refunding for the purchaser of the first apartment.
The competent tax authority shall keep the record of the purchasers of the first apartment and the members of the family households of the purchasers of the first apartment for whom the purchasers of the first apartment have exercised the right to VAT refunding, as well as of the amount of refunded VAT.

Article 56b

DELETED ("RS Official Gazette", 108/16)

Article 57

The Minister shall specify the manner and the procedure of tax reimbursement and refunding referred to in Articles 53 through 56a of this Law, as well as what is meant by goods and services directly associated with a religious activity pursuant to Article 55 of this Law.

XI SPECIAL REGULATIONS DEALING WITH THE IMPORT OF GOODS

Article 58

The customs regulations shall apply to the VAT on imported goods, unless otherwise provided by this Law.

Article 59

The customs office conducting the customs clearance procedure shall be competent for the assessment and collection of VAT, unless otherwise provided by this Law.

XII PENAL PROVISIONS

Article 60

DELETED ("RS Official Gazette, 68/14)

Article 60a

DELETED ("RS Official Gazette, 68/14)

XIII TRANSITIONAL REGIME

Article 61

The Government of the Republic of Serbia shall regulate the enforcement of this Law in the territory of the Autonomous Province of Kosovo and Metohija for the duration of validity of the UN Security Council Resolution Number 1244.

XIV TRANSITIONAL AND CONCLUDING PROVISIONS

Article 62

The provisions of this Law shall apply to all sales of goods and services and imports of goods made as of 1 January 2005.

If a taxpayer has paid the sales tax on issued bills or received advance payments by 31 December 2004 (mentioned date inclusive) and the sales of goods and services were effective as of 1 January 2005, the taxpayer may reduce the tax debt based on VAT for goods and services delivered in the taxation period by the amount of paid sales tax.

If goods or services are delivered/provided in parts pursuant to Article 14, paragraph 4, and Article 15, paragraph 3, of this Law, the provisions of this Law shall apply to the sale of goods and services made from 1 January 2005 onwards and the provisions of the Law governing the sales tax shall apply to those made until 31 December 2004.

The taxpayer shall make a list of the issued bills and the received advance payments referred to in paragraph 2 of this Article and present them to the competent tax authority by 15 January 2005 at the latest.

Article 63

A person whose total turnover exceeded 2,000,000 dinars in the 12 months prior to the day when the registration form referred to in Article 37, item 1), of this Law has been filed or who estimates such a turnover in the following 12 months, shall file the VAT registration form with the competent tax authority by 30 September 2004 at the latest.

A person whose total turnover exceeded 1,000,000 dinars in the 12 months prior to the day when the registration form referred to in item 1), of this Article has been filed or who estimates such a turnover in the following 12 months, shall file the VAT registration form with the competent tax authority by 30 September 2004 at the latest.

Article 64

The persons who are VAT payers under this Law shall take an inventory on 31 December 2004 of all existing stocks of tobacco products, alcoholic beverages, coffee, engine petrol, diesel fuel and heating oil intended for further sale and determine the amount of sales tax relating to such stocks which was assessed on delivery and paid through the purchase price or on import.

The taxpayer concerned may use as input tax the established amount of tax referred to in paragraph 1 of this Article in conformity with the provisions of this Law, if it uses such products in the sale of goods and services and is eligible for input tax deduction.

The input tax deduction referred to in paragraph 2 of this Article may be effected in the amount that is proportional to the effected sale of goods and services in the future taxation periods.

The taxpayer shall not be eligible for the refunding of the established sales tax referred to in paragraph 1 of this Article.

The taxpayer concerned shall present the inventory lists referred to in paragraph 1 of this Article, as well as the list of suppliers and import customs declarations for the goods referred to in paragraph 1 of this Article, to the competent tax authority by 15 January 2005 at the latest.

The Minister shall specify the way of exercising the right to deduct the sales tax as input tax.

Article 65

The persons who are the VAT payers under this Law shall take an inventory on 31 December 2004 of the newly erected buildings and buildings under construction.
The newly erected buildings that have not been handed over or paid for by 31 December 2004 shall be taxed in accordance with the Law dealing with property tax.
The value of buildings under construction, which are to be handed over as of 1 January 2005, shall be established on 31 December 2004 and they shall be taxed in keeping with the Law dealing with property tax.
The value of buildings referred to in paragraph 3 of this Article incurred as of the day of 1 January 2005 shall be taxed in accordance with this Law.
The taxpayer shall present the inventory lists referred to in paragraph 1 of this Article to the competent tax authority by 15 January 2005 at the latest.

Article 66

The provisions of the Sales Tax Law ("RS Official Gazette", 22/01, 73/01, 80/02 and 70/03) shall apply to the assessment and payment of goods and services sales tax payable by 31 December 2004.

Article 67

This Law shall supersede on its effective date the Value Added Tax Law ("FRY Official Gazette", 74/99, 4/00, 9/00, 69/00 and 70/01).
The validity of the Sales Tax Law ("RS Official Gazette", 22/01, 73/01, 80/02 and 70/03) and the regulations enacted on the basis of that Law shall expire on 1 January 2005 and the Regulation on the Mode of Sales Registering through Fiscal Memory Cash Registers and the Schedule of Introducing such Cash Registers ("RS Official Gazette", 5/03, 39/03, 72/03, 20/04 and 31/04) as well as the regulations enacted on the basis of it, shall be applicable until the beginning of application of the Law governing the introduction and recording sales through fiscal cash registers.

Article 68

This Law shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Serbia and it shall be applicable as of 1 January 2005, with the exception of Article 37, item 1), Article 63, and the provisions of this Law containing authorizations for the enactment of regulations, which shall be applicable as of the effective date of this Law.

* * *

PROVISIONS NOT INCLUDED IN THE CONSOLIDATED TEXT

The Law Amending the Law on Value-Added Tax
("RS Official Gazette", 61/05)

Article 30

Persons engaged in the sale of goods and services referred to in Article 25, paragraph 2, item 7) of the Law on Value-Added Tax ("RS Official Gazette", 84/04 and 86/04) for whom the ministry in charge of health-care affairs has paid the VAT, for goods covered by a contract on donation and humanitarian assistance, shall be entitled to the refund of VAT that was paid at the moment of acquisition of goods in the Republic, and/or at the moment of import, from 1st January 2005 until the effective date of the present Law.
The traditional churches and religious communities shall also be entitled to the refund of VAT paid at the moment of acquisition of goods and services in the Republic, and/or at the moment of

import, within the deadlines referred to in paragraph 1 of this Article, for the goods and services directly connected with religious activity.
The minister in charge of financial affairs shall specify the procedure of exercising the right to VAT refund, as well as what shall be considered as goods and services directly connected with religious activity in terms of this Article.

Article 31

The provisions of Article 14 of this Law referring to division of the input tax and to the mode of determining the proportionate tax deduction shall apply from 1st October 2005, and in the part relating to correction of the proportionate tax deduction - from 1st January 2006.

The Law Amending the Law on Value-Added Tax
(„RS Official Gazette", 61/07)

Article 25

The taxpayer who has made the total turnover of less than 2.000.000 dinars in 2007, except for the sale of equipment and installations intended for performing an activity (hereinafter: total turnover), shall not calculate and pay VAT for the sale of goods and services performed as of 1st of January 2008.

Article 26

The tax payer who has made the total turnover which is higher than 2.000.000 dinars but less than 4.000.000 dinars in 2007 may opt for the duty of calculating and paying VAT, if he delivers the written notification to the competent tax authority within the deadline for submitting tax return for the last taxation period of 2007.
The written notification referred to in paragraph 1 of this Article shall include the data about:
1) Name, address and TIN (tax identification number) of the taxpayer;
2) Place and date of notification;
3) Amount of sale made in 2007.
The taxpayer referred to in paragraph 1. of this Article who has not delivered the written notification to the competent tax authority within the deadline referred to in paragraph 1. of this Article, shall not calculate and pay VAT for the sale of goods and services made from the 1st of January 2008.

Article 27

The taxpayer referred to in Article 25. and Article 26. paragraph 3. of this Law shall, based on the actual state on the 31st of December 2007, make an inventory of goods for which he has exercised his right for the input tax deduction, as follows:
1) Supply of goods obtained from the 1st of January 2005;
2) Equipment and buildings for performing activity for which, on the 1st of January 2008, there is an obligation of correcting input tax deduction;
3) Goods, except goods from the items 1) and 2) of this paragraph, which have been obtained from the effective day of this Law.
The taxpayer from the paragraph 1. of this Article shall determine the amount of the realized input tax deduction for goods referred to in paragraph 1. items 1) and 3) of this Article, make the correction of the input tax deduction for the goods referred to in paragraph 1. item 2) of this Article and determine the amount of the corrected input tax deduction for these goods in accordance with the Law.

The tax payer shall deliver the inventory lists referred to in paragraph 1. of this Article to the competent tax authority until the 20th of January 2008 at the latest.
The taxpayer shall pay determined amount of the realized input tax deduction and amount of the corrected input tax deduction referred to in paragraph 2. of this Article, until the 20th of February 2008.
The minister in charge of financial affairs shall regulate the content of inventory lists referred to in paragraph 1. of this Article, as well as the method of determining the amount of the realized input tax deduction referred to in paragraph 2. of this Article.

Article 28

A taxpayer-legal entity shall be fined 100.000 to 1.000.000 dinars for violation, if he:
1) Fails to determine the amount of realized and the amount of corrected input tax deduction (Article 27. paragraph 2. of this Law);
2) Fails to deliver the inventory lists within a prescribed deadline (Article 27. paragraph 3. of this Law);
3) Fails to pay determined amounts of realized and corrected input tax deductions within a prescribed deadline (Article 27. paragraph 4. of this Law).
A responsible person within the legal entity shall also be fined 10.000 to 50.000 dinars for the violation referred do in paragraph 1. of this Article.
A taxpayer - entrepreneur shall be fined 12.500 to 500.000 dinars for the violation referred to in paragraph 1. of this Article.
A taxpayer – individual entity shall be fined 5.000 to 50.000 dinars for the violation referred to in paragraph 1. of this Article.

Article 29

The right to VAT refunding referred to in Article 22. of this Law can be realized only on the basis of contract on apartment purchase and sale which has been verified after the entry into force of this Law.

Article 30

The minister in charge of financial affairs shall pass the regulation referred to in Article 27. paragraph 5. of this Law within 90 days from the day following the entry into force of this Law.

Article 31

The provisions of Article 11, Article 12. paragraph 2., Article 14 paragraphs 1. and 2. and Article 15 of this Law shall apply from 1st of January 2008.

The Law Amending the Law on Value-Added Tax
("RS Official Gazette", 93/2012)

Article 50

Filing tax returns, VAT payment and qualifying for VAT refund for the taxation periods in 2012 shall be performed in accordance with the provisions of the Law on Value Added Tax ("RS Official Gazette", 84/04, 86/04 - correction, 61/05 and 61/07).

Article 51

VAT taxpayer who has opted for payment of VAT until 15th January 2012 may submit an application for strike off the VAT records to the competent tax authority, in accordance with this Law, as of 1st January 2014.

The Law Amending the Law on Value-Added Tax

("RS Official Gazette", 83/15, 108/16)

Article 34

For a taxable sale of goods and services performed after the beginning of application of this Law, and for which, before the beginning of application of this Law fee or part of the fee was paid, the tax debtor for that sale shall be determined in accordance with the Law on Value-Added Tax ("RS Official Gazette", 84/04, 86/04 - correction, 61/05, 61/07, 93/12, 108/13, 68/14 - other law and 142/14).

Article 35

If after the entry into force of this Law the conditions ceased to exist under which the transfer of property or part of property was considered as not performed in line with Article 6, paragraph 1, item 1) of the Law on Value-Added Tax ("RS Official Gazette" No. 84/04, 86/04 - correction, 61/05, 61/07, 93/12, 108/13, 68/14 - other law and 142/14), the provisions of this Law shall apply.

Article 36

The legal effect of the tax power of attorneys given to persons under Article 10, paragraph 1, item 2) of the Law on Value-Added Tax ("RS Official Gazette" 84/04, 86/04 - correction, 61/05, 61/07, 93/12, 108/13, 68/14 - other law and 142/14) shall cease as of the day of beginning of application of this Law.

Article 37

The provisions of this Law which include the authorization to adopt by-laws shall apply from the day of entry into force of this Law.

The provisions of this Law pertaining to the application and approval of tax proxy shall apply from 1st October 2015.

Article 38

This Law shall enter into force on the day that follows its publication in the "Official Gazette of the Republic of Serbia" and shall apply as of 15th October 2015, except for the provisions of Article 29 of this Law which shall apply from 1st January 2016 and the provisions of Article 25, Article 27, paragraph 1 and Article 30 of this Law, which shall apply from 1st January 2017.

The Law Amending the Law on Value-Added Tax
("RS Official Gazette", 108/16)

Article 11

For the delivery of electricity, gas and heating/cooling energy through the transmission, transportation and distribution networks to the taxpayer referred to in Article 11, paragraph 1, item 4) of the Law on Value-Added Tax ("RS Official Gazette" 84/04, 86/04 - correction, 61/05, 61/07, 93/12, 108/13, 68/14 - other law, 142/14 and 83/15) in the last taxation period of 2016, the day of the sale shall be determined in accordance with that Law.

Article 12

The right to VAT refund for the baby food and equipment acquired by the day the Law regulating the financial support for families with children has started to apply, which envisages payment of a lump sum for the acquisition of baby equipment, shall be exercised in keeping with Article 56b of the Law on Value-Added Tax ("RS Official Gazette" 84/04, 86/04 - correction, 61/05, 61/07, 93/12, 108/13, 68/14 - other law, 142/14 and 83/15).

Article 13

In the Law Amending the Law on Value-Added Tax ("RS Official Gazette" 83/05), in Article 38, the phrase “2017” is substituted by phrase “2018”.

Article 14

The provisions of this Law shall apply as of April 1st, 2017, except for the provision which includes authorization to adopt by-laws, which shall apply from the effective day of this Law.

The provision of Article 9 of this Law shall apply from the day the Law on financial support for families with children, regulating the payment of a lump sum intended for acquisition of baby equipment, has started to apply.

Article 15

This Law shall become effective on January 1st, 2017.