

## Investing in Serbia

Many world-renowned companies have recognized Serbia's potential and decided to locate operations in Serbia. For some of them, Serbia serves as a manufacturing hub that enables duty-free exports to a market of more than 1 billion people. Others are attracted by our country's adept level of English language proficiency, highly skilled and easily trained workforce and generous tax and incentives environment. Regardless of the reason for their initial interest, businesses that decide to set up operations or conduct trade in Serbia encounter a reliable and dynamic country that affords them a much greater opportunity than they initially perceived.



### **WHY INVEST IN SERBIA?**

- 1) The educated labor force available at competitive prices;
- 2) Incentives for employers/businesses that create employment;
- 3) Favorable tax system with one of the lowest corporate income tax rates in Europe of 15%;
- 4) Duty-free exports to a market of more than 1 billion people that includes the EU, the Russian Federation, USA, Kazakhstan, Turkey, SEE, EFTA and CEFTA countries, and Belarus;
- 5) Extremely favorable geographical location in the centre of the Southeast Europe, which provides beneficial conditions for the production and export of merchandise to developed markets, such as Russia, Turkey, Belarus, etc. as well as for export to the countries of former Yugoslavia by virtue of signed free trade agreements.

### **COMPANY REGISTRATION**

Serbian Business Registers Agency (<http://www.apr.gov.rs>)

Founding capital: 1 euro

Number of days for registration of the company: 5 days

<b>BASIC SET UP COSTS</b>		<b>COST/EUR</b>
<b>COSTS OF INCORPORATION OF LTD COMPANY</b>		<b>650 - 900€</b>
Notary expenses		up to 350
Public fees		65 €
Bank account opening		250 €
Registering at the Business Registers Agency		200 €
Providing an official company seal		35 €
<b>ADDITIONAL COSTS ON INCORPORATION</b>		
Translation costs		20 €/page
Providing the registered address		100 €/monthly
Additional requirements in regard with article of associations, contracts etc.		40 €/hour
<b>BASIC BOOKEEPING SERVICES FOR VAT PURPOSES</b>		<b>200 €/month</b>
Simple bookkeeping for tax purposes		
Basic tax & business consultancy (up to 1 hour monthly)		
Payroll for one person		
<b>STATUTORY FINANCIAL REPORTING</b>		<b>200€/year</b>
Statutory financial reporting		200 €/monthly
<b>ADDITIONAL BOOKKEEPING SERVICES</b>		
More demanding bookkeeping		20 €/hour
Financial reporting on demand		25 €/hour
Payroll for more than one person		15 € up to 10 employees 20% discount for 10 to 50 employees 30% discount for more than 50 employees
More complex tax consultancy, tax planning etc		70 €/hour
Extra basic tax & business consultancy		30 €/hour
Other administrative services		20 € /hour

## TAX RATES

<b>Value Added Tax Rates</b>		
Value Added Tax (VAT)	Standard rate	20%
	Reduced rate (for basic food stuffs, daily newspapers, utilities, etc.)	10%
<b>Social Security Contributions</b>		
Social Security Contributions	Pension and disability insurance, health insurance and unemployment insurance calculated on gross salary	37.80%
<b>Corporate income and Withholding Tax</b>		
Corporate Income Tax (proportional and uniform rate)		15%
Withholding taxes on dividends, shares in profits, royalties, interest and capital gains paid amongst non-residents		20%
<b>Personal Income Taxes</b>		
Salary Tax		10%
Annual tax (up to 6 times/over 6 times the average annual salary per employee in Republic of Serbia)		10% to 15%
<b>Property Taxes</b>		
Real Estate Tax		up to 0.40
Property Transfer Tax		2.5%
Inheritance and Gift Tax		1.5% to 2.5%

## FREE ZONES

Many municipalities in Serbia offer the possibility of operating within designated industrial zones. Such zones offer advantages such as a streamlined process for obtaining land, favorable geographic locations and ready-to-use infrastructure. Currently, fourteen of those industrial zones are also licensed free customs zones: Pirot, Subotica, Zrenjanin, FAS Kragujevac, Sabac, Novi Sad, Uzice, Smederevo, Svilajnac, Krusevac, Apatin, Vranje, Priboj and Belgrade.

Import into and export from these zones is free of VAT, customs and clearance. If goods are produced within zone using a minimum of 50% of domestic components, they are considered to be of Serbian origin and are therefore eligible to be imported into Serbian territory or exported without customs, pursuant to free trade agreements.

For more information visit

<http://www.usz.gov.rs/eng/pogodnosti.php>



## FINANCIAL SUPPORT FOR DIRECT INVESTMENTS

Sector	Area development level	Conditions	Reductions of expenses
Manufacturing sector	Devastated	<ul style="list-style-type: none"> <li>• above 100.000 EUR of eligible investments</li> <li>• 10 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• 40% of eligible gross salary expenses</li> <li>• up to 7.000 EUR per new work position</li> <li>• up to 30% of eligible investments in fixed assets</li> </ul>
	IV	<ul style="list-style-type: none"> <li>• above 200.000 EUR of eligible investments</li> <li>• 20 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• 35% of eligible gross salary expenses</li> <li>• up to 6.000 EUR per new work position</li> <li>• up to 25% of eligible investments in fixed assets</li> </ul>
	III	<ul style="list-style-type: none"> <li>• above 300.000 EUR of eligible investments</li> <li>• 30 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• 30% of eligible gross salary expenses</li> <li>• up to 5.000 EUR per new work position</li> <li>• up to 20% of eligible investments in fixed assets</li> </ul>
	II	<ul style="list-style-type: none"> <li>• above 400.000 EUR of eligible investments</li> <li>• 40 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• 25% of eligible gross salary expenses</li> <li>• up to 4.000 EUR per new work position</li> <li>• up to 15% of eligible investments in fixed assets</li> </ul>
	I	<ul style="list-style-type: none"> <li>• above 500.000 EUR of eligible investments</li> <li>• 50 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• 20% of eligible gross salary expenses</li> <li>• up to 3.000 EUR per new work position</li> <li>• up to 10% of eligible investments in fixed assets</li> </ul>
Services that are subject of international trade	All	<ul style="list-style-type: none"> <li>• above 150.000 EUR of eligible investments</li> <li>• 15 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• from 20% to 40% of eligible gross salary expenses</li> <li>• from 3.000 to 7.000 EUR per work position</li> <li>• from 10% to 30% of investments in fixed assets</li> </ul>
Agriculture and fishing	All	<ul style="list-style-type: none"> <li>• above 2.000.000 EUR of eligible investments</li> <li>• 25 new working positions</li> </ul>	<ul style="list-style-type: none"> <li>• from 20% to 40% of eligible gross salary expenses</li> <li>• from 3.000 to 7.000 EUR per work position</li> <li>• from 10% to 30% of investments in fixed assets</li> </ul>

Additional incentives for labor-intensive projects may be approved in the amount of 10% of the eligible

costs of gross salaries (for any increase in the number of new work positions above the number of 200 new work positions), 15% (for any increase in the number of work positions over 500 of new work positions) and 20% (for any increase in the number of new work positions over the number of 1000 work positions).

## *HLB in Serbia*

### *how to contact us*

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