



NEWS

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The Property Tax Law: Adoption of new changes

On December 7, 2018 Serbian National Assembly adopted the Law on Amendments to the Property Tax Law (hereinafter: The Law on Amendments), which came into force on December 16, 2018 and introduced many significant changes in Serbian legal system. Here you can find the most important ones.

Changes concerning property tax

Some of the new changes introduced by the Law on Amendments concerning property tax, are following:

1. There is a newly established obligation for branches established in Serbia which use the property owned by non-resident legal entity operating in Serbia through these branches, to pay taxes and comply with the Serbian law;
2. There is an obligation for person who is, apart from the ownership right, entitled to some other right on the same immovable property (e.g. the right to use the property), to pay property tax on that other right and not ownership right;
3. The Law on Amendments introduces a tax exemption on immovable property owned by private partner, on land acquired by the private partner after conclusion of the concession agreement based on which the estimated value of concession exceeds 50 million euros, as well as on the buildings built on additionally acquired land, if certain conditions are fulfilled;
4. The Law states that the existence of property tax liability will not be influenced by the type of construction permit or the fact that the building and corresponding rights were not registered in the relevant cadastre.

Other relevant changes concern the question of determination of the value of the immovable property and tax base. The law clarifies the term “useful surface of the land” by stating that this includes surface under the building, and it classifies the immovable property in eight groups for assessing the tax base.

Changes concerning gift and inheritance tax

When it comes to changes concerning gift and inheritance tax, newly adopted Amendments, among other things, prescribe the following:

1. Inheritance and gifting of human cells, tissues and organs is exempted from taxation;
2. Gift tax for free of charge transfer of immovable property to the provider of concession in the case of concession contract when transfer is done by a private partner under the

concession contract and the value of concession exceeds 50 million euros is exempted from taxation;

3. Only used motor vehicle or aircraft which are inherited or gifted are subjected to taxation.

Changes concerning transfer tax

When it comes to changes concerning transfer tax, the most important amendments are following:

1. The Law clarified that only the ownership of the used motor vehicle is subject to transfer tax;
2. The Law established that the lease of water land in public possession for the purpose of construction established for a period longer than one year is subject to taxation;
3. Transfer of absolute rights to the provider of concession in the case of concession contract when transfer is done by a private partner under the concession contract and the value of concession does not exceed 50 million euros is exempted from taxation.

Possibility to submit tax return via the public notary and obligation of certain authorities to deliver documents to the tax authorities as common changes

In the end, the Law on Amendments introduced two important changes common to all three named types of taxes. Firstly, the law gives a possibility to taxpayer to submit tax return via the public notary in case where rights on immovable property were acquired or disposed based on the document issued or certified by the public notary. Secondly, certain authorities, such as courts, state or other public authorities, etc. now have a general obligation to deliver documents to the tax authorities and local authorities.