



The Ministry of Finance 2016 Annual Income Tax Instructions

On 30th of March 2017, Ministry of Finance published on their website 2016 Annual Income Tax Instructions (hereinafter: Instructions).

Tax payers for the annual income tax are tax residents for their worldwide income and tax non-residents for their income sourced in Serbia.

Non-taxable threshold

Non-taxable threshold for 2016 according to the relevant republic statistics authority amounts to RSD 2.285.064.

The average annual salary per employee in the Republic of Serbia for 2016 amounts RSD 761.688 according to Statistical Office of the Republic of Serbia authority official data published in the "Official Gazette RS" no. 5/17.

Personal tax deductions

Tax payers, when calculating the taxable income, have the right to apply deductions which are deducted from the income for taxation. Personal tax deductions in 2016 are as follows:

- for taxpayer – 40% of average annual salary per employee, in the amount of RSD 304.675;
- for dependent family member - 15% of average annual salary per employee, in the amount of RSD 114.253

Tax rates

The annual income tax is levied and paid depending on the earned taxable income in the amount of:

- Up to the RSD 4.570.128 – applicable tax rate of 10%;
- Exceeding the amount of RSD 4.570.128 – tax rate of 15%;

Taxable income

Following types of income, received between 01.01.2016. and 31.12.2016. are following types of income:

Employment income from Article 13 to 15b;

Entrepreneurship taxable income from Article 33 paragraph 2 and Article 40;

Taxable income from royalties and similar rights and industrial property rights from Article 55 and 60;

Taxable income from immovable property Article 63 paragraph 3;

Taxable income from leasing movable property from Article 82 paragraph 3 and 4;

Athletes and sport experts income from Article 84a;

Other taxable income from Article 85;

Income from abovementioned points earned and taxed in foreign states – for tax residents;

For determining the annual income tax for 2016 on the bases of immovable property income, Article 63 point 3 of the Personal Income Tax Law („Official Gazette RS“ no. 24/2001, 80/2002, , 57/14 68/14 , other law) that was in force until 01.01.2016. would be applicable.

With respect to determining annual income tax for 2017, for the immovable property income, Article 65v of the Personal Income Tax Law in force would be applicable.

Additionally, it is stated that the maximum annual social security cap for 2016. was RSD 3,808,440. Provided that social security contributions were paid over the maximum annual social security cap in 2016, for the amount paid over the maximum annual cap, the payer has the right to request a refund of that amount in accordance with the Law on Mandatory Social Security Contributions.

Annual income tax return for 2016 is submitted on the PPDG 2R form („Official Gazette RS“ no. 49/14, 28/15, 30/15 and 28/16) until May 15th, 2017 at the latest.

Tax return may be submitted either electronically or in paper– directly or by mail post.