



Tax Alert, October 2017

Rulebook on Tax Return forms for determining personal income tax paid via Tax Assessment - PPDG-1R, PPDG-2R and PPDG-3R

Rulebook on Tax Return forms for determining personal income tax paid upon Tax Assessment

Rulebook on Tax Return Forms for determining personal income tax paid via Tax Assessment was published on October 6th, 2017 (hereinafter: the Rulebook) in the "Official Gazette RS" no. 90/2017.

The Rulebook will enter into force on January 1st, 2018.

Rulebook on tax return forms determining the personal income tax paid via Tax Assessment ("Official Gazette of the Republic of Serbia" No. 49/14, 28/15, 30/15 and 28/16) and Rulebook on tax returns forms for determining Personal Income Tax ("Official Gazette of the Republic of Serbia", No. 7/04, 19/07, 20/10, 23/10 - correction, 8/11, 74/2013, 24/14 and 27/14 - correction) will cease to exist, except in the cases of filing a PPDG-1S tax return in accordance with the Rulebook on Tax return for determining Taxes and mandatory social security insurance by Self-Assessment on the income from Independent Activities ("Official Gazette of the Republic of Serbia", No. 101 / 16 and 7/17).

This Rulebook prescribes and defines the submission and the content of the tax returns in detail for determining taxes as follows:

- Taxes and mandatory social security contributions on income from self-employment to which tax is paid by way of lump-sum taxation (PPDG-1R form);
- Annual income tax (PPDG-2R form);
- Tax on capital gains (PPDG-3R form).

Novelties on submission of the PPDG-1R, PPDG 2R and PPDG-3R tax returns
The novelties are as follows:

- PPDG-1R tax return is submitted only electronically;
- PPDG-2R tax return is submitted both electronically and in written form;
- PPDG-3R tax return is submitted both electronically and in written form;

When submitting a tax return in electronic form, the individual is obliged to sign the tax return electronically in accordance with electronic signature regulations.

Furthermore, the new Rulebook prescribes that entrepreneurs who have acquired the right to lump-sum taxation based on independent activity from January 1st 2018, and who have selected lump-sum method of taxation, need to submit PPDG-1R tax return exclusively in electronic form.

On the other hand, there is no obligation of submitting PPDG-1R in electronic form for entrepreneurs who pay personal income tax and social security contributions based on performing independent activities for lump sum income until December 31st, 2017. In addition, there is no obligation for those who have no changes in terms and scope of business or trade and other conditions affecting the amount of tax liability in the lump-sum taxation starting from January 1st, 2018. On the contrary, if these changes occur until December 31st, 2017, there is obligation to file tax return PPDG-1R electronically starting from January 1st 2018.

Previous PPDG-1R, PPDG-2R and PPDG-3R forms are replaced with the new tax returns forms enclosed to the Rulebook.