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The Proposal of the new Rulebook on the form, contents, manner of keeping VAT records, and on the form and contents of the VAT calculation breakdown

The new *Rulebook on the form, contents, manner of keeping VAT records, and on the form and contents of the VAT calculation breakdown* (**hereinafter: the Rulebook**) is currently under deliberation by the competent authorities, and its application is planned as of **January 1, 2018**.

Much like its previous version, the current Rulebook prescribes the **form, contents and manner of keeping internal records relevant for determining VAT liabilities**, which will not be submitted with the tax return, as well as the **contents of the VAT calculation breakdown**, which will be submitted on Form POPDV together with the tax return for every tax period.

1 Amended and expanded internal VAT records

The new Rulebook prescribes the obligation for VAT-payers to provide data relevant for determining the amount of VAT liabilities, through **general and specific VAT records**.

Within the **general records**, a VAT-payer is obliged to provide data on:

- 1) zero-rated supplies of goods and services;
- 2) VAT exempt supplies of goods and services;
- 3) VAT-able supplies of goods and services and computed VAT;
- 4) VAT computed for supplies performed by another entity;
- 5) special VAT regimes;
- 6) importation of goods;
- 7) purchase of goods and services from farmers;
- 8) purchase of goods and services, except for those supplied by farmers;
- 9) supplies of goods and services performed abroad as well as supplies that are not subject to VAT.

In case of a VAT-payer that is a foreign entity, the general VAT records refer to supplies performed in Serbia to the foreign entity, supplies made by the foreign entity in Serbia, as well as on importation of goods.

The aforementioned data that the VAT-payer is required to provide refers to information that is, for the most part, already included in the existing ledgers of incoming/outgoing invoices (KUF/KIF), and supporting records, such as:

- number and date of issuance of invoice;
- number and date of issuance of received invoice;
- the amount of consideration, tax base, i.e. the value of goods and services, divided by types of supply;
- information regarding the triggering of the tax liability, tax rate and computed VAT;
- the amount of input VAT that can be deducted;
- the amount of input VAT that cannot be deducted;
- information regarding the tax liability;
- other data of importance for the correct computation and payment of VAT.

Within the **special records**, the VAT-payer is obliged to record more detailed information (e.g. numbers and dates of contracts and certificates of tax exemption, personal data on suppliers of secondary raw materials, etc.) regarding certain types of transactions, such as supplies:

- made to diplomatic missions and international organizations;
- performed on the basis of donation agreements, loan agreements or international agreements which provide for a zero VAT rate;
- of waste materials and services that are directly related to them, which are made to a registered VAT-payer by a person not registered for VAT;
- agricultural and related products and agricultural services, which are made by non-VAT registered farmers;
- related to equipment and facilities for performing business activities (which require recordkeeping regarding their first use, completion of the investment, adjustment of input VAT and the right to deduct input VAT etc.).

2 Form POPDV

As of the first tax period of 2018 VAT-payers are obliged to compile VAT calculation breakdowns, contained in Form POPDV, for every tax period, which will be filed electronically to the Tax Administration, along with regular and amended tax returns. Form POPDV consists of 11 different overviews.

The following is a more detailed description of the contents of each part of Form POPDV. The amounts are entered without decimals, but the values themselves can be negative.

VAT-payer's data

This part should contain the TIN and the name of the VAT-payer.

1. Data on zero-rated supplies of goods and services

This part should contain data regarding the consideration charged within:

- supplies abroad,
- supplies performed to the AP Kosovo and Metohija,
- the entry of goods into a free zone and supplies made within free zones,
- other zero-rated supplies of goods and services.

This part should also contain data on advance payments made, in part or in full, as well as supplies of goods and services free of charge, that are also zero-rated.

2. VAT exempt supplies of goods and services

This part includes information about the consideration received for supplies such as:

- supplies of money and capital,
- supply of land and services involving the lease of land,
- supplies of buildings,
- other supplies of goods and services that are VAT exempt.

This part should also contain data on advance payments made, in part or in full, as well as supplies of goods and services free of charge, that are also VAT exempt.

3. Taxable supplies of goods and services and computed VAT

This part includes data regarding taxable supplies of goods and services by a VAT-payer and the computed VAT for the following types of supplies:

- supplies of newly constructed buildings or parts thereof, for which the tax debtor is the VAT-payer performing the supply (excluding supplies of mortgaged real estate and supplies of goods within enforced collection proceedings),
- supplies for which the tax debtor is tax debtor performing the supply (excluding supplies listed in the previous item),
- supplies of buildings and parts thereof, for which the tax debtor is not the VAT-payer performing the supply (including supplies of mortgaged real estate and supplies of goods within enforced collection proceedings),

- other supplies of goods and services for the which the tax debtor is not the VAT-payer performing the supply (e.g. supplies of secondary raw materials, electricity and natural gas etc.).

The increase and decrease in the tax base and the amount of computed VAT needs to be separately recorded, as well as information on the supplies made free of charge, advance payments (made in part or in full) and total values of supplies and computed VAT.

3a. Computed VAT for supplies performed by another entity

This part contains data regarding VAT computed by a tax debtor for supplies performed by another entity, including the following:

- transfer of ownership rights on buildings for which the tax debtor is the VAT-payer - the recipient of goods,
- supplies in Serbia performed by a non-resident entity, that is not a VAT-payer,
- all other supplies within which the tax debtor is the VAT-payer – recipient of goods and services (supplies of electricity and natural gas which are purchased for resale from another VAT-payer, supplies of secondary raw materials and services that are directly related to them, etc.).

The increase and decrease in the tax base and the amount of computed VAT needs to be separately recorded, as well as information on the supplies made free of charge, advance payments (made in part or in full) and total values of supplies and computed VAT.

4. Special VAT regimes

This part contains data on supplies subject to special VAT regimes i.e. supplies of services of travel agencies, supplies of second-hand goods, works of art and collectors' items and antiques.

5. Total turnover of goods and services and computed VAT

This part contains data on the total tax base and VAT computed for performed supplies listed in the preceding fields.

6. The importation of goods

This part contains data on the importation of goods put into free circulation in accordance with customs regulations, the value of tax base on importation, subsequent changes in this value, as well as data regarding the importation of goods which are zero-rated. This part also contains data regarding supplies made from AP Kosovo and Metohija.

7. Purchases of goods and services from farmers

This part contains data regarding the value of received goods and services (including the increase and decrease of that value), value of paid goods and services, the value

of VAT compensations paid to farmers, as well as the amount of VAT that can be deducted as input VAT.

8. VAT records on purchases of goods and services, other than purchases of goods and services from farmers

This part contains data on all other purchases of goods and services, other than purchases from farmers, i.e. data on:

- purchases of goods and services from VAT-payers in Serbia, for which the tax debtor is the supplier of goods and services (including the first transfer of ownership rights over newly constructed buildings, the procurement of goods and services free of charge, etc.),
- purchases of goods and services from VAT-payers in Serbia, for which the tax debtor is the recipient of goods and services (including the transfer of ownership rights over buildings, the procurement of goods and services free of charge, etc.),
- purchases of goods and services from VAT-payers in Serbia, excluding the previously listed categories, i.e. the transfer of assets as a going concern,
- purchases of goods and services that are subject to VAT, from non-resident entities that are not VAT-payers in Serbia,
- all other purchase of goods and services (which are not subject to VAT).

8e. VAT computed for supplies of goods and services that can be deducted as input VAT and adjustments of input VAT

This part contains data regarding VAT that can be deducted as input VAT, as well as subsequent adjustments of this value, including:

- total computed VAT for supplies of goods and services for which the tax debtor is the VAT-payer - supplier of goods/provider of services, and that can be deducted as input VAT,
- total computed VAT for supplies of goods and services for which the tax debtor is the VAT-payer - recipient of goods/provider of services, and that can be deducted as input VAT,
- the adjustment – increase of input VAT, except when incurred via subsequent VAT base adjustments and when related to the importation of goods,
- the adjustment – decrease of input VAT, except when incurred via subsequent VAT base adjustments,
- total computed VAT for the supply of goods and services that can be deducted as input VAT,
- total computed VAT for the supply of goods and services that can be deducted as input VAT, increased for the amount for which the computed VAT cannot be reduced.

9. The total value of purchased goods and services, including the importation of goods put into free circulation

This part contains the total value of purchased goods and services, including the value of imported goods.

9a. VAT stated in tax return as input tax

This part contains consolidated data on individual types of input VAT, such as:

- VAT paid on import of goods,
- VAT paid to a farmer,
- VAT regarding purchase of goods and services, except for the above listed categories,
- Total VAT stated in the VAT return as input VAT.

10. Tax liability

This part contains data on the final tax liability stated in the VAT return, calculated based on consolidated data on the input tax and computed VAT.

11. Supply of goods and services made abroad and other supplies that are not subject to VAT

This part contains data on:

- supplies of goods and services performed abroad,
- transfer of a going concern, that is not considered to constitute a supply for VAT purposes,
- supplies of goods and services that are not considered to constitute supplies for VAT purposes.