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Changes with respect to the list of double taxation treaties and the list of jurisdictions with a preferential tax regime

As of 1st January 2019, important changes related to the list of double taxation treaties and jurisdictions with a preferential tax regime were introduced.

As regards the *double taxation treaties*, in comparison to the last year, the list of the countries with which Serbia has concluded double taxation treaties has changed. In that manner, from this year, there are two new countries which concluded double taxation treaties with Serbia – San Marino and Indonesia, while, on the other hand, treaty with Malaysia has ceased to be valid.

The countries with whom Serbia has valid double taxation treaties are following: Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia & Herzegovina, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Italy, Kazakhstan, Kuwait, Latvia, Libya, Lithuania, Luxemburg, Malta, Moldova, Montenegro, the Netherlands, North Korea, Norway, North Macedonia, Pakistan, Poland, Qatar, Romania, Russia, San Marino, Slovakia, Slovenia, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, Vietnam.

In addition, it is important to highlight that due to the entrance into force of Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, the treaties with Austria, France, Lithuania, Poland, Slovakia, Slovenia and United Kingdom are amended as of 1st January 2019. The changes were introduced with an aim to prevent tax planning which takes advantage of gaps and non-conformity of tax regulations in order to reduce tax bases or "artificial" relocation of profits to countries with low or non-existent tax jurisdiction, where economic activity does not take place at all or takes place on a small scale.

As regards the *jurisdictions with a preferential tax regime*, Ministry of Finance has issued a Rulebook on the list of jurisdictions with a preferential tax regime. The rulebook came into force on 1st January 2019 including the following countries: Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Christmas Island, Cook Islands, Dominican Republic, Falkland Islands, Fiji, Gibraltar, Grenada, Guam, Guernsey, Guyana, Hong Kong, Isle of Man, Jersey, Liberia, Liechtenstein, Macao, Maldives, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Netherlands Antilles, Niue, Normandy Isles, Palau, Panama, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Seychelles, Solomon Islands, Tonga, Trinidad and Tobago, Turks and Caicos Islands, Tuvalu, US Virgin Islands, Vanuatu. In comparison to the previous list, it is important to emphasize that San Marino is not anymore considered as a jurisdiction with a preferential tax regime. According to the relevant legal provisions, if the foreign legal person is located in one of the aforementioned jurisdictions, the tax rate is 25%. Additionally,

irrespective of the place of delivery of service or use of service, the tax is paid on the fees paid to the foreign person for all service provided.

If you have any questions or need further information please email us on office@zstax.rs