



News

Tax News March 2018

New Rulebook on „arm’s length“ interest rates for 2018

Serbian Ministry of Finance issued in the Official Gazette number 18 date 9 March 2018 new Rulebook which defined the interest rates which are for the purposes of corporate income tax for 2018 considered to be at the “arm’s length” level. Interest rates are the following:

1. For Banks and finance leasing companies:

3.10% for short-term loans in RSD

4.10% for long-term loans in RSD

3.19% for loans in EUR and RSD loans denominated in EUR

2.45% for loans in USD and RSD loans denominated in USD

3.12% for loans in CHF and RSD loans denominated in CHF

3.70% for loans in SEK and RSD loans denominated in SEK

1.15% for loans in GBP and RSD loans denominated in GBP

3.33% for loans in RUB and RSD loans denominated in RUB

For other legal entities:

5.84% for short-term loans in RSD

5.58% for long-term loans in RSD

3.10% for short-term loans in EUR and RSD loans denominated in EUR

3.42% for long-term loans in EUR and RSD loans denominated in EUR

12.97% short-term loans in CHF and RSD loans denominated in CHF

8.21% for long-term loans in CHF and RSD loans denominated in CHF

4.41% for short-term loans in USD and RSD loans denominated in USD

4.16% for long-term loans in USD and RSD loans denominated in USD

Above interest rates will be applied for determination of interest income and expenses in accordance with „arm’s length“ principle for the purpose of preparation of corporate income tax return and tax balance sheet for 2018. For the purpose of corporate income tax return and tax balance sheet for 2017, existing Rulebook for 2017 remains in force.

New Rulebook on services based on which non-residents realize revenues which are subject to withholding tax

Serbian Ministry of Finance issued Rulebook which defines types of services which are according to the Article 40 paragraph 1 point 5 of the Serbian Corporate Income Tax Law based on which non-resident legal entities realize revenues which are subject to withholding tax. These services comprise:

market research which comprise:

collection of information from the market which are related to providing data to resident legal entity and serve for planning, organisation and control of the business of resident legal entity

processing and analysis of data

determination of characteristics and measurement of market potential

analysis of market share

analysis of sales

analysis of competition

testing new and potential products on the market;

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These services do not comprise marketing services, including advertising services.
accounting, audit and assurance services which comprise:

preparation of financial statements

audit of financial statements in a sense of checking financial statements based on which independent expert opinion about the statements is issued which confirms whether they represent fair and true picture of the business operations of the entity according to relevant regulations

other services in the area of legal and business advisory which comprise:

all forms of legal and business advisory, in particular tax advisory, lawyer services, management services for resident legal entities, all other services of advisory and consultations in connection to the business operations of resident legal entity. These services do not comprise holding seminars, workshops, courses and intermediation.

Revenues based on services are subject to withholding tax regardless of their place of supply or use or place where they will be supplied or used.

Rulebook comes into force on 1 April 2018.