Deloitte.

Investing in Serbia
At your glance

October 2026



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1. Serbia – an attractive investment location

Serbia remains an attractive investment destination in Southeast Europe, supported by its strategic geographic position, competitive operating environment, access to major international markets and an investment policy aimed at attracting both domestic and foreign investors. Its location at the crossroads of Central and Southeast Europe provides investors with access to important EU and regional markets.

Two main factors are contributing to this favorable position: its geopolitical position and a strong public policy orientation towards foreign investments, which makes Serbia an attractive investment opportunity for EU and Asian investors.

Public policy orientation towards supporting foreign investors is at the highest level, as Serbia's devotion to investments can be perceived both by favorable legislature focused on incentivizing investments and the infrastructure provided for investors – particularly the Development Agency of Serbia (RAS). RAS is a government organization offering a wide range of services including support to direct investments, competitiveness, and export promotion, leading the implementation of projects aiming to improve Serbia's attractiveness and reputation and increase economic and regional development.



2. Why Deloitte?

Deloitte provides assistance to interested clients in all phases of the investment, with cross-functional teams created on a case-by-case basis for each potential investment and each client.

"Deloitte" is the brand under which approximately 457,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax and related services to select clients.
Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories.

The Deloitte CE South cluster covers markets in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Serbia, and Slovenia. With more than 1400 experts in the region, we are serving successful multinational companies, some of the largest national companies, and many fast-growing small and medium-sized enterprises. Our cross-border teams, who deliver services in four professional areas — audit, tax, consulting, and financial advisory, provide our clients with seamless, high-quality services. Deloitte's regional approach increases our ability to serve our clients and our capacity to build up specialist teams that meet different, specific industry-related client needs.
The same as everywhere in the world, Deloitte CE South, including Deloitte Serbia, is devoted to excellence in providing professional services.

2.1 Deloitte Serbia

Deloitte office in Belgrade commenced operations in 1991 and today it employs more than 250 consultants and auditors from Serbia and abroad.
Our clients are numerous domestic companies, both public and private, multinational companies, banks, and other financial institutions. To meet the growing demands of clients, Deloitte continues to maintain the high quality of its basic services, timely monitoring, and applying new business technologies.
Deloitte Serbia accesses to its clients comprehensively, using foreign expertise and well-established best practices, as well as knowledge of local offices, fully aware of the responsibility they bear. Every day we work to improve our services in order to meet the increasingly demanding needs of the market.

2.2 Tax department

Deloitte Tax department provides services in the area of tax advisory, and bookkeeping services.

Tax advisory

Deloitte provides a wide range of integrated tax advisory services. The principle of work, which is analytical and innovative, is based on a multidisciplinary understanding of the overall business environment and certain business sectors, as well as on providing advisory services adjusted to the specific needs of its clients. Tax advisory services include services in the following areas:

- Corporate Tax Compliance (not globally co-ordinated);
- Indirect Tax Compliance (inc Sales & Use Tax) (not globally co-ordinated) ;
- Individual, Family Office, Estate & Trust Compliance;
- Transfer Pricing Documentation;
- Supply & Value Chain Tax Advisory (inc Customs & GTA);
- Legal Entity Structuring – Tax Advisory;
- M&A Tax Due Diligence;
- M&A Transaction Tax Structuring;
- Post-Merger Integration;
- Tax Controversy Advisory;
- Government Grants, Credits & Incentives;
- High Net Worth & Family Office Advisory;
- Immigration (non-US);
- Global Mobility Tax.

Bookkeeping services i.e. Business Process Solutions (BPS)

Our services include recording of all financial transactions, such as recording clients' invoices, calculation of employee expenses, and recording taxes with respect to various business transactions. BPS service methodology includes reconciliations of accounts between local books and corporate accounting, facilitating the integrity and accuracy of consolidated reports.

3. Why choose Serbia for your investment?

3.1 Access to the huge and diverse market

Serbia has one of the best geographical positions in Europe to which several factors contribute.

Serbia stands at the crossroads between east and west, not only geographically, but also culturally and economically. This enables potential investors to be right in between two worlds, two expansive markets, in a country dedicated to taking the best from both worlds.

Externally, Serbia can serve as a manufacturing hub for duty-free exports to a market of more than 1.3 billion people that includes the European Union, the Eurasian Economic Union, USA, Japan, Australia, Southeast Europe, the European Free Trade Agreement members, and Turkey. This customs-free regime covers most key industrial products, with only a few exceptions and annual quotas for a limited number of goods.

3.2 Connectivity

Two important European corridors, VII – the River Danube and X – the international highway and railroad, intersect on the Serbian territory, providing excellent connections with Western Europe and the Middle East.
Thanks to its highways (Corridors 10 and 11) and its river network (the total length of navigable rivers and channels is 1,395 km), especially the Danube river which passes through the country and its capital city Belgrade, Serbia is connected with other important markets such as Turkey, Greece, Austria, Germany, Slovakia, Italy and many more. Furthermore, Serbia has a very favorable geographical position and mild climate.

> Serbia is still not an EU country, but it is an EU candidate country bordering 4 EU countries and 4 non-EU countries. This is why Serbia still offers a possibility of enjoying all the benefits of working outside the EU while being able to provide services and transport of goods in projected and flexible time frames within the business culture that is similar to the one in the EU.

Serbia has access to the South-East Europe Free Trade Zone under the CEFTA agreement and DTT (double tax treaties) with 64 countries, including the biggest and most important European (UK, Germany, France, etc.) and Asian countries (China, UAE, India) and many others.
Serbia's capital city is Belgrade, located at the confluence of the Sava and Danube rivers. Apart from being a main regional communication and logistic hub, the real potential of Belgrade lies in its educated population, who are ready to accept and implement new technologies and are more open to learning new languages than in any other country in the region. Apart from their qualifications, another attribute of the labor force is its competitive edge and productivity.

The Autonomous Province of Vojvodina is located north of the Sava and Danube rivers, and it is an area well known for its agricultural production.
The Central Serbia region is well known for its production of fruits especially plums, raspberries, apricots, etc., as well as for industrial production. Eastern Serbia is a region rich in minerals, gas, coal, iron, copper, gold, silver, magnesium, etc.

3.3 Numerous arbitral options

The civil, continental law system is applicable in Serbia, as well as in other countries in the region.

Along with state courts of general and special jurisdiction, disputes may be settled through alternative methods of dispute resolution, e.g. arbitration. Legal entities may opt for arbitration, providing an arbitration clause within the contracts. An institutional arbitration court, the Foreign Trade Court of Arbitration at the Serbian Chamber of Commerce operates in Belgrade. Rulings of the tribunal are final and binding. Furthermore, parties are free to opt for procedural rules, as well as for applicable substantive law, which particularly benefits disputes with a foreign element.

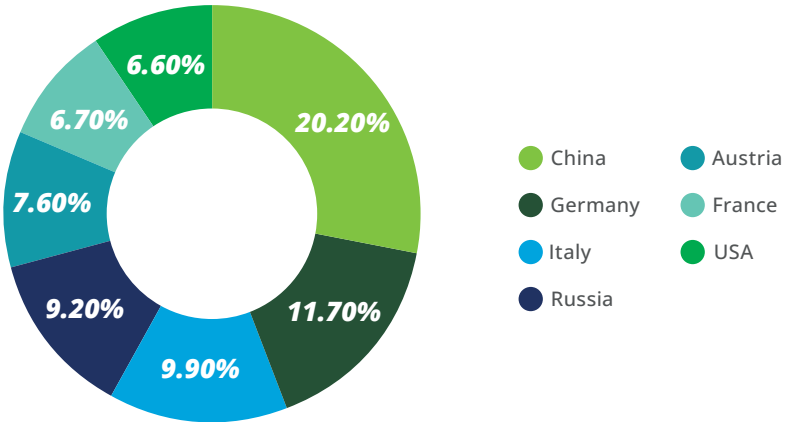


4. Investments in Serbia

Credit ratings:	**BBB-** / stable outlook **(Standard&Poors,** March, 2026)
	BB+ / positive outlook **(Fitch,** July, 2026)
	Ba2 / stable outlook **(Moody`s,** March, 2026)

This strategic approach led to a notable influx of foreign direct investment. Serbia has established itself as one of the region's leading investment destinations, with FDI inflows more than tripling since 2012 - from EUR 1 billion to a record EUR 5.2 billion in 2024, and remained substantial in 2025, averaging close to 10% annual growth over the past decade.

Largest Foreign Investors in Serbia by Value of Projects (%) [1]



Key industries in Serbia

Automotive industry - The Serbian automotive industry is not only a traditional economic sector but a sector with a bright future due to its highly qualified workforce and its geographical location. Serbia's automotive sector is integrated into European and international automotive supply chains, supplying components and systems to major manufacturers. The sector benefits from an established manufacturing base, engineering capabilities and Serbia's proximity to major EU production networks.[3]

Within the industry, the most important activities are the manufacturing of vehicle chassis system parts and electrical system components and the production of engine components (valves, brake discs, camshafts, etc.). [4]

Food industry - Serbia has ideal natural conditions for agricultural production (one of the cleanest soils in Europe, diverse climate, over 6 million ha of agricultural land, a tradition of quality and healthy food production). As an important indicator of its efforts to produce quality food, Serbian law prohibits the production and import of any genetically modified foods and seeds (GMO). There are substantial cash incentives for food production.
Most Attractive Investment Sectors by No of Projects (%).[5]

Shared Services sector - Serbia has a great perspective to emerge as a top market for the shared services and business processes outsourcing industry. The workforce is reliable, skilled, and multilingual. On the other hand, the country's position in the heart of Europe makes it an excellent choice since it shares the same time zone as most western European countries.

Many global players such as TeleSign, First Data, NCR Corporation, and Iron Mountain have already recognized the potential of the Serbian market.[6]

Electronics industry - The Serbian electronics industry includes over 1,700 innovative companies. This sector also has the lowest total annual labor costs, while being home to highly experienced and skilled workers. Technical education in Serbia is particularly strong with approximately 33% of university graduates coming from technical schools. For the reasons above, Serbia has a highly competitive electronics sector.

[1] RAS Database, 2026
[2] RAS Database, 2023
[3] https://ras.gov.rs/
[4] https://ras.gov.rs/
[5] RAS Database, 2023
[6] https://ras.gov.rs/

This sector is, along with the ICT, food, and automotive industries are actively supported by the Serbian government as one of the priority sectors. This allowed investors to receive more favorable investment incentive deals in the past, which is a practice that should continue in the future.[7]

ICT industry - With a particularly strong engineering education background, attractive labor costs, outstanding skills, high fluency in English and developed telecommunication and ICT infrastructure, Serbia is aiming to become an alternative to more traditional ICT markets, with the ICT sector becoming one of the pillars of the Serbian economy.

Serbia is ranked seventh in the IT Competitiveness Index. The country has the second-highest number of ICT students per 100,000 people in the emerging Europe region and the fifth-highest number of ICT graduates per 100,000. The high level of English competence ranks it fourth among the countries of the region and 15th globally, improving its position by three notches compared to 2018. Nevertheless, there is a room for improvement in the amount of value-added in ICT per capita.

Serbia's proportion of ICT students among the general student population has also been increasing. Now, from fifth grade, computer science classes are compulsory in the Serbian curriculum. In 2015, the first bit of innovation infrastructure was unveiled with Belgrade's Science and Technology Park. Novi Sad's technological park was unveiled in early 2020, and two more are currently under construction in Nis and Cacak, with a collective investment of 70 million euros.[8]

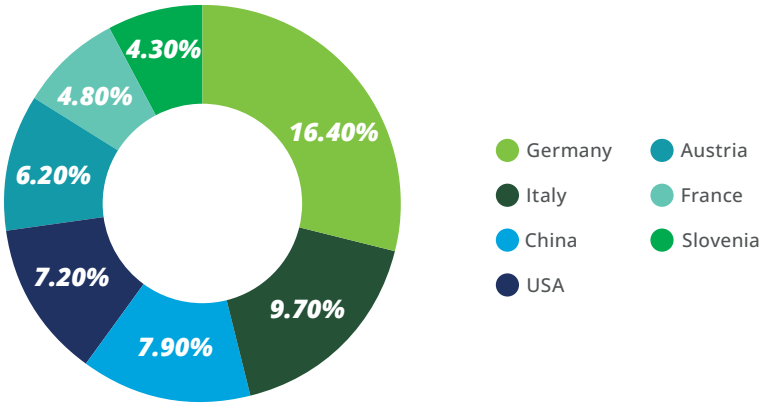
Serbia is an emerging tech hub in Europe, conveniently located and open for business, with domestically grown tech champions recognized worldwide.[9]

Gaming Industry

The Serbian gaming ecosystem is among the most dynamic and fastest-growing in the world and, what is even more impressive, it has a lot of room to grow. That makes the gaming industry one of the prime investing options. It features over 120 companies including of different sizes and portfolios and many more are emerging. Some of the larger ones are Ubisoft Belgrade, Nordeus, Playrix, Mad Head Games, etc.

The gaming industry is also one of the more recent focuses of the Serbian Government that adopted the Strategy for the Development of Startup Ecosystems of Serbia for the period from 2021 to 2025. The Strategy for the Development of the Startup Ecosystem of Serbia for the period from 2021 to 2025 determines the goals and measures for the development of the startup ecosystem whose implementation should result in accelerated development of the startup ecosystem, encouraging innovation in the economy of Serbia. The adoption of this strategic document harmonizes the work of various individual initiatives within the ecosystem and provides a strategic and systematic approach to public institutions to support the creation of an environment that will start at different stages of development (risk-sharing, knowledge sharing, and access to information and funding) make business easier and create new opportunities.[10]

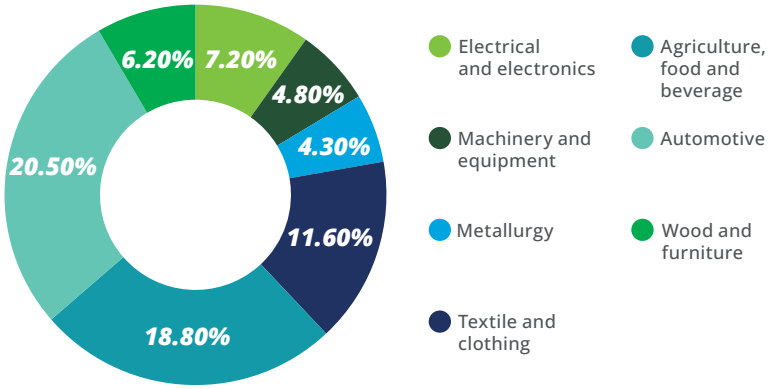
Largest Foreign Investors in Serbia by No of Projects (%)[2]



Blockchain regulation

Serbia is one of the top five countries in the world for blockchain developers and has many product-oriented blockchain startups.

On December 21, 2021, the National Assembly of Serbia adopted the Law on digital assets. This law regulates 1) the issuance of digital assets and secondary trading in digital assets in Serbia (hereinafter: Republic); 2) the provision of services in connection with digital assets; 3) pledge and fiduciary rights on digital assets; 4) the competencies of the Securities Commission (hereinafter: Commission) and the National Bank of Serbia; 5) supervision over the application of this Law.[11]



https://ras.gov.rs/ [7]
IT Landscape Report 2021, © 2021 Emerging Europe Limited 7 Bell Yard, London, WC2A 2JR, United Kingdom [8]
https://innovations.serbiacreates.rs/ [9]
https://mpn.gov.rs/vesti/vlada-srbije-usvojila-strategiju-razvoja-startap-ekosistema-republike-srbije-za-period-od-2021-do-2025-godine/ [10]
Article 1, LAW ON DIGITAL ASSETS (RS Official Gazette, No 153/2020) [11]

5. Tax legislation

The following is a summary of the main tax categories existing in Serbia: CIT (corporate income tax), VAT (value-added tax), and PIT (personal income tax).

5.1 Corporate income tax

Pursuant to the provisions of the Corporate Income Tax Law (CIT Law), Serbian resident companies are subject to 15% corporate income tax (CIT) on their worldwide income.

A resident legal entity is an entity that is incorporated or has a place of effective management and control in the territory of Serbia.

CIT is also levied on profits of permanent establishments of non-resident legal entities in Serbia.

Taxable income is established based on accounting profit, determined in line with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS and IFRS for SMEs), and local audit and accounting legislation, further adjusted for tax purposes.

Costs of material and goods sold are recognized as an expense for tax balance purposes, in the amount calculated using the average weighted price method or the FIFO method.

Corporate income tax (CIT): 15%
Value added tax (VAT): 10% / 20%
Personal income tax (PIT): 10%
Withholding tax (WHT): 20%

Operating losses generated from business activities may be carried forward for up to five tax years and used to offset taxable income.

Capital gains (earned on the sale of real estate, shares, certain investment units, and units, intellectual property rights and certain digital assets are subject to CIT. Capital loss may be carried forward for up to five tax years and used to offset a capital gain. Operating loss cannot be used to offset capital gains and vice versa.

Significant tax adjustments

Non-documented costs are not tax-deductible, as well as: adjustments of individual claims from persons that are also creditors – up to the amount of that other claim, gifts and contributions made to political parties, gifts provided to related entities, interest for late payment of public revenues and misdemeneur procedure, contractual fines and penalties, default interest between related entities, and expenses that were not incurred for performing business activities.

Marketing costs are fully tax-deductible, whilst entertainment costs are deductible in the amount of up to 0.5% of the annual revenue.

Tax depreciation of fixed assets is calculated using the straight-line method for all V groups, applied to the base corresponding to purchasing value, for each individual asset. If the amount of accounting depreciation is lower than the amount of tax depreciation, only the amount of accounting depreciation will be deductible.

Depreciation of investment properties which are recorded using the fair value method is calculated by applying the 2.5% rate on the purchase value.

Depreciation of intangibles is deductible in the amount of accounting depreciation.

In addition, CIT Law prescribes a number of expenses which are deductible when paid (instead of when recorded in financial statements).

Transfer pricing rules in Serbia are based on the OECD Transfer Pricing Guidelines combined with certain domestic specifics and the preparation of transfer pricing documentation is mandatory, as it must be submitted along with the tax return each year.

Transfer pricing rules

Any private individual or legal entity (domestic or foreign) that can exercise control or has significant influence on taxpayer's business decisions is considered to be a related entity. Further, the Law defines that capability of control over taxpayer exists in case of direct or indirect ownership of at least 25% of taxpayer's shares or stocks, as well as in case when an entity directly or indirectly controls at least 25% of the votes in taxpayer's management board.

Legal entity related to the taxpayer is also considered to be an entity in which the same private individual or legal entity, as in taxpayer's ownership or voting structure, directly or indirectly participate in management, control or capital. Additionally, spouses, descendants, adoptees and their descendants, parents, adopters, siblings and their descendants, grandparents and their descendants, as well as siblings and parents of spouses of persons related to the taxpayer in a previously described manner are also considered to be related entities.

Serbian transfer pricing regulations prescribes certain thresholds regarding the value(s) of intercompany transactions, below which there is a limited obligation for preparation of Transfer pricing Report.

Namely, the tax payer may file a Transfer pricing Report in an abbreviated form regarding transactions with related parties, except for loans and credits, which fulfill one of following two conditions:

- That a transaction with a related party is a one-off only in a year for which the report is created, and that its value does not exceed the turnover amount regulated by VAT Law where a taxpayer has the obligation to pay VAT (RSD 8,000,000; approx. EUR 68,000);
- That a total transaction value with one related party during the fiscal year does not exceed the turnover amount regulated by VAT Law where a taxpayer has the obligation to pay VAT (RSD 8,000,000; approx. EUR 68,000);

Abbreviated report should be submitted for all transactions with related entities and it should contain information regarding each transaction, and particularly:

- transaction description;
- transaction value;
- related entity with whom transaction has been realized.

Regarding the intercompany loans, in Serbia there is a "safe harbor" rule in place, i.e. Ministry of Finance publishes arm's length interest rates for each fiscal year.

Taxpayer can choose to use these interest rates for testing of arm's length nature of interest on intercompany loans, or it can choose not to use these rates and perform testing through application of general transfer pricing rules and methods.

Within the conclusion of the Transfer pricing Report, the taxpayer should determine whether the prices in transactions with related entities are in accordance with the arm's length principle, or is it necessary to perform adjustments in accordance with the selected method for determining whether transfer prices are in accordance with the arm's length principle.

Transfer pricing Report must be prepared in Serbian language as it is officially submitted to the tax authorities. Deadline to file the Transfer pricing Report is the same as the deadline for file the CIT return, i.e. 180 days after the end of financial year.

Tax relief for large investments

The CIT Law prescribes a special tax relief for large investments, subject to fulfillment of the following conditions:

- Investment of over RSD 1 billion (approx. EUR 8 million) in fixed assets which are used for registered business activities (investments in progress are not considered as fixed assets in use until activation), and
- Employment of 100 new employees for an indefinite period of time during the period of investment.

The tax relief runs from the year in which the first taxable income is generated and after both of the above conditions are cumulatively met, and lasts for 10 years.

Contributions in kind made through share capital and/or increases of share capital are also considered as investments into fixed assets. Valuation of these investments is performed according to their fair market value. It should be noted that the purchase of equipment previously used in Serbia is not considered an investment. Moreover, in order to claim the incentive, the fixed assets have to be put in use and have to be paid. The tax relief is granted in proportion to the value of investment - the tax liability is reduced based on the ratio between the value of new assets and total assets (total assets include the newly acquired assets). This ratio must be separately calculated for each year. For the purposes of this incentive, new employees are not considered to be individuals formerly employed in a company directly or indirectly related to the taxpayer.

Furthermore, in case of a reduction of assets or employees (which are not replaced), the taxpayer is no longer entitled to use this incentive and is liable to pay the amount equal to the utilized tax incentive in previous periods, increased for the local inflation rate.

Although this tax incentive will be abolished, taxpayers that meet the eligibility requirements by 1 January 2028 (i.e., by the end of 2027 or, where applicable, by the last day of the tax period commencing in 2027) will retain the right to benefit from the incentive for the full 10-year period.

R&D Deduction

The CIT Law provides for a new tax incentive - expenses directly related to R&D activities performed in Serbia are tax-deductible in double amount.
The incentive is not applicable to research expenses arising with the aim of finding and developing oil, gas, or mineral resources in the extractive industry.

IP Box regime

CIT Law introduces tax incentives for taxpayers who derive income based on the compensation for the use of IP (also applicable to related rights and patents) – i.e. who derive royalty income, with condition that the IP must be registered in Serbia.

Qualified income, realized by the owner of the IP, based on the compensation for the use of registered IP, except compensation for the transfer of all rights on the IP, may be excluded from the tax base in the amount of 80% of such realized income (also applicable to the income from patents) if the taxpayer opts for it. The CIT Law provides rules for determining the qualified income.

The taxpayer is obligated to specifically state respective income in the tax balance, as well as to prepare, and at the request of the Tax Administration, submit documentation in a manner and in the form prescribed by the Minister of Finance.

Tax credit for investments in start-up companies

CIT Law introduces tax incentives for taxpayers who are not deemed as performing an innovative business activity, based on their investments in start-up companies, i.e. newly established companies performing innovative business activities, applicable to investments made as of 1 January 2019.

A taxpayer that is not a newly established company performing innovative business activities, and which invests in the share capital of the newly established company performing innovative business activities, has a right to a tax credit in the amount of 30% of such investment.

The tax credit may be used by the taxpayer:

- who before investment, independently or with all related entities, did not own more than 25% of the shares, i.e. voting rights in the newly established company performing innovative business activities in which it invests,
- only based on fully paid in monetary investments that increase the capital of the newly established company performing innovative business activities,
- under the condition that the taxpayer did not decrease its investment continuously for a period of three years from the date of the investment – tax credit can be used for the first time in the tax period following the period in which this condition was fulfilled.

The maximum amount of the tax credit which could be used by the individual taxpayer based on the investment in the newly established company performing innovative business activities amounts to RSD 100,000,000 (approx. EUR 850,000), while the maximum amount of the tax credit, regardless of the number of investments, which could be used in one tax period by the taxpayer amounts to RSD 50,000,000 (approx. EUR 425,000). The exception to the general rules applies in the case of related entities having the right to use this tax credit.

The unused part of the tax credit may be carried forward, but not longer than five years.

This tax incentive will be abolished as of 2027. However, taxpayers that meet the eligibility requirements by 31 December 2026 (or, where applicable, by the last day of the tax period commencing in 2026) will retain the right to benefit from the incentive under the previously describe rules.

Withholding and capital gains taxation

The CIT Law covers the taxation of income of nonresident legal entities paid by Serbian resident companies. Therefore, the law provides for taxation by way of withholding of income generated from dividends, royalties, interest, income from the lease of movable and immovable property, as well as income from services fees (as defined below).

Only fees for market research services, accounting, and auditing services, and other legal and business consulting services (primarily management fees) will be subject to withholding tax, regardless of where such services are rendered or used. Pursuant to the CIT Law, resident companies are obliged to calculate and pay a 20% withholding tax on every income from dividends, royalties, interest, lease, and services (as defined above) paid to a non-resident entity.

Also, capital gains derived by non-residents are subject to 20% capital gains tax. Nonresident sellers would have to appoint a fiscal representative and file a capital gains tax return within 30 days from the day of sale. Tax is payable based on the Tax Assessment issued by Tax Authority.

The 20% tax rate can be lowered or eliminated if Serbia has a Double Taxation Treaty (DTT) concluded with the country of residence of the income recipient.

Network of applicable DTT's

As of 1 January 2026, Serbia has 64 effective DTTs with the following countries:

Albania	Czech Republic	Indonesia	Malta	Romania	Ukraine
Armenia	Denmark	Iran	Marocco	Russia	United Arab Emirates
Austria	Egypt	Ireland	Moldova	San Marino	United Kingdom
Azerbaijan	Estonia	Israel	Montenegro	Singapore	Vietnam
Belarus	Finland	Italy	Netherlands	Slovakia	
Belgium	France	Japan	North Korea	Slovenia	
Bosnia & Herzegovina	Georgia	Kazakhstan	North Macedonia	Spain	
Bulgaria	Germany	Kuwait	Norway	Sri Lanka	
Canada	Greece	Latvia	Pakistan	Sweden	
China	Hong Kong	Libya	Poland	Switzerland	
Croatia	Hungary	Lithuania	Qatar	Tunisia	
Cyprus	India	Luxembourg	Republic of Korea	Turkey	

List of jurisdictions with preferential tax systems

Nonresident sellers would have to Jurisdictions with preferential tax systems include countries that are deemed as tax havens under the CIT Law and for which certain special rules are prescribed. Namely, payments of royalties, interest, lease, and service fees made to entities located in such jurisdictions are subject to a higher, 25% WHT (dividends are taxed at regular rate), whereby all service fees paid to these entities are subject to WHT, regardless of the nature of such services. Additionally, in terms of transfer pricing rules, entities located in these jurisdictions are considered to be related entities of resident companies.

The list of jurisdictions with preferential tax systems encompasses the following countries:

Andorra	Cook Islands	Liechtenstein	Panama	Vanuatu
Anguilla	Dominican Republic	Macao	Saint Kitts and Nevis	
Antigua and Barbuda	Falkland Islands	Maldives	Saint Lucia	
Aruba	Fiji	Marshall Islands	Saint Vincent and the Grenadines	
Bahamas	Gibraltar	Mauritius	Samoa	
Bahrain	Grenada	Monaco	Seychelles	
Barbados	Guam	Monserrat	Solomon Islands	
Belize	Guernsey	Nauru	Tonga	
Bermuda	Guyana	Netherlands Antilles	Trinidad and Tobago	
The British Virgin Islands	Isle of Man	Niue	Turks and Caicos Islands	
Cayman Islands	Jersey	Normand Isles	Tuvalu	
Christmas Island	Liberia	Palau	US Virgin Islands	

5.2 Value-added tax

VAT-able and VAT exempted supplies
Value-added tax (VAT) is levied on the supplies of goods/services in Serbia, as well as on the importation of goods at **the general VAT rate of 20%.** However, certain supplies are taxed with **the reduced VAT rate of 10%** (food, medicines, transfer of the right of disposal over residential property ,etc.).

Certain supplies are considered to be zero-rated supplies (e.g. export of goods, transit or temporary import of goods, etc.), whereas some supplies might even be VAT exempted (e.g. banking, financing, and insurance services, etc.), all in line with the provisions of the Law on Value-Added Tax.

VAT registration obligation, formalities related to filing VAT return and payment of VAT due
For local **legal entities or individuals,** the VAT registration obligation would exist if such entities are **exceeding RSD 8,000,000 (approx. EUR 68,000) turnover threshold** set for mandatory registration, **in the last 12-month period.** The tax period for which the VAT return should be filed and VAT paid is the calendar month for VAT payers with a total turnover exceeding RSD 50,000,000 (approx. EUR 426,200) within 12 preceding months. Otherwise, the tax period used would be a calendar quarter.

The VAT return should be filed through the *E-taxes* portal within 15 days from the day in which the tax period has ended. The VAT payer would be obliged to file the VAT return regardless of whether any VAT-able supplies were made within the tax period. The deadline for payment of VAT is the same.

For foreign entities or individuals, there is a mandatory VAT registration requirement in case the following conditions are cumulatively met:
• Non-resident entity should make VAT-able supplies of goods and / or services, including also zero rated supplies (apart from the supply of goods to public bodies, supply of goods within customs warehouses, and supply of passenger transport by buses);

- VAT-able supplies should be made on the territory of Serbia; and VAT-able supplies should be made to non-VAT registered legal and non-VAT registered legal entities and individuals in Serbia.

Please note that the Serbian VAT Law does not prescribe registration threshold in this situation, i.e. any VAT-able transaction may trigger a VAT registration obligation for a non-resident.

Requirements for claiming input VAT
Foreign and local entities VAT registered in Serbia should have the right to deduct input VAT provided the following conditions are met:

- Material condition – the VAT payer may exercise its right for deduction of the input VAT if the goods and services are procured in Serbia or good procured from import, including the purchase of equipment and facilities for business and the VAT payer uses or will use them for VAT-able supply of goods and services, for the supply which would zero rated, or for the supply executed abroad, if there would be a right to deduct input VAT for that supply if it was performed in Serbia; Where, in accordance with the law governing electronic invoicing, there is an obligation to issue an electronic invoice for a supply of goods or services, the right to deduct input VAT in respect of that supply may be exercised exclusively on the basis of an accepted electronic invoice.
- Formal condition – the VAT payer may exercise its right for deduction of the input VAT if it possesses the invoice issued by the other taxpayer with the amount of input VAT/document related to the import of goods, with stated VAT and proof of payment of such VAT.

A VAT payer may exercise the right to deduct input tax within five years from the end of the year in which it acquired this right. The amendments to the VAT Law applicable starting from the tax period of April 2026, i.e., April - June 2026, provide that a VAT payer may exercise the right to deduct input tax within five years from the end of the year in which the obligation to calculate VAT arose in accordance with the VAT Law, thus, the deadline is fixed and, in certain cases, shortened compared to the previous solution.
Tax Administration should pay the claimed amount of input VAT not later than 45 days (i.e. 15 days for taxpayers that are predominantly performing the supply of goods abroad) from the deadline for submission of the VAT return, provided that the VAT return is filed in a timely manner.

Please note that instead of claiming input VAT, the VAT payer may opt to use such VAT as the credit for future VAT liabilities.

Import VAT
The import VAT is calculated by the Customs Authority on the import of goods into the customs territory of Serbia and such calculated VAT should be paid no later than eight days from the date of receipt of the document on the calculation of imports duties and VAT.

5.3 E-reporting

E-invoicing
E-invoicing legislation was first introduced into the Serbian legal system in mid-2021. It should be noted that its application is linked to the following relevant dates (depending on whether the participants in the particular supplies are public or private sector entities):

- May 1, 2022, mandatory issuance of e-invoices is provided for G2G transactions (and mandatory receipt of e-invoices for government entities);
- July 1, 2022, mandatory issuance of e-invoices is provided for G2B transactions;
- May 1, 2022, mandatory issuance of e-invoices is provided for B2G transactions;
- July 1, 2022, private sector entities will have the obligation to receive and store electronic invoices in both B2B and G2B

transactions;

- January 1, 2023, mandatory issuance of e-invoices is provided for B2B transactions.

Within the above-said supplies, entities are obliged to issue, store and receive electronic invoices in an appropriate format, through a centralized web-portal eFaktura, maintained by the Ministry of Finance, which would facilitate the administrative procedure of issuing invoices in paper form.

The issuer of the e-invoice should have the obligation to issue the electronic invoice in accordance with the Serbian standard of e-invoicing, while the recipient of the e-invoice should have the obligation to receive the e-invoice issued in accordance with the Serbian standard of e-invoicing.

Moreover, VAT registered entities are obliged to maintain summary and individual VAT recording, depending on the types of supplies that a particular VAT payer is performing. Moreover, VAT payers are also required to electronically report input VAT and import VAT through the eFaktura portal.

Further changes to the VAT reporting framework have been adopted for 2027. A preliminary VAT return generated within SEF will apply from the January 2027 tax period, or January–March 2027 for quarterly VAT taxpayers, accompanied by changes to the VAT return and VAT-recording framework.

E-fiscalization
E-fiscalization comprises a set of measures and procedures implemented by the taxpayer in order to enable the Tax Administration to achieve more efficient control of retail sales, through e-fiscal devices.

Retail supplies of goods and services, as well as received advances for retail supply, should present the subject to e-fiscalization. Retail supply presents any supply goods and services to consumer, as well as any supply of goods and services in retail facilities (any business premises primarily used for supply of goods and services to consumer), regardless of whether the consumer, company, or entrepreneur.

Every company or entrepreneur which performs supply of goods and services at retail has the obligation to introduce e-fiscal cash registers.

The taxpayer should record each retail supply, as well as each received advance for future retail supply, through the e-fiscal device. However, the Government may determine which profession, although engaged in retail supply, would not be obliged to record the supply of goods and services through an e-fiscal device (e.g. lawyers, financial services, insurance services, etc.).

Taxpayers are required to record each retail supply through the e-fiscal device as of May 1st, 2022.

5.4 Personal income tax

Taxation of employment income
Employment income includes all kinds of remuneration and benefits in kind or in cash earned from employment. Salary and income from employment (benefits) are subject to a salary flat tax rate of 10%. Employment income and salary tax are reported and paid via withholding.

The social security contributions are levied at a total of 35.05%, out of which 19.9% is paid by the employer on behalf of the employee from the gross salary, while the remaining 15.15% is paid by the employer on his own behalf on top of the gross salary

Certain payments are exempt from personal income tax up to the limit provided for by the law, such as:

- reimbursements for commuting costs (if properly documented), daily allowances for business trips, and support in the case of illness.
- premiums for voluntary pension insurance paid by the employer are exempt from tax for the employee under certain conditions.

A complimentary annual income tax is levied on Serbian tax resident's worldwide income and Serbian tax non-resident's Serbian sourced income if the aggregate income exceeds three times the average annual salary. The tax rates are 10% on income exceeding three average annual salaries and 15% on income that exceeds nine average annual salaries. It should be noted that all withholding taxes are final, i.e. they are not creditable against the taxpayer's complimentary annual income tax liability. Individuals younger than 40 years of age have a special non-taxable amount that is higher than regular however it is only applicable to specific types of income (employment income, entrepreneurship income, and income from royalties).
Taxes and social security contributions are withheld by the payer of such income when that payment is made (applicable to locally paid out income).

The deadline for filing the annual income tax return is May 15 of the following year on the prescribed form. Resident, as well as nonresident individuals, are required to file an annual tax return if their annual income exceeds the prescribed non-taxable amount. Deadline for the payment of annual income tax is also May 15.

Taxation of benefits in kind provided to employees
Benefits in kind are taxed as employment income.

Benefits in kind include coupons, money certificates, shares, products or services, loans extended at a discount rate, meals, vacation allowance, and private use of a company car. Fringe benefits are valued at their fair market value at the moment of payment. Coupons and money certificates are valued at their nominal value, whereas

shares and other securities are valued at their market value at the tax point. The tax base for a use of the company car for private purposes is determined at the rate of 1% of the car's market value for each month of use.

Free shares and stocks, or stock options, are exempted from salary tax in case three conditions are met cumulatively:

01. Employee does not alienate the shares within 2 years from receiving the right to dispose of the shares (vesting date)
02. Employer or the employer's related entity does not buy back the shares at any point
03. Employee does not leave the employer within 2 years from receiving the right to dispose of the shares (vesting date)

Employment incentives

The employment incentives described in the text below are provided under the Personal Income Tax Law and the Law on Social Security Contributions.

The employer hiring a new employee has a right to a refund of salary tax and social security contributions for the new employee, paid out by December 31, 2026.

The following conditions need to be fulfilled cumulatively in order for an employee to be deemed as a new employee for incentive purposes:

- The employer has concluded an employment contract with such a person for an indefinite or definite period of time, in accordance with the Labor Law;
- The employer has registered such a person for mandatory social security insurance with the mandatory social security Central registry;
- Such a person was continuously registered with the National Unemployment Agency at least 6 months before employment (three months for a person deemed as an intern). This is not applicable to unemployed persons under 30 years of age who are registered in the Youth Guarantee program.
- The amount of tax and social security contributions refund is determined as follows:
- 65% from taxes and contributions paid if the employer has employed from 1 to 9 new employees;
- 70% from taxes and contributions paid if the employer has employed from 10 to 99 new employees;
- 75% from taxes and contributions paid if the employer has employed 100 or more new employees.

Apart from the above-mentioned, the employer is also allowed to use an exemption from paying salary tax and social security contributions (on his own behalf) during a 3-year period for employing disabled persons.

In addition, an incentive is provided for qualified new employees and for newly established companies that carry out innovative business activities.

Depending on the tax relief that is being applied, the employer is exempted from the obligation to pay contributions for pension and disability insurance due by employee and employer either in full or in portion.

Newly established companies, such are entitled to the exemption from paying salary tax and SSC on the founders' salary. As of 2022, the tax incentive for employing individuals that will be working on R&D projects has been prescribed in the PIT Law which amounts to 70% of tax relief for the portion of salary that is paid for the work on R&D projects, and 100% of the pension and disability insurance for the same portion of salary for both employer and employee. This tax incentive is indefinite.

Nonresident individuals

Nonresidents are subject to personal income tax only on income derived from sources in Serbia. Unless otherwise indicated, nonresident individuals are subject to personal income tax according to the same rules as resident taxpayers.

However, if a tax treaty exists and its provisions are more favorable to the taxpayer, those rules may be applied. The income of a non-resident taxpayer who spends less than 90 days in Serbia in 12 months period beginning or ending in the respective tax year, if that income is derived from a non-resident principal who does not perform the business activity or other activity in the territory of Serbia, is exempted from taxation in Serbia.

An individual is deemed to be a resident of Serbia if s/he has a registered domicile (Serbian ID) in Serbia or has a place of habitual abode or center of vital interests there. An individual is also deemed to be a resident if he stays in Serbia for at least 183 days within any 12-month period that begins or ends in the relevant tax year. Furthermore, expatriate employees that have an employment contract with a resident legal entity/branch/representative office are taxed as local employees (see taxation of employment income and complementary annual income tax).

On the other hand, different mechanisms of income reporting and payment of tax (self-assessment method). is applied for expatriates that receive income from abroad.

6. State business incentives

The main business incentives available in Serbia are presented below.

6.1 Financial incentives

With a goal of attracting foreign investments, a special financial subsidies package was introduced for companies that invest in Serbia. The financial incentives described below are provided under the Decree on conditions and methods for attracting direct investments.

The following sectors/activities are not eligible for incentives:

- Transportation/logistics activities, activities in the energy sector and software development;
- Hospitality and games of chance;
- Trade/retail sectors; and
- Projects which involve the production of synthetic fibers, coal, and steel, tobacco and tobacco products, weapons and ammunition, shipbuilding (construction of certain sea merchant vessels), etc.

Non-refundable state funds are granted according to investments and new jobs created per region. To qualify for a grant an investor must:

- Invest in the Belgrade region a minimum of EUR 500,000 and create a minimum of 50 new jobs.
- Invest in the Vojvodina region a minimum of EUR 400,000 and create a minimum of 40 new jobs.
- Invest in any of the following regions; Šumadija, Western Serbia, Southern and Eastern Serbia or Kosovo a minimum of EUR 300,000 and create a minimum of 30 new jobs.
  Or:
- Invest in a service center project worth a minimum of EUR 150,000 and create 15 jobs on a permanent basis.

The deadline for the implementation of the investment project and hiring of new employees connected to the investment project is up to 3 years from the date of submitting the application for funding.

However, after the conclusion of the grant agreement, this deadline can be extended for a maximum of 5 years, counting from the date of submitting the application for funding.

For investments exceeding EUR 5 million, the deadline for implementing the investment project is up to 10 years from the date of submitting the application. Incentives are awarded to investors who meet the eligibility criteria for the aforementioned grants, specifically for the gross salaries of newly employed individuals associated with the investment project, as outlined below:

- Belgrade region beneficiaries receive funds equivalent to 20% of eligible gross salary costs for hiring new employees, up to a maximum of EUR 2,000 per employee.
- Vojvodina region beneficiaries receive funds equivalent to 25% of eligible gross salary costs for hiring new employees, up to a maximum of EUR 3,000 per employee.
- Šumadija, Western Serbia, Southern and Eastern Serbia or Kosovo region beneficiaries receive funds equivalent to 30% of eligible gross salary costs for hiring new employees, up to a maximum of EUR 5,000 per employee.

Eligible costs for investing in intangible assets are determined in the amount of up to 50% of the total eligible costs for large enterprises and 100% of the total eligible costs for SMEs.

Furthermore, if the incentive is granted for labor-intensive projects (at least 100 new jobs are created), an additional 10% to 20% of the eligible 2-year gross salary costs for new jobs created may be granted, depending on the region and the number of new employees for the project.

The maximum amount of funds that may be awarded to investors is in accordance with the regulations as prescribed by the governing bodies of each regional state and municipality.

6.2 Free zones

Free zones are physically fenced and designated areas within the territory of Serbia in which business activities may be performed under preferential customs treatment, certain tax benefits and simplified administrative procedures. There are currently 15 free zones established in Serbia: Belgrade, Pirot, Subotica, Zrenjanin, FAS Kragujevac, Sabac, Novi Sad, Uzice, Smederevo, Svilajnac, Krusevac, Apatin, Priboj, Vranje, and Šumadija.

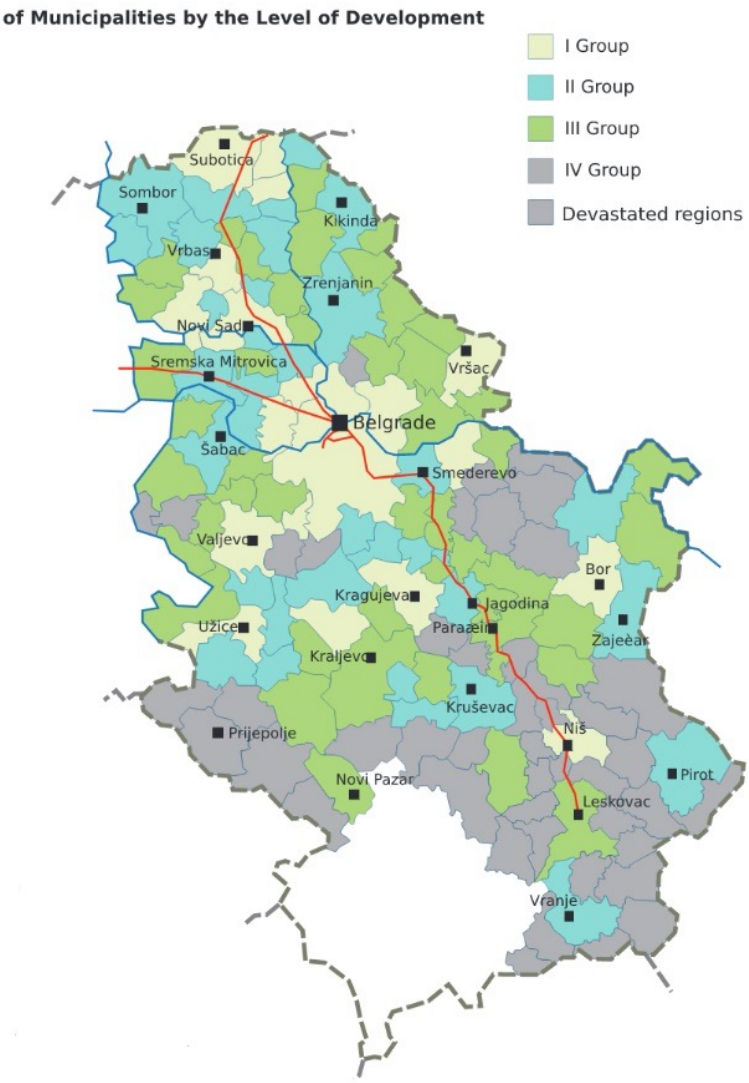
In 2022, companies operating in free zones realized tournover of EUR 6,3 billion , and had a share of 10.7%% in total Serbian exports.

The advantages of doing business in free zones are as follows:

- Entry of goods into the free zone, as well as transport and other services which are directly related to the entry of goods into the free zone, are considered to be zero-rated supplies;
- The supply of goods and services within the free zone is considered to be zero-rated for VAT purposes;
- The energy consumption (electricity, natural gas, fuel oil, and oil) in the free zone is zero-rated for VAT purposes;
- Exemption from payment of customs and other import duties for goods intended for carrying out activities and construction of facilities in the free zone (raw materials, equipment, construction materials);
- Exemption from certain local fees and taxes within a free zone is also available (local municipality incentives).

6.3 Free trade agreements

Serbia may serve as a manufacturing hub for duty-free exports to a market of almost 800 million people that includes the European Union, Russia, Belarus,



Kazakhstan, Turkey, Southeast Europe, the European Free Trade Agreement members, UK, China and Egypt.

Free Trade Agreements create the conditions for a more favorable trade regime between the contracting parties. Goods that are moving through various forms of international trade relations may, if they acquire a preferential origin, be more competitive, and thus more accessible to users in the domestic market. This achieves a greater volume of exchange of goods between the markets but also improves the liberalization of the trade itself and an increase in investment in more favorable market conditions.

As of July 2024, Serbia has concluded free trade agreements with:

European Union - Exports to the EU market are free-of-custom duties according to the Stabilization and Association Agreement. Imports from the EU are performed based on the Interim Trade Agreement, as part of the Stabilization and Association Agreement, providing for the abolishment of import customs duties for industrial, and certain agricultural products from EU countries.

Russia - The Free Trade Agreement with Russia makes Serbia particularly attractive to foreign investors in the manufacturing sector. The goods which are being produced in Serbia could be exported to Russia customs-free. The only tariff charged is the customs record-keeping tariff, amounting to a 1% value.

China – Free Trade Agreement between Serbia and China was signed on 17 October 2023 and effective from 1 July 2024.

Egypt – Free Trade Agreement between Serbia and Egypt was signed on 13 July 2024 and effective from 1 September 2025.

Albania, Bosnia and Herzegovina, FYR Macedonia, Moldova, Montenegro, Serbia, and the United Nations Interim Administration Mission in Kosovo (UNMIK) - The Central European Free Trade Agreement (CEFTA) is the trade agreement which is providing companies in Serbia with an opportunity to reach the 22 million people market free of customs duties.

Switzerland, Norway, Iceland, and Liechtenstein - Industrial products exported from Serbia to European Free Trade Agreement (EFTA) member states are exempted from customs duties, except for a very limited number of goods, including fish and other marine products. Customs duties for imports of industrial products originating in EFTA states are abolished.

Turkey - Industrial products originating in Serbia could be exported to Turkey without paying customs duties. Imports of industrial products into Serbia are generally customs-free, but for many goods, customs duties are being progressively abolished. For the trade of agricultural, textile, and some metallurgy products, customs duties remain in effect, with certain Most Favored Nation reductions for a number of products.

Belarus - The Free Trade Agreement with Belarus envisages the mutual abolishment of customs and non-customs duties in



trade between the two countries. There are only a few exceptions to the Agreement, including sugar, alcohol, and cigarettes, as well as used cars, buses, and tires.

Kazakhstan - The Free Trade Agreement states that the parties will not charge customs duties, fees, and charges with equivalent effect for products originating in one country and intended for the market of the other country. Exceptions were made for the products listed in the annexes, which are subject to customs duties, fees, and charges with equivalent effect in accordance with the countries' national legislations (at the rates specified by national customs tariffs).

United Kingdom - The aim of the Partnership, Trade, and Cooperation Agreement between the United Kingdom of Great Britain, Northern Ireland, and Serbia is to establish a free trade zone, preserve preferential terms on a trade and security basis for further trade liberalization.

6.4 Accounting and Auditing

The Law on Accounting is applicable to all legal entities, entrepreneurs who keep accounting records, and subsidiaries of Serbian companies abroad branches and financial institutions.

For the purpose of determining the legal requirements of accounting and auditing, all entities are classified as Micro, Small, Medium, and Large, based on prescribed criteria.

Micro legal entities and other legal entities, regardless of their size, may choose to apply full IFRS or IFRS for SME, a small legal entity can elect to apply full IFRS in which case they are required to apply them continuously for at least five years from the beginning of the application. Please note that the company as a micro-entity can apply the by-law for recognition, measurement, presentation, and disclosure of items in the financial statements (hereafter: the by-law) published by the Serbian Ministry of finance. The by-law is issued and prepared based on full IFRS but less complex than full IFRS.

Micro entities are legal entities with an average number of employees up to 10, operating income per year up to EUR 700,000, the average value of total assets for the year EUR 350,000 – at least two of the criteria have to be fulfilled.

Small legal entities are those legal entities and entrepreneurs that on the balance sheet date exceed the limit values of the two criteria referred to in paragraph 2 of this Article, but do not exceed the limit values of two of the following criteria:

01. an average number of employees 50;
02. operating income of EUR 8,000,000 in dinar equivalent;
03. the value of total assets on the balance sheet date of EUR 4,000,000 in dinar equivalent

Medium legal entities are those legal entities and entrepreneurs that on the balance sheet date exceed the limit value of the two criteria referred to small legal entities, but to not exceed the limit value of two of the following criteria (average number of employees 250, operating

income per year EUR 40,000,000, average value of total assets for year EUR 20,000,000) have a right to choose to comply either with full IFRS either with IFRS for SME.

Large legal entities (two criteria for Medium entities are higher than the limits prescribed and all the financial institutions) are obliged to comply with full IFRS.

Legal entities are obliged to submit the statistical report (statistical annex) together with the set of financial statements by the end of March for the previous year. Final audited financial reports, as well as Decision on adoption of financial statements and Decision on allocation of profit/loss coverage, have to be submitted to Business Registers Agency until June 30 for the previous year and consolidated financial statements should be submitted until July 31 for the previous year. Medium and large legal entities should prepare the annual report.

Large and medium-sized entities are obliged by the Law on Audit to audit their financial statements, as well as public companies (regardless of size) in accordance with capital market regulations and any legal entity or entrepreneur whose total revenue for a year exceeded EUR 4.4 million in RSD equivalent. These entities are obliged to submit Audit reports together with financial statements to Business Registers Agency until June 30. The audited entity is obliged to conclude a contract on legal audit with the auditing company no later than 30 September of the business year to which the audit-related, based on the decision of the assembly or other competent body determined by a general act of the audited entity.

6.5 Labor legislation

The Serbian Labor Law regulates the rights, obligations, and liabilities of employers and employees. The labor market has become more competitive with the EU legislation after the significant amendments made in previous years.

The employment contract may be concluded for a definite (up to 2 years) or an indefinite period of time. Employers having 20 or more employees are obliged to employ a certain number of persons with disabilities, depending on the total number of employees. An employer may be exempt from this obligation by executing payments towards special funds in the minimum amounts defined by law.

6.6 Employment of foreigners

The conditions and procedure for employing and issuing work permits to individuals who are not citizens of Serbia are regulated by the Law on Employment of Foreigners.

The requirements for the employment of the foreigners do not apply to certain categories of individuals who reside in Serbia not more than 90 days in a six-month period as of their first entrance in the country and who do not require a work permit for the activities they perform. This refers to owners, founders, representatives, or members of the body of a domestic legal entity (if the foreign person is not employed with that legal entity) as well as an individual that resides in Serbia for the purpose of business networking, attendance of business meetings and conducting business activities for the establishment of foreign employer in Serbia.

In the light of the Serbian EU integration process, the Law prescribes special treatment for EU, EEA, or Swiss Confederacy nationals once Serbia becomes a member state of the EU, as well as individuals assigned to work in Serbia by the foreign employer from these countries. Namely, these individuals will be exempt from compliance with the requirements for the employment of the foreigners provided by the Law

There are two basic categories of work permits:

1. Personal work permit – destined to foreign citizens that can enter the work market in Serbia freely – request for issuance of the work permit is submitted by the foreign citizen;
2. Work permit – related to foreign citizens that are assigned to Serbia or are professionally engaged in Serbia to work for an employer, or as an entrepreneur.

The work permit encompasses three different types:

- Work permit for employment – request is submitted by the employer;
- Work permit for specific cases of employment – request is submitted by the employer;
- Work permit for self-employment – request is submitted by the foreign citizen.

In any case, work permits are issued for the period of validity of the appropriate residence permit.

Work permit for **assignment** can be extended up to the period prescribed in the international assignment,

In particular cases, there is a possibility to limit the number of work permits for foreigners. This limitation does not apply to foreigners and employers that file requests for personal work permits and work permits for assignments within the company.


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