

# INVEST IN CENTRAL SERBIA

*Chamber of  
Commerce  
and Industry  
Kragujevac*



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*Agency for Investment Promotion  
and Business Support in Central Serbia*



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## ARGUMENTS FOR THE INVESTMENTS IN CENTRAL SERBIA

Central Serbia's advantages are as follows:

- Serbia is geographic center of the South-East Europe, with about 60 (sixty) million inhabitants
- CEFTA Free Trade Agreement in the South-East Europe
- The only country outside the Commonwealth of Independent States which signed the Free Trade Agreement with Russian Federation
- The process of negotiations on Stabilisation and Association Agreement with EU
- Well educated, hard working, fast learning and multilingual labour force
- Macroeconomic stability
- Low operating costs
- The legislation has been harmonizing according to the EU laws and WTO standards.
- Financial incentives for investment projects based on the Serbian Government Decree adopted in June of 2006.
- Strategic geographic position at the intersection of the European transportation corridors No.10 and No.7

### **STABILIZATION AND ASSOCIATION PROCESS AND ITS INSTRUMENTS**

- European Union has given bilateral technical and political support in a case of multilateral matters of Serbia, as the access to the World Trade Organization, Stability Pact Initiative, negotiations and conclusion of the CEFTA Free Trade Agreement in South East Europe...

- Financial support of the European Union has been significantly increased in a form of regional and national

projects made by the Association for Reconstruction, Development and Stabilization (project CARDS) and through the program of macrofinancial support.

- The European Commission has extended preferential trade status to Serbia through 2010. Based on the agreement reached in 2000 and "most favored nation" status in 2003, our country enjoys duty-free access to the EU market for practically all domestic products, with the exception of items to quotas such as wine, certain types of fish, sugar and veal.

- The negotiations on Stabilisation and Association Agreement with EU have started in December 2005. This process consists of three rounds of negotiations, as well as of five technical rounds.

Technical rounds of negotiations have related so far to trade liberalization in the area of industrial and agricultural products, as well as to visa facilitations.

- The Enhanced Permanent Dialogue meetings between Serbia and the European Union represent an encouraging signal in relations with the EU, which stimulates our country to solve the problem that temporarily delayed European integration path and to continue the initiated reforms. **Commission's Annual Report** on the state of reforms in Serbia from October 2006 gave Serbia sign to continue its positive trends.

- Declaration on Western Balkans confirms that the twenty-five European leaders support the programme agreed in Thessaloniki in 2003 and the Stabilisation and Association Process for West Balkan states and EU is resolved to provide this region with appropriate financial support. Twenty-three EU programmes are open for Serbia, including the main pre-accession assistance instrument – ISPA.

- On the first meeting of the WTO Working Group held in October 2005, Serbia received positive comments regarding the

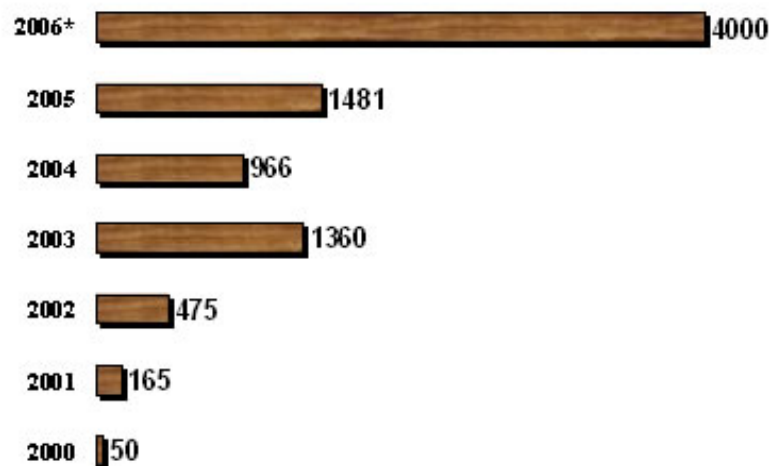
documentation submitted. Setting the date of 2008 for accession to the WTO represents an ambitious but also a realistic goal.

-IMF and Paris Club of Creditors approved the writing-off a debt of \$700 million.

- EBRD Transition Report 2005 announced a slowdown in the pace of reforms in Southeast Europe, but Serbia is an exception, because it underwent significant reforms, including large scale of privatization, trade liberalization and institutional development.

- In 2005 our country was also proclaimed as «a leading economy in the world by the speed of reforms”.

- Besides, \$1.5 billion of FDI entered the country in 2005 and improving the general investment climate, FDI into Serbia reached some \$4 billion in 2006.



Source: National Bank of Serbia

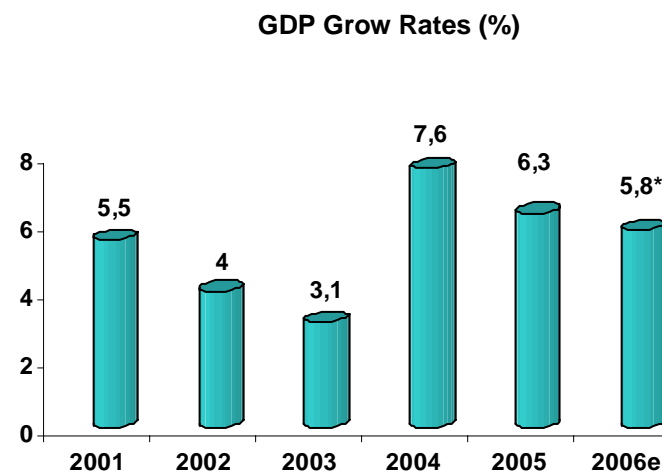
All these facts should motivate the foreign investors to increase their investments in Serbia.

## STEADY MARKET ECONOMY

After the political changes in Serbia in 2000 comprehensive economic reforms have been initiated in order to achieve the steady macroeconomic stability. Market oriented political measures caused the growth of GDP and significant reducing the inflation.

The average annual growth of GDP was 4.5% between 2000 and 2003 and 7,3% over the past three years. It is estimated 5.8% for 2006, and GDP per capita reached \$4.028.

The highest growth rates were achieved in those sectors that had undergone substantial privatisation or restructuring in recent years (food and beverages, tobacco, chemicals, rubber and plastic products and base metals).



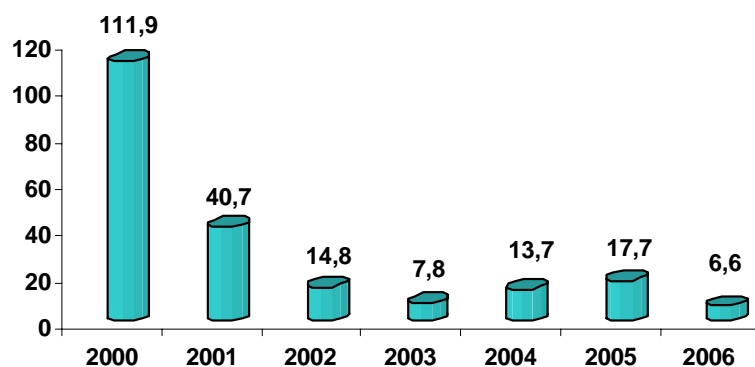
Source: National Bank of Serbia

Inflation has been constantly decreasing, but it accelerated (13.7%) in 2004 and 17.7% in 2005 caused by the strong local demand and public spending.

In the next period inflation was under control by restrictive monetary policy, reduction in public spending and stricter income policy in the public sector.

Anti-inflation measures, stipulated with the aim of meeting the target of single-digit inflation for 2006, gave adequate results with inflation of 6,6%.

Annual Inflation Rate (%)



Source: National Bank of Serbia

From the beginning of 2001 exchange rate has been stable in accordance with the announced objectives of the policy within IMF program. According to IMF reports, Serbia has achieved high economic growth, but unemployment and deficit in international current payments are problems that should be resolved in the period to come, as well as current expenditures and prices need to be reduced.

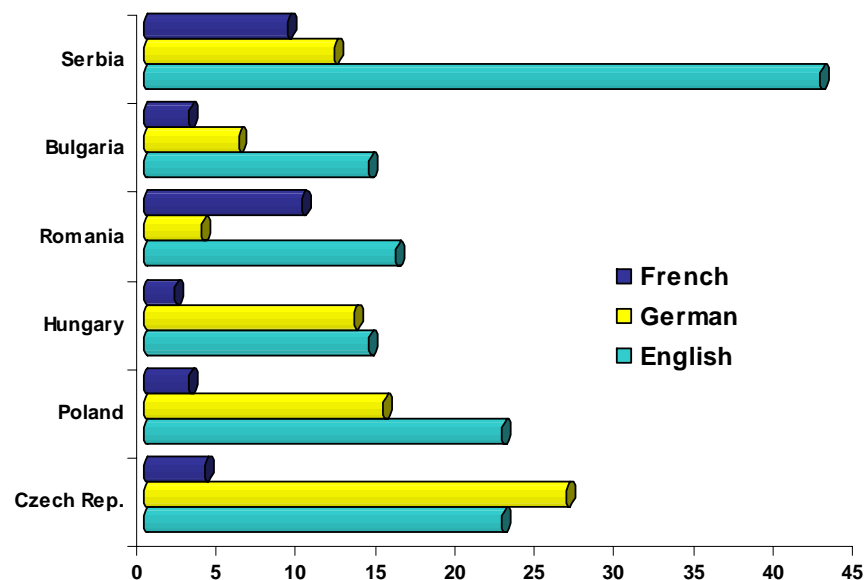
During 2006, export volume has been increasing by 26% and import volume by 32% compared to the results achieved in same period of the last year.

## AVAILABILITY OF THE MANPOWER

Manpower in Serbia is skilled and trained and it especially refers to the age population up to 45 years. About 20% of the manpower has got University education.

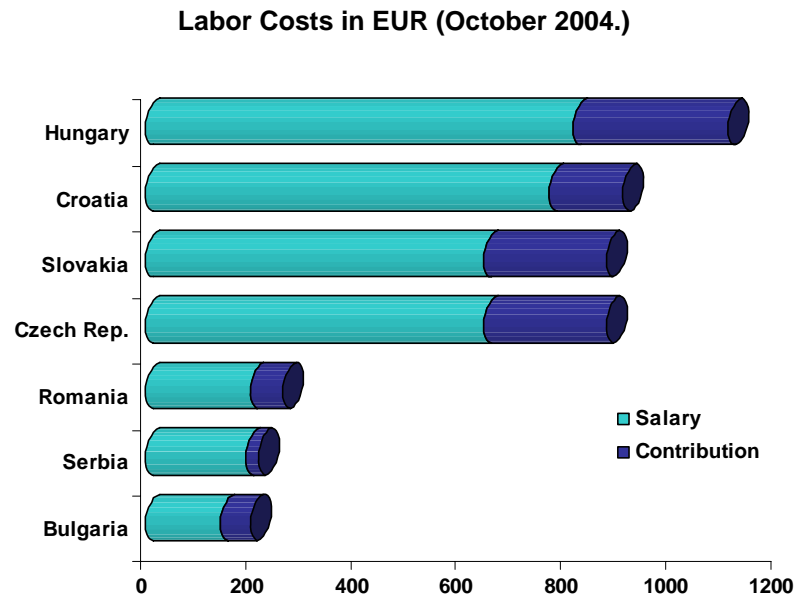
Serbia has the highest English proficiency in Eastern Europe: 42% of literate population has basic knowledge of English language.

Familiarity with Foreign Languages (% of population)



Source: Gallup International

The other important characteristic is the fact that the manpower costs are the lowest in Serbia in comparison to many European countries.



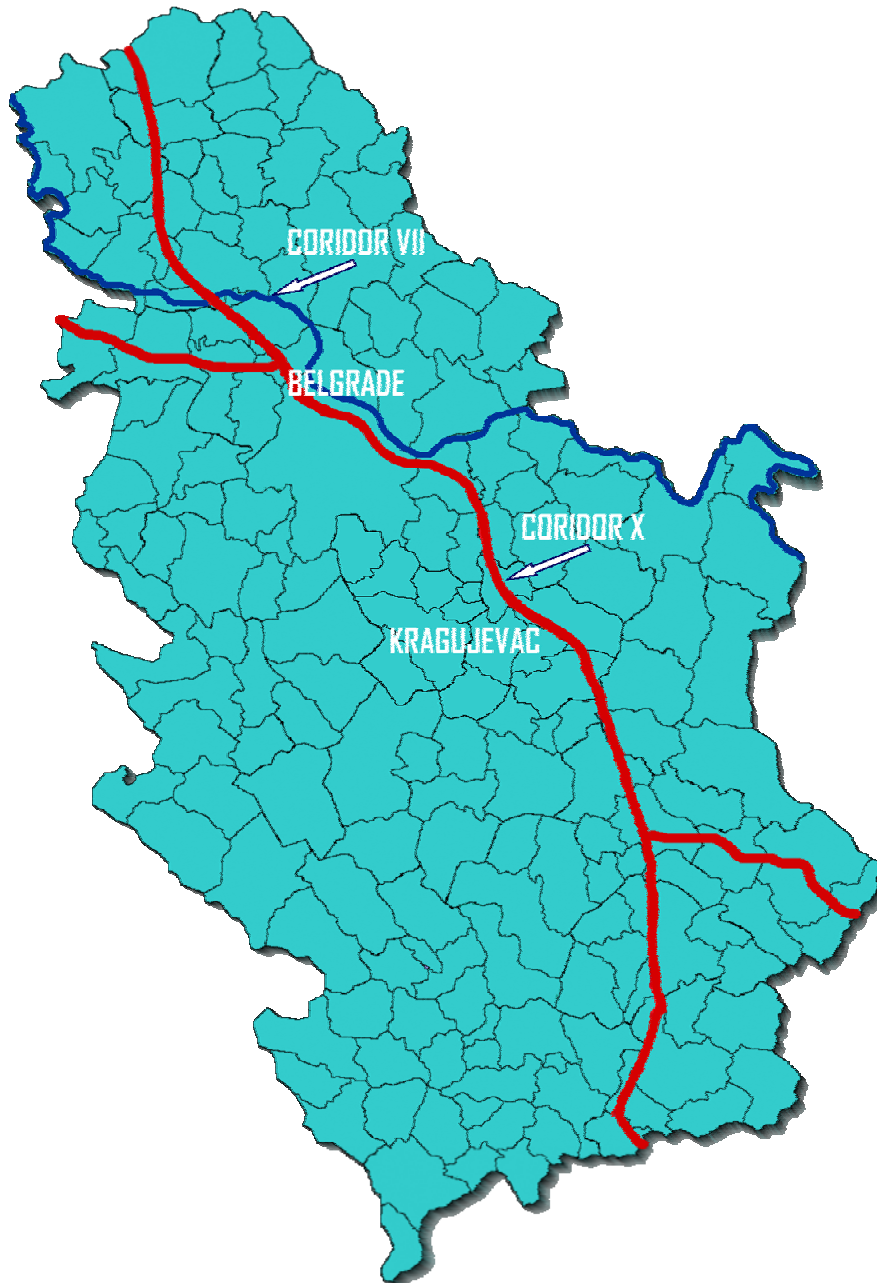
Source: EUROSTAT, Statistical Office of the Republic of Serbia

## **ADVANTAGES OF THE INVESTMENT IN CENTRAL SERBIA**

As it's well known, regional policy of the European Union is based on allocating almost one third of its budget to less developed regions, for the purpose of realization the economic and social equality within EU. 90% of the budget is made of the structural funds, mainly used for providing more even development.

Regional policy of the European Union foresees the obligation of its members to introduce administrative divisions in accordance with NUTS classification (Nomenclature of Units for Territorial Statistics). European Union especially insists on introducing NUTS 3 division, more exactly, division into territorial units, which have got between 150.000 and 800.000 inhabitants as the condition for the country to access to the structural funds.

Therefore, the Central Serbia region is absolutely acceptable as the Euro region, having approximately 2 million people and central position in the Republic of Serbia. This region is linked with Europe and Asia through the most important international corridor 10, and with Europe by the waterway through Danube. Such geographic position gives extremely good development possibilities to this region.



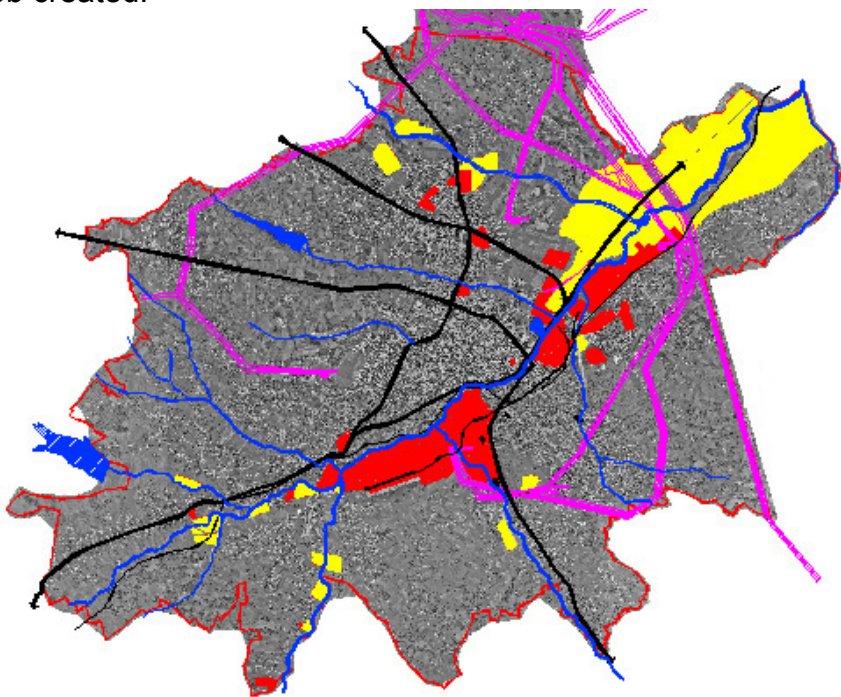
Kragujevac is the biggest city and industrial center of this region. Recovery of the economy and economic development of Serbia, macroregion and Kragujevac City, are based on the powerful economic sector, which beside the big existing economic systems, must become leading force and promoter of the economic, social and sociology growth and development of the economy. In that sense, one of the initiators of development, presented as possible to the Kragujevac City economy, are industrial zones, more exactly, industrial-technological parks.



For that purpose, the realization of these projects is in progress. Foreign investors are offered possibility to start and locate their business activities in the industrial zone in Kragujevac within stimulative package of the financial incentives.

For example, if investor decides to “buy” the land (in accordance with the law), he “buys” it at tender bidding, but always in the way that the conditions offered by the potential investor are dominant.

Rental fee for the land is reduced, depending on the number of the employed workers. For the number from 20 to 50 workers rental fee is reduced by 2.500 EUR per each new job created, for up to 200 employees a reduction of 5.000 EUR and for more than 200 employees it is 7.000 EUR per each job created.



## **FREE ZONES**

Liberalization of foreign trade has resulted in the loss of significance of the advantages and privileges granted for investments and business within free zones provided by the previous law. Due to that fact, the new Law on Free Zones has been recently adopted («Official Gazette RS» Nr.62/2006.) that provides more privileges for investments and business transactions in domestic free zones. The main changes in relation to the previous law are as follows:

- The new law is prepared in conformity with the rules of the World Trade Organization.
- Foreign equity participation is no more limited to 49% of the value of the free zone’s capital.
- There is no requirement for free zones to have exports worth 50% of the value produced and services rendered in the free zone area over the period of one year.
- Local authorities have got an active role as possible founders of the zones, as well as respect for their incentive measures.

Other benefits are the same:

- Imports and exports of goods and services into and out of a zone are unlimited, that is, they aren’t subject to quotas, permits, licenses, or other foreign trade restrictions. Goods that are imported from the zones into the domestic market are subject to standard customs procedures.
- Importers who are users of a free zone aren’t liable for VAT on imported goods.

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- Zone users can freely make use of foreign currency earned through operations within the zones.
  - Imports of all types of goods into the zones are duty-free. Goods from the zones can be distributed on the domestic market after customs duties have been paid. If goods distributed on the Serbian market are produced in a free zone from domestic and imported components, customs duties are only paid on the imported components.
  - Goods can be temporarily transferred from the zones to the domestic market and vice versa in order to add value through activities such as processing, installation, repairs, quality control, and marketing activities, among others. This creates many opportunities for cooperation with domestic industries.
  - Zone users can lease, buy or build manufacturing facilities, warehouses, or commercial buildings.

## **FOUNDATION OF THE COMPANY (enterprise)**

### ***FORMS AND CONDITIONS FOR FOUNDATION THE COMPANY***

Business companies law of the Republic of Serbia («Official Gazette RS» Nr.125/2004.) regulates foundation and registration of the business companies and entrepreneurs, organization and management of the companies, their linking and changes in status and legal forms as well as liquidation of the companies.

Special fields of activities such as insurance, banking and others are regulated by particular laws. In these fields, general provisions on business companies are only the supplements to those laws that regulate particular fields.

In conformity with the Foreign Investment Law, foreign persons, physical as well as legal, enjoy the same legal status regarding foundation of the companies in Serbia.

According to the Business Companies Law, there are four types of the companies that can be founded in Serbia:

- General Partnership
- Limited Partnership
- Limited Liability Company
- Joint-stock Company

All types of the companies that exist in Serbia have got the status of legal entities.

In the Law, there is no indication of the requirements concern the minimum ammount of the equity capital in the partnership and limited partnership companies, but taking into consideration that their founders are responsible for the company's obligations with

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their own property, these two forms of the companies are not so often recognized in practice.

The most common form of the company in Serbia is Limited Liability Company. Liability of the owner is limited to his share in the company and therefore the owner can't be responsible for the obligations of the company itself, except in a case of abuse the existence of the company for some illegal act or fraud. Deposit in the Limited Liability Company may be made in money or «in kind», like equipment, goods, know-how... , as well as in the form of services given to the company.

Business companies Law predicts that Limited Liability Company can have 1 to 50 members and minimum amount of the fixed assets should be EUR 500.

There are two types of the Joint-stock company, closed and public Joint-stock Company, whether they are listed on the stock exchange or not. At the time being there is no developed market for shares exchange, and most of the Joint-stock companies are made of the banks and insurance companies, because they must be founded as the Joint-stock companies in accordance with the particular laws. Minimum amount of the initial share capital for the Joint-stock company is much higher than in a case with the companies with limited liability and it amounts to 10.000 EUR for closed and 25.000 EUR for public Joint-stock companies.

Foreign persons can establish their representative branches in Serbia. Opening and activity of these branches are regulated by the special regulation and Foreign Trade Law.

The representative branches are registered in the special register at the Ministry of Foreign Economic Relations. They have not the status of legal entities and they are not allowed to do commercial activities in the territory of Serbia. Their role

is limited to the investigation of the market and giving the assistance at the occasion of concluding the contract.

### **LEGAL PROCEDURE FOR ENTERING THE REGISTER**

Conditions, subject and procedure of registration in Register of the economic entities, as well as the way of doing the registration are defined by the Law on registration the economic entities («Official Gazette of Republic of Serbia», Nr. 55/2004, 61/2005)

#### **Subject of registration**

All the companies, entrepreneurs and the other legal persons, defined by the law, that are doing their activity for the purpose of getting the profit, are entered the Register.

#### **Object of the registration**

Foundation, linkage and termination of the economic entity, status and legal forms changes, data about bankruptcy proceedings as well as the other data defined by the law.

#### **Applicant of the registration form**

The form can be submitted by:

1. Founder of the legal entity or the person authorized by the founder
2. Person authorized to act on behalf of the legal entity
3. Authorized person for registration the other data, defined by the law

#### **Registration procedure**

Foundation proceedings is moved by submitting the registration form to the Agency for the economic registers.

In addition to the application submitted on the perscribed form, it is also to be enclosed:

1. Documentation in conformity with this Law

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2. Evidence of payment the registration fee on the Agency's account

### **REQUESTED DOCUMENTATION**

#### **Entrepreneur**

1. Evidence of entrepreneur's identity (photocopy of the identity card or passport)

#### **Partnership company**

1. Evidence of the founder's identity (photocopy of the identity card or passport)
2. Foundation Act with verified founder's signature
3. If the partner passed the business rights on a third person, verified signature of that person

#### **Limited partnership**

1. Evidence of the founder's identity-photocopy of the identity card or passport of the physical person and/or the extract from the register where the legal person is registered
2. Foundation Act with verified founder's signature
3. Bank note issued upon the payment of the cash deposit on the temporary account and his verified statement that the cash deposit is provided
4. Founders Agreement on the value of non-pecuniary stake of the partner, if it is not in Foundation Act
5. Decision made on appointment the agent in a case that he hasn't been appointed by the foundation act
6. Verified agent's signature

#### **Limited Liability Company**

1. Evidence for the identity of the founder-photocopy of the identity card or passport of the physical person and/or

- extract from the register the legal person is registered in
2. Foundation Act, with verified signatures of the founders
3. Confirmation of the bank about the payment of the cash deposit on the temporary account or his verified statement that the cash deposit is provided;
4. Founders Agreement on the value of non-pecuniary stake of the partner, if it is not in Foundation Act
5. Decision made on appointment the agent in a case that he hasn't been appointed by the foundation act;
6. The agent's verified signature

#### **Joint-stock company**

1. Evidence for the founder's identity-photocopy of the identity card or passport of the physical person and/or extract from the register, legal person is registered in;
2. Founders Agreement with verified founder's signature
3. Bank note on the subscribed shares
4. Bank note on the cash deposits on the temporary account
5. Evidence for announcement and content of the open invitation to subscription and payment of the shares (booklets), with the approval for the booklets issued by the authority;
6. Evaluation made by the authorized appraiser of the founder's non-pecuniary deposit value
7. Decision made on appointment the agent in a case that he hasn't been appointed by the foundation act
8. Verified agent's signature

One copy of the application is to be submitted to the Agency, directly or by registered mail, or by E-mail, entering the data in the issued application form, published at the Agency's Internet home pages, providing that necessary documentation, together with the application, is to be sent within five days from the date of submission the application.

# TAX SYSTEM

## A. COMPANIES TAXATION

### TAX ON PROFIT<sup>1</sup>

#### Taxpayers

Taxpayers are all legal entities who make profit by selling the goods and giving the services.

#### Tax residents and nonresidents

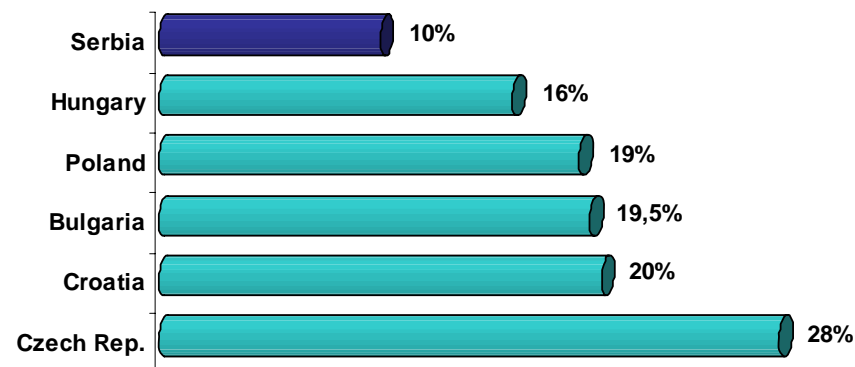
Term “resident” means legal person, established or has got Head Office of the management and control in Serbia. Residents pay the tax on profit made in and out of the territory of Republic of Serbia while nonresidents pay the tax only on the profit made in Serbia.

#### Tax rate and tax base

In conformity with the Law, tax base is fixed with reconciliation with the accounting profit of the taxpayer before the tax, in conformity with International Accounting Standards (on the base of his income statement) is fixed. Tax year is calendar year.

Tax rate on the company’s profit is uniform and amounts to 10%. It’s the lowest rate in Europe, what is illustrated by the following data:

Corporate Profit Tax Rates (in 2004.)



Source: IDA, Ireland

#### Tax deduction

On the incomes realized by nonresident taxpayer from resident taxpayer, on the base of dividends, share in a profit within legal person, royalties, interests, capital gains and reimbursements based on the lease the immovables and movable things, it is calculated and paid the tax after deduction, at the rate of 20%, if it isn’t otherwise predicted by the international contract on avoidance the double taxation.

#### Tax incentives

Large number of the incentives is foreseen by this law, with the aim to attract investors who would invest in the certain economic sectors and some fields of the activity, for the purpose of improving employment level.

Accelerated depreciation is allowed for some capital assets concerning environment, scientific research and education, and also computer equipment. Rates of the accelerated depreciation are for 25% higher than those issued.

<sup>1</sup> Corporate profit tax law («Official Gazette RS» Nr.25/2001...84/2004.)

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## **Tax exemptions**

Company/taxpayer-nonprofitable organization is exempted of tax payment in a year for which the exemption right is granted and in which it makes surplus of the incomes against expenditures, up to the amount of 300.000 CSD, on the following conditions:

- That non-profitable organization doesn't distribute in that way realized surplus to its founders, members, directors and employees or to the other persons connected with them.
- That the personal earnings which non-profitable company pays to its employees, directors and to the persons connected with them, don't exceed the amount of the doubled average earning for the activities this non-profitable organization is classified in.

In a case of concession investment, company registered for doing the concession business is exempted of payment the tax on profit made on the base of the incomes from the subject of concession, for a period of five years from the fixed date for completion the entire concession investment.

For the companies-taxpayers who employ invalid persons, the tax amount is reduced, proportionally with the percentage share of these persons in the total number of the employees.

## **Stimulus for investments**

Taxpayer who, during the investment period, invests in the capital assets more than 600 million CSD and additionally employs at least 100 persons for unlimited period of time, is exempted of payment the tax on a profit, in a period of next ten years, proportionally to that investment. Tax exemption is to be applied after these two requirements are satisfied, from the first year in which the taxable profit is made.

Tax exemption is proportional to the ratio between investments and total capital assets, after the investment is made. Before the all requirements for tax exemption are satisfied, taxpayer has got the rights to use tax credits, specified bellow. In order to satisfy this need, it's not necessary that the new employee, before establishing the labour relation at the taxpayer, is unemployed. In a case that during the period of tax exemption the condition for granting the same is infringed, taxpayer will lose the right for tax exemption. Taxpayer must pay the tax, in the same amount that he would be obliged to pay if he didn't use relief, increased for the appropriate inflation rate.

Taxpayer, who is doing the activity in the areas of Republic's special interest, invests more than 6 (six) million CSD and employ for unlimited period of time at least five persons, is exempted of payment the tax on profit, for period of 5 (five) years.

## **Tax credits**

Taxpayer who employs new workers for unlimited period of time, previously registered as unemployed persons, pays the tax in amount reduced for the value of their gross wages, paid to these employees, increased for the relevant, paid public incomes, on the employer's debit.

The company which invests in the capital assets in the own registered activity, pays the calculated tax amount reduced for 20% of the total investment made in the current year, but the reduction can't be more than 50% of the calculated tax. Company-taxpayer classified as a small company, has got the right for tax credit, in amount of 40% of the total investment value, but the reduction can't be higher than 70% of the calculated tax in the year in which the investment is made. Unused tax credit can be transferred in the coming period, no longer than 10(ten) years.

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Companies registered for the certain activities like: agriculture, fishing, various kinds of textile production, manufacture of the cars, machines, medical equipment... are granted the tax credit in amount of 80% of the total investment value for investing in fixed assets.

If resident taxpayer makes the profit doing the business in other Republic, more exactly country where the tax is paid, he is granted the tax credit in amount of the tax on profit paid in that Republic, more exactly country.

### **Companies Groups**

Group of the inter- linked companies (if one company controls 75% of the other company's shares) has got the right for the tax consolidation on condition that the all companies are residents of Serbia. Each company submits its tax balance sheet and parent company presents consolidated tax balance sheet for the group of inter-linked companies.

In consolidated tax balance sheet, loses of one or more inter-linked companies are cleared on the account of the gain of the other companies. Each company is obliged to pay the tax proportionally to its share in a company's gain.

## ***PROPERTY TAX***<sup>2</sup>

### **Subject of taxation**

Tax on a property is paid on the following rights on immovables:

1. Property right
2. Usufruct
3. Using and living rights

4. Time-sharing right
5. Flat or apartment building rental right, in conformity with the Law on residence
6. Right for use the city building land of the surface of more than 10 ares

Property tax is paid also on the property rights on:

- Registered shares
- Stakes in the Limited Liability Company

### **Taxpayer**

Taxpayer on the property is legal or physical person, owner of these rights on the immovables located in the territory of Republic of Serbia.

### **Tax base**

Tax base for the property on the immovables, except the agricultural and forest land, where the taxpayer isn't obliged to keep the books, is market value of the immovables fixed on 31<sup>st</sup> of December of the year that precedes the year the property tax is fixed and paid.

Tax base for the agricultural and forest land is the amount of the annual cadastre income from this land multiplied by five.

### **Tax rates**

Tax rates are to be paid on:

- 1) The immovables of a taxpayer who is obliged to keep the books – 0,40%
- 2) The immovables of a taxpayer who is not obliged to keep the books:

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<sup>2</sup> *Property tax law* («Official Gazette RS» Nr.26/2001...135/2004)

On Tax Base	Payable Tax
Till 6.000.000 CSD	0,40%
From 6.000.000 To 15.000.000 CSD	24.000 CSD + 0,80% on amount over 6.000.000 CSD
From 15.000.000 To 30.000.000 CSD	96.000 CSD + 1,50% on amount over 15.000.000 CSD
Over 30.000.000 CSD	321.000 CSD + 3% on amount over 30.000.000 CSD

## **B. TAXATION OF THE CITIZENS**

### **TAX ON THE CITIZEN'S SALARIES<sup>3</sup>**

In Serbia, taxation of the citizens' salaries is going at the two levels: on income from the salary and on the earnings on the annual level. According to the Law, taxpayer is physical person who makes the profit.

#### **Resident and nonresident**

Tax resident is physical person, who satisfies following criterias:

- If he has got residence in the territory of Serbia or the center of the business and living interests
- If he stays in the territory of Republic of Serbia more than 183 days in a period of 12 months

Taxpayer on the citizens' salary is physical person who is resident for the income earned in the territory of Republic.

### **Taxation of the income earned in Serbia**

Following forms of income are subject to the income tax: wages, incomes from agriculture and forestry, income from the independent activity, income from the copyrights, income from the immovables, from the capital gains in the territory of Serbia, as well as the other citizens' incomes.

#### **Tax rates**

Citizens' income tax is paid with the application of the following rates: 14% (wages, incomes from the agriculture and forestry, income from the independent activity). This will change as of January 1, 2007, when the rate will be at a 12% level. The other personal incomes are taxed at a rate of 20%.

#### **Wages tax**

Only the wages paid off by the local employer are subject to the monthly tax. Wages earned abroad, more exactly paid off by the foreign employer are exempted of the wages tax, but they are taxed at the yearly level.

According to the tax law regulations, income earned on the base of employment in Serbia is subject to the wages tax, at the rate of 14%. Wages tax is paid after the wage is paid off. Employee is a taxpayer but the employer is obliged to calculate and pay the wages tax.

Tax base is gross wage, including the wage tax as well as the tax paid on contributions for the social insurance. Contributions are considered as the part of gross wages and are subject of the wage and contributions for the social insurance tax.

#### **Contribution for the social insurance**

Contribution for the obligatory social insurance is calculated and paid by the employer, from the gross wage of the employee.

<sup>3</sup> Tax on the citizen's salary («Official Gazette RS» Nr.24/2001...65/2006.)

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There are three categories of the contributions for the social insurance: pension and disability insurance, health insurance and the insurance in a case of unemployment. The employer and employee, at the same proportional rate, pay all these three categories of the contributions. Contributions for the social insurance are paid at the following rates:

- Pension and disability insurance – 11%
- Health insurance – 6,15%
- Insurance in a case of unemployment – 0,75%

The amount of the contributions for the social insurance is limited to the amount that should be paid for five average gross wages, more exactly, in a case that monthly wage exceeds the five-average gross wages, contribution for the social insurance isn't increased.

## **YEARLY CITIZENS' WAGE TAX**

### **Tax base**

Yearly citizens' wage tax is calculated on the base of total net wage, earned by the tax resident, during one calendar year. Only a part of the total net wage that exceeds the non-taxable amount is taxed. The law fixes non-taxable amount and the same is reconciled on the yearly base, in accordance with the wages growth rate.

### **Tax rate**

Yearly citizens' income tax is paid at the rate of 10%.

### **Assessment and collection of the tax**

Yearly income tax is assessed by the competent tax authorities, on the base of the data filed in the tax report. The

deadline for filling the tax return is 15<sup>th</sup> of March, for the incomes earned in the previous calendar year. Tax is assessed on the base of the data from the tax report. When the competent tax authority assessed the tax amount, it is paid not later than 15 (fifteen) days from the date of reception the decision on the assessed tax, by the taxpayer.

## **Foreign citizens' taxation**

Allowances that are paid off to the foreign citizen by his local employer are free of the income taxation, in amount equal to 35% of the local salary that is paid off to the foreign citizen, on condition that the period of his employment isn't longer than three years.

### **Contribution for the social insurance of the foreign citizens**

Status of the foreign citizens regarding social insurance depends on the fact whether or not their home country signed the Convention on social insurance with Serbia & Montenegro.

Purpose of this Convention is to avoid double payment of the contributions for the social insurance from the citizens in the countries they've been working in.

On condition that foreign citizens have got covered social insurance, that is recognized, they are not obliged to pay contribution for the social insurance in both countries.

## **C. VALUE ADDED TAX<sup>4</sup>**

The new Law on Value Added Tax (VAT) came into effect on January 1st, 2005. The VAT is payable at each stage of the turnover of goods and services, as well on the import of goods.

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<sup>4</sup> VAT law («Official Gazette RS» Nr. 84/2004..., 61/2005.)

**Taxpayers** are all legal entities and entrepreneurs, who in 2004 had a turnover of goods and services in excess of CSD 2.000.000 (app. €24.000), or who predict that they will have turnover above this amount.

**Tax base** is the amount of compensation (in kind, money or services) that is received or should be received by a taxpayer for the goods delivered or services provided, including subsidies that are directly connected with the price of these goods or services, into which VAT is not included. Tax base should also contain customs and other import duties, excise tax and other public revenues, transportation and insurance costs or any other cost relating to the sale of goods and services.

**A tax obligation** arises on the first day at which one of the following actions is effected:

- Sale of goods and services;
- Collection of a compensation, if the compensation or a part of it has been collected prior to sale of goods and services;
- On the date when customs duties arise (in the case of imported goods).

**The tax rates** prescribed by the VAT Law are as follows:

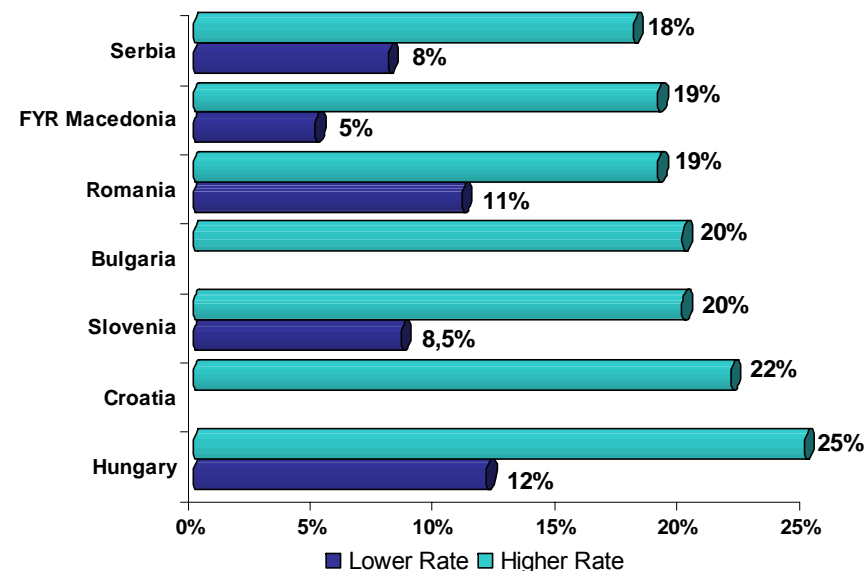
- The standard VAT rate – 18% (applicable for most taxable supplies);
- The lower VAT rate – 8% (applicable for basic food stuffs, fertilizers, medicines, hotel accommodation, daily newspapers, communal services etc.).

### Tax Exemptions

VAT shall not be paid in the trade of the following main activities:

- Export of goods;
- International air transport
- Taking in of the goods into a free zone, except for the goods for final consumption in the free zone
- Trade of goods shipped or forwarded abroad by a foreign recipient
- Trading with shares and other securities;
- Insurance and reinsurance;
- Leasing of apartments and business premises etc.

VAT Rates



Source: European Commission

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## FOREIGN TRADE REGULATIONS

Foreign trade is regulated by the **Foreign Trade Law** ("Official Gazette of the Republic of Serbia", No.101/2005) in conformity with the rules of World Trade Organization and regulations of the European Union. Foreign trade is free and without restrictions, except those that are allowed by WTO and EU.

Quotas and permissions could be introduced as protective measures in particular cases (protection of life and health of people, animals and plants, national security, environmental protection and the like).

Anti-dumping measures are stipulated in this law in conformity with the WTO Agreement on Subsidies and Countervailing Measures and article VI within General Agreement on Tariffs and Trade.

In urgent cases, temporary measures could be introduced by additional import levies, but only for a limited period.

According to this Law, it is not necessary to register the foreign trade activities, as it was earlier, and practically all legal entities and entrepreneurs with registered business activities may perform foreign trade operations.

Only in some cases, Ministry for Foreign Economic Relations ought to be informed about certain concluded foreign trade operations, their changes and supplements, such as: performance of building operations, Know-How transfer, agents contract.

An approval issued by Ministry for Foreign Economic Relations is necessary to be obtained when compensation deals are to be concluded.

**Import and export regimes** for most of the merchandise articles are liberalized, and the permission is necessary to be provided for just a small number of the products.

Foreign trade regimes without quantitative and quality restrictions are also agreed with the countries with which the State concluded Free Trade Agreements.

## FOREIGN INVESTMENTS

### Forms of the foreign investments

**A foreign investor** may independently or jointly with other foreign or local investors:

- Establish a new company
- Make an acquisition of stake or shares of an existing company

**The main forms** of the foreign investment are arranged by the Contract on Establishment or the Contract on Investment that are concluded in written form or Decision on Establishment made in written form.

A foreign investor may be granted a concession for the exploitation of natural resources, an asset in general exploitation or for performance of the activities of general interest. Also, he may be granted the permission to build, operate and transfer (B.O.T) a specific facility, installation or plant, as well as infrastructure and communications facilities.

**The investment** of a foreign investor may be in a foreign convertible currency, in kind, intellectual property rights, securities and other property rights. It may also be in dinars that, according to foreign currency regulations, may be transferred abroad, wherein profit reinvestment is included. A Foreign

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investor may convert his established claim into share or stake of the debtor company. Non-pecuniary investments must be expressed in money.

### **The rights of the foreign investors**

A foreign investor enjoys, in respect of his investment, the same status, rights and duties as domestic physical and legal persons. Also, he enjoys full legal certainty and legal protection in respect of rights acquired by investment.

Rights of a foreign investor acquired at the moment of registration of the foreign investment in the register may not be subject to restriction by subsequent amendment of laws and other regulations.

The business share of a foreign investor and assets of an enterprise with a foreign investment may not be subject to expropriation or other measures of equal effect taken by the State, unless where public interest is established by law or on the base of law, and against payment of compensation.

Compensation must correspond to the market value of the subject of expropriation or of another measure, on the day the act on such measure has been passed. It must be paid off without delay in convertible currency and the foreign investor may freely transfer it abroad. In a case of delayed payment, the foreign investor is entitled to the legal default interest.

If an international or bilateral agreement, whose signatories are both the country of a foreign investor and our country, provide **more favorable treatment** for the foreign investor than the treatment predicted by this law, such preferential treatment shall be applied.

A foreign investor may not, by himself or with another foreign investor, establish an enterprise in the field of production and sale of armaments, or in the areas defined as restricted zones by law. In these fields and areas, foreign investor is allowed to establish a company jointly with a local legal entity or to invest in the company, but can not acquire the right of the majority share in the management of that company.

Foreign investor and the company with the foreign investment enjoy the tax and customs relieves, in conformity with the law. Import of the goods considered as the investment of the foreign investor is free, providing such goods comply with environmental protection laws.

### **Conversion and free payment**

Company with the foreign investment is free to effect the payment within international business relations and also it's free to convert local currency in the foreign convertible currency, for the payments in connection with the foreign investments.

He can keep foreign currency on a foreign currency account with an authorized bank, use them freely and transfer abroad all financial and other assets relating to the foreign investments.

A foreign investor is free to transfer abroad in convertible currency, without delay, all financial and the other assets relating to the foreign investments, and particularly:

1. Profit realized on the base of the foreign investment;
2. Property that belongs to him after the company with foreign investment stop to work, more exactly on the base of termination the Investment Contract;
3. Amounts received from the sale of the stocks and shares with the foreign investment;
4. Amounts acquired on the base of decreasing the capital assets of the company with foreign investment;

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5. Additional payments;

6. Compensations

Transfer of the financial and other assets can be performed after the settlement of the payment liabilities: payment of the tax on the company's profit, tax on dividends and the other liabilities predicted by the law on the base of public revenues connected with the amount to be transferred.

Amounts got on the base of decreasing the fixed assets of the company with foreign investment can be transferred abroad upon the payment of the customs duty debt for the part of equipment imported duty free, which after decreasing the fixed assets remains uncovered by the foreign investment.

Foreign investments are registered in the competent register, in conformity with the law which regulates the position of the business companies.

A draft of the new Law on Foreign Investments is prepared. The draft envisages that relieves for foreign investors in Serbia will be available to investors who invest significant funds, create new jobs or attract other foreign companies with their reputation. Local self-governments will be required to open one-stop shops at which foreign investors will be able to get all necessary permits for their Greenfield and Brownfield projects.

## ***FINANCIAL INCENTIVES FOR INVESTMENTS***

Based on the Serbian Government Decree adopted in late June of 2006, the non-refundable funds will be assigned according to specified criteria for investment projects in all areas, except for trade, tourism, hospitality and agriculture. Eligible companies are those involved in manufacturing

activities, internationally marketable services sector and research and development sector.

**Investments in manufacturing activities:** €2.000 - €5.000 per every new employee, the minimum investment amount is between €1 million and €5 million, depending on the unemployment rate in the municipality where the investment is made and the minimum number of new job positions is 50.

**Investments in the internationally marketable services sector:** €2,000 - €10,000 per every new employee, the minimum investment amount is €1 million, the minimum number of new job positions is 10.

**Investments in the R&D sector:** €5,000 - €10,000 per every new employee, the minimum investment amount is €1 million and the minimum number of new job positions is 10.

Investment projects will be scored and evaluated based on the specific criteria: 1) investor's references, 2) participation of domestic suppliers in the final product and the investment effect on local companies, 3) investment's sustainability and viability, 4) the effect related to the R&D sector, 5) the effect on human resources, 6) environmental impact, 7) international turnover of services for investments in this area, 8) the effect on development of the local community, and 9) municipality support related to providing all necessary permits and incentives.

Application for participation in funds allocation is to be submitted to the Serbia Investment and Export Promotion Agency, in Serbian language, but a foreign investor may submit it in English language.

Documents to be submitted with the application:

- Detailed investment project description;
- The balance sheets and the income statements for the previous three years of operations with the report of an authorized auditor.

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A foreign legal entity should submit both the original and a certified translated copy;

- The projected balance sheet and the income statement, as well as a report on the expected cash flow for the following three years of operations of the investment project, starting from the application submission date;
- The certificate from the Serbian Business Registers Agency that is submitted by the investor with headquarters in the Republic of Serbia or a certificate from the respective registry of the state with investor's headquarters, certified by the institution in charge, as well as a certified translation of the certificate, all of which should be issued during the last three months.

The application has to contain the following:

- Basic information on the party submitting the application i.e. the investor;
- Details regarding the investment project;
- General information on the investor (vision, objectives, information on the products and services, data on sales and main export markets);
- General information on the legal person registered in the Republic of Serbia if the party submitting the application is a foreign investor.

Along with the application, it is necessary to submit the following, as well:

- The investment project for which the financing is sought;
- The balance sheets and the income statements for the previous three years of operations with the report of an authorized auditor, while a foreign legal entity should submit both the original and a certified translated copy;
- The projected balance sheet and the income statement, as well as a report on the expected cash flow for the next three

years of operations of the investment project, starting from the date when the application is submitted;

- The certificate from the Registry of Economic Subjects that is submitted by the investor with headquarters in the Republic of Serbia or a certificate from the respective registry of the state in which the investor has his headquarters, certified by the institution in charge, as well as a certified translation of the certificate, all of which should not be older than three months.

## ***CUSTOMS REGULATIONS***

Customs system is developing in the frame of conditions defined by the **Customs Law** («Official Gazette RS», Nr.73/2003; 61,85/2005; 62,63/2006). Customs Law contains the basic structures and principles, as the base of the rules of World Trade Organization, World Customs Organization and the European Union Law.

**Customs Tariff Law** («Official Gazette RS» Nr.62/2005), is based on HS 2002 of World Customs Organization and Combine Nomenclature of European Union 2005.

According to this Law which contains 10.228 of the tariff items, tariff rates range from 0 to 30%. The most of the tariff items have the tariff rate of 1% (30% of the total number of tariff items) and the tariff rate of 10% with the participation of 17,7%.

The average tariff rate is 8,7% (agricultural products 17% and industrial products 6,2%).

Tariff rates have been reduced for 170 tariff items within ferrous and nonferrous metallurgy, wood, textile and printing industry, as well as of the products which are not being produced in the

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country or they are important inputs in the production of export oriented branches.

On 1<sup>st</sup> of July 2005 new rules came into force («Official Gazette RS», Nr. 56/2005 and 65/2005) regarding the schedule for gradually reducing of tariff rates for imports of textile products originated from European Union, until 2008 when these tariff rates should be completely abolished.

**Further trade liberalization** also predicts gradually reducing of tariff rates and their implementation in compliance with Free Trade Agreements concluded with the countries from our surroundings: Macedonia, Bosnia&Herzegovina, Croatia, Romania, Bulgaria, Albania, Moldova.

Full trade liberalization with Macedonia is expected to be in 2006 after ratification the new Free Trade Agreement, that has been recently signed.

The year 2007 will be the deadline when Free Trade Zone should be established in this part of Europe. The negotiations on a Multilateral Free Trade Agreement for all these countries have recently started.

Also, further trade liberalization with Russian Federation has been in progress. It is expected that over 80% of the foreign trade could be liberalized soon.

### ***Customs exemptions***

Import of the equipment on the base of the foreign investment, except the passengers motor vehicles and amusement and lottery machines is exempted from customs and other import duties.

- This right is used in accordance with the fixed investment schedule, until the object is finished. If it's about the right

arised from the reinvestment of the profit, the same is valid for all time of duration of the contract.

- This right can also be used by the company with foreign investment, up to the amount of the foreign investor's share in a capital of the company, excluding the cash part of the company's fixed assets, within two years from the date of registration the foreign investment.

Import of the equipment which isn't produced in our country and it's used for direct environmental protection or for employment the invalid persons is also free of customs duty.

Exemption from custom is also applied in the case when the foreign investor opts for the business of finishing process (increase in the value of the product through the process of changing the form out of inputs, components) of his product in cooperatin with a domestic partner and when that processed product is sent back to him.

### ***STANDARDIZATION***

Federal Standardization Office and the Bureau of weights & measures and precious metals have got the leading role in creating definition of the technical standards and regulations, complied with European once. The new laws concerning standardization, metrology, accreditation, and technical conformity have been passed.

As the veterinarian and phyto-sanitary policies and institutions are in a competence of Republic, many laws in the field of health food have been prepared.

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## FOREIGN EXCHANGE OPERATIONS

### **LEGAL FRAME**

- The new Law on Foreign exchange operations («Official Gazette RS» Nr.62/2006) is coordinated with the new laws related to foreign trade, securities, investment and pension funds, insurance.
- Credit operations with abroad are also included in this law.
- Payment, collection and transfers under current transactions between residents and nonresidents shall be executed freely.
- Capital transactions are liberalized in: direct investments, investments in real estate, transactions with securities, transactions with investment and pension funds, credit operations, deposit operations, operations based on insurance and unilateral transfers of means of payment.
- Direct investments are to be understood as: foundation of legal entity, branch or representative office, purchase of shares or stake in the capital of legal entity, additional capital formation of the legal entity as well as any other form of investment whereby the investor acquires more than a 10% stake in share capital, or more than 10% of voting rights, in a period not longer than one year after the first investment into that legal entity in the case of successive investments.
- International payment transactions are performed in foreign exchange and dinars through the bank.
- Resident is obliged to bring into the Republic means of payment with regard to the export of goods or services within 180 days following the export goods clearance and the day of the execution of the service, as well as to import a prepaid good or service within this period. The

activities with determined deadline longer than 180 days are to be considered credit operations.

- The Foreign Exchange Inspectorate conducts supervision of foreign exchange operations of residents and nonresidents.

### **CURRENCY CLAUSE**

Contracting in foreign currency in the country is allowed, providing that any payment and collection of payment has to be effected in Dinars.

By way of exception to the above mentioned, payment, collection and transfer of funds may be effected in foreign exchange in cases such as: foreign currency lending in the country for the payment of import of goods and services from abroad, payment of deposit as a collateral, purchase of claims and payables on the basis of contract, insurance premium and transfer in respect of life insurance, sale and lease of real estate.

### **NONRESIDENT OPERATIONS**

- Nonresident may keep foreign exchange and dinars on the account with a bank without any restrictions.
- He, as well as resident – branch of a foreign legal entity, that operates through a nonresident account may effect the transfer from such account to abroad providing that its tax liabilities towards the Republic arising from its business activities have been settled. The transfer of his funds to abroad from the foreign currency and dinar savings account is also free.
- Nonresidents may effect payment for the purpose of purchasing long-term securities in the Republic, while they cannot effect payment for the purpose of purchasing domestic short-term securities.

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Any person who effects collection and payment or issues a payment order and executes to nonresident a transfer of amount exceeding EUR 100.000 on the basis of contract where no actual price is stated or on the basis of untrue document, will be punished for criminal offence by a prison sentence lasting from one to ten years.

### ***FOREIGN EXCHANGE MARKET***

Foreign exchange and foreign currency may be purchased and sold only in the foreign exchange market:

- Directly, where the participants are the authorized banks, banks, residents authorized to perform exchange operations, residents and non-residents and the National Bank of Serbia
- At the sessions of the interbank foreign exchange market, where the participants are authorized banks and National Bank of Serbia

Exchange operations may be performed by banks, the National Bank of Serbia and residents – legal entities and entrepreneurs authorized by the National Bank of Serbia.

### ***EXCHANGE RATE***

- Exchange rate of CSD against foreign currencies is created freely in the foreign exchange market, in accordance with the foreign exchange supply and demand.
- The official middle dinar exchange rate, determined on the last business day in the week preceding the week in which the amount of customs and other import duties is determined, is applied for the calculation of customs and other import duties.

## **INVESTMENT FUNDS**

The Law on Investment Funds has been recently adopted by «Official Gazette RS» Nr.46/2006. The main purpose of this law is to enable citizens to participate at the capital market (collection of free resources and its investment). Investment funds ought to gather capital for investment in the local economy and therefore to enhance the economic development.

The local and foreign legal entities and natural persons may invest in these funds.

## **COMPETITION PROTECTION**

For the purpose of urging economic efficiency and achieving economic welfare of a society as a whole, especially the consumers, the Law on Competition Protection ("Official Herald of the Republic of Serbia", No.79/2005) regulates the market competition protection in order to provide the market participants equality.

The present Law considers the following acts and activities of economic subjects, legal entities, individuals and other market participants to be the competition violation:

- The agreements that are essentially preventing, limiting or disturbing the competition;
- The abuse of the dominant position;
- The concentration to prevent, limit or disturb the competition, primarily by establishing, i.e. strengthening the dominant position on the market.

The law describes agreements, contracts, specific contract parts, explicit or tacit deals, harmonized practice and market participants associations decisions as acts whose purpose or

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whose consequence has or may have the essential influence on preventing, limiting or disturbing the competition on the relevant market.

These agreements will be forbidden and void, particularly agreements with the following characteristics:

- Agreements directly or indirectly fixing the purchasing or selling price or other trade conditions;
- Agreements limiting or controlling the production, market, technical development or investments;
- Agreements dividing markets or procurement sources;
- Agreements applying unequal business conditions for identical businesses between different market participants, thus bringing market participants into more inviolable position compared to competitors;
- Agreements conditioning the signing of an agreement by insisting on accepting additional obligations which are not related to the subject of the agreement, considering the nature of these obligations and commercial habits and practice.

The Commission Protection Commission, created on the base of this law, is an independent organization exercising public duties and it has the status of a legal entity.

## REAL ESTATE DEALS

### Ownership on the land

- Building land remains in exclusive possession of Serbia Republic.
- Agricultural land remains in a private possession, but the purpose of the agricultural land can be changed and transformed in building land, in a relatively simple and not expensive procedure, on condition that this land is involved by the General city planning.

Foreign investors are allowed to buy real estate when reciprocity condition is provided, except urban construction land, which is state-owned (this would be changed as of January 2007, due to preparing of the Law on Urban Construction Land).

Land purchasing procedure allows a few possibilities, as following:

### Rent of the building land for a period of 99 years

This way of purchasing the land refers to the non-built building land, in the competence of the local Municipal directorate.

### Transferable “exploitation rights”

“Exploitation right” is taken in connection with the property on the building, located on the building land. It gives the right to the user for unrestricted exploitation of the land, while the user is also the owner of the building. This right can be acquired, transferred and terminated, automatically, and reflects the act of acquiring, transfer or termination the possession on the building.

### Unlimited ownership on the agricultural land which can be transformed in the building land

As it is mentioned in the above reported text, the new General city planning includes agricultural land, in a private possession, which can be transformed in the building land in one, relatively simple and cheap procedure.

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## EMPLOYMENT

The rights, liabilities and responsibilities arising from the employment, more exactly on the basis of working, are defined by the Labour Law («Official Gazette RS» Nr. 24/2005, 61/2005) and by the special law, in conformity with the ratified international conventions.

Provisions of this Act are also applied to the employees who have been working in the territory of Republic of Serbia with the local or foreign legal/physical person, employees instructed by the employer to work abroad as well as the employed foreign citizens and stateless persons who have been working with the employer in the territory of Republic of Serbia.

### Conditions for taking up the employment

Employment may be taken up with the person, minimum 15 years old, on conditions defined by the Law.

Employment starts after the labour contract between employee and employer is concluded.

The Law, Collective Agreement and Labour Contract define workers' rights.

### Working time

Full working time is 40 hours per week, with the possibility to be shorter, but not less than 36 hours per week. Working week lasts five working days.

On the employer's request, employee can work more than the full working time is. Overtime work mustn't be longer than 8 hours per week, more exactly, 4 hours daily, per employee.

### Social insurance

System of the social insurance in Serbia includes the rights and liabilities regarding the retirement, health care and unemployment. Workers employed in the local companies are involved by this system. Foreign citizens employed in the companies, partially or fully in possession of the foreign companies are also involved by this system, except in the cases when there is some applicable agreement on social insurance.

Serbia & Montenegro is the signatory country of more multilateral agreements on social insurance, as well as of the bilateral agreements with Austria, Belgium, Bulgaria, Great Britain, Denmark, Egypt, Italy, Libya, Luxembourg, Hungary, Germany, Norway, Panama, Poland, Romania, France, Holland, Czech Republic, Switzerland and Sweden.

### Termination of the labour relation

Labour relation is terminated: after the expiration of the period the same was concluded for, after the conditions for the age pension are satisfied, with the agreement between employee and employer, with the notice on the labour contract given by the employer or employee and in the other cases, in conformity with the law.

Employer can terminate the labour contract with the employee if there are reasonable reasons for that, with prior written warning and giving the deadline of at least five working days to the employee to come out for or against the statements from the warning. Also, employer is obliged to submit the warning to the opinion of the trade union, whose member employee is.

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## **WORKING AND RESIDENCE LICENCES FOR THE FOREIGNERS**

### **Working licences**

The National Employment Agency issues working licences to the foreign citizens.

Foreign citizens, who already provided permanent residence and working licences, are allowed to work unlimited working time. Foreign citizens, with temporary residence licence in Serbia, must have the agreement on taking up the employment for unlimited period of time. In that case, employer is obliged to lodge a claim and to explain the reasons for employment the foreign citizens. Working licence is not necessary in a case that foreign citizen gets the employment for doing the business arised from the foreign investments contract, contract on business – technical cooperation, etc...

### **Business visa**

Business visa is issued to the foreign citizen:

- When he intends to do the activities in the field of foreign investments or international trade, in conformity with the laws of Republic of Serbia
- When he doesn't need the working licence to conclude the labour contract with the local person

Business visa is issued for the entire time of been working the business activity, but validity period of the same can't be longer than the date of his passport validity. It has usually being issued for the period of six months.

Foreign citizens with an adequate visa can stay in Serbia up to three months, without necessity for submitting the evidence for his temporary stay in the country.

Foreign citizens with the transit visa can stay in the country no more than 7 (seven) days. Foreign citizens with business visa can stay in the country as long as their visas are valid.

Ministry of internal affairs is entitled to reject or to cancel visa, without any obligation to give explanation to that. Against such decision neither complaint nor any other kind of the legal remedy is allowed.

### **Residence licences**

Foreign citizen who wants to work in the agency or in the local company is obliged to apply for the residence licence. Before foundation of the agency or company, the residence licence is issued for period of six months. After the registration procedure is completed, foreign citizen is entitled to apply for the business visa with validity of 1(one) year.

For that purpose, foreign citizen presents his personal documents for inspection to the Ministry of internal affairs (Department for foreigners). Foreign citizen must submit the documents personally and move the procedure for getting the residence licence. This procedure takes approximately 30 (thirty) days. All foreign persons who visit the country are obliged to inform competent authority about that within 72 hours from the date when they entered the country.

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## USEFULL ADDRESSES

### BUSINESS

#### MINISTRIES AND GOVERNMENTAL BODIES

##### Ministry of Interior

101, Kneza Miloša St. 11000 Belgrade  
Phone: +381 11 361 2589; 361 7179  
Fax: +381 11 361 7814  
E-mail: [muprs@mup.sr.gov.yu](mailto:muprs@mup.sr.gov.yu)  
Web-site: [www.mup.sr.gov.yu](http://www.mup.sr.gov.yu)

##### Ministry of Finance and Economy

22-26, Nemanjina St. 11000 Belgrade  
Phone: +381 11 361 6361; 361 6533; 361 3560  
Fax: +381 11 361 6535  
E-mail: [informacije@mfin.sr.gov.yu](mailto:informacije@mfin.sr.gov.yu)  
Web-site: [www.mfin.sr.gov.yu](http://www.mfin.sr.gov.yu)

##### Ministry of Justice

22-26, Nemanjina St. 11000 Belgrade  
Phone: +381 11 361 6548; 361 6549  
Fax: +381 11 361 6419; 685 672  
E-mail: [kabinet@mpravde.sr.gov.yu](mailto:kabinet@mpravde.sr.gov.yu)  
Web-site: [www.mpravde.sr.gov.yu](http://www.mpravde.sr.gov.yu)

##### Ministry of Public Administration and Local Self-Government

6, Birčaninova St. 11000 Belgrade  
Phone: +381 11 268 5387; 268 5389  
Fax: +381 11 268 5315  
E-mail: [info.mpalsg@mpalsg.sr.gov.yu](mailto:info.mpalsg@mpalsg.sr.gov.yu);  
Web-site: [www.mpalsg.sr.gov.yu](http://www.mpalsg.sr.gov.yu)

##### Ministry of Agriculture, Forestry and Water Management

22-26, Nemanjina St. 11000 Belgrade  
Phone: +381 11 306 5038; 306 5039  
Fax: +381 11 361 6272  
E-mail: [office@minpolj.sr.gov.yu](mailto:office@minpolj.sr.gov.yu)  
Web-site: [www.minpolj.sr.gov.yu](http://www.minpolj.sr.gov.yu)

##### Ministry of Economy

16, Kralja Milana St. 11000 Belgrade  
Phone: +381 11 361 7599; 361 7699  
Fax: +381 11 361 7640; 361 0045  
E-mail: [officempriv@mpriv.sr.gov.yu](mailto:officempriv@mpriv.sr.gov.yu)  
Web-site: [www.mpriv.sr.gov.yu](http://www.mpriv.sr.gov.yu)

##### Ministry of Energy and Mining

36, Kralja Milana St. 11000 Belgrade  
Phone: +381 11 363 1595; 334 6755  
Fax: +381 11 361 6603  
E-mail: [kabinet@mem.sr.gov.yu](mailto:kabinet@mem.sr.gov.yu)  
Web-site: [www.mem.sr.gov.yu](http://www.mem.sr.gov.yu)

##### Ministry of Capital Investment

22-26, Nemanjina St. 11000 Belgrade  
Phone: +381 11 361 6426; 361 6431  
Fax: +381 11 361 7486  
E-mail: [cabinet@mki.sr.gov.yu](mailto:cabinet@mki.sr.gov.yu)

##### Ministry of Trade, Tourism and Services

22-26, Nemanjina St. 11000 Belgrade  
Phone: +381 11 361 8852; 361 3404  
Fax: +381 11 361 0258  
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Web-site: [www.minttu.sr.gov.yu](http://www.minttu.sr.gov.yu)

##### Ministry of International Economic Relations

10, Vojkoviće St. 11000 Belgrade  
Phone: +381 11 361 7583; 361 7628; 334 6599  
Fax: +381 11 363 3142  
E-mail: [cabinet@mier.sr.gov.yu](mailto:cabinet@mier.sr.gov.yu)  
Web-site: [www.mier.sr.gov.yu](http://www.mier.sr.gov.yu)

##### Ministry of Labour, Employment and Social Affairs

22-26, Nemanjina St. 11000 Belgrade  
Phone/Fax: +381 11 361 6253; 361 7498; 361 8780  
E-mail: [kabinet@minrzs.sr.gov.yu](mailto:kabinet@minrzs.sr.gov.yu)  
Web-site: [www.minrzs.sr.gov.yu](http://www.minrzs.sr.gov.yu)

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**Ministry of Education and Sport**

22-26, Nemanjina St. 11000 Belgrade

Phone: +381 11 361 6357; 361 6489

Fax: +381 11 361 6491

E-mail: [webmaster.mps@mps.sr.gov.yu](mailto:webmaster.mps@mps.sr.gov.yu)

Web-site: [www.mps.sr.gov.yu](http://www.mps.sr.gov.yu)

**Ministry of Culture**

11, Nikole Pašića Sq. 11000 Belgrade

Phone: +381 11 339 8404

Fax: +381 11 339 8936

E-mail: [kabinet@kultura.sr.gov.yu](mailto:kabinet@kultura.sr.gov.yu)

Web-site: [www.kultura.sr.gov.yu](http://www.kultura.sr.gov.yu)

**Ministry of Health**

22-26, Nemanjina St. 11000 Belgrade

Phone: +381 11 361 6251; 361 6596

Fax: +381 11 656 548

E-mail: [press\\_zdravlje@zdravlje.sr.gov.yu](mailto:press_zdravlje@zdravlje.sr.gov.yu)

Web-site: [www.zdravlje.sr.gov.yu](http://www.zdravlje.sr.gov.yu)

**Ministry of Diaspora**

20, Vasina St. 11000 Belgrade

Phone: +381 11 638 033; 637 624

Fax: +381 11 636 815

E-mail: [info@mzd.sr.gov.yu](mailto:info@mzd.sr.gov.yu)

**AGENCIES OF THE REPUBLIC OF SERBIA****Privatization Agency**

23, Terazije St. 11000 Belgrade

Phone: +381 11 302 0800

Fax: +381 11 302 0828

E-mail: [info@priv.yu](mailto:info@priv.yu)

Web-site: [www.priv.yu](http://www.priv.yu)

**Bank Rehabilitation Agency**

10, Nikole Pašića Sq. 11000 Belgrade

Phone: +381 11 324 0623

Fax: +381 11 323 6031

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Web-site: [www.bra.gov.yu](http://www.bra.gov.yu)

**Agency for the Development of Small and Medium-sized Enterprises and Entrepreneurship**

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Fax: +381 11 334 6601

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Web-site: [www.sme.sr.gov.yu](http://www.sme.sr.gov.yu)

**Agency for City Building Land and Development of Belgrade**

84, Njegoševa St. 11000 Belgrade

Phone: +381 11 244 9494

Fax: +381 11 431 610

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Web-site: [www.beoland.co.yu](http://www.beoland.co.yu)

**SIEPA – Serbia Investment and Export Promotion Agency**

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Fax: +381 11 339 8814

E-mail: [office@siepa.sr.gov.yu](mailto:office@siepa.sr.gov.yu)

Web-site: [www.siepa.sr.gov.yu](http://www.siepa.sr.gov.yu)

**BUSINESS INSTITUTIONS****National Bank of Serbia**

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Fax: +381 11 621 181

E-mail: [kabinet@nbj.sv.gov.yu](mailto:kabinet@nbj.sv.gov.yu)

Web-site: [www.nbj.yu](http://www.nbj.yu)

**Belgrade Stock Exchange**

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Phone: +381 11 311 5328; 311 7410

Fax: +381 11 311 7304

Web-site: [www.belex.co.yu](http://www.belex.co.yu)

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**Republic Development Bureau**  
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E-mail: [rzrazvoj@infosky.net](mailto:rzrazvoj@infosky.net)  
Web-site: [www.razvoj.sr.gov.yu](http://www.razvoj.sr.gov.yu)

**Statistical Office of the Republic of Serbia**  
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Phone: +381 11 241 2922  
Fax: +381 11 411 260  
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Web-site: [www.statserb.sr.gov.yu](http://www.statserb.sr.gov.yu)

**Intellectual Property Office**  
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Fax: +381 11 311 2377  
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**Serbian Business Registration Agency**  
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Phone: +381 11 333 1444  
Fax: +381 11 333 1412  
E-mail: [registar@eunet.yu](mailto:registar@eunet.yu)  
Web-site: [www.apr.sr.gov.yu](http://www.apr.sr.gov.yu)

**Customs Administration of the Republic of Serbia**  
155, Blvd. AVNOJ-a 11070 Belgrade  
Phone: + 381 11 696 227  
Fax: + 381 11 690 614  
Web-site: [www.fcs.yu](http://www.fcs.yu)

**Foreign Investors' Council**  
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Web-site: [www.fic.org.yu](http://www.fic.org.yu)

**European Bank for Reconstruction and Development (EBRD)**  
Web-site: [www.ebrd.com](http://www.ebrd.com)

## CHAMBERS OF COMMERCE

**Serbian Chamber of Commerce and Industry**  
13-15, Resavska St. 11000 Belgrade  
Phone: +381 11 324 0611  
Web-site: [www.pks.co.yu](http://www.pks.co.yu)

**Chamber of Commerce and Industry, Belgrade**  
12, Kneza Miloša St. 11000 Belgrade  
Phone: +381 11 264 1355  
Fax: +381 11 264 2029  
Web-site: [www.kombeg.org.yu](http://www.kombeg.org.yu)

**Chamber of Commerce and Industry, Vojvodina**  
25, Blvd. Mihajla Pupina 21000 Novi Sad  
Phone: +381 21 557 440  
Web-site: [www.pkv.co.yu](http://www.pkv.co.yu)

**Chamber of Commerce and Industry, Kragujevac**  
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**Chamber of Commerce and Industry, Niš**  
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**United Nations Development Programme (UNDP)**  
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Web-site: [www.undp.org](http://www.undp.org)

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**WE KINDLY INVITE YOU TO LOCATE YOUR BUSINESS ACTIVITIES  
IN THE AREA OF CENTRAL SERBIA**

**WE REMAIN AT YOUR DISPOSAL**

***Chamber of Commerce and Industry Kragujevac***

***Agency for Investment Promotion and  
Business Support in Central Serbia***

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