

LAW ON TAX PROCEDURE AND TAX ADMINISTRATION

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Consolidated text with amendments up to those in the RS Official Gazette, no. 108/16 applied as of 01 January 2017,
(amendments in the following articles: 3, 23, 26, 29, 55, 74, 87a, 88, 105, 113, 115, 124, 163a, 179, 180b, 181);

**- except for the following articles: 2a, 11, 143, 145, 147, 149, 150, 151, 152, 153, 160, 165 –
applied as of 01 July 2017; refers to second-instance proceedings**

Part One BASIC PROVISIONS

Heading One SUBJECT MATTER OF THE LAW Contents of the Law Article 1

- (1) This Law regulates the procedure of assessing, collecting and auditing public revenues to which this Law applies (hereinafter: tax procedure), rights and obligations of taxpayers, registration of taxpayers and tax crimes and misdemeanors.
- (2) This Law shall also regulate the following procedures:
- 1) issuing and revoking authorizations for performing exchange dealings, auditing exchange dealings, as well as auditing foreign exchange operations;
 - 2) discharging public administration affairs with respect to games of chance.
- (3) This Law shall establish the Tax Administration as an administrative body within the ministry in charge of finance and regulate its responsibilities and organization.

Types of Public Revenues Article 2

- (1) This Law shall apply to all public revenues collected by the Tax Administration, unless otherwise stipulated in another tax law (hereinafter: tax).

(2) This Law shall also apply to interest on tax arrears and costs of enforced tax collection procedure (hereinafter: secondary tax duties).

Article 2a

(1) This Law shall also apply to own-source public revenues of local government units which they assess, collect and audit in public law relations, as well as to corresponding secondary tax duties, in the procedures during which tax administrative acts are issued, including acts in administrative procedure, for which the application of this Law is prescribed.

(2) When assessing, collecting and auditing the public revenues and secondary tax duties referred to in paragraph (1) of this Article, issuing misdemeanor orders, as well as filing motions to institute tax misdemeanor proceedings with the misdemeanor court, the competent local government authority shall have the rights and obligations conferred on the Tax Administration under this Law, except for rights and obligations referring to the following:

- 1) identification and registration of taxpayers;
- 2) assessment of the tax base by using the comparator method and cross-evaluation method;
- 3) detection of tax crimes;
- 4) deleted (RS Official Gazette, no. 108/16)
- 4a) deleted (RS Official Gazette, no. 47/13)
- 5) deleted (RS Official Gazette, no. 53/10)
- 6) other rights and obligations of the Tax Administration contained in the provisions of Article 160 items 1a), 9), 11b), 12), and 13a) through 13e), Articles 161, 164 and 167 through 171 of this Law.

Article 2b

(1) Provisions of this Law governing powers of the Tax Administration, rights and obligations of taxpayers, authorizations of tax auditors and tax enforcement officers of the Tax Administration, shall apply *mutatis mutandis* to the powers of local government units, and rights and obligations of payers of own-source public revenues referred to in Article 2a paragraph (1) of this Law, to authorizations of tax auditors of local government units and tax enforcement officers of local government units, in the procedure of assessing, collecting and auditing own-source revenues of the local government units to which this Law applies.

(2) The provisions of this Law governing the transfer of title over movable and immovable property to the Republic of Serbia in the procedure of enforced collection of public revenues belonging to the budget of the Republic of Serbia, shall apply *mutatis mutandis* to the transfer of title over movable and immovable property to the local government unit in the procedure of enforced collection of own-source public revenues of the local government unit.

Relation to Other Laws

Article 3

- (1) If an issue from within the scope of this Law is regulated differently by another law, the provisions of this Law shall apply.
- (2) Unless otherwise provided under this Law, tax procedure shall be conducted according to the principles and provisions of the law regulating general administrative procedure and the provisions of the law regulating inspection oversight.
- (3) In a procedure conducted by the Tax Administration related to issuing and revoking authorizations, approvals, permits, consents, etc., by applying the law governing foreign exchange operations, or the law regulating games of chance, the law governing general administrative procedure shall apply *mutatis mutandis*, unless otherwise provided under these laws.

Heading Two
PRINCIPLES OF TAX PROCEDURE
Principle of Legality
Article 4

- (1) The Tax Administration shall exercise all rights and discharge all obligations related to tax law relationship in keeping with law.
- (2) In cases where the Tax Administration is authorized to exercise discretion, it shall act in accordance with the purpose of such powers and within the framework of the law.
- (3) The Tax Administration shall establish all the facts relevant for passing a legal and correct decision, dedicating equal attention to the facts that benefit taxpayers and those that do not.

Principle of Temporal Applicability of Tax Regulations
Article 5

- (1) A tax liability shall be assessed based on the regulations in force at the time of its origination, unless certain provisions of the law are to apply retroactively, in keeping with the Constitution and the law.
- (2) Notwithstanding paragraph (1) of this Article, a tax liability based on property taxes concerning calendar years following the year when the tax liability was incurred, shall be assessed based on the law governing property taxes that was in force on January 1 of the calendar year for which the tax liability is being assessed, unless certain provisions of the law are to apply retroactively, in keeping with the Constitution and the law.
- (3) Activities in the course of tax procedure shall be governed by regulations in force at the time of their implementation.

Principle of Allowing a Review of Facts
Article 6

Prior to passing an act determining rights and obligations of the taxpayer, the Tax Administration shall, at his request, allow the taxpayer to review the legal and factual basis for passing such act.

Principle of Keeping a Trade Secret in Tax Procedure

Article 7

(1) For the purposes of this Law, the following shall be considered confidential data in a tax procedure (hereinafter: confidential data) and shall be kept confidential:

1) every document, information, data, or other fact concerning the taxpayer obtained by officials and all other persons involved in tax procedure in the course of tax, misdemeanor, preliminary investigation or court procedure;

2) data on technical inventions or patents, as well as all other data on technological procedures applied by the taxpayer obtained by officials and all other persons involved in tax procedure in the course of tax, misdemeanor, preliminary investigation or court procedure.

(2) Breach of data confidentiality jeopardizes the interest of taxpayers and public interest of the Republic of Serbia, which override the interest related to access to information of public importance that is subject to data confidentiality, the disclosure of which may result in grave legal or other consequences to the interests protected by this Law.

(3) All officials and other persons taking part in tax, misdemeanor, preliminary investigation or court procedure shall keep data confidentiality.

(4) Obligation to keep data confidentiality shall also relate to the persons referred to in paragraph (1) of this Article after the termination of their employment or capacity in which they obtained knowledge of the documents, facts or data referred to in paragraph (1) of this Article.

(5) Data confidentiality shall be considered breached if the documents, facts or data referred to in paragraph (1) of this Article are used or published without authorization.

(6) Data confidentiality shall not be considered breached:

1) by an action to which the taxpayer agrees in writing;

2) if a particular document, fact or data cannot be linked to an individual taxpayer;

3) if a particular document, fact or data is disclosed in the course of tax, misdemeanor, preliminary investigation or court proceedings;

4) if the information in question is the taxpayer's tax identification number (hereinafter: TIN);

5) if a particular document, fact or data is used by competent authorities in the procedure of detecting criminal offences or misdemeanors;

6) if a particular document, fact or data, in keeping with the provisions of Article 157 of this Law, is delivered to an official of a foreign tax authority in the process of information exchange and mutual legal assistance provision;

7) if a tax guarantor is allowed access to data on the taxpayer relevant for discharging the obligations arising from his relation with the taxpayer;

8) if a particular document, fact or data is relevant for the existence of tax debt.

(7) The Tax Administration shall publish on its web page twice a year, as at the last day of the

respective semiannual period, the tax debtors' business names or names and surnames, TINs and the amounts of tax debt, namely for legal entities with a tax debt in the amount of 20,000,000 dinars and more and sole traders with a tax debt in the amount of 5,000,000 dinars and more, whereby data confidentiality shall not be breached.

(8) With regard to data confidentiality, in all matters not regulated by this Law, the Tax Administration shall act in keeping with the law governing data confidentiality and the law governing personal data protection.

Principle of Acting in Good Faith

Article 8

(1) Parties to tax procedure shall act in good faith.

(2) Frequency and duration of tax audit shall be restricted to the extent necessary.

Principle of Facticity

Article 9

(1) Tax facts shall be established based on their economic substance.

(2) If a simulated legal transaction is used to conceal a different legal transaction, the base for assessing the tax liability shall be the dissimulated legal transaction.

(3) When proceeds and/or assets are acquired illicitly, the Tax Administration shall assess the tax liability in keeping with the law governing the corresponding type of tax.

Heading Three

PARTIES TO TAX PROCEDURE

Contents of Tax Law Relationship

Article 10

(1) Tax law relationship shall be understood to mean a public law relationship encompassing tax procedure-related rights and obligations of the Tax Administration, on the one side, and an individual or legal entity, on the other, regulating the following:

1) obligation of an individual or legal entity to pay tax, secure a tax liability and pay secondary tax duties and the Tax Administration's right to demand the fulfilment of these obligations;

2) obligation of an individual or legal entity, in keeping with law, to assess tax or to collect the withholding tax on behalf of the taxpayer, keep the prescribed accounting records, file tax returns, submit the requested documents and data to the Tax Administration, not to make payments in a manner other than the prescribed, allow a Tax Administration official to inspect their business operation and other statutory obligations to act, refrain from acting or tolerate, for the purpose of timely and correct payment of tax, as well as the right of the Tax Administration to demand the fulfilment of these obligations.

(2) In the tax law relationship referred to in paragraph (1) of this Article, the individual or legal entity shall be entitled to:

- 1) a refund of overpaid or erroneously paid tax and/or secondary tax duties, as well as to a tax refund when provided by a separate tax law;
- 2) a tax reimbursement and/or tax rebate in keeping with the tax law;
- 3) apply a tax credit against a tax liability and/or secondary tax duties;
- 4) apply overpaid or erroneously paid tax and/or secondary tax duties against other due liabilities, through transfer to another tax account.

(3) If the person referred to in paragraph (2) of this Law opts for a refund of overpaid or erroneously paid tax and/or secondary tax duties, as well as for tax reimbursement and/or rebate, and/or settlement of other due liabilities through transfer to another tax account, the Tax Administration shall issue a decision at request without delay, no later than 15 days from the receipt of such request, unless otherwise provided under the tax law.

(4) Tax credit shall be understood to mean the amount by which a tax liability is reduced.

(5) Other rights of an individual or legal entity and obligations of the Tax Administration related to a tax law relationship shall be regulated by this Law.

(6) If a taxpayer delivers a document in a language and alphabet not used officially by the tax authorities in keeping with the law governing the official use of language and alphabet, the tax authority shall set a time limit which may not be shorter than five days for the taxpayer to deliver a certified translation into the Serbian language.

(7) If the taxpayer fails to deliver the certified translation referred to in paragraph (6) of this Article within the provided time limit, the document shall be deemed not delivered.

Tax Administration in Tax Procedure

Article 11

(1) The Tax Administration shall, as part of public administration operations, conduct first-instance tax procedure, maintain the single taxpayer register and tax accounting, assess the market value of immovable property in keeping with law, detect tax crimes and misdemeanors and their perpetrators, file motions with the competent misdemeanor court to institute proceedings for tax-related misdemeanors, misdemeanors prescribed by the law governing fiscal cash registers, misdemeanors with respect to exchange dealings and other operations in keeping with the law governing foreign exchange operations, as well as misdemeanors with respect to games of chance, issue misdemeanor orders for such misdemeanors and perform other operations provided for by this Law.

(2) The Tax Administration shall be independent in performing the operations referred to in paragraph (1) of this Article in the entire territory of the Republic of Serbia (hereinafter: the Republic) and organized so as to ensure functional consistency in implementing tax regulations.

(3) For the purpose of ensuring consistent implementation of regulations within the competence of the ministry in charge of finance, implementing acts (explanations, rulings, instructions, guidance, etc.) for such regulations issued by the minister in charge of finance or a person authorized by him, shall be

binding for the Tax Administration in its operations.

(4) The acts referred to in paragraph (3) of this Article shall be published on the web pages of the ministry in charge of finance and the Tax Administration.

Taxpayers and Other Tax Obligors

Article 12

(1) Tax obligor shall be understood to mean an individual or legal entity obliged to perform a specific action from the tax law relationship referred to in Article 10 of this Law.

(2) Taxpayer shall be understood to mean a tax obligor who is under the obligation to pay tax and/or secondary tax duty.

(3) Other tax obligors shall be understood to mean the following:

1) tax guarantor, who is responsible for the payment of the taxpayer's tax debt, if the taxpayer fails to pay such debt once it becomes due;

2) payer of income to the taxpayer (hereinafter: withholding agent) who is under the obligation to calculate and withhold the prescribed tax on such income, in the name and on behalf of the taxpayer, to the appropriate revenue collection account;

3) tax intermediary, who is under the obligation to withhold the assessed tax from the account of the tax obligor (taxpayer or withholding agent), on the basis of their transfer order, and to the appropriate revenue collection account, in its name and on behalf of the taxpayer;

4) other individuals and legal entities obliged to perform any action within the tax law relationship referred to in Article 10 of this Law.

(4) Taxpayers and other tax obligors (hereinafter: taxpayers) shall be the parties to tax procedure.

General Provisions on Representation

Article 13

(1) The taxpayer may participate in tax law relationship through a proxy or legal representative, unless otherwise provided under this Law.

(2) A taxpayer participating personally in tax law relationship may also have a proxy, and if the proxy participates in tax law relationship on his behalf, he may also participate personally.

Tax Proxy

Article 14

(1) Taxpayer's proxy (hereinafter: tax proxy) shall be understood to mean an individual or a legal entity – resident of the Republic who, within the limits of the authority conferred on him, performs operations related to the taxpayer's tax obligations in the name and on behalf of the taxpayer (receives tax acts, files tax returns, pays tax, etc.).

(2) The taxpayer who is an individual or a legal entity – non-resident of the Republic (hereinafter: non-

resident) that does not have a permanent establishment in the territory of the Republic or earns income or acquires property in the territory of the Republic unrelated to the operations of his permanent establishment, shall notify the Tax Administration, at its head office, of the person appointed as its tax proxy within ten days from the day he started earning such income or acquiring taxable property in the territory of the Republic.

(3) If a non-resident earns income subject to a withholding tax, for which the taxpayer is under no obligation to file a tax return, there shall be no obligation to appoint a proxy.

Legal Representative, Sole Trader's Manager and Temporary Estate Administrator

Article 15

(1) Legal representatives of individuals (parents of a minor, guardian of a ward lacking legal capacity, etc.) and of legal entities (an individual recorded as such in a prescribed register), as well as a sole trader's manager and temporary estate administrator shall fulfil the tax-related obligations of the person they represent.

(2) If a sole trader does not have a manager or if a temporary estate administrator has not been appointed, the tax-related obligations referred to in paragraph (1) of this Article shall be discharged by the sole trader or heirs, respectively, as joint and several tax obligors.

Ex Officio Representative

Article 16

(1) The Tax Administration shall appoint *ex officio* a representative from among the ranks of tax advisors or attorneys at law to:

- 1) a taxpayer whose seat is not located in the place and at the address given in the registration form prescribed by the act referred to in Article 27, paragraph (5) of this Law or in the VAT registration form, as prescribed by regulations governing the value-added tax;
- 2) a non-resident who failed to advise the Tax Administration of his tax proxy within the time limit referred to in Article 14, paragraph (2) of this Law;
- 3) an unknown owner of property subject to tax procedure;
- 4) a taxpayer who evidently avoids participating in tax procedure, if his participation is compulsory.

(2) If the taxpayer is an individual lacking legal capacity or a legal representative, the Tax Administration shall appoint an *ex officio* representative from among the persons referred to in paragraph (1) of this Article and promptly advise the guardianship authority thereof.

(3) The conclusion on appointing the *ex officio* representative shall be delivered to the representative and published on the Tax Administration bulletin board.

(4) An appeal shall not be permitted against the conclusion referred to in paragraph (3) of this Article.

(5) Remuneration and reimbursement of costs of the *ex officio* representative shall be covered by the Tax Administration, according to the tariff prescribed by the minister in charge of finance (hereinafter: minister).

(6) The Tax Administration shall be entitled to a reimbursement of moneys referred to in paragraph (5) of this Article from the taxpayer.

Tax Advisor Article 17

- (1) Tax advisor shall be understood to mean a person providing tax advisory services to the taxpayer in tax procedure.
- (2) If the tax advisor also acts as the taxpayer's tax proxy, he must also have a power of attorney to perform the operations referred to in Article 14 of this Law.
- (3) Performance of tax advisory activity shall be regulated by a separate law.

Heading Four TAX LIABILITY Concept and Origination of a Tax Liability Article 18

- (1) The obligation to pay tax referred to in Article 10, paragraph (1), item 1) of this Law (hereinafter: tax liability) shall be understood to mean the duty of the taxpayer to pay the assessed tax, under the conditions prescribed by this Law or other tax law.
- (2) The taxpayer shall be liable for discharging his tax liability from the moment when the facts arise that under tax law constitute a tax liability.
- (3) Provisions on tax liability shall also apply to the liability to pay secondary tax duties, unless otherwise provided under this Law.
- (4) The amount of the assessed tax referred to in paragraph (1) of this Article shall be considered as the tax owed.

Discharging a Tax Liability Article 19

- (1) Discharging a tax liability shall consist of payment of the amount of tax owed when due.
- (2) Tax liability:
 - 1) shall be discharged by the taxpayer directly;
 - 2) shall be discharged by a different person, when this Law or other tax law prescribes that such person is responsible for discharging the taxpayer's tax liability;
 - 3) may be discharged by a different person not responsible for discharging the tax liability under the tax law.
- (3) Taxpayers – legal entities, sole traders or individuals conducting business activity, whose business accounts are, at the moment of payment, frozen for the purpose of conducting enforced collection by an organization responsible for enforced collection, may also settle their mutual financial liabilities by

contracting a change of the creditor or the debtor in a specific contractual relationship (assignment, cession, etc.), exclusively for the purpose of discharging liabilities related to public revenues to which this Law applies.

Discharging a Tax Liability in Cases of Liquidation or Bankruptcy

Article 20

- (1) Tax liability of a legal entity in liquidation shall be discharged by the liquidator from the legal entities' financial assets, including proceeds from the sale of property.
- (2) Tax liability of an establishment of a legal entity in liquidation shall be discharged directly by the legal entity to which the establishment belongs, and if the legal entity is also in liquidation, the tax liability shall be discharged by the liquidator.
- (3) If a legal entity in liquidation does not have sufficient funds to discharge the tax liability in full, proceeds from the sale of property included, the remaining tax debt shall be paid by the founders or members of the legal entity, if they are, in keeping with law, the legal entity's statute or articles of incorporation, jointly and severally liable for the legal entity's liabilities.
- (4) Discharging tax liabilities in case of taxpayer's bankruptcy is regulated by the law governing bankruptcy.

Discharging a Tax Liability in Case of Status Changes

Article 21

- (1) Tax liability of a legal entity that ceases to exist due to status change shall be discharged by its legal successor, regardless of whether the successor was aware, before the completion of the status change procedure, that the legal predecessor had not, in part or in full, discharged his tax liability.
- (2) Secondary tax duties related to undischarged tax liability of a legal entity that ceases to exist due to status change shall be borne by the legal successor.
- (3) The time limit for discharging the tax liability of a legal entity that ceases to exist due to status change shall remain unchanged if the discharge of such liability has been transferred to the legal successor.
- (4) Legal successor to which the tax liability of one or more legal entities that cease to exist due to status change has been transferred shall be understood to mean:
 - 1) in case of merger – the legal entity formed by merger of two or more legal entities - taxpayers;
 - 2) in case of acquisition – the legal entity acquiring one or more legal entities - taxpayers;
 - 3) in case of division – the legal entities formed by a taxpayer's division.
- (5) If there are several legal successors, they shall all be jointly and severally liable for the legal predecessor's tax liability without limitation.
- (6) Change of organizational or ownership form of the legal entity shall have no bearing on the discharge of tax liability.

Discharging a Tax Liability in Case of Death of an Individual, Incapacity or Declaration of an Individual Missing
Article 22

- (1) Tax liability of a deceased person shall be discharged by his heirs, up to the value of the property inherited and in proportion to the share of each individual heir, at the time of receipt of inheritance.
- (2) If the decedent has no heirs or if none of the heirs accepts inheritance, the decedent's tax liability shall be written off.
- (3) Tax liability of an individual lacking legal capacity or of an absent individual whose permanent residence is unknown shall be discharged by a representative against the taxpayer's property.
- (4) If the property of the person referred to in paragraph (3) of this Article is insufficient for the settlement of debt related to taxes and secondary tax duties, the unsettled portion of debt shall be written off.
- (5) If the reasons referred to in paragraph (3) of this Article on the grounds of which the person was appointed a representative cease to exist, the decision on debt write-off shall be cancelled, but interest shall not be accrued from the day the uncollected tax debt of such person became due, to the day the grounds ceased to exist.

Termination of a Tax Liability
Article 23

- (1) Tax liability shall be terminated through:
 - 1) collection of the tax;
 - 2) expiry of period of limitation for the tax;
 - 3) tax write-off;
 - 4) in another manner prescribed by the law.
- (2) Unpaid tax liability of a taxpayer – legal entity against which bankruptcy procedure has been concluded in liquidation based on a final and binding decision, shall be terminated, unless a lien has been recorded in public records or registers for the purpose of its collection, or if another person besides the taxpayer, is responsible for its discharge.
- (3) In the case referred to in paragraphs (1) and (2) of this Article, the Tax Administration shall issue a decision on the termination of tax liability.

Heading Five
RIGHTS AND OBLIGATIONS OF TAXPAYERS
Taxpayers' Rights
Article 24

- (1) In keeping with this Law, the taxpayer shall be entitled to:
 - 1) receive from the Tax Administration, free of charge, information on tax regulations from which his

tax liability is derived, and if he is a lay taxpayer, to obtain basic legal aid, which shall enable him to declare and pay tax and calculate and pay secondary tax duties, in keeping with regulations;

2) obtain a written answer to a question put in the same form to the Tax Administration, concerning his tax situation;

3) demand that the Tax Administration and its officers treat him with respect and regard;

4) have data collected on him in the course of tax procedure by the Tax Administration kept confidential and used and made available to other persons or authorities or organizations, in the manner prescribed in Article 7 of this Law;

5) have the Tax Administration respect his privacy;

6) have access to data on tax assessment and collection kept on him by the Tax Administration and demand modification of incomplete or incorrect data;

7) represents his own interests before the Tax Administration directly or through a proxy;

8) use tax reliefs in the prescribed manner;

9) obtain reimbursement, rebate and/or refund of overpaid or erroneously paid tax in the prescribed manner and within prescribed time limits;

10) be present during field tax audit;

11) obtain reasoning of the acts passed in the course of tax audit procedure;

12) provide information to tax authorities in the course of tax procedure;

13) use legal remedies in the course of tax procedure;

14) exercise other rights established by this Law and other tax laws.

(2) A taxpayer whose rights referred to in paragraph (1) of this Article have been violated shall be entitled to court protection.

(3) If the court establishes that the taxpayer's rights have been violated, the damages and court costs shall be paid from the budget of the Republic or from the budget of the local government unit.

Taxpayer's Obligations

Article 25

(1) The taxpayer shall, in keeping with this Law:

1) submit a registration form to the Tax Administration, within the statutory time limit, except for taxpayers whose registration and entry in the register is within the purview of the Business Registers Agency, and also report all subsequent changes of data in the registration form that are not otherwise reported to the Business Registers Agency;

2) file a tax return to the Tax Administration on a prescribed form, within the time limit and in a manner prescribed by tax regulations;

3) file documents and provide information requested by the Tax Administration, in keeping with tax regulations;

4) keep the prescribed books of account and records for taxation purposes;

5) correctly calculate the tax within statutory time limits, when required by the law to do so by himself;

- 6) pay tax in the manner, under the conditions and within time limits prescribed by law;
 - 7) refrain from hindering and preventing officials taking part in tax procedure from the performance of their statutory duty;
 - 8) inform the Tax Administration of opening or closing an account with a bank, other financial organization, postal savings bank or other organization performing payment operations (hereinafter: bank) in the Autonomous Province of Kosovo and Metohija or abroad – within 15 days from the day of account opening or closing;
 - 9) be present during tax audit;
 - 10) discharge other obligations established by this Law or other tax laws.
- (2) The obligation to file tax returns referred to in paragraph (1), item 2) of this Article shall also refer to the liquidator or bankruptcy administrator, who shall, in liquidation or bankruptcy procedure, file tax returns in keeping with tax regulations, including the tax return for the tax period for which the filing time limit is later than the date of bankruptcy or liquidation procedure initiation.

Heading Six
IDENTIFICATION AND REGISTRATION OF TAXPAYERS
Tax Identification Number
Article 26

- (1) For the purpose of identifying taxpayers, the Tax Administration shall assign a TIN to individuals, sole traders, legal entities and permanent establishments of a non-resident legal entity.
- (2) A TIN cannot be assigned to:
- 1) a legal entity whose founder – legal entity, sole trader or individual - has public revenue arrears in connection with performance of business activity and/or if the TIN of the legal entity or sole trader has been suspended in keeping with this Law. Furthermore, a TIN may not be assigned to a legal entity whose founder – legal entity, sole trader or individual is at the same time a founder of a person whose TIN has been suspended, in keeping with this Law;
 - 2) a legal entity whose founder is an individual who is concurrently a founder of another business entity with unsettled liabilities related to public revenues in connection with performance of business activity;
 - 3) a legal entity established by a status change involving spinoff combined with establishment, or mixed spinoff in keeping with the law governing companies, if the legal entity which is subject to division has unsettled liabilities related to public revenues or if its TIN has been suspended in keeping with this Law;
 - 4) a sole trader with public revenue arrears, incurred in relation to conducting business activity or if such trader's TIN has been suspended in keeping with this Law.
- (3) Notwithstanding paragraph (2) of this Article, the Tax Administration shall assign a TIN if the public revenue arrears amount to up to 100,000 dinars and if such liabilities are discharged within eight days from the day the request to be assigned a TIN is filed, or if an irrevocable bank guarantee or a bill of exchange guaranteed by a commercial bank is provided within such time limit.

(4) Legal entities, sole traders and other entities the registration of which is within the competence of the Business Registers Agency shall be assigned a TIN via that Agency, within the time limit prescribed by the law governing the registration of business entities.

(5) In regard to the entities referred to in paragraph (4) of this Article, the registration form for TIN assignment shall be filed through the Business Registers Agency, as a part of registration form for establishment.

(6) When deciding on a request for the assignment of a TIN referred to in paragraph (4) of this Article, the existence of impediments to TIN assignment referred to in paragraph (2) of this Article shall not be established.

(7) If within the time limit referred to in paragraph (4) of this Article, based on data from its records and records of other competent authorities, the Tax Administration establishes that the form contains data that are invalid or that safeguards measures or bans on conducting business have been introduced against the founder in misdemeanor or criminal proceedings, it shall pass, within the given time limit, a decision on denying the request for TIN assignment.

(8) If the Tax Administration establishes, in the course of audit procedure, that the impediments to TIN assignment referred to paragraphs (2) and (7) of this Article existed at the time the TIN was assigned, it shall suspend the assigned TIN pending the elimination of such impediments, and it shall submit a copy of the decision to the bank and organization responsible for enforced collection from funds in the taxpayer's account.

(9) The minister, in agreement with the minister in charge of economy, shall more precisely regulate the contents of the registration form referred to in paragraph (5) of this Article, as well as the manner, time limit and procedure of deciding upon a request to assign a TIN to the entities referred to in paragraph (4) of this Article.

(10) In all other matters not regulated by the provisions of this Law in regard to TIN assignment and suspension for the entities referred to in paragraph (4) of this Article, the provisions of this Law governing TIN assignment and suspension for other entities shall apply.

(11) TIN shall be understood to mean a unique and single number of an individual, sole trader and legal entity for all public revenues and shall be retained until the winding up or death of such taxpayer.

(12) A TIN shall be used in tax procedure and must be entered into:

- 1) an act submitted by the taxpayer to the Tax Administration, compulsory social insurance organizations, other government authorities and organizations and authorities of the territorial autonomy and local government units;
- 2) an act delivered to the taxpayer by the Tax Administration;
- 3) a document by which the taxpayer pays tax and secondary tax duties;
- 4) an order by which the bank is instructed to pay taxes and secondary tax duties;
- 5) an act submitted by the taxpayer to authorities and organizations responsible for maintaining the register and accounts, within the meaning of Articles 29 and 30 of this Law.

(13) If the taxpayer fails to report all subsequent modifications of data in the registration form and/or fails to submit documents and provide information requested by the Tax Administration within five days from the day the modification occurred or from the day of receiving a request for documents and

information, the Tax Administration shall, by a decision, suspend the TIN assigned to the taxpayer pending a discharge of the obligation referred to in Article 25 items 1) and 3) of this Act, and a copy of such decision shall be forwarded to the bank and organization responsible for enforced collection from funds in the taxpayer's account. The Tax Administration shall also suspend the assigned TIN by a decision in cases where the taxpayer has received a ban on disposal of funds in the taxpayer's account with the bank pursuant to Articles 66 and 87 of this Law and when such a ban is in force for over a year.

(14) In the case referred to in paragraph (13) of this Article as well as in other TIN suspension cases, the bank shall suspend the execution of the taxpayer's order to transfer funds from the taxpayer's account from the moment the decision is received, except for the purpose of discharging liabilities in regard to tax and secondary tax duties.

(15) The provisions referred to in paragraphs 2 and 3 of this Article shall apply in the case of establishment of business entities in the status change procedure when the business entity continues to exist.

(16) Authorities and organizations that, in keeping with regulations, maintain records on individuals and legal entities and issue public documents based on such records shall also use TIN numbers.

(17) The minister shall be authorized to prescribe other acts of relevance for tax procedure in which the TIN is entered.

(18) In the case referred to in paragraph (13) of this Article, at a request of a bankruptcy judge, the Tax Administration may reassign the suspended TIN to the taxpayers against which bankruptcy procedure has been instituted for the duration of bankruptcy procedure.

(19) Deleted (RS Official Gazette, no. 108/16).

General Provisions on Registration

Article 27

(1) Taxpayers shall be registered with the Tax Administration.

(2) The following shall have a TIN:

- 1) a resident legal entity;
- 2) a government authority and organization, authority and organization of the territorial autonomy or local government unit, without the status of a legal entity;
- 3) a resident sole trader;
- 4) a resident individual;
- 5) a non-resident legal entity's permanent establishment;
- 6) a non-resident legal entity appointing a proxy in keeping with the provision of Article 14, paragraph (2) of this Law;
- 7) a non-resident individual appointing a proxy in keeping with the provision of Article 14, paragraph (2) of this Law.

(3) A non-resident legal entity's permanent establishment referred to in paragraph (2), item 5 of this Article shall be understood to mean a non-resident legal entity's permanent establishment as defined by

the provisions of the law regulating corporate profit tax.

(4) Provisions of this Law regarding legal entities shall also apply to the permanent establishment referred to in paragraph (3) of this Article, unless otherwise provided under this Law.

(5) Procedure, manner and time limits for assigning the TIN, contents and manner of keeping the single taxpayer register, as well as the contents and format of the registration form and proof of registration shall be regulated by an act of the minister.

Place and Time of Registration

Article 28

(1) A resident legal entity whose registration or entry into register is not within the competence of the Business Registers Agency and the authority or organization referred to in Article 27, paragraph (2), item 2 of this Law shall submit the registration form to the Tax Administration based on the location of their seat.

(2) A non-resident legal entity's permanent establishment shall submit the registration form to the Tax Administration based on the location of such establishment's seat.

(3) A resident sole trader whose registration is not within the competence of the Business Registers Agency shall submit the registration form to the Tax Administration which has jurisdiction based on the location of his seat.

(4) A non-resident legal entity and non-resident individual referred to in Article 27, paragraph (2), items 6 and 7 of this Law shall submit the registration form at the Tax Administration's head office.

(5) Legal entities classified as large taxpayers (hereinafter: large taxpayers) shall be kept in the register of the Tax Administration organizational unit in charge of large taxpayers.

(6) Criteria for classification of large taxpayers, based on which the Tax Administration identifies and establishes the status of large taxpayers, as well as types of taxes for which the organizational unit referred to in paragraph (5) of this Article performs operations from the Tax Administration's competence, shall be prescribed by the minister, at the proposal of the director general of the Tax Administration.

(7) A legal entity, non-resident legal entity's permanent establishment and sole trader shall file the registration form within five days from the day of entry into the court or other register.

(8) Upon registration, the Tax Administration shall issue proof of registration to the taxpayer.

(9) If a taxpayer fails to file a registration form, the Tax Administration shall assign a TIN *ex officio*, based on available data and actual circumstances.

Obligations of Authorities and Organizations Responsible for Registration

Article 29

(1) The Business Registers Agency shall advise the Tax Administration of the performed entry into the Register of Business Entities (establishment, links with other entities and winding up of the legal entity, status changes and changes in the form of organization of such entity, data on the business

entity of importance to legal transactions, data related to bankruptcy procedure and other data prescribed by the law), as well as of any other decision by which changes to the founders, organizational form, name, business activity, amount of initial capital or seat are introduced, or whereby any other change relevant for tax assessment is made.

(2) Court, a local government unit, the Bar, professional associations, as well as other authority or organization responsible for registration of persons performing specific business activity, shall advise the Tax Administration, within five days from the registration, of registration, cancellation of registration and deregistration, as well as of any other decision introducing a change relevant for tax assessment.

(3) The authority keeping records on the permanent and temporary residence of individuals shall inform the Tax Administration of the following within five days from the registration or change of the permanent or temporary residence: citizen's personal identification number, registration number for foreigners, name, surname, municipality code of the permanent or temporary residence, permanent or temporary residence address, place of birth and status of the person in question.

(4) The authority keeping records on birth or death of an individual, shall forward the relevant data to the Tax Administration within five days from birth or death registration, or a missing person being declared dead.

(5) The data referred to in paragraphs (1) through (4) of this Article shall be delivered in electronic form.

(6) The procedure of forwarding information referred to in paragraph (3) of this Article shall be regulated more precisely by the minister in charge of finance and the minister in charge of internal affairs, who shall reach an agreement thereon.

(7) The authority, organization or other person responsible for entry in the prescribed register of persons conducting business activity may not strike off a person from the prescribed register without proof of the termination of tax obligations or of the deletion from the records prescribed by the tax law issued by a competent tax authority, not older than five days at the moment of filing a request for deletion from the prescribed register.

(8) The authority, organization or other person responsible for entry in the prescribed register of persons conducting business activity, may strike off a taxpayer – sole trader from the prescribed register, under the conditions prescribed by paragraph (7) of this Article, even without proof of termination of obligations related to pension and disability insurance contributions if such persons have acquired the right to retire under the provisions of the law governing pension and disability insurance.

(9) The Business Registers Agency may not strike off a business entity from the prescribed register, register a status change and modify data pertaining to a founder or a member, name, seat, contribution and organization form in the period from receiving a notification from the Tax Administration stating that a business entity is about to be audited until receiving a notification that the tax audit has been completed, as well as in the period from receiving a notification that a business entity's TIN has been suspended under this Law, until receiving a notification that such entity's TIN has been reassigned.

(10) The act governing the method and procedure of delivering the notification referred to in paragraph

(9) of this Article and its content shall be passed by the minister, at the proposal of the director general of the Tax Administration.

(11) In terms of personal data protection, the Tax Administration shall act in the same manner as the authority which delivered the data in question and in keeping with the law governing personal data protection.

Obligations of Banks upon Opening Accounts

Article 30

(1) A bank may open an account to a legal entity, sole trader and an individual provided they attach evidence of registration to the request for opening of account.

(2) Evidence of registration shall not be required for opening a suspense account to be used in the procedure of establishing a legal entity.

(3) The bank shall keep records of suspense accounts in electronic form, which is prescribed by the minister, for the purpose of linking the suspense account to the subsequently opened account referred to in paragraph (1) of this Article.

Article 30a

(1) The bank shall not allow payment of wages, wage benefits or other income of individuals giving rise to an obligation to pay the withholding tax unless the order by which the bank is instructed to disburse such income, as well as withhold tax, contains the payment authorization number for this total liability, which is assigned by the Tax Administration, in the manner referred to in Article 41 of this Law.

(2) Notwithstanding paragraph (1) of this Article, the bank as the payer of income may pay interest, as well as accrue interest (hereinafter: interest payment) on savings deposits to its depositors without stating the payment authorization number referred to paragraph (1) of this Article.

Article 30b

(1) The bank shall provide the Tax Administration with data on the following in electronic form:

- 1) executed disbursement orders, and transfer orders by payer of income and payment code by the fifth day of the month for the previous month;
- 2) funds paid to the foreign exchange accounts of individuals, within 30 days from the payment date;
- 3) payments into the account of a taxpayer subject to personal income tax on self-employment income in the calendar month, within 15 days from the end of the calendar month.

(2) Types of payment codes for which the data referred to in paragraph (1), item 1) of this Article are delivered and the manner and procedure of providing the data referred to in paragraph (1) of this Article shall be more precisely regulated by the minister.

(3) In terms of personal data protection, the Tax Administration shall act in the same manner as the

authority which provided such data and in keeping with the law governing personal data protection.

Heading Seven
OTHER BASIC PROVISIONS
Secondary Tax Liability
Article 31

(1) Secondary tax liability shall arise when a person is responsible for a due tax liability of another taxpayer or for due secondary tax liability of another taxpayer.

(2) Secondary tax liability shall apply to:

1) legal representatives who have, knowingly or without due care, failed to discharge their obligation to pay taxes on behalf of the taxpayer, even though the latter was able to do so – for the amount of unpaid tax;

2) persons contributing to or aiding the evasion of payment of another person's tax – for the amount of such person's tax debt the payment of which was evaded;

3) persons responsible for calculating and paying the withholding tax – for the amount of withholding tax unpaid;

4) an individual who is the responsible officer in a legal entity, who calculates and pays the withholding tax and fails to pay the withholding tax – for the amount of withholding tax unpaid;

5) a person who has received monies, items or rights from the taxpayer's property (hereinafter: property) through a gratuitous or onerous transaction that is below the market price, in the period of three years before the tax liability that was not paid on behalf of the taxpayer became due – for the amount of unpaid tax, and up to the value of the property received, net of the amount the person paid for it.

(3) Provision of paragraph (2), item 5) of this Article shall apply to cases when a person has received property from a taxpayer – legal entity only if direct or indirect interest of such person in the taxpayer's equity is or was at least 10%.

(4) Unless otherwise provided, secondary tax liability shall include interest and costs of enforced collection.

Conversion of Foreign Currency to Dinars
Article 32

Foreign currency transactions subject to taxation shall be converted to dinars:

1) at the official mid-exchange rate of the National Bank of Serbia, on the date of the transaction, unless otherwise provided under the tax law;

2) at the market exchange rate based on the published data on the relative values of foreign currency against the U.S. dollar on the date of the transaction, if the National Bank of Serbia does not have the mid-exchange rate of the given currency against the dinar.

Part Two

GENERAL PROVISIONS ON TAX PROCEDURE AND FIRST-INSTANCE PROCEDURE FOR ASSESSING AND COLLECTING TAX

Heading One

GENERAL PROVISIONS ON TAX PROCEDURE

Initiation of Tax Procedure

Article 33

- (1) Tax procedure shall be initiated by the Tax Administration *ex officio*, and exceptionally, at a party's request.
- (2) Tax procedure shall be initiated when the Tax Administration undertakes any action in order to conduct procedure.
- (3) If the Tax Administration establishes, at a party's request, that the conditions for initiating tax procedure have not been met, in keeping with law, it shall pass a conclusion thereon, which can be appealed against.

Tax Act and Tax Administrative Act

Article 34

- (1) A tax act shall be understood to mean a tax decision, conclusion, tax audit order, tax audit report and other act initiating, supplementing, modifying or completing an action in tax procedure.
- (2) A tax administrative act, by which the Tax Administration decides on individual rights and obligations of the tax obligor from tax law relationship, shall be understood to mean a tax decision and conclusion.
- (3) Appeal shall be permitted against a tax decision passed in first-instance tax procedure.
- (4) Appeal shall be permitted against a conclusion, unless otherwise provided under this Law.

Form and Content of Tax Act

Article 35

- (1) A tax administrative act shall be passed in written form.
- (2) Other tax acts shall be passed in written form when so prescribed by this Law or at the taxpayer's request.
- (3) Exceptionally, an official of the Tax Administration may pass a tax act, otherwise passed in written form, in verbal form and order its execution without delay, if the procedure of tax collection or audit is jeopardized.
- (4) The verbal tax act referred to in paragraph (3) of this Article must be issued in written form within three days from the day it was passed at the latest.

Delivery

Article 36

- (1) A tax act shall be delivered to the taxpayer by registered mail, regular mail or through a tax authority official.
- (2) A tax act shall be considered delivered to the taxpayer when it is served on the taxpayer, his legal representative, his proxy, his tax proxy or his *ex officio* representative.
- (3) If a tax act is delivered by sending registered mail, it shall be considered delivered on the service date, and if the service was not possible, the tax act shall be considered delivered on the 15th day from the day of its delivery to the post office.
- (4) If a tax act is delivered by sending regular mail, the tax act shall be considered delivered after the expiry of 15 days from the day of its delivery to the post office.
- (5) A tax act shall be delivered to a taxpayer – legal entity and sole trader at the address of his seat entered in the prescribed register or to the special address for mail receipt registered with the Business Registers Agency.
- (6) A tax act shall be delivered to a taxpayer – individual at his address of permanent or temporary residence.
- (7) If the taxpayer is a legal entity, the tax act shall also be considered delivered when served on a person employed with such legal entity.
- (8) If the taxpayer is an individual, including a sole trader, a tax act shall also be considered delivered when served on an adult member of his household within the meaning of the law governing personal income tax or a person employed with such sole trader.
- (9) Within the meaning of this Law, a delivery shall be deemed properly executed even when the persons referred to in paragraphs (7) and (8) of this Article refuse to receive the tax act or sign for the receipt of the tax act, if the person delivering the act prepares an official note thereof.
- (10) A tax act may also be delivered by email if the taxpayer agrees to this manner of delivery.
- (11) Provisions of this Article shall also apply *mutatis mutandis* to delivery of the tax act to another party to tax procedure.
- (12) The Tax Administration shall determine the method of delivery of the acts referred to in paragraphs (1) through (9) of this Article.

Books of Account and Records

Article 37

- (1) Taxpayers – legal entities, non-resident legal entities' permanent establishments and sole traders shall keep books of account and records for taxation purposes, in keeping with the tax law.
- (2) The obligation referred to in paragraph (1) of this Article shall also apply to resident taxpayer's permanent establishments abroad.
- (3) The taxpayer – legal entity shall deliver, at the Tax Administration's request and within the time limit it determines, books of account and records kept abroad or in the Autonomous Province of

Kosovo and Metohija by persons over which the taxpayer has control or influence enabling him to ensure the delivery of such books of account and records.

(4) If foreign regulations or the regulations of the Autonomous Province of Kosovo and Metohija prohibit the delivery of the books of account and records referred to in paragraph (3) of this Article, the taxpayer referred to in paragraph (3) of this Article shall deliver their certified copies.

(5) If the books of account and records referred to in paragraph (3) of this Article were not kept in the Serbian language, at the request of the Tax Administration, the taxpayer shall also attach a certified translation, the cost of which shall be borne by the taxpayer.

(6) A taxpayer who processes data by automated data processing tools shall provide, at the Tax Administration's request, a data set on a medium designated by the Tax Administration, as well as provide the Tax Administration with full access to the accounting system through documentations, and, when necessary, access to hardware and software.

Article 37a

(1) Taxpayers – legal entities who process and enter data in books of account on a computer, shall provide, at the request of the tax authority:

- 1) a data set from their electronic books of account and records, in organized and structured computer files, in a standard form enabling simple electronic data processing;
- 2) access to and review of data in their electronic books of account and records;
- 3) access to and review of software and hardware equipment, as well as the database used as part of the electronic book of account and record system and enable a test of proper functioning of electronic programs and electronic data processing.

(2) The data and review of data referred to in paragraph (1) of this Article must be provided in one of the following manners:

- 1) on electronic media;
- 2) by using modern telecommunication services;
- 3) direct connection of the tax authority with the taxpayer's system (local connection);
- 4) indirect connection of the tax authority with the taxpayer's system through telecommunication links (remote connection).

(3) In the cases referred to in paragraph (2) of this Article, an adequate level of protection, data confidentiality and integrity shall be ensured.

(4) The taxpayers referred to in paragraph (1) of this Article who process data electronically shall:

- 1) keep in electronic form data prepared or received in electronic form and enable electronic access to them;
- 2) enable readability of original data;
- 3) enable proper storing of data during the period prescribed by law;
- 4) enable access to electronic books of account and records, even when stored in electronic form with other persons or in a different country;
- 5) store data in adequate form enabling inspection within a reasonable period of time;

6) ensure authentication of issued documents and the person that issued them, as well as the integrity of contents of issued documents.

(5) A taxpayer – legal entity must make available to the tax authority, at the tax authority's request, documents providing a full description of the electronic system for keeping books of account and records. Such documents must include the following descriptions:

- 1) IT solutions (fundamentals, composition and operation);
- 2) subsystem and files (contents, structure, relations);
- 3) functional procedures in electronic solutions;
- 4) control enabling correct and safe operation of electronic solutions;
- 5) control preventing unauthorized addition, modification or deletion of entered electronic records.

(6) Each modification of electronic solutions (electronic programs, procedures and files) must be documented in terms of the time of modification, together with the cause, type, consequence and date of modification.

(7) The minister shall pass the implementing act for this Article.

Heading Two
TAX RETURN
Concept of a Tax Return
Article 38

(1) Tax return shall be understood to mean a taxpayer's report to the Tax Administration on revenues received, expenses executed, profit, property, transactions in goods and services and other transactions relevant for tax assessment.

(2) A tax return shall be filed on a form, prescribed by the minister, to which corresponding evidence shall be attached.

(3) The taxpayer, tax proxy or other person authorized by the taxpayer to submit a tax return, legal representative and *ex officio* representative shall sign the tax return, unless otherwise provided by tax regulations.

(4) If a tax return or part thereof was prepared by a tax advisor, he shall also sign the tax return and enter his TIN.

(5) The tax return shall be filed with the Tax Administration within 15 days from tax liability origination, unless otherwise provided under this or other tax law.

(6) Notwithstanding paragraph (5) of this Article, large taxpayers shall file the tax return to the Tax Administration organizational unit referred to in Article 28, paragraph (5) of this Law for all types of taxes in regard to which this organizational unit performs operations within the Tax Administration's competence.

(7) A tax return shall be filed in electronic form for taxes paid by withholding in keeping with the law governing personal income tax and the law governing compulsory social insurance contributions (hereinafter: withholding tax), for the value-added tax, as well as for the following:

- 1) corporate income tax, except for corporate income withholding tax – as of April 1, 2015;

- 2) annual personal income surtax – as of April 1, 2015;
- 3) corporate income withholding tax, as well as the corporate income tax based on a tax assessment decision pursuant to corresponding provisions of the law governing corporate income tax – as of March 1, 2016;
- 4) excise duties – as of January 1, 2017;
- 5) self-employment income tax for sole traders keeping books of account – as of January 1, 2017;
- 6) tax on non-life insurance premiums – as of March 1, 2016;
- 7) all other tax types, as follows:
 - (1) tax return for calculated and paid compulsory social insurance contributions for founders and members of companies – as of March 1, 2016;
 - (2) tax return for calculated and paid self-assessed tax and corresponding contributions on wages and/or other type of income by an individual as the taxpayer – as of March 1, 2016;
 - (3) tax return for advance/final assessment of self-employment income tax for presumptive taxation – as of January 1, 2018;
 - (4) tax return for capital gains tax assessment (for individuals, including sole traders) – as of January 1, 2018;
 - (5) tax return for inheritance and gift tax assessment – as of January 1, 2018;
 - (6) tax return for title transfer tax assessment – as of January 1, 2018.
- (8) A tax return may be filed directly or by mail until the date of transition to exclusively electronic filing pursuant to paragraph (7) of this Article.
- (9) Notwithstanding paragraph (7) of this Article, taxpayers – individuals who are obliged to file a tax return that is not related to conducting a business activity, may file such return electronically or in written form - directly or by mail.
- (10) A tax return shall be filed by the Tax Administration on behalf of the taxpayer *ex officio* or if the taxpayer fails to file it based on an audit order, as well as in other cases prescribed by this Law.
- (11) The minister shall regulate more precisely the method of e-filing.

Extension of Time Limit for Filing a Tax Return

Article 39

- (1) The Tax Administration may grant to a taxpayer, at his written request filed before the expiry of time limit for filing a tax return, an extension of time limit for filing for justified reasons (illness, absence from the country, accident, large-scale natural disaster, etc.) until such reasons cease to exist, while such extension may not exceed six months after the expiry of the statutory time limit for filing.
- (2) The Tax Administration shall decide on the request for filing extension by a conclusion, in the town where the tax return is to be filed, within five days from the receipt of request.
- (3) If the statutory time limit for filing the tax return has expired and the request referred to in paragraph (1) of this Article has been denied, the tax return must be filed within five days from day of delivery of the conclusion on denying the request.
- (4) Appeal shall not be permitted against the conclusion referred to in paragraph (2) of this Article.

Amended Tax Return

Article 40

- (1) If the taxpayer establishes that the tax return he filed with the Tax Administration includes an error or omission, he shall file a tax return in which the error or omission have been rectified (hereinafter: amended tax return), immediately or by the expiry of the statute of limitations at the latest.
- (2) The initially filed tax return shall not be returned to the taxpayer.
- (3) The taxpayer may amend a filed tax return not more than two times by filing an amended tax return.
- (4) Under the conditions referred to in paragraphs (1) and (3) of this Article, the error or omission in the initial tax return referred to in paragraph (2) of this Article shall not be deemed to constitute a criminal offence or misdemeanor referred to in this Law.
- (5) Notwithstanding paragraphs (1) and (3) of this Article, the taxpayer may not file an amended tax return after the tax audit procedure for the audited tax period has been initiated or after the tax assessment decision referred to in Article 54, paragraph (2), item 2), indent (2) of this Law has been passed.

Withholding a Tax Return

Article 41

- (1) A withholding tax return shall be understood to mean a report filed by the taxpayer or the withholding agent with the Tax Administration (hereinafter: single tax return).
- (2) A single tax return shall include:
 - 1) aggregate data on the calculated withholding tax by one withholding agent for all income recipients;
 - 2) individual data on the calculated withholding tax by one withholding agent for all income recipients.
- (3) A single tax return shall be filed prior to any income payment on which the withholding tax is calculated and paid in keeping with the law governing personal income tax, as well as prior to any payment of compulsory social insurance contributions when these contributions are paid without wage payment and in other cases where there is an obligation to calculate and pay compulsory social insurance contributions in keeping with the law governing compulsory social insurance contributions.
- (4) Notwithstanding paragraph (3) of this Article, the bank shall file a single tax return upon paying interest to its depositors on their savings deposits, calculate and pay the withholding tax on the day of interest payment or on the next day when the payment operations system is open for business at the latest, if at the moment of interest payment, the payment operations system was closed for business.
- (5) The single tax return and amended single tax return shall be exclusively filed electronically.
- (6) If a single tax return contains shortcomings in terms of formal and arithmetic accuracy, the Tax Administration shall electronically inform the single tax return filer of these shortcomings.
- (7) Refiling the single tax return with eliminated shortcomings referred to in paragraph (6) of this

Article, shall not be considered as filing an amended tax return.

(8) The single tax return shall be considered filed when the Tax Administration confirms formal and arithmetic accuracy of presented data, assigns a tax return number, payment authorization number for the total amount of such liability and electronically delivers this data to the single tax return filer.

(9) The single tax return shall be filed *ex officio* by the Tax Administration on behalf of a taxpayer or withholding agent if the taxpayer or withholding agent fails to file it within the period prescribed by the law governing compulsory social insurance contributions.

(10) The Central Register of Compulsory Social Insurance (hereinafter: Central Register) shall deliver electronically to the Tax Administration data required for assessing the liability and filing a single tax return *ex officio* referred to in paragraph (9) of this Article, at the request of the Tax Administration, within three days from the date of request delivery.

(11) The withholding agent referred to in paragraph (1) of this Article shall issue to the person on behalf of whom such agent paid the withholding tax a certificate on withholding tax paid by January 31 of the year following the year when the withholding tax was paid.

(12) The Tax Administration shall deliver to the Central Register individual data in electronic form on the calculated and paid compulsory social insurance contributions by withholding agent for each income recipient, as well as the aggregated data by payer, on a monthly basis, by the end of the current month for the previous month to which the calculation and payment refer.

(13) The implementing act for this Article shall be passed by the minister.

Article 41a

(1) If the filing of the report containing withholding tax information is regulated differently by another regulation, the provisions of this Law shall apply.

(2) If the tax law modifies income taxation by withholding tax, the minister shall more precisely regulate the method of assessing, paying and filing the withholding tax return, until harmonization with Article 41 of this Law.

Information Tax Return

Article 42

(1) Information tax return shall be understood to mean a report containing data of importance for determining the tax liability of its filer.

(2) The data referred to in paragraph (1) of this Article shall be considered to be in particular data on property worth in excess of 35,000,000 dinars, on status changes, business activities and monetary transactions of the person filing the information tax return.

(3) The data referred to in paragraph (2) of this Article, persons under the obligation to deliver such data and the method and time limits for filing the information tax return shall be determined by the minister.

Heading Three
ESTABLISHING FACTS
Presentation and Assessment of Evidence
Article 43

- (1) Facts in tax procedure shall be established based on evidence.
- (2) The following may be used as evidence in tax procedure: tax return, book-to-tax reconciliation, books of account and records, accounting statements, business documentation and other documents and information at the Tax Administration's disposal, collected from the taxpayer or third parties, witness statement, expert findings, examination and any other means of establishing facts.
- (3) In tax procedure facts, shall also be established under the provisions of Articles 116 through 139 of this Law.

Delivery of Documents for Review and Verification
Article 44

- (1) The Tax Administration may require the taxpayer and third parties to deliver for review and verification, within a time limit determined by the Tax Administration, books of account and records, accounting statements, business documentation and other documents and evidence, for the purpose of establishing the facts.
- (2) The Tax Administration shall decide whether the documents referred to in paragraph (1) of this Article are to be delivered for review and verification to its official premises and/or electronically, or the review and verification are to be conducted in the premises of the person obliged to deliver them.

Providing Information
Article 45

- (1) The taxpayer and other persons shall provide, at the request of the Tax Administration and within the time limit specified by it, all available information necessary for establishing the facts relevant for taxation, as well as for establishing the facts in auditing exchange dealings, foreign exchange operations and games of chance.
- (2) The request for information shall state to whom and to what it relates, and contain a warning as to the consequences of withholding information or providing false information.
- (3) The Tax Administration shall deliver the request for information in writing, at the request of the taxpayer and/or other person referred to in paragraph (1) of this Article.
- (4) The taxpayer and other person referred to in paragraph (1) of this Article shall provide information in writing.
- (5) Exceptionally, the Tax Administration shall order the person obliged to discharge the obligation referred to in paragraph (1) of this Article to do so orally, at its official premises, if information was not provided when requested or was given in writing, but failed to clarify the facts.

- (6) Record shall be taken of verbal information provided at official premises.
- (7) The record referred to in paragraph (6) of this Article shall contain the names of persons present, place, date and content of information, and shall be signed by the Tax Administration official and by the person providing the information.
- (8) A copy of record shall be issued to the person providing verbal information, at his personal request.

Withholding Information

Article 46

- (1) Information on facts of relevance for taxation may be withheld by:
 - 1) the taxpayer's family members, within the meaning of the law governing personal income tax;
 - 2) a member of clergy, attorney at law, tax advisor, auditor and doctor in regard to what the taxpayer has confided in them or what they have learned in this capacity, which relates to the taxpayer's tax liability.
- (2) Information on facts relevant for taxation can also be withheld by assistants of the persons referred to in paragraph (1), item 2) of this Article, as well as persons participating in professional activity as a part of training towards acquiring a title.
- (3) The persons referred to in paragraph (1) of this Article shall decide on the right to withhold information.

Withholding Expert Opinion and Production of Documents

Article 47

- (1) Cases and conditions under which information may be withheld, in keeping with this Law, shall also apply to withholding expert opinions and production of documents or items.
- (2) A person keeping documents, books of accounts, other records and other items on behalf of the taxpayer may not withhold them if the taxpayer would be obliged to produce them if he were keeping them by himself.

Expert Opinion

Article 48

- (1) The Tax Administration shall decide on the need for expert opinion.
- (2) If there is no danger of delay, the Tax Administration shall advise the parties to tax procedure of the person it will appoint as expert.
- (3) Experts are appointed from among the ranks of tax advisors, and, if necessary, from among the ranks of court experts of appropriate profession.
- (4) A person who is related to the taxpayer in keeping with the law governing personal income tax or the law governing corporate income tax may not be appointed expert in the given tax procedure.
- (5) Parties to tax procedure may request exclusion of an expert if there is justified doubt as to his

impartiality or if his expert opinion may result in violation of trade secret or damage to a party's business.

(6) A reasoned motion for expert exclusion shall be filed with the Tax Administration within three days from the date of receipt of the notice on appointment of such expert.

(7) The head of the Tax Administration organizational unit that appointed the expert shall decide on exclusion.

(8) Written findings shall be composed on expert examination.

(9) Expert may be summoned to explain his findings orally.

(10) Expert findings shall be attached to the case file.

Examination

Article 49

(1) An examination shall be performed when direct insight of a Tax Administration official is necessary in order to establish or clarify facts relevant for taxation.

(2) The taxpayer may be present during the examination.

(3) An examination shall be performed without the taxpayer's presence if delaying the examination could jeopardize the establishment of facts or would result in destruction of evidence relevant for taxation.

(4) An examination may be performed with the participation of an expert.

(5) Findings of an examination shall be entered into the examination record, which shall be signed by the participants.

(6) Objections of the taxpayer or another tax obligor shall be entered in the record referred to in paragraph (5) of this Article, together with reasons for refusing to sign the record.

(7) The examination record shall be attached to the case file.

Entering Land and Premises

Article 50

The owner or holder of items, premises or land subject to examination, as well as the owner or holder of premises or land where the objects of examination are located or through or over which it is necessary to pass, shall enable the performance of examination and other actions in tax procedure, in keeping with the provision of Article 125 of this Law.

Presentation of Evidence in Tax Procedure

Article 51

(1) In tax procedure, the burden of proof shall be borne by:

1) the Tax Administration – for facts on which the existence of tax liability is based;

2) the taxpayer – for facts relevant for tax reduction or elimination.

(2) Paragraph (1), item 1) of this Article shall not apply to procedure regulated by Articles 58 through 60 of this Law.

(3) Doubt arising due to withholding of information or failure to produce evidence on the part of the taxpayer, who is, in keeping with this Law, under the obligation to forward them to the Tax Administration, may be to the taxpayer's detriment in the tax liability assessment procedure.

Proving that an Item is Held in the Capacity of a Pledgee

Article 52

A person claiming to own or hold rights in his name or items in his possession solely as another person's representative, pledgee or fiduciary shall prove, in tax procedure, who the owner of those rights or items is, or these shall be considered his property.

Restitutio in Integrum

Article 53

(1) If a taxpayer has failed to perform an action within the statutory time limit or the time limit set by the Tax Administration for justified reasons and suffers a consequence due to such failure, *restitutio in integrum* shall be granted at his request.

(2) Failure to meet the time limit on the part of a tax agent shall be to the taxpayer's detriment.

(3) A motion for *restitutio in integrum* shall be filed within eight days from the day the reason causing the failure has ceased to exist or from the day the taxpayer has learned of the cause.

(4) Reasons supporting the motion referred to in paragraph (3) of this Article must be justified.

(5) The Tax Administration shall decide on the motion for *restitutio in integrum* by a conclusion.

(6) An appeal shall not be permitted against the conclusion referred to in paragraph (5) of this Article, unless the motion for *restitution in integrum* is filed because of missing a time limit for appeal against a tax decision.

(7) After the expiry of three months from the time limit missed, the taxpayer may not file a motion for *restitutio in integrum*.

(8) Notwithstanding provisions of paragraph (7) of this Article, a taxpayer may file a motion for *restitutio in integrum* and perform the action omitted after the expiry of three months from the time limit missed, if force majeure prevented him from filing the motion in a timely manner.

Heading Four

ASSESSMENT OF TAX

Concept of Tax Assessment

Article 54

(1) Tax assessment shall be understood to mean an activity of the Tax Administration and the taxpayer, which consists of issuing administrative acts and taking statutory actions, by which the

existence of individual tax liability and the taxpayer, tax base and the amount of tax liability are determined.

(2) Tax shall be assessed by:

1) the taxpayer himself (self-assessment);

2) the Tax Administration, by passing a tax decision, as follows:

(1) in tax audit procedure – if the taxpayer, contrary to law, fails to assess the tax liability or assesses it incorrectly or incompletely;

(2) in cases where the law prescribes that self-assessment is not carried out or when the law prescribes that a tax decision must be passed, despite self-assessment.

(3) The tax assessment decision referred to in paragraph (2), item 2) of this Article, in addition to elements specified by the law, shall also include an order to the taxpayer to pay the tax within the statutory time limit to prescribed public revenue collection accounts.

(4) Provisions on tax assessment shall also apply to the assessment of secondary tax duties, unless otherwise prescribed under this Law.

Manner of Passing a Tax Assessment Decision

Article 55

(1) The Tax Administration shall pass a tax assessment decision referred to in Article 54, paragraph (2), item 2), indent (1) of this Law on the basis of data from the taxpayer's books of account and records and the facts established in audit procedure, in keeping with the provision of Article 122, paragraph (4) and Article 129 of this Law.

(2) The Tax Administration shall pass a tax assessment decision referred to in Article 54, paragraph (2), item 2), indent (2) of this Law based on data from the competent authorities' records, data from the tax return and/or amended tax return and, if necessary, based on data from the taxpayer's books of account and records.

(3) If a taxpayer fails to file a tax return, the tax assessment decision shall be passed based on the taxpayer's books of account and records and the facts established in audit procedure.

(4) If it established in the course of procedure of passing a decision referred to in paragraphs (1) through (3) of this Article that data from the tax return, books of account and records do not reflect the reality, the tax assessment decision shall be passed on the basis of tax base estimation, in the manner prescribed by Articles 58 through 60 of this Law.

(5) Exceptionally, the Tax Administration may pass a tax assessment decision by direct decision-making, when the grounds for tax assessment is a review of data from the records of competent authorities, without a prior statement by the taxpayer about the facts that are of importance for decision-making.

No Passing of a Tax Assessment Decision in the Event of Tax Liability Revaluation

Article 56

(1) Exceptionally, at the proposal of the Government of the Republic of Serbia (hereinafter: Government), the National Assembly of the Republic of Serbia may decide that, in regard to certain tax types, the assessed amounts from the previous year be retained in the current year or undergo upward or downward revaluation, by applying an appropriate formula, in keeping with regulations.

(2) A local government unit assembly may also act in the manner referred to in paragraph (1) of this Article, at the proposal of the municipal or city council, in regard to public revenues it is authorized to levy.

(3) In a case referred to in paragraphs (1) and 2 of this Article, the Tax Administration shall not pass a tax assessment decision, but shall inform taxpayers by a public advertisement of the revaluation index and the date when, in keeping with law, the tax becomes due, and record the revalued amounts, in keeping with the provisions of Article 62 of this Law.

When Passing a Tax Decision is Uneconomical

Article 57

In a case when the tax is erroneously underassessed, a new tax decision shall not be passed if the additional amount of tax would be disproportionate to the costs of amending the decision.

Methods for Estimating the Tax Base

Article 58

The tax base may be estimated by applying one of the following methods:

- 1) comparator method;
- 2) cross-evaluation method.

Tax Base Estimation by Comparator Method

Article 58a

Tax base estimation by using the comparator method shall be performed in one of the following manners:

- 1) estimation on the basis of available properly prepared business documentation on operation during a given period shorter than the taxation period (day, week or month) by estimating the tax base for the taxation period on the basis of data concerning that part of business operation;
- 2) estimation on the basis of data and facts on sales (daily, weekly or monthly) established through examination or audit, by estimating the tax base for the taxation period on the basis of such data and facts;
- 3) comparison with the data of other taxpayers performing the same or comparable activity at the same or comparable location, under approximately the same conditions.

Tax Base Estimation by Unexplained Wealth Method

Article 59

- (1) The unexplained wealth method of estimating the tax base shall be used for assessing the personal income tax base.
- (2) The tax base referred to in paragraph (1) of this Article shall be assessed as the difference between the value of property at the end and the beginning of the calendar year net of the amount of declared income and the value of assets obtained by applying funds acquired gratuitously through inheritance, gift or in other legal manner, as well as of the amount of income subject to personal income tax that is not covered by the annual personal income surtax, which the taxpayer or other person declares and provides supporting evidence thereof.
- (3) Property, within the meaning of paragraph (2) of this Article, shall comprise the following:
 - 1) immovable property (apartment, house, commercial building and premises, parking garage, land, etc.);
 - 2) shares and stakes in a legal entity;
 - 3) equipment used in self-employment;
 - 4) motor vehicles, vessels and aircraft;
 - 5) savings deposits and cash;
 - 6) other property rights.
- (4) Value of property at the beginning of a calendar year shall be the sum of the total value of property referred to in paragraph (3) of this Article as at January 1 of the calendar year.
- (5) Value of property at the end of a calendar year shall be the sum of total value of property referred to in paragraph (3) of this Article as at December 31 of the given calendar year, increased by the value of property acquired onerously in the given calendar year and disposed of onerously or gratuitously, as well as by the value of property used by the taxpayer to purchase the property referred to in paragraph (3) of this Article in the name of third parties in the given calendar year.
- (6) If the taxpayer, or another person, declares that specific property or assets were acquired gratuitously by way of inheritance, gift or in other legal manner, he shall provide supporting material evidence thereof.
- (7) The tax base assessed in the manner referred to in paragraphs (2) through (6) of this Article shall be undeclared income.
- (8) The undeclared income referred to in paragraph (7) of this Article shall be taxed as other income, within the meaning of the law governing personal income tax, without recognition of standard costs.

Selection of Tax Base Estimation Method

Article 60

- (1) The Tax Administration shall decide what methods and ways referred to in Articles 58, 58a and 59 of this Law it shall use to estimate the tax base.
- (2) Deleted (RS Official Gazette, no. 70/30).
- (3) The minister shall more precisely regulate the manner of and procedure for estimating the tax base.

Lifestyle Indicator Method for Assessing Minimum Personal Income Tax

Article 61

- (1) Personal income tax may not be lower than the amount calculated based on a formula where certain indices are applied to indicators of the taxpayer's luxury lifestyle.
- (2) At the minister's proposal, the Government shall more precisely regulate the application of the method referred to in paragraph (1) of this Article.

Recording the Amount of Tax Liability

Article 62

- (1) If tax is assessed in the manner referred to in Article 54, paragraph (2) of this Law, the Tax Administration shall record the amount of tax liability for each taxpayer.
- (2) The Tax Administration shall record the amount of assessed tax on the basis of:
 - 1) the tax return filed, including the amended tax return or tax returns filed based on audit findings or *ex officio*;
 - 2) the tax assessment decision delivered:
 - (1) when the amount of tax liability reported in an incorrect or incomplete tax return was adjusted and when the tax return was not filed;
 - (2) when the law prescribes that self-assessment shall not be carried out or when the law prescribes that a tax decision must be passed, regardless of self-assessment;
 - 3) the public advertisement referred to in Article 56, paragraph (3) of this Law.
- (3) If in the course of audit initiated at the taxpayer's request or *ex officio* it is established that an incorrect amount of tax and secondary tax duties was erroneously recorded, the Tax Administration shall correct its records.
- (4) The manner and procedure of the correction referred to in paragraph (3) of this Article shall be more precisely regulated by the minister.

Temporary Tax Assessment

Article 63

- (1) If the Tax Administration is unable to assess tax on the basis of fully established facts by the expiry of statutory time limit for passing a tax decision, it shall pass a temporary decision, based on the facts established thus far.
- (2) A decision whereby the tax is finally assessed shall cancel the decision referred to in paragraph (1) of this Article.
- (3) The final time limit for passing a decision whereby tax is finally assessed shall be three years from the day the temporary decision was passed.

Heading Five
TAX COLLECTION
Chapter One
GENERAL PROVISIONS ON TAX COLLECTION
Types of Tax Collection
Article 64

- (1) Within the meaning of this Law, tax collection shall be regular and enforced.
- (2) Regular tax collection shall be carried out when a tax liability becomes due.
- (3) Enforced collection shall be carried out when a due tax liability has not been discharged by the expiry of the time limit referred to in paragraph (2) of this Article.
- (4) Provisions on tax collection shall also apply to the collection of secondary tax duties, unless otherwise provided under this Law.

Maturity
Article 65

- (1) Tax assessed in the manner referred to in Article 54, paragraph (2) of this Law shall become due within the time limit prescribed by the law.
- (2) Notwithstanding paragraph (1) of this Article, the withholding tax shall become due on the day stated in the single tax return as the payment date if this day falls earlier than the time limit prescribed by the law.
- (3) Obligation to pay a fine shall become due within 15 days from the date the decision on imposing the fine becomes final and binding.
- (4) Right to refund of overpaid or erroneously paid tax and secondary tax duties and to tax reimbursement and/or rebate, as well as to settling other due obligations by transferring tax to another tax account shall become due upon the expiry of the time limit referred to in Article 75, paragraphs (8) through (11) of this Law, unless otherwise provided under the tax law.

Interim Measures for Securing Tax Collection
Article 66

- (1) In order to secure the collection of tax that has not become due or has not been assessed, but the assessment or audit procedure has been initiated, and there is danger of the taxpayer hindering or preventing its collection or rendering it ineffective, the Tax Administration may introduce, by a decision, interim measures for securing the collection.
- (2) The decision referred to in paragraph (1) of this Article shall include reasoning, stating why the Tax Administration considers that there is a danger of the taxpayer hindering or preventing the collection of tax not yet due, and such decision shall become final and binding on the date of its delivery to the taxpayer.

- (3) Within the meaning of this Law, interim measures shall be liens on tax debtor's movable and immovable property, funds and claims.
- (4) The procedure for constitution of lien referred to in paragraph (3) of this Article shall be conducted by applying Article 87 of this Law *mutatis mutandis*.
- (5) Interim measures shall last until the tax for the securing of which they have been imposed is collected or until such time when the taxpayer provides adequate security for the tax liability, within the meaning of Article 74, paragraph (2) of this Law.
- (6) When, for the purpose of securing the collection of tax and secondary tax duties referred to in paragraph (1) of this Article, an interim measure prohibiting transfer of funds through the taxpayer's account is introduced and registered in the frozen account register maintained by the competent organization, the bank shall transfer this tax and secondary tax duties, based on the tax decision, from the taxpayer's account, up to the amount of available funds in this account, to the prescribed public revenue collection account.
- (7) The taxpayer may appeal the decision referred to in paragraph (1) of this Article.
- (8) An appeal referred to in paragraph (7) of this Law shall not stay the execution.

Chapter Two
REGULAR TAX COLLECTION
Forms of Regular Tax Collection
Article 67

- (1) As a rule, taxes shall be collected through payment of a certain amount when due into the prescribed public revenue collection accounts within the time limit prescribed by the law.
- (2) The minister may prescribe the payment of certain taxes through a tax payment desk.
- (3) Tax may also be paid by purchase of revenue stamps (duty stamps, supplemental postal stamps, fiscal excise stamps, etc.) in the cases prescribed by the law.
- (4) Notwithstanding the provisions of paragraphs (1) through (3) of this Article, tax liability may be settled as follows:
- 1) by offset, in the manner and under the conditions more precisely regulated by the minister, in keeping with the tax law;
 - 2) deleted (RS Official Gazette, No 70/03)
 - 3) by conversion of tax debt into the Republic's interest in taxpayer's equity, in the manner and under the conditions prescribed by the Government.

Date of Tax Payment
Article 68

- (1) The tax payment date shall be the date when:
- 1) the amount of taxpayer's taxes and secondary tax duties owed is transferred to the prescribed public revenue collection account;

- 2) deleted (RS Official Gazette, No 61/07)
 - 3) the amount of tax owed is paid at the tax payment desk, in the case the taxpayer is an individual and tax is self-assessed or assessed by a decision, except for tax on income from self-employment;
 - 4) the revenue stamp referred to in Article 67, paragraph (3) of this Law is properly cancelled or purchased;
 - 5) the funds attached and proceeds from the sale of movable and immovable property are transferred to the appropriate public revenue account;
 - 6) the Tax Administration decision on the transfer of movable property to the ownership of the Republic of Serbia in keeping with Article 104, paragraph (18) of this Law is passed;
 - 7) the Tax Administration decision on the transfer of immovable property to the ownership of the Republic of Serbia in keeping with Article 110, paragraph (5) of this Law is passed;
 - 8) the proceeds from the sale of movable and immovable property in the procedure of enforced collection of tax and secondary tax duties are paid into the prescribed public revenue collection account;
- (2) The date of tax liability settlement by offset shall be the date when the offset instrument is realized in the manner and under the conditions referred to in Article 67, paragraph (4), item 1) of this Law.
- (3) The date of tax liability settlement by conversion of tax debt into the Republic's equity interest shall be the date the Government passed the act on conversion.
- (4) If a taxpayer files a request for tax payment transfer to another tax account, the date of payment shall be the date when:
- 1) the tax paid by the transfer to another tax account becomes due, if there is an overpayment of other tax on that date, or
 - 2) the date other tax is paid in the amount exceeding the amount owed, if the tax being paid by transfer to another tax account is due sooner.
- (5) The date of tax payment referred to in paragraph (4) of this Article shall be determined on the basis of facts as at the date of deciding on the request.
- (6) The date when the value added tax is paid in the amount exceeding the amount owed within the meaning of paragraph (4) of this Article shall be the date when the taxpayer is entitled to file a request for the refund of unused amount of tax credit in keeping with the law governing value added tax.

Article 69

Deleted (RS Official Gazette No. 61/07)

Order of Settlement

Article 70

- (1) At the time of payment, the taxpayer shall determine the type of tax owed that he is paying.

(2) The paid amount shall be allocated in the following order, towards:

- 1) principal tax liability;
- 2) interest;
- 3) collection costs.

(3) If the taxpayer owes payment of several types of tax, and the amount paid does not suffice for the payment of the total tax debt, the collection of individual types of tax shall follow the order of their respective due dates.

(4) With regard to the taxes referred to in paragraph (3) of this Article that become due at the same time, the collected amount shall be distributed commensurately to the share of each tax in the total tax debt due.

(5) If the amount of payment exceeds the amount owed, the amount overpaid may be used to settle liabilities for the same tax that become due at a later date.

(6) In the case referred to in paragraph (5) of this Article, at the taxpayer's request:

- 1) other tax owed shall be settled;
- 2) a refund shall be effected, if there are no other liabilities due.

(7) The decision of the taxpayer to receive value added tax refund from the value added tax return shall not be deemed to constitute the request referred to in paragraph (6) of this Article.

Tax Payment Notice

Article 71

(1) The Tax Administration shall send to the taxpayer who has completely or partly failed to pay tax or secondary tax duty when due, except in the case referred to in Article 74, paragraph (7), item 1) of this Law, a notice on the type and amount of tax and/or secondary tax duties due for collection, within 30 days from the due date, ordering him to pay the amount due promptly, but no later than five days from the receipt of notice, plus interest accrued from the date of notice issuance to the date of payment of tax and/or secondary tax duties due.

(2) The notice referred to in paragraph (1) of this Article shall also include an instruction to the taxpayer that he can resolve the contentious issues regarding the type and amount of tax and/or secondary tax duties due with the Tax Administration within five days.

(3) The notice referred to in paragraph (1) of this Article shall be delivered in the manner prescribed in Article 36 of this Law, and when possible, it shall be sent by email, fax, phone, or courier, for the purpose of efficiency.

(4) If the tax payment notice is sent by phone, the Tax Administration officer shall make an official note thereof and place it in the case file.

Establishing a Lien prior to Enforced Collection of Tax and Secondary Tax Duties

Article 72

The Tax Administration may enter a lien in the registers of pledges referred to in Article 87,

paragraph (5) of this Law immediately after the tax and secondary tax duties become due.

Rescheduling Payment of Tax Owed

Article 73

(1) At the taxpayer's written and reasoned request, the Tax Administration may reschedule the payment of tax owed, in part or in full, provided that the payment of tax owed:

- 1) constitutes an inappropriate burden on the taxpayer;
- 2) causes material economic damage to the taxpayer.

(2) The conditions referred to in paragraph (1) of this Article shall be regulated more precisely by the Government.

(3) The decision on rescheduling the payment of tax owed, upon the fulfillment of the conditions referred to in paragraphs (1) and (2) of this Article, shall be rendered by:

- 1) The minister or person authorized by him – on the basis of a written proposal of the head of the Tax Administration organizational unit responsible for the taxpayer's principal place of business or permanent residence – except for own-source revenues of the local government unit;
- 2) The mayor or a person authorized by him, in the local government unit to which belongs the own-source public revenue the payment of which is to be rescheduled in keeping with this Law.

(4) The decision referred to in paragraph (3) of this Article may approve the payment of tax owed in instalments over a period not exceeding 60 months.

(5) The decision referred to in paragraph (3) of this Article must include the reasoning for rescheduling approval.

(6) The tax owed payment rescheduling referred to in paragraphs (1) through (3) of this Article shall be implemented through an agreement signed between the Tax Administration and taxpayer or Tax Administration decision.

(7) By way of exception, if the requester of the tax owed payment rescheduling who does not meet the conditions referred to in paragraphs (1) and (2) of this Article offers an irrevocable bank guarantee or a bill of exchange guaranteed by a commercial bank as security, in the amount that may not be lower than the amount of the tax owed the payment of which is to be rescheduled, the person referred to in paragraph (3) of this Article may decide to approve the rescheduling to the taxpayer in the manner prescribed in paragraph (4) of this Article.

Securing the Collection of Tax Owed

Article 74

(1) In the procedure for deciding on the rescheduling of tax debt payment referred to in Article 73, paragraph (3) of this Law, the taxpayer shall be required to provide payment security, which may not be smaller than the amount of the tax owed to be rescheduled.

(2) The instruments of security within the meaning of paragraph (1) of this Article shall be the following:

- 1) mortgage on the taxpayer's immovable property;
 - 2) lien on the taxpayer's movable property;
 - 3) irrevocable bank guarantee;
 - 4) guarantee of other person who owns the property;
 - 5) drawn bill of exchange, accepted by two guarantors from whose wages the tax debt may be collected by direct debit order.
 - 6) bill of exchange guaranteed by a commercial bank.
- (3) If the tax owed is secured by the instruments referred to in paragraph (2), items 1), 2), and 4) of this Article, the security shall not be below 120% of the amount of the tax owed the payment of which is being secured.
- (4) In the procedure for deciding on the rescheduling of tax owed payment referred to in Article 73, paragraph (3) of this Law, the Tax Administration shall decide which of the proposed instruments or other instruments of security referred to in paragraph (2) of this Article available to the taxpayer will result in the most efficient collection of the tax owed, and notify the taxpayer accordingly.
- (5) The evidence that the taxpayer has obtained the security instruments referred to in paragraph (4) of this Article shall be submitted to the Tax Administration as a condition for signing the agreement or passing the decision referred to in Article 73, paragraph (6) of this Law.
- (6) Notwithstanding paragraphs (1) through (5) of this Article, the taxpayer shall not be required to meet the conditions prescribed by the Government in its act referred to in Article 73, paragraph (2) of this Law, or to provide payment security – if the amount of tax owed referred to in Article 73, paragraph (3) of this Law for any public revenue collected by the Tax Administration as at the date of filing the request for rescheduling is:
- 1) up to 1,500,000 dinars - for a legal entity and sole trader;
 - 2) up to 200,000 dinars – for an individual.
- (7) If the taxpayer fails to comply with the time limits from the rescheduling agreement or decision, or if he fails to settle a current tax liability during the period for which the amount of tax owed is rescheduled, the Tax Administration shall annul *ex officio* the agreement or cancel the decision and, taking care of collection efficiency, collect the tax debt overdue:
- 1) from security;
 - 2) in the procedure of enforced collection of tax debt.
- (8) If the tax debt overdue in the case referred to in paragraph (7) of this Article is collected from security, the Tax Administration shall not be obliged to pass a decision on enforced collection, but shall only notify the taxpayer that enforced collection of tax debt overdue from the provided payment security will be carried out in keeping with law.
- (9) If the taxpayer referred to in paragraph (6) of this Article fails to observe the time limits from the tax debt rescheduling decision, or if he fails to settle a current liability during the period for which the amount of tax owed is rescheduled, the Tax Administration shall cancel *ex officio* the decision and collect the tax debt in the enforced collection procedure against the taxpayer.
- (10) The taxpayer with regard to whom the Tax Administration has annulled *ex officio* the

agreement or cancelled the decision referred to in paragraphs (7) and (9) of this Article shall not be entitled to resubmit the request for the rescheduling of that same tax debt.

Article 74a

(1) Notwithstanding Article 73, paragraph (4) of this Law, at the request of a taxpayer for an approval of the proposed reorganization plan within the meaning of the law governing bankruptcy, the competent authority may approve the rescheduling of the tax debt the settlement of which is an integral part of such plan in equal instalments during a period of up to 60 months, with the option of a grace period for the first 12 months.

(2) The approval of tax debt rescheduling as provided in paragraph (1) of this Article shall be issued by the person referred to in Article 73, paragraph (3) of this Law.

Article 74b

(1) Notwithstanding Article 73, paragraph (4) of this Law, at the written and reasoned request of the taxpayer who has entered into a financial restructuring agreement in keeping with the law governing consensual financial restructuring of companies, the competent authority may approve the payment of tax debt in equal instalments during a period of up to 60 months, with the option of a grace period for the first 12 months.

(2) In the procedure of deciding on the tax debt payment rescheduling for the taxpayer who has concluded the financial restructuring agreement, in keeping with the law governing consensual financial restructuring of companies, payment security shall not be required when the amount of debt the payment of which is being rescheduled does not exceed the amount referred to in Article 74, paragraph (6) of this Law.

(3) The rescheduling of tax debt payment under paragraphs (1) and (2) of this Article shall be decided by the person referred to in Article 73, paragraph (3) of this Law.

Chapter Three

INTEREST

General Provisions on Interest

Article 75

(1) Interest shall be calculated and paid on the amounts of tax and secondary tax duties underpaid or overpaid, at the rate equal to the annual key policy rate of the National Bank of Serbia, increased by ten percentage points, by applying the simple interest formula.

(2) Interest on owed tax and secondary tax duties, except interest, shall be calculated from the date following the due date.

(3) Interest shall be calculated for the number of calendar days in arrears relative to the number of calendar days in a year (365 or 366 days) by the decursive calculation method, without

accruing interest on the principal at the expiry of the calculation period.

(4) Interest within the meaning of paragraph (3) of this Article shall be calculated for all calendar days in the calculation period.

(5) Calculation period shall be understood to mean the period from the first day in arrears, or the change of the amount of debt and/or the change of rate referred to in paragraph (1) of this Article and/or the expiry of each calendar year during the period in arrears for which the calculation is made.

(6) The total amount of interest shall be understood to mean the sum of the calculated interest for individual calculation periods referred to in paragraph (5) of this Article.

(7) If, in the course of audit, it is established that there is a discrepancy, interest shall be calculated from the date the taxpayer was obligated to pay the tax liability.

(8) Interest shall be calculated on overpaid taxes and secondary tax duties, except interest, after the expiry of a 30-day period from receiving the refund request.

(9) If the grounds for refund is an annulled or amended decision or other act regarding a debit, interest shall be calculated from the tax payment date.

(10) If the value added tax is not refunded to a taxpayer within the time limit prescribed by the law governing value added tax, interest shall be calculated from the day following the expiry of the time limit in question.

(11) The taxpayer filing a tax reimbursement or rebate request, shall have the interest calculated after the expiry of 30 days from the date of passing a decision establishing his entitlement to reimbursement or rebate.

Interest on Tax Debt the Collection of Which is Rescheduled

Article 76

(1) If the collection of tax owed has been stayed in keeping with Article 147, paragraph (2) of this Law due to the suspension of enforcement of a final tax act (during administrative dispute, etc.), interest shall also be calculated for the duration of stay, i.e. suspension, at the rate referred to in Article 75, paragraph (1) of this Law.

(2) If the payment of the tax owed is rescheduled in keeping with the provisions of Articles 73, 74, 74a, and 74b of this Law, interest shall also be calculated for the duration of rescheduling, at the rate equal to the key policy rate of the National Bank of Serbia

(3) The taxpayer whose payment of tax owed has been rescheduled in keeping with the provisions of Articles 73, 74, 74a, and 74b of this Law and who regularly pays the installments of rescheduled liabilities due, as well as current liabilities as provided in the law, shall have 50% of interest relating to such debt paid in such period written off, at the expiry of each 12 months, until the debt is settled in full.

(4) When a taxpayer fully repays the tax owed prior to the expiry of the time limit for the payment of tax owed in instalments under this Law, 50% of interest on such debt shall be written off.

Chapter Four
ENFORCED COLLECTION OF TAX
GENERAL PROVISIONS ON ENFORCED COLLECTION OF TAX
Initiation of Procedure for Enforced Collection of Tax
Article 77

- (1) The Tax Administration shall initiate the procedure of enforced collection of taxes and/or secondary tax duties by passing a decision on enforced tax collection if the taxpayer has failed to pay tax or secondary tax duty within the time limit referred to in Article 71, paragraph (1) of this Law.
- (2) The decision referred to in paragraph (1) of this Article shall state the basis of the tax debt, the outstanding amount as stated in the notice referred to in Article 71 of this Law delivered to the taxpayer, with the interest calculated from the date the notice was issued to the date the decision was passed, and the taxpayer shall be informed of his rights in enforced tax collection procedure.
- (3) The decision on enforced tax collection shall become enforceable on the date of delivery.
- (4) Appeal may be filed against a decision on enforced tax collection within eight days from the date of decision delivery.
- (5) The Tax Administration shall not pass a decision on enforced tax collection if the request for rescheduling tax payment referred to in Articles 73, 74a, or Article 74b of this Law has been filed within the time limit referred to in Article 71, paragraph (1) of this Law - until this request is decided on.

Legal Consequences of Initiating Enforced Tax Collection Procedure
Article 78

- (1) Initiating enforced tax collection procedure results in:
 - 1) collection from the taxpayers' entire property, except from the part specified in Article 82 of this Law;
 - 2) payment of costs referred to in Article 83 of this Law;
 - 3) increase of the tax debt net of interest and subject to enforced collection by 5% on the date of initiating the enforced payment collection procedure on which interest is calculated (hereinafter: tax debt increase).
- (2) The amount of tax debt increase shall be the revenue of the Republic budget, except for the amount of tax debt increase that is the legal consequence of the enforced collection of own-source revenue of the local government unit, which belongs to the budget of the local government unit.

Suspension of Enforced Tax Collection Procedure

Article 79

(1) Enforced collection procedure shall be suspended if:

- 1) the Tax Administration initiates bankruptcy procedure against the taxpayer within the meaning of Article 112 of this Law;
- 2) the Tax Administration approves rescheduling of tax payment referred to in Article 73 or Article 74b of this Law;
- 3) it is established that there is a miscalculation of the tax liability resulting in a lower tax, until it is corrected;
- 4) in the case referred to in Article 147, paragraphs (2) and (6) of this Law.

(2) Enforced collection procedure may be suspended if, upon expiry of the time limit referred to in Article 71, paragraph (1) of this Law, the taxpayer files a payment rescheduling request under the conditions referred to in Articles 73 or 74b of this Law.

(3) In the cases referred to in paragraphs (1) and (2) of this Article, the Tax Administration shall pass a conclusion on the suspension of enforced collection procedure, which shall also be delivered to the organizations carrying out enforced collection from the account.

(4) The suspension referred to in paragraphs (1) and (2) of this Article shall have no bearing on the lien or on the tax debt increase.

Termination of Enforced Collection Procedure

Article 80

(1) Enforced collection procedure shall be terminated if:

- 1) the tax liability is cancelled;
- 2) the taxpayer subsequently pays the liability owed, including the costs incurred, and amount of tax debt increase.

(2) In the case referred to in paragraph (1) of this Article, the lien shall terminate, as provided in this Law, the methods of realization shall be cancelled, and property returned to the taxpayer.

(3) In the case referred to in paragraph (1) of this Article, the Tax Administration shall issue a decision on termination of enforced collection procedure and also deliver it to the organization effecting enforced collection from the account.

Principles of Enforced Collection Procedure

Article 81

(1) In the enforced tax collection procedure, the Tax Administration shall undertake actions regulated by this Law, taking account of the economy of procedure.

(2) Enforced collection procedure shall not be initiated if it is apparent that the taxpayer does not have any property from which to collect, which does not exclude the option of enforced

collection from other taxpayers or tax debtors.

(3) Collection shall not be carried out from objects of enforced collection if the costs of enforced collection exceed the value of such objects.

(4) Enforced collection shall be carried out to the extent that it covers the amount of tax and secondary tax duties owed.

(5) While carrying out enforced tax collection, the Tax Administration shall respect the taxpayer's dignity.

Exemption from Enforced Collection

Article 82

(1) The taxpayer's property and incomes exempt from enforcement under the law may not be objects of enforced collection.

Costs of Enforced Tax Collection Procedure

Article 83

(1) The costs of enforced collection procedure shall be borne by the taxpayer.

(2) The amount of enforced collection costs referred to in paragraph (1) of this Law shall be prescribed by the Government, at the minister's proposal.

(3) If the taxpayer pays the tax liability after the commencement of the enforced collection procedure, he shall not be relieved from paying the incurred costs of enforced collection referred to in paragraph (1) of this Article.

(4) Costs, within the meaning of paragraph (1) of this Article, shall not include the costs incurred due to an error of the Tax Administration.

Objects of Enforced Collection

Article 84

(1) The collection of taxes and secondary tax duties in enforced collection procedure is carried out against:

1) the taxpayers' funds;

2) the taxpayer's claims;

2a) wages, or wage benefits, or pension, from the part not exempt from enforcement under the law governing enforcement and security;

3) taxpayer's non-monetary claims and other rights;

4) cash and securities;

5) movable property;

6) immovable property.

(2) Enforced collection may be carried out against one or more objects at the same time.

(3) Objects of enforced collection shall be determined by a decision.

Third Party Rights

Article 85

- (1) A third party, except for a member of the taxpayer's household, asserting a right to an item that is subject to enforced collection and that would prevent the sale of property, may file an action for exclusion of enforcement with the competent court.
- (2) The court may order a suspension or termination of implementation of the given measure against the item referred to in paragraph (1) of this Article in the course of enforced collection procedure.
- (3) If the person referred to in paragraph (1) of this Article provides evidence that he has a right in an item subject to enforced collection, the Tax Administration may suspend or terminate the implementation of the enforced collection measure against such item.

II LIEN

Securing a Tax Claim in Enforced Collection

Article 86

- (1) To secure a tax claim in enforced collection against the taxpayer's assets or property rights, a statutory lien shall be established on behalf of the tax creditor.
- (2) Tax creditor, within the meaning of this Law, shall be the Republic or the local government unit – for own-source public revenues it assesses, collects, and audits in the public-law relationship.
- (3) The lien shall continue until the tax debt is settled or the tax decision annulled.

The Procedure for Establishing a Lien

Article 87

The Tax Administration shall order by a decision the following:

- 1) inventory of movable property;
 - 2) inventory of immovable property;
 - 3) ban on transfer of funds through a taxpayer's account with the bank, except for tax purposes, and entering the ban in the register of frozen accounts maintained by the competent organization;
 - 4) ban on cash debt payments to the taxpayer by his debtors, and entering the ban into the appropriate register;
 - 5) ban on fulfillment of other obligations towards the taxpayer by his debtors, and entering the ban into the appropriate register of movable property.
- (2) The decision referred to in paragraph (1) of this Article shall be delivered to the taxpayer and relevant registers, taxpayer's debtors, and the bank.

- (3) Once the inventory of movable and immovable property is completed, the Tax Administration shall issue a decision ordering the relevant authority to enter the lien in the register of movable or immovable property.
- (4) The Tax Administration shall enclose the record of inventory of movable or immovable property referred to in Articles 89 and 90 of this Law with the decision referred to in paragraph (3) of this Law.
- (5) Immediately following its delivery, the decision referred to in paragraph (1), items 3) through 5), and paragraph (3) of this Article, shall be entered in the register of movable property pledges, real property register, or register of frozen accounts with the competent authority, with the exact date and time of receipt.
- (6) The decision referred to in paragraph (1) of this Article shall become enforceable on the date of delivery to the taxpayer.
- (7) The statutory lien on behalf of the Republic shall be established by entry in the appropriate register.

Interim Measure of Securing a Tax Claim in Enforced Collection from Taxpayer's Funds

Article 87a

- (1) In order to secure the collection of tax and secondary tax duties from the taxpayer's funds after the commencement of enforced collection procedure on the basis of decision referred to in Article 92, paragraph (2) of this Law, the Tax Administration shall impose an interim measure of securing the collection of tax claim, by a decision.
- (2) The interim measure referred to in paragraph (1) of this Article prohibits the taxpayer to settle his liabilities towards third parties by stipulating a change of creditors or debtors in a contractual relationship (assignment, cession, etc.), by offset, or in another manner in keeping with the law.
- (3) The Tax Administration decision imposing an interim measure referred to in paragraph (2) of this Article shall be delivered simultaneously to the taxpayer, organization responsible for enforced collection, whereby it becomes enforceable.**
- (4) The organization responsible for enforced collection shall also be delivered the enforceable Tax Administration decision on enforced collection of taxes and secondary tax duties from the taxpayer's funds.**
- (5) The organization responsible for enforced collection shall, immediately upon receipt of the decision referred to in paragraph (2) of this Article enter the decision into the frozen account register under the date and exact time of receipt.
- (6) The interim measure referred to in paragraph (2) of this Article shall be executed in keeping with the provisions of law governing payment operations, or the provisions of other laws relating to enforced collection from the client's account.
- (7) Upon receipt of an order from the organization responsible for enforced collection, issued based on the decision referred to in paragraph (2) of this Article, the bank shall immediately suspend the settlement of taxpayer's liabilities towards third parties on the basis of the contract

on the change of creditor or debtor in a given contractual relationship (assignment, cession, etc.), offset, and on other bases in keeping with the law, except for payments related to the disbursement of wages and allowances (for commuting, travelling within the country or abroad), as well as other income (retirement gratuity, solidarity aid, assistance in the case of death of employee or a member of his family), and severance payments from the social program for the employees laid off in the process of company restructuring and preparation for privatization, bankruptcy, or liquidation.

(8) The interim measure referred to in paragraph (2) of this Article shall last until the collection of tax on the basis of an enforceable Tax Administration decision on enforced collection of tax and secondary tax duties from the taxpayer's funds, for securing the collection of which it has been imposed.

(9) At the taxpayer's reasoned request, and with the minister's approval, the Tax Administration may revoke the imposed interim measure referred to in paragraph (2) of this Article, if the taxpayer provides a security for the collection of tax claim referred to in Article 74, paragraph (2) of this Law.

Legal Consequences of Lien

Article 88

(1) Upon delivery of the decision referred to in **Article 87, paragraph (1), items 1) and 2)** of this Law, the taxpayer shall not be allowed to dispose of objects of enforced collection over which lien **or mortgage** has been established.

(2) The decision on enforced collection of tax from taxpayer's funds shall suspend all financial transactions through the taxpayer's account, except those relating to the payment of tax.

(3) The decision referred to in Article 87, paragraph (1), items 4) and 5) of this Law shall prohibit debtors to settle their tax liabilities towards the taxpayer, as from the date of decision delivery.

(4) The Republic shall acquire the lien on assets, also securing the claim with regard to secondary tax duties, the priority of which is determined in accordance with the time of entry into the register or time of notifying the debtor.

Inventory of Movable Property

Article 89

(1) The Tax Administration officer responsible for carrying out enforced collection (hereinafter: tax enforcement officer) shall have the right to enter the grounds and premises where the taxpayer performs his business activity for the purpose of inventory.

(2) If the tax enforcement officer needs to enter a dwelling or other premises for the purpose of taking inventory, valuation, and seizure of movable properties that are in the dwelling or other premises, or for the purpose of inventory and valuation of the dwelling or other premises that are used to secure the payment of tax liability, or that are objects of enforced collection of a tax

liability in the procedure of imposing an interim measure for securing tax payment, establishing a lien, or in the procedure of enforced collection of tax liability, and the holder does not allow entry into the dwelling or other premises, the Tax Administration shall file a motion to the competent court to pass a decision allowing the tax enforcement officer to enter the dwelling or other premises against the will of the holder, in order to perform action in the procedure of imposing an interim measure for securing tax payment, establishing a lien, or in the procedure of enforced collection of tax liability in keeping with this Law. The motions shall be accompanied with the enforceable Tax Administration decision referred to in Articles 66, 77, and 87 of this Law.

(3) The court shall pass a ruling on this motion no later than 15 days from receiving an orderly motion.

(4) Prior to proceeding with the inventory, tax enforcement officer shall show documents confirming his powers, and the decision on enforced collection, and call upon the taxpayer to pay the amount of tax and secondary tax duties owed.

(5) The inventory of movable property referred to in paragraph (1) of this Article shall be carried out in the presence of two witnesses of age.

(6) If, in the course of taking an inventory, the taxpayer states that a lien has been established on an item of movable property, and entered in the register of pledges in favor of a private creditor, the tax enforcement officer shall take this into account when determining realizable revenue.

(7) The tax enforcement officer may decide not to determine priority when taking the inventory, if he considers reasonable the taxpayer's or other persons' claims suggesting that the rights exist which may prevent enforcement on certain items.

(8) Items that are most easily realized shall be given priority during the inventory.

(9) Tax enforcement officer is authorized to remove the person impeding enforced collection activity, and to seek police assistance if such impeding continues, or if the person who has possession of the items refuses to make them available for the purpose of enforced collection.

(10) In the case referred to in paragraph (9) of this Article, the police shall provide the required assistance as soon as possible after receiving the call.

Inventory of Immovable Property

Article 90

(1) The Tax Administration shall obtain *ex officio* evidence of immovable properties owned by the taxpayer from the authority responsible for maintaining the real property register.

(2) The authority responsible for maintaining the real property register shall deliver the requested evidence to the Tax Administration within 3 days from receiving the request referred to in paragraph (1) of this Article.

(3) In order to take inventory, tax enforcement officers shall have the right to enter the grounds and premises where the taxpayer performs his business activity and, on the basis of the court ruling referred to in Article 89, paragraph (2) of this Law, also to enter the taxpayer's dwelling or

the dwelling of a family member with whom the taxpayer lives in the same household.

Termination of Lien

Article 91

(1) Within two days of tax liability settlement, the Tax Administration shall file an application for the release of the lien or mortgage, and notify the bank and the taxpayer's debtor of the termination of the decision referred to in Article 87, paragraph (1), items 3) through 5), and paragraph (3) of this Law.

(2) The Tax Administration shall also notify the taxpayer of the termination of the decision on enforced collection of tax within the time limit referred to in paragraph (1) of this Article.

II. REALIZATION

Means of Enforced Collection

Article 92

(1) Enforced collection shall be carried out against:

- 1) taxpayer's funds – by transfer of funds from taxpayer's accounts, including funds in the foreign exchange account, to the public revenue collection account;
- 2) taxpayer's monetary claims – by transfer of claims to the public revenue collection account;
- 2a) wages, and/or wage benefits, or pension – by attachment of a specific part of the receipts and by the order to the payer to withhold the funds subject to enforcement and pay them into the prescribed public revenue payment account until full payment;
- 3) taxpayer's non-monetary claims – by ban, transfer of claim, and inventory with valuation, seizure, and sale of objects of claim;
- 4) cash and securities – by inventory and seizure;
- 5) movable property – by seizure and sale;
- 6) immovable property – by seizure, determining the starting price, and sale.

(2) Based on the decision, the Tax Administration may use one or more means of enforced collection referred to in paragraph (1) of this Article, in any order.

(3) The decision referred to in paragraph (2) of this Article shall be delivered to the taxpayer and his debtors, and the organization responsible for enforced collection, and/or bank.

Proceeds from Realization

Article 93

(1) The money seized and the proceeds from the sale of movable and immovable property shall be paid by the Tax Administration into the appropriate public revenue collection account.

(2) If the sale price exceeds the amount of tax liability, the difference shall be returned to the taxpayer within 30 days, and the interest shall be calculated in favor of the taxpayer after the

expiry of this time limit, in keeping with Article 75 of this Law.

(3) If, during the period referred to in paragraph (2) of this Article, a new tax liability of the taxpayer becomes due and is still unpaid, the difference achieved by the sale of movable property or immovable property at a higher price shall be used to settle such liability.

(4) The proceeds from the realization of objects of enforced collection referred to in Article 84 of this Law shall be allocated by a Tax Administration decision according to the order of settlement referred to in Article 70 of this Law.

Proceeds from Items Transferred to the Ownership of the Republic

Article 94

(1) If the sale is completed in the manner referred to in Article 104, paragraph (18) and Article 110, paragraph (5) of this Law, the assessed value of movable property or a third of the determined starting price of immovable property shall be considered the price paid into the appropriate public revenue collection account.

(2) If there is another creditor's priority lien over the movable or immovable property referred to in paragraph (1) of this Article that must be satisfied, such creditor shall be satisfied first from the amount referred to in paragraph (1) of this Article.

(3) If the assessed value of movable property or a third of the determined starting price of immovable property over which there was no priority lien of a different creditor referred to in paragraph (2) of this Article exceeds the amount of tax liability, the difference shall be returned to the taxpayer.

(4) If there was a priority lien of another creditor over the movable or immovable property referred to in paragraph (1) of this Article that has been satisfied, the difference between the assessed value of the movable property or a third of the determined value of the immovable property, and the sum of amounts at which the priority lien of another creditor was satisfied and the amount for which the tax liability was settled, shall be returned to the taxpayer.

(5) The method and procedure concerning the refund of the difference referred to in paragraphs (3) and (4) of this Article shall be prescribed by the minister.

Enforced Collection from Funds

Article 95

(1) Enforced collection of tax and secondary tax duties from taxpayer's funds, based on the decision referred to in Article 92, paragraph (2) of this Law, shall be understood to mean the transfer of funds from the taxpayer's account with a bank to the appropriate public revenue collection account, on the basis of a decision on enforced tax collection.

(2) The decision referred to in paragraph (1) of this Article shall include an instruction to the organization authorized for enforced collection to calculate the interest in the manner prescribed by this Law, from the date the decision was passed until the date of transfer of the entire amount

of tax and secondary tax duties, and to transfer the amount of calculated interest to the appropriate public revenue accounts.

(3) The decision referred to in paragraph (1) of this Article shall be enforced in the manner regulated by the law governing payment operations, or in the manner regulated by other laws relating to enforced collection from the client's account.

(4) If the funds in the taxpayer's account are insufficient from time to time, the organization responsible for enforced collection and/or the bank shall enforce the decision successively from the funds available in the account, until the decision is fully executed.

(5) If the bank fails to act in the manner prescribed in paragraph (2) of this Article, the collection of the amount of tax and secondary tax duties owed shall be carried out directly from the funds in the bank's account.

(6) Decision on enforced tax collection from taxpayer's funds shall produce legal effect from the date of delivery to the organization responsible for enforced collection until the date the liabilities are settled or the decision is annulled.

Enforced Collection from Monetary Claims

Article 96

(1) Enforced collection from taxpayer's monetary claims shall be carried out on the basis of the decision referred to in Article 92, paragraph (2) of this Law.

(2) The decision referred to in paragraph (1) of this Article shall order the taxpayer's debtor to settle his debt by the payment into the public revenue collection account when due.

(3) If the debtor referred to in paragraph (2) of this Article fails to make the payment when due, the Tax Administration shall effect enforced collection from the funds in the taxpayer's debtor's account, in keeping with Article 95 of this Law.

Article 96a

(1) Enforced collection of taxes and secondary tax duties from the taxpayer's wage, wage benefits, or pension shall be carried out based on the decision referred to in Article 92, paragraph (2) of this Law.

(2) The decision referred to in paragraph (1) of this Article shall impose attachment of a certain part of the wage, wage benefits, or pension, and order the payer of such income to deduct it from the wage, wage benefits, or pension and pay the deducted amount into the prescribed public revenue collection account, upon each payment of such income, starting from the first payment following the receipt of the decision referred to in paragraph (1) of this Article, until the tax and secondary tax duties are collected in full.

(3) The payer of wage, wage benefits, or pension shall act in accordance with the order from the decision referred to in paragraph (2) of this Article.

(4) The payer of wage, wage benefits, or pension shall notify the competent tax authority of the

changes relevant for the enforcement of the decision referred to in paragraph (2) of this Article, no later than five days from the date of change.

(5) If the payer of wage, wage benefits, or pension fails to deduct and pay the portion of the wage, wage benefits, or pension subject to enforced collection into the prescribed public revenue collection account, the Tax Administration shall undertake the enforced collection action from the funds in the payer's account, as provided in Article 95 of this Law.

(6) Unless otherwise stipulated in this Law, the provisions of the law governing enforcement and security shall apply *mutatis mutandis* to the enforced collection of tax and secondary tax duties from the taxpayer's wage, wage benefits, or pension.

Enforced Collection from Non-Monetary Claims

Article 97

(1) Enforced collection from taxpayer's non-monetary claims when the claim entails surrender of items or transfer of title to the taxpayer shall be carried out on the basis of the decision referred to in Article 92, paragraph (2) of this Law.

(2) The decision referred to in paragraph (1) of this Article shall order the taxpayer's debtor to surrender the owed movable or immovable property when due to the Tax Administration.

(3) If the debtor referred to in paragraph (2) of this Article fails to effect the payment when due, the Tax Administration shall carry out enforced collection from the non-monetary claim of the taxpayer's debtor in keeping with Articles 99 through 111 of this Law.

(4) When the Tax Administration takes possession of items, they shall be sold in keeping with Articles 99 through 104, or Articles 105 through 111 of this Law.

(5) Enforced collection from other non-monetary claims shall be carried out by applying provisions of paragraphs (2) and (3) of this Article *mutatis mutandis*.

Enforced Collection from Cash and Securities

Article 98

(1) Enforced collection of tax and secondary tax duties from cash shall be carried out on the basis of decision referred to in Article 92, paragraph (2) of this Law, in keeping with the provisions of Articles 89 and 99, and Articles 101 through 103 of this Law.

(2) The Tax Administration shall deliver the decision on enforced collection from securities to the bank or other legal entity keeping the securities, as well as to the taxpayer.

(3) The bank or other legal entity keeping the securities shall provide the Tax Administration with information on securities, including their valuation, within five days from decision receipt.

(4) The bank or other legal entity referred to in paragraph (3) of this Article shall sell the securities on the best terms on the market within the following eight days.

(5) The amount realized, net of commission and costs of sale, shall be paid into the Tax Administration account, and the following day at the latest, paid into the appropriate public

revenue collection account.

Inventory of Movable Property

Article 99

- (1) Tax enforcement officer shall take the inventory of, value, seize, and sell movable property on the basis of the decision referred to in Article 92, paragraph (2) of this Law.
- (2) If the inventory of movable property is taken in the procedure for establishing a lien in keeping with this Law, the enforced collection procedure shall start with the assessed value of the movable property the inventory of which has been taken.

Valuation of Movable Property

Article 100

- (1) The inventoried items shall be valued by the tax enforcement officer during the inventory.
- (2) The Tax Administration may designate another expert as the valuator, or obtain a report on the price of items from expert institutions or organizations.
- (3) Record shall be taken of inventory and valuation.
- (4) The record referred to in paragraph (3) of this Article shall be delivered to the taxpayer in the manner prescribed in Article 36 of this Law.
- (5) The taxpayer may lodge an objection to the valuation of inventoried items within three days from the date of record delivery.
- (6) Enforced collection procedure shall be suspended until a conclusion is passed on the objection.
- (7) The conclusion on the objection referred to in paragraph (6) of this Article may not be challenged by a legal remedy.

Seizure of Movable Property

Article 101

- (1) Inventoried movable property over which the lien has been registered in favor of the Republic, or with regard to which a procedure for establishing a lien on behalf of the Republic has been initiated, shall not be seized from the taxpayer at the time of inventory.
- (2) The inventoried movable property shall be seized from the taxpayer after the expiry of time limit referred to in Article 104, paragraphs (4) and (7) of this Law, and a record shall be taken thereof.
- (3) By way of exception, if there are grounds for suspicion that the taxpayer will jeopardize enforced collection of tax by hiding, disposing of, destroying, or rendering unusable the inventoried item of movable property, including the inventoried item on which a lien in favor of the Republic has been established under the law prior to or during enforced collection procedure,

such item shall be seized at the time of inventory.

(4) The tax enforcement officer shall provide reasoning for the presence of the grounds for suspicion referred to in paragraph (3) of this Article.

(5) In the case referred to in paragraph (3) of this Article, a record on inventory, valuation and seizure shall be made.

Notifying Potential Owners

Article 102

(1) The tax enforcement officer shall notify of the inventory all persons, except the members of the taxpayer's household, to whom inventoried items belong as indicated, and instruct them of their right to file an action for the exclusion of assets from enforcement with the competent court within eight days from receiving the notification.

(2) The notification referred to in paragraph (1) of this Article shall be given verbally, if such persons are present at the inventory, and entered in the record on inventory and valuation of movable property, while absent persons shall be notified in writing.

(3) In the case of suspension referred to in Article 85, paragraph (3) of this Law, the item may be entrusted for safekeeping to the taxpayer or a third party.

(4) The taxpayer or third party shall keep the item referred to in paragraph (3) of this Article in an unchanged condition until the dispute regarding exclusion of property from enforcement is concluded.

(5) Enforced collection shall not be suspended if the item is perishable or if the safekeeping thereof is associated with high costs.

(6) In the case referred to in paragraph (5) of this Article, the Tax Administration shall sell the item by direct negotiation, without delay.

(7) If it is established that the plaintiff in the asset exclusion lawsuit is not the owner of the inventoried item, and the taxpayer disposes of, destroys, or damages it, thus jeopardizing the collection of tax, the Tax Administration shall file a criminal report to the public prosecutor within five days of becoming aware of such taxpayer's action, while the enforced collection shall be completed without delay by applying the means and objects of enforcement referred to in Article 92, paragraph (1) of this Act.

Enforced Collection when Item is Held by Other Person

Article 103

(1) If a certain taxpayer's item is held by another person, such person shall surrender this item at the tax enforcement officer's request, or pay the tax liability to the tax enforcement officer.

(2) In the case referred to in paragraph (1) of this Article, it shall be considered that the other persons' actions have been performed on the order of the taxpayer.

(3) The tax enforcement officer shall issue a receipt for the surrendered item or for the payment of tax to the person referred to in paragraph (1) of this Article.

Sale of Movable Property

Article 104

- (1) Movable property shall be sold by public auction or direct negotiation between the buyer and the Tax Administration, of which a conclusion shall be adopted.
- (2) Public auction within the meaning this Law shall be understood to mean a public auction with at least two bidders.
- (3) If there are fewer than two bidders at a public auction, the public auction shall be announced again within eight days of the date for which the public auction with fewer than two bidders was announced.
- (4) If an item of movable property is perishable or if the safekeeping thereof is associated with high costs, the Tax Administration shall sell such item by direct negotiation without delay.
- (5) Sale by public auction shall be ordered in the cases of items of greater value, when they can be expected to sell at a higher price than what could be achieved in the sale by direct negotiation.
- (6) Only the persons who make a deposit amounting to 10% of the assessed value of the item movable property can take part in the public auction for the sale of movable property items the individual value of which exceeds 200.000 dinars. If the buyer of a movable property item fails to pay the achieved price within eight days from the date of delivery of the record on the sale of movable property item, the sale shall be declared null and void with regard to such buyer, and the buyer shall lose the right to a refund of the deposit and may not act as bidder in the further procedure for the sale of such item.
- (7) The sale of seized movable property shall be organized upon expiry of eight days from inventory date.
- (8) The Tax Administration shall announce the sale of items within five days from the date of seizure on its web page or on the bulletin board. Sale of items shall also be announced in a daily newspaper sold in the entire territory of the Republic if the assessed value of movable property to be sold by public auction exceeds 1,000,000 dinars.
- (9) The taxpayer, employees of the Tax Administration, and persons connected to them may not be buyers of the items referred to in paragraph (1) of this Article.
- (10) Disqualification of the persons referred to in paragraph (9) of this Article shall also extend to resale, lease, gift, or granting use of purchased items to such persons within one year from the sale.
- (11) At the first public auction, and within the time limit determined for the sale by direct negotiation, a movable property item may not be sold at a price lower than 60% of the assessed value.
- (12) If the movable property is not sold at the first public auction, a second one shall be ordered and scheduled by a conclusion, within eight days from the date the first public auction is held.
- (13) At the second public auction, the movable property item may not be sold at a price lower than 30% of the estimated value.

(14) If the movable property item is not sold at the second public auction, public auctions shall be repeated in the manner referred to in paragraph (12) of this Article, with the bottom price of one third of the assessed value, until the item is sold or until expiry of a period of three months from adopting the conclusion on the sale by public auction.

(15) The movable property which is not sold through direct negotiation within the time limit referred to in paragraph 11 of this Article shall be sold under the rules applying to the second and subsequent public auctions. Items of movable property may be sold at the first or the second public auction for the amount that is less than 60% or 30% of the determined initial price, respectively, if the taxpayer agrees thereto in writing.

(16) Once the seized items are sold, and the amount for which the item is sold has been paid, the Tax Administration shall issue to the buyer a document on the sale of property certifying that the title has passed to the buyer and that the legal grounds for acquiring the title is the purchase of the item in the enforced tax collection procedure.

(17) The procedure of seized times' sale shall stop when the achieved price reaches the amount of tax and secondary tax duties owed, and the remaining items shall be returned to the taxpayer.

(18) If the sale of seized items is unsuccessful at the first public auction and at subsequent public auctions, or by direct negotiation within three months of adopting the conclusion on the sale by public auction or direct negotiation, the items shall be transferred to the ownership of the Republic by a Tax Administration decision, or to the ownership of a local government unit by a decision of the competent local government authority at a price to be determined by subsequent valuation.

(19) The authority responsible for maintaining records of state-owned movable property shall take possession of the movable property transferred to the ownership of the Republic within 30 days from the date the decision referred to in paragraph (18) of this Article becomes final and binding.

(20) The authority responsible for maintaining records of state-owned movable property shall be liable for material and legal defects of a movable property item created therein after the delivery of the decision referred to in paragraph (18) of this Article, and officially recorded handover to the competent authority, and the resulting damage.

(21) The Government shall regulate in more detail the manner of treatment of the items referred to in paragraph (19) of this Article.

(22) Movable property selling at a public auction or by direct negotiation shall be purchased as is.

(23) Record shall be taken of the completed sale of movable property.

Enforced Collection from Immovable Property
Inventory of Immovable Property
Article 105

(1) Immovable property shall be inventoried, its starting price determined, and sold by the tax

enforcement officer in enforced collection procedure, on the basis of the decision on enforced collection referred to in Article 92, paragraph (2) of this Law.

(2) As from the date of real property inventory, the taxpayer shall not be allowed to dispose of the object of enforced collection.

(3) The ban referred to in paragraph (2) of this Article shall be entered into the relevant real property register.

Seizure of Immovable Property not Entered in the Relevant Register

Article 106

(1) The seizure of immovable property not entered in the relevant register shall be carried out by the tax enforcement officer at the moment of inventory.

(2) Before initiating seizure, the tax enforcement officer shall show a document certifying to his powers and the decision on enforced collection and call upon the taxpayer to pay the amount owed.

(3) The seizure of immovable property referred to in paragraph (1) of this Article shall be carried out in the presence of two witnesses of age.

(4)) The tax enforcement officer shall be authorized to remove the person impeding enforced collection activity, and to seek police assistance if such impeding continues, or if the person who has possession of the immovable property refuses to make it available for the purpose of enforced collection.

(5) In the case referred to in paragraph (4) of this Article, the police shall provide the requested assistance as soon as possible after receiving the call.

(6) Record shall be taken of the completed seizure of immovable property referred to in paragraph (1) of this Article.

Determining the Starting Price of Immovable Property

Article 107

(1) Within three days from the date the decision on enforced collection becomes final and binding, the Tax Administration shall determine the starting price of immovable property.

(2) The manner for determining the starting price of immovable property shall be regulated by the Minister.

(3) The starting price of immovable property referred to in paragraph (1) of this Article shall be determined by a decision.

(4) When determining the starting price of immovable property, the immovable property value reduction due to the fact that certain rights and encumbrances remain attached to it after the sale shall be taken into account.

- (5) The taxpayer may lodge an objection to the decision determining the starting price of immovable property within three days from receipt.
- (6) Appeal shall not be permitted against the decision on objection.

General Provisions on Sale of Immovable Property

Article 108

- (1) Sale of immovable property shall be initiated upon the expiry of the time limit of eight days from the date the decision referred to in Article 107, paragraph (3) becomes final, or the date the decision on objection referred to in Article 107, paragraph (5) of this Law is delivered. The sale may be organized within a shorter time limit with the taxpayer consent.
- (2) On the day following the expiry of the time limit referred to in paragraph (1) of this Article, the Tax Administration shall pass a conclusion putting up immovable property for sale by public auction.
- (3) The announcement of immovable property sale shall be published on the bulletin board of the Tax Administration organizational unit on the territory of which the immovable property is located and shall be simultaneously sent to a daily newspaper covering the entire territory of the Republic for publication, and to the taxpayer, lien creditors, and the persons with the statutory pre-emptive right in such immovable property.
- (4) The announcement on the sale of immovable property shall include in particular:
 - 1) description and address of the seized immovable property being sold;
 - 2) determined starting price of immovable property;
 - 3) indication of easements and encumbrances to be taken over by the buyer;
 - 4) manner, place, date, and hour of sale;
 - 5) amount of deposit to be placed by the persons taking part in public auction;
 - 6) time limit in which the buyer of immovable property shall pay the price for which the immovable property has been sold.
- (6) There is no right of complaint with regard to the immovable property sold by public auction or in another manner.

Sale of Immovable Property by Public Auction

Article 109

- (1) Sale of immovable property shall be organized at the seat of Tax Administration organizational unit organizing the sale.
- (2) Only the persons who have placed a deposit may participate in public auction.
- (3) The deposit referred to in paragraph (2) of this Article shall be paid into the Tax Administration's account, in the amount of 5% of the determined starting price of immovable property.
- (4) Deposit shall be returned to bidders whose bid is not accepted, immediately after the

conclusion of public auction.

(5) Interested bidders shall have the right to inspect the immovable property subject to public auction until the date the public auction is held at the latest.

(6) At the first public auction, the immovable property may not be sold at a price lower than 75% of the determined starting price.

(7) If the immovable property is not sold at the first public auction, a second one shall be ordered by a conclusion within eight days from the date the first public auction is held.

(8) At the second public auction, the immovable property may not be sold at a price lower than 50% of the determined starting price.

(9) If the immovable property is not sold at the second public auction either, public auctions shall be repeated in the manner referred to in paragraph (7) of this Article, with the bottom price of one third of the determined starting price, until the immovable property is sold or the time limit referred to in Article 110, paragraph (1) of this Law expires.

(10) At the first public auction, immovable property may be sold at a price below 75% of the determined starting price or, at the second public auction, at a price below 50% of the determined starting price if the taxpayer consents thereto in writing.

(11) Record shall be taken of the public auction.

(12) Following the end of immovable property sale by public auction, the Tax Administration shall pass a decision on the sale of immovable property.

(13) The person with the statutory pre-emptive right in the immovable property subject to enforced tax collection shall have priority over the best bidder at the public auction if, after the conclusion of public auction, he declares for the record that he shall purchase the immovable property on the same terms.

Sale of Immovable Property by Direct Negotiation

Article 110

(1) If the immovable property is not sold under the rules of public auction within three months from the date the conclusion on the sale by public auction is passed, the Tax Administration director general or a person at the Tax Administration authorized by him/her shall put up the immovable property for sale by direct negotiation by a conclusion.

(2) In the case referred to in paragraph (1) of this Article, immovable property may not be sold at a price lower than one third of the determined starting price.

(3) Record shall be taken of direct negotiation.

(4) After the completion of sale by direct negotiation, Tax Administration shall pass a decision on sale of immovable property.

(5) If the immovable property cannot be sold by direct negotiation within six months from the date the conclusion referred to in Article 108, paragraph (2) of this Law is passed, the Tax Administration shall pass a decision transferring the immovable property to the ownership of the Republic, or the competent local government authority shall pass a decision transferring the

immovable property to the ownership of the local government unit, in the value of one third of the determined starting price.

(6) The decision referred to in paragraph (5) of this Article shall be delivered to the taxpayer and the authority responsible for the real property register.

(7) The Tax Administration shall settle the priority mortgage claims up to one third of the determined starting price of the immovable property.

(8) After settling the claims of priority creditors, the Tax Administration shall submit evidence of settlement to the authority responsible for maintaining the register, with an order to release the mortgage.

(9) The taxpayer and Tax Administration employees, as well the persons connected to them may not be buyers in public auction or direct negotiation procedure.

(10) The disqualification referred to in paragraph (9) of this Article shall also apply to the resale, lease, gift, or granting use of the immovable property to such persons, within one year of the sale.

(11) The authority responsible for maintaining records of state-owned immovable property shall take possession of the immovable property transferred to the ownership of the Republic within 30 days from the date the decision referred to in paragraph (5) of this Article becomes final and binding.

(12) The authority responsible for maintaining records of state-owned immovable property shall be liable for material and legal defects of immovable property created therein after the delivery of the decision referred to in paragraph (6) of this Article and officially recorded handover of the immovable property free of people and things to the competent authority, and the resulting damage.

(13) The Government shall more precisely regulate the manner of treatment of the immovable property referred to in paragraph (1)1 of this Article.

Treatment of Proceeds from Sale of Immovable Property

Article 111

(1) The buyer of immovable property shall pay the amount for which the immovable property has been sold to him within eight days from the date the public auction is concluded, net of deposit, which will become part of the price paid.

(2) In the case the buyer fails to pay the amount for which the immovable property has been sold to him within the specified time limit, the sale shall be declared null and void by a decision, and the buyer shall lose the deposit and may not participate as a bidder in the procedure for the sale of such property for a period of six months from the expiry of the last day of the time limit referred to in paragraph (1) of this Article.

(3) In the case referred to in paragraph (2) of this Article, the Tax Administration shall call upon the second best bidder, if the price offered is not lower than the price prescribed by this Law, to state whether he will purchase the property for the amount offered. If the second best bidder

agrees to buy the immovable property for the price offered in writing, a decision on sale to such bidder shall be passed.

(4) If the buyer referred to in paragraph (3) of this Article fails to pay the amount for which the immovable property has been sold to him within the specified time limit, the sale shall be declared null and void by a decision, the buyer shall lose the deposit, if it has not been returned to him, and may not participate as a bidder in the procedure for selling such immovable property for a period of six months from the expiry of the last day of the time limit for paying the amount for which the immovable property in question has been sold to him.

(5) In the case referred to in paragraph (4) of this Article, the Tax Administration shall continue the procedure of sale of immovable property within eight days from the date the decision declaring the sale null and void is passed, in the manner and under the conditions of the public auction being repeated.

(6) If there is a priority mortgage claim of another creditor over the immovable property sold, such creditor's claim shall be satisfied first from the amount specified in paragraph (1) of this Article, in keeping with Article 110, paragraph (7) of this Law.

(7) Upon payment of the amount for which the immovable property is sold by public auction or direct negotiation, and once the decision on sale of immovable property referred to in Article 109, paragraph (12), and Article 110, paragraph (4) of this Law becomes final, the Tax Administration shall pass a decision on handing over the immovable property to the buyer.

(8) The decision on handing over the immovable property to the buyer referred to in Article 109, paragraph (12) and Article 110, paragraph (4) of this Law shall be delivered both to the taxpayer and the authority responsible for maintaining the real property register.

(9) When the decision on satisfying the claim of priority mortgage creditor referred to in paragraph (6) of this Article becomes final, the Tax Administration shall deliver such decision, with evidence of payment, to the authority responsible for maintaining the real property register for the purpose of releasing the mortgage over the immovable property.

(10) The provisions of the law governing enforcement and security shall apply *mutatis mutandis* to the protection of buyer and his rights, and to all other issues relating to the sale of immovable property not specifically regulated by this Law.

Declaring Insolvency

Article 112

(1) If, in the course of enforced collection procedure, it is established that the taxpayer does not have the property from which tax debt can be settled by enforced collection, or that the value of taxpayer's property transferred to the Republic is lower than the tax debt, the Tax Administration shall state by a decision that the taxpayer is temporarily insolvent and initiate bankruptcy procedure in the capacity of creditor, in keeping with the law, if the taxpayer is a legal entity.

(2) If the taxpayer becomes solvent again, the Tax Administration shall set aside the decision on declared insolvency and resume the enforced collection procedure.

Heading Six

PROCEDURE FOR ASSESSMENT AND COLLECTION OF TAX ON THE BASIS OF SECONDARY TAX LIABILITY

Assessment and Collection of Tax on the Basis of Secondary Tax Liability

Article 113

- (1) The tax on the basis of secondary tax liability referred to in Article 31 of this Law shall be assessed by the Tax Administration by a decision.
- (2) The decision referred to in paragraph (1) of this Article shall not be passed if the tax liability has ceased to exist in the manner referred to in Article 23 of this Law.
- (3) Unless otherwise provided by law, the decision referred to in paragraph (1) of this Article shall be passed only if tax has not been collected by measures of enforced collection undertaken.
- (4) The restriction referred to in paragraph (3) of this Article shall not apply in the case referred to in Article 31, paragraph (2), items 2) through 4) of this Law.
- (5) **A decision on the assessment of tax on the basis of secondary tax liability referred to in paragraph 1 of this Article shall order the person responsible for secondary tax liability to settle the assessed tax within the time limit referred to in such decision.**
- (6) **If the person responsible for secondary tax liability does not pay the tax and secondary tax duties on the basis of secondary tax liability within the time limit specified in the decision referred to in paragraph (1) of this Article, the Tax Administration shall issue a notice to such person in keeping with Article 71 of this Law.**
- (7) **Enforced collection of tax and secondary tax duties on the basis of secondary tax liability, assessed in the decision referred to in paragraph 1 of this Article, shall be carried out in keeping with this Law.**

Heading Seven

OTHER FORMS OF TERMINATION OF TAX DEBT

Statute of Limitations Regarding the Right to Assess and Collect Tax and Secondary Tax Duties

Article 114

- (1) The right of the Tax Administration to assess and collect tax and secondary tax duties shall be limited to a period of five years from the date the limitation period starts to run.
- (2) The limitation period regarding the right to assess tax and secondary tax duties shall start on the first day of the year following the year in which tax and/or secondary tax duty should have been assessed.
- (3) The limitation period for the collection of tax and secondary tax duties shall start on the first day of the year following the year in which the taxpayer's liability became due.

Statute of Limitations for Tax and Secondary Tax Duties
Refund, Reimbursement, and Rebate
Article 114a

(1) The taxpayer's right to refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring funds to another tax account, and the refund of secondary tax duties shall be limited to five years from the date the limitation period starts.

(2) The limitation period for refund, tax credit, reimbursement and rebate, and for settling of liabilities due by transferring funds to another tax account, and the refund of secondary tax duties shall start to run on the first day of the year following the year in which the taxpayer has acquired the right to refund, tax credit, reimbursement, and rebate, and for settling of liabilities due by transferring fund to another tax account, and the refund of secondary tax duties.

Statute of Limitations for Initiating and Conducting Misdemeanor Proceedings
Article 114b

(1) Misdemeanor proceedings for which a motion to institute the proceedings is filed by The Tax Administration may not be instituted or conducted after five years from the date the misdemeanor was committed have elapsed.

(2) The provisions of the law governing misdemeanor proceedings shall apply to issues of statute of limitations and conducting of the first instance misdemeanor proceedings referred to in paragraph (1) of this Article, interruption of the limitation period, statute of limitations for the enforcement of penalty, and other issues not regulated by this Law.

Article 114c
Deleted (RS Official Gazette" No 53/10)

Article 114d
Deleted (RS Official Gazette No 53/10)

Interruption of Limitation Period
Article 114e

(1) Limitation period shall be interrupted by any Tax Administration action taken against the taxpayer for the purpose of assessing and collecting tax and secondary tax duties, or an action taken by the taxpayer for the purpose of exercising the rights to refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring fund to another tax account, and the refund of secondary tax duties.

(2) Following the interruption, the limitation period shall start to run again, and the time elapsed

before the interruption shall not be calculated towards the statute of limitations.

Accounting for the Predecessor's Time
Article 114f

The time elapsed in favor of the taxpayer's predecessor and other tax debtor shall be calculated towards the statute of limitations.

Other Provisions on Statute of Limitations
Article 114g

The provisions of this Law governing the statute of limitations for the right to assessment, collection, and refund shall not apply to the compulsory social security contributions.

Absolute Limitation Period
Article 114h

(1) Right to assessment, collection, refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring funds to another tax account shall always be limited to ten years from the expiry of the year in which tax should have been assessed or collected, or in which it was overpaid- unless provided otherwise in this Law..

(2) Following the expiry of the time limit referred to in paragraph (1) of this Article, the Tax Administration shall pass *ex officio* a decision on the termination of tax liability, or the termination of the rights to refund, tax credit, reimbursement, and rebate, and to settling of liabilities due by transferring fund to another tax account due to the expiry of the limitation period.

Stay of Limitation for Rights to Assess and Collect
Tax and Secondary Tax Duties
Article 114i

(1) The limitation for the rights of the Tax Administration to assess tax and secondary tax duties shall not run:

- 1) during the period from the institution of administrative proceedings to the day the court decision becomes final and binding;
- 2) during the period when under another law the tax procedure may not be initiated, or when the tax procedure is suspended.
- 3) during the period when the payment of the tax owed has been rescheduled in keeping with the provisions of Articles 73 , 74 , 74a, and 74b of this Law.

(2) The duration of the stay of limitation referred to in paragraph (1) of this Article shall not be

calculated towards the absolute limitation period.

Tax and Secondary Tax Duties Write-off

Article 115

(1) At the minister's proposal, the Government may pass a decision on partial or complete write-off of tax and secondary tax duties, except for compulsory social insurance, of a taxpayer being sold in the privatization process or undergoing restructuring.

(2) At the minister's proposal, with the prior consent of the local government unit to which belong the own-source public revenues to which this Law applies, the Government may pass a decision on partial or complete write-off of such public revenues of a taxpayer which is being sold in the privatization procedure, or is undergoing restructuring.

(3) At the minister's proposal, the Government may pass a decision on a partial or complete write-off of tax and secondary tax duties, including duties, fees, and other public revenues, except for the contributions for compulsory social insurance, of the taxpayer whose ownership structure was changed, based on the contractual obligations assumed by the Republic.

(4) The Tax Administration shall write off debt for tax and secondary tax duties when conditions referred to in Article 22, paragraphs (2) and (4) of this Law are met, as well as in other cases prescribed by the law.

Article 115 a

Deleted (RS Official Gazette" No 68/14)

Part Three

TAX AUDIT

Heading One

GENERAL PROVISIONS ON TAX AUDIT

Concept of Tax Audit

Article 116

(1) Tax audit is the procedure of verifying and ascertaining the legality and regularity of discharging tax obligations, conducted by Tax Administration, in keeping with this Law.

(2) If irregularities or omissions in the discharging of obligations from the tax-law relationship are found in tax audit, the taxpayer shall be ordered to eliminate them.

Types of Tax Audit

Article 117

(1) In the tax audit procedure, the Tax Administration shall perform, in keeping with the law:

1) desk audit;

- 2) field audit;
- 3) actions for the purpose of detecting tax crimes.

Tax Audit Plan

Article 118

(1) Tax audit shall be performed on the basis of an annual plan or ad-hoc plan, passed by the Tax Administration director general, and based on the evaluation of the taxpayer's tax significance and tax risk.

(2) When developing the plan referred to in paragraph (1) of this Article, the assessment of tax audit impact on the efficiency of tax collection in certain industries must be taken into consideration.

(3) In the cases of market distortions or if there is indication that the volume of illegal trade has increased, tax audit shall be performed on the basis of ad-hoc audit plan passed by the minister.

Heading Two

DESK AUDIT

Concept of Desk Audit

Article 119

(1) Desk audit is a set of actions used by the Tax Administration to verify the accuracy, completeness, and alignment with the law and other regulations of the taxpayer's data stated in the tax return, and book-to-tax reconciliation, accounting statements, and other records (hereinafter: other statements), by comparing them with tax accounting and other official records kept by or available to the Tax Administration.

(2) Desk audit shall be conducted by a tax auditor on the Tax Administration premises, except for actions of auditing receipt and processing of tax returns and other statements carried out by Tax Administration officers assigned to those tasks.

(3) Desk audit procedure shall start on the date of delivery of the summons referred to in Article 121, paragraph (1) of this Law.

Processing of Taxpayer's Tax Return and Other Statements

Article 120

(1) In the desk audit procedure, mathematical accuracy, formal compliance, and completeness of tax return and other tax statements submitted to Tax Administration by the taxpayer in keeping with the law shall be checked.

(2) If it is found that there is a mathematical error in the processing of tax return and other statements, or that they are formally incorrect or incomplete, or have not been filled properly, tax auditor shall order the taxpayer by a conclusion to correct the errors or amend the return and

other statements within three days.

(3) If the taxpayer does not proceed as provided in the conclusion referred to in paragraph (2) of this Article, the tax return and other statements shall be deemed not submitted to the Tax Administration.

Participation of Taxpayer in Desk Audit Procedure

Article 121

(1) Upon summons of the Tax Administration, the taxpayer shall participate in further desk audit procedure, directly or through tax proxy, and provide requested explanations and documents within the time limit determined by the Tax Administration.

(2) Failure to respond to the summons referred to in paragraph (1) of this Article shall not stay desk audit procedure.

Amended Tax Liability According to Desk Audit Finding

Article 122

(1) If in the course of desk audit procedure, irregularities are identified with regard to data relevant for assessing the amount of tax liability, tax auditor shall produce an audit report.

(2) The taxpayer shall be entitled to lodge objections to such report within five days of receiving the desk audit report.

(3) The tax auditor shall consider the objections referred to in paragraph (2) of this Article within five days from receipt thereof, and supplement the report in keeping with the law.

(4) The Tax Administration shall pass the tax assessment decision referred to in Article 54, paragraph (2), item 2), indent (1) of this Law on the basis of the report referred to in paragraphs (1) and (3) of this Article, within 60 days from the date of delivery of the report or supplementary report.

(5) In the decision referred to in paragraph (4) of this Article, the Tax Administration shall also order the taxpayer to file a tax return eliminating the irregularities identified if the tax return is the basis for recording the amount of the assessed tax referred to in Article 62, paragraph (2), item 1) of this Law.

(6) If the taxpayer fails to file a tax return based on the order from the decision referred to in paragraph (5) of this Article, the Tax Administration shall file the tax return on behalf of the taxpayer.

Heading Three

FIELD AUDIT

Concept of Field Audit

Article 123

(1) Field audit is a set of actions used by the Tax Administration to verify the legality of

operations and proper discharging of tax obligations by taxpayers.

(2) Field audit shall be conducted by tax auditor on the basis of audit order.

(3) In the course of field audit, the tax auditor shall also use the data collected in the manner set out in Article 120, paragraph (1) of this Law.

Commencement of Field Audit

Article 124

(1) The Tax Administration shall deliver the field audit order to the taxpayer in the manner referred to in Article 36 of this Law, immediately before the audit starts.

(2) In the case referred to in Article 118, paragraph (3) of this Law, as well as in the audit of foreign exchange operations, audit of games of chance operation, and audit of recording turnover through fiscal cash registers, the field audit procedure shall be carried out without delivering the field audit order to the taxpayer.

(3) Prior to initiating the audit, field auditor shall show his official identification card to the taxpayer.

(4) The Tax Administration may postpone the start of field audit if the taxpayer lodges a verbal objection immediately upon receipt of the order referred to in paragraph (1) of this Article, stating the reasons for such postponement, provided that the taxpayer shall lodge the objection to the Tax Administration in writing within 24 hours from the receipt of the order.

(5) If the tax auditor believes that the verbal objection has been lodged to impede field audit, he shall start the audit procedure and state the reasons for such decision in the report.

(6) The Tax Administration shall pass a conclusion on the objection referred to in paragraph (4) of this Article against which no legal remedy is permitted.

Place of Field Audit

Article 125

(1) Field audit shall be conducted on the taxpayer's business premises or at another location, depending on the audit scope.

(2) If field audit is conducted on the taxpayer's premises, he shall provide adequate space for the tax auditor to work.

(3) If there is no adequate space for conducting field audit, with taxpayer's consent, field audit may be conducted in the taxpayer's dwelling, or at another location determined by the Tax Administration, in keeping with paragraph (1) of this Article.

(4) If field audit is not conducted on the taxpayer's business premises, tax auditor shall inspect the premises and make a note thereof, which shall be entered in the report referred to in Article 128 of this Law.

(5) Notwithstanding paragraph (1) of this Article, upon court approval, tax auditor shall have the right to enter the taxpayer's dwelling for the purpose of audit.

(6) Taxpayer or his proxy or agent must be given the opportunity to be present during the inspection of land, premises, or dwelling referred to in paragraph (5) of this Article.

(7) If the persons referred to in paragraph (6) of this Article do not avail themselves of the opportunity to be present during the examination of land, premises, or dwelling and the tax auditor finds that this impedes or delays tax audit, he shall perform the audit referred to in paragraph (5) of this Article without their presence, in the presence of two witnesses of age.

(8) The tax auditor shall enter the facts referred to in paragraph (7) of this Article into the report.

Time of Field Audit

Article 126

(1) Field audit shall be conducted during the taxpayer's working hours and, exceptionally, after working hours, if so required by the purpose of audit or if the taxpayer consents to it.

(2) The tax auditor may temporarily seal the taxpayers' office or storage space after the taxpayer's working hours.

(3) The measure referred to in paragraph (2) of this Article shall remain until the beginning of the taxpayer's working hours on the first following business day at the latest.

(4) A conclusion shall be passed on the measure referred to in paragraph (2) of this Article, against which no legal remedy is permitted.

Taxpayer's Obligation to Take Part in Field Audit

Article 127

(1) The taxpayer shall take part in the establishment of facts and provide information and statements at the tax auditor's request.

(2) The taxpayer shall allow the auditor to review the status of raw materials, reproduction materials, semi-finished products, finished products, and goods (hereinafter: goods) and equipment, as well as enable the review of books of account, records, and other documents.

(3) If prevented from taking part in field audit, the taxpayer shall designate a person who will perform the obligations referred to in paragraphs (1) and (2) of this Article, on his behalf.

(4) The taxpayer's failure to discharge the obligations referred to in paragraphs 1 through 3 of this Article shall not stay the conduct of field audit.

(5) Tax auditor may also request data or access to documents from the taxpayer's employees or other persons.

(6) Tax auditor shall verbally communicate the request referred to in paragraph (5) of this Article.

(7) The persons referred to in paragraph (5) of this Article shall make the data and documents at their disposal available to the tax auditor.

Report

Article 128

- (1) Tax auditor shall prepare a field audit report.
- (2) Each page of the report shall bear a serial number and signature.
- (3) The field audit report shall be delivered to the taxpayer within five days from the date of audit completion.
- (4) Notwithstanding paragraph (3) of this Article, the report on field audit of recording turnover through fiscal cash register and other audits conducted in keeping with the provisions of Article 118, paragraph (3), and Article 124, paragraph (2) of this Law, shall be delivered immediately upon completion of audit.
- (5) The taxpayer shall be entitled to lodge objections to the field audit report within eight days from the receipt of the report, except to an issued verbal decision referred to in Article 133, paragraph (2) of this Law.
- (6) The taxpayer shall be entitled to lodge objections to the field audit report referred to in paragraph (4) of this Article within two days from the receipt of the report.
- (7) If objections are lodged in a foreign language within the time limit referred to in paragraphs (5) and (6) of this Article, they shall be considered lodged in a timely manner if a translation of the objections into the Serbian language by an authorized person is filed within the following two days.
- (8) If the objections include new evidence and facts that would lead to a change in the state of facts as established in the report or a change in former legal assessment, the tax auditor shall produce a supplementary report about such evidence and facts or about new legal assessment.
- (9) No objection may be filed against the supplementary report referred to in paragraph (8) of this Article.

Tax Decision Issued During Field Audit

Article 129

- (1) If in the course of field audit, it is established that the taxpayer has failed to apply or has erroneously applied regulations when assessing tax, a decision referred to in Article 54, paragraph (2), item 2) indent (1) of this Law shall be passed on the basis of the field audit report or supplementary report.
- (2) The Tax Administration shall pass the decision referred to in paragraph (1) of this Article within 60 days from the date of the field audit report or supplementary report delivery.
- (3) In the decision referred to in paragraph (1) of this Article, the Tax Administration shall also order the taxpayer to file a tax return eliminating the identified irregularities if the tax return is the basis for recording the amount of the established tax referred to in Article 62, paragraph (2), item 1) of this Law.
- (4) If the taxpayer fails to file the tax return based on the order from the decision referred to in paragraph (3) of this Article, the Tax Administration shall file the tax return on behalf of the

taxpayer.

**Assessing Tax Liability for the Person Performing
Unregistered or Unreported Business Activity
Article 129a**

(1) Notwithstanding Article 118, Article 123, paragraph (2), Article 124, paragraphs 1, 2, 4, and 6, and Article 126 of this Law, the field audit of the person performing unregistered or unreported business activity shall be conducted without the audit plan or audit order.

(2) If in the course of field audit procedure, it is established that the person is performing unregistered or unreported business activity, the tax liability of that person shall be assessed by a decision, applying the comparator method.

(3) The tax liability on the basis of income generated by performing the business activity referred to in paragraph (2) of this Article shall be assessed by applying the tax rate for the personal income tax on other incomes, without recognizing the standard costs.

(4) The tax assessment decision referred to in paragraph (2) of this Article shall be delivered to the person performing unregistered or unreported business activity, with the order to pay the assessed tax liability into the prescribed public revenue accounts within 15 days of the decision delivery, and to register with and/or report such activity to the competent authority, and eliminate other identified violations of the law, within additional 30 days deadline.

Article 129b

(1) If in the course of field audit procedure, it is established that a person, who by performing unregistered or unreported business activity, supplied goods, the tax auditor shall be entitled to temporarily seize the goods found during the audit.

(2) The tax auditor may temporarily seize the equipment used by the taxpayer to perform unregistered or unreported business activity found during the audit by a decision.

(3) Temporarily seized equipment referred to in paragraph (2) of this Article may be left for safekeeping to the person from whom it was temporarily seized until the expiry of the time limit referred to in Article 129a, paragraph (4) of this Law, in the case it is estimated that the costs of seizing and safekeeping of the equipment would be disproportionally high relative to the tax liability.

Article 129c

(1) If a person performing unregistered or unreported business activity registers and/or reports his business activity within the time limit prescribed in Article 129a, paragraph (4) of this Law, pays the assessed tax liability, and remedies all other identified irregularities, the goods seized shall be returned to the person in question, except for the perishable goods and the goods the safekeeping of which entails high costs; the goods shall be treated in the manner referred to in Article 104, paragraph (4) of this Law.

(2) If the person performing unregistered or unreported business activity fails to act in compliance with the orders from the Tax Administration decision referred to in Article 129a, paragraph (2) of this Law, the seized goods shall be treated in the manner stipulated in Article 134 of this Law.

Heading Three A

AUTHORIZATIONS OF TAX AUTHORITY WITH RESPECT TO EXCHANGE DEALINGS AND FOREIGN EXCHANGE OPERATIONS

Procedure for Issuance and Revocation of Authorization for Exchange Dealings and for Issuance of Exchange Dealings Certificates

Article 129d

The Tax Administration shall issue and revoke authorizations for exchange dealings and issue exchange dealings certificates (of which it shall maintain an appropriate register) applying *mutatis mutandis* regulations governing foreign exchange operations.

Audit of Exchange Dealings and Foreign Exchange Operations

Article 129e

(1) The Tax Administration shall audit exchange dealings of:

- 1) banks;
- 2) resident business entities performing exchange dealings pursuant to a separate law governing their business activities;
- 3) resident legal entities and sole traders holding authorizations for exchange dealings issued by the Tax Administration (hereinafter: authorized foreign exchange dealer).

(2) The Tax Administration shall audit foreign exchange operations of taxpayers, both resident and non-resident, as provided in this Law.

(3) Audit referred to in paragraphs (1) and (2) of this Article shall be a process of verifying and ascertaining the legality and regularity of exchange dealings and foreign exchange operations in keeping with the regulations governing foreign exchange operations.

(4) In the course of audit of exchange dealings and foreign exchange operations, the Tax Administration shall perform:

- 1) desk audit;
- 2) field audit.

(5) The provisions of this Law governing tax audit shall apply *mutatis mutandis* to: the audit of exchange dealings and foreign exchange operations, measures taken during and after the audit, and procedure with respect to legal remedies.

Desk Audit and Field Audit of Exchange Dealings

Article 129f

- (1) Desk audit of exchange dealings shall include the audit of prescribed documents and audit of data submitted to the National Bank of Serbia or bank and/or the Tax Administration, in keeping with relevant regulations.
- (2) Desk audit of exchange dealings shall also be performed to verify the compliance with exchange dealings requirements and in the process of revocation of exchange dealings authorization.
- (3) Person subject to audit shall participate in desk audit procedure within the meaning of Article 121 of this Law, unless procedure to revoke the authorization has been initiated upon his request.
- (4) In the course of field audit of exchange dealings, tax auditor may temporarily seize effective foreign currency, checks, dinars, objects, instruments, and documents against receipt, when there are grounds for suspicion that they have been or are intended to be used in or result from commission of a criminal offence or misdemeanor.
- (5) Tax auditor shall deposit the effective foreign currency and checks referred to in paragraph (4) of this Article in a special account of the Tax Administration held with the National Bank of Serbia or in the National Bank of Serbia's depository, and the dinars referred to in paragraph (4) of this Article, in a special account of the Tax Administration maintained by the ministry in charge of finance, within two business days from the date of seizure.

Decision on Measures

Article 129g

- (1) When in performing field audit of exchange dealings, the tax auditor identifies and illegality or irregularity that can be remedied, the Tax Administration shall pass a decision ordering the bank or resident business entity performing exchange dealings pursuant to a separate law governing their business activities, or authorized foreign exchange dealer to eliminate the identified illegality or irregularity, specifying the time line for compliance with such decision.
- (2) The decision referred to in paragraph (1) of this Article may be appealed within 15 days from the date of decision receipt.
- (3) The appeal referred to in paragraph (2) of this Article shall not stay the execution of the decision referred to in paragraph (1) of this Article.

Article 129h

- (1) The bank or resident business entity performing exchange dealings pursuant to a separate law governing their business activities or authorized foreign exchange dealer shall notify the Tax Administration of the execution of the order from the decision referred to in Article 129g of this Law in writing, no later than the next business day following the date when the identified illegality or irregularity is due to be remedied.

(2) The Tax Administration shall verify whether the order from the decision referred to in paragraph (1) of this Article has been executed and, if the verification shows that all the orders have been executed, the Tax Administration shall pass a conclusion terminating the orders given in the decision.

(3) When the Tax Administration finds that an authorized foreign exchange dealer has failed to execute orders given in the decision referred to in Article 129g of this Law, the Tax Administration shall issue a decision revoking authorization for exchange dealings for the audited exchange office.

(4) When the Tax Administration finds that a bank has failed to execute orders from the decision referred to in Article 129g of this Law, the Tax Administration shall notify the National Bank of Serbia thereof, which in turn shall take appropriate measures within the scope of its competence.

Measures Taken in Case of Preventing Field Audit Article 129i

(1) If an authorized exchange dealer prevents field audit of exchange dealings, the Tax Administration shall pass a decision imposing a temporary ban on exchange dealings at the audited exchange office for a period up to 30 business days.

(2) Appeal may be filed against the decision of the Tax Administration referred to in paragraph (1) of this Article within 15 days from the date of the decision receipt.

(3) The appeal referred to in paragraph (2) of this Article shall not stay the execution of the decision referred to in paragraph (1) of this Article.

(4) Preventing field audit of exchange dealings, within the meaning of paragraph (1) of this Article, shall be understood to mean that a bank or resident business entity performing exchange dealings pursuant to a separate law governing their business activities or authorized foreign exchange dealer has prevented tax auditor to review books of account and other documents; or has prevented inspection of objects, premises or other facilities or has not allowed temporary seizure of effective foreign currency, checks, and cash in dinars.

(5) The authorized foreign exchange dealer shall promptly, but no later than the next business day after the receipt date of the decision referred to in paragraph (1) of this Article, place the decision referred to in paragraph (1) of this Article in a visible place at the exchange office, sell all effective foreign currency found at the exchange office to a bank or banks with which he has a contract concluded, and pay into his current account the dinar proceeds of the effective foreign currency sale and cash held in dinars.

(6) The authorized foreign exchange dealer shall promptly, but no later than the next business day after the date of fulfilling the obligations referred to in paragraph (5) of this Article, provide to the Tax Administration written evidence that the actions referred to in paragraph (5) of this Article have been taken.

(7) If a bank prevents a tax auditor from performing field audit of exchange dealings, within the meaning of paragraph (4) of this Article, the Tax Administration shall notify the National Bank of Serbia thereof, which in turn shall take measures within the scope of its competence.

(8) If a bank or resident business entity performing exchange dealings pursuant to a separate law governing their business activities, or authorized foreign exchange dealer prevents field audit of exchange dealings, the Tax Administration shall also file a criminal report of the offence of preventing audit, as provided in the Criminal Code.

Article 129j

(1) If an authorized foreign exchange dealer fails to provide evidence of his acting in compliance with the obligations referred to in Article 129i of this Law, or if the tax auditor so establishes in the process of field audit or desk audit of exchange dealings, the Tax Administration shall pass a decision ordering the authorized foreign exchange dealer to promptly, but no later than the next business day after the date of the decision receipt, eliminate the irregularity or illegality referred to in Article 129i, paragraph (5) of this Law.

(2) The authorized foreign exchange dealer shall notify the Tax Administration of execution of orders from the decision referred to in paragraph (1) of this Article in writing, no later than the next business day after the date when time allowed to eliminate illegality or irregularity identified in the decision has elapsed.

(3) The Tax Administration shall verify whether the orders from the decision referred to in paragraph (1) of this Article have been executed, and if the verification shows that not all orders from the decision have been executed, the Tax Administration shall issue a decision revoking the authorization for exchange dealings for the audited exchange office.

(4) In the decision revoking the authorization referred to in paragraph (3) of this Article, the Tax Administration shall order the authorized foreign exchange dealer to sell all effective foreign currency found at the exchange office to a bank or banks with which he has a contract concluded, and to pay into his current account the dinar proceeds of the effective foreign currency sale, and cash held in dinars, promptly, but no later than the next business day after the date of the decision receipt.

(5) The authorized foreign exchange dealer shall promptly, but no later than the next business day after the date of fulfilling the obligations referred to in paragraph (4) of this Article, deliver written evidence that the actions referred to in paragraph (4) of this Article have been taken to the Tax Administration.

Article 129k

The Tax Administration shall deliver the decision revoking authorization for exchange dealings to the bank or banks with which authorized foreign exchange dealer has a contract concluded within three business days after the decision date.

Obligations of Authorized Foreign Exchange Dealer upon Revocation of Authorization Article 129l

- (1) When the Tax Administration issues a decision revoking the authorization for exchange dealings at one or more exchange offices of an authorized foreign exchange dealer having more than one exchange office, the authorized foreign exchange dealer shall promptly, but no later than the next business day after the date of the decision receipt, transfer all effective foreign currency and all cash held in dinars from that exchange office to the exchange office which continues to operate.
- (2) When the Tax Administration issues a decision revoking the authorization for exchange dealings at the exchange office of an authorized foreign exchange dealer having one exchange office or at all exchange offices of an authorized foreign exchange dealer having more than one exchange office, then the authorized foreign exchange dealer shall promptly, but no later than the next business day after the date of the decision receipt, sell all effective foreign currency held at those exchange offices to a bank or banks with which he has a contract concluded, and pay into his current account the dinar proceeds of the effective foreign currency sale, and all cash held in dinars.
- (3) The authorized foreign exchange dealer shall promptly, but no later than the next business day after the date of fulfilling obligations referred to in paragraphs (1) and (2) of this Article, provide to the Tax Administration written evidence of fulfilling obligations referred to in this Article.

Procedure for Revocation of Authorization for Exchange Dealings at the Request of Authorized Foreign Exchange Dealer Article 129m

- (1) The Tax Administration shall issue a decision revoking authorization for exchange dealings when an authorized foreign exchange dealer files a request for termination of exchange dealings at one or more exchange offices, and provides evidence that he has acted in compliance with the regulations governing exchange dealings.
- (2) The decision revoking authorization for exchange dealings referred to in paragraph (1) of this Article shall be provided by legal entity or sole trader to the authority responsible for business registers, enclosed with the request for striking off the register of business entities.
- (3) The Tax Administration decision referred to in paragraph (1) of this Article shall be final, and an administrative dispute may be initiated against such decision.
- (4) Authorization for exchange dealings shall cease to produce legal effect as of the date when the authorized foreign exchange dealer terminates its operations in keeping with the regulations governing companies and registration procedure.

Heading Three B
TAX ADMINISTRATION AUTHORIZATIONS
WITH RESPECT TO GAMES OF CHANCE
Article 129n

The Tax Administration shall discharge public administration affairs with respect to games of chance as provided in the regulations governing games of chance, unless otherwise provided under this Law.

Tax Administration Competence in Performing Audits
with Respect to Games of Chance
Article 129o

(1) The Tax Administration shall perform audits with respect to games of chance by collecting, processing, and analyzing data, information, and documents provided to the Tax Administration by gaming operators and by collecting, processing, and analyzing other data as provided in the regulations governing games of chance.

(2) The Tax Administration shall perform audits also based on the data obtained from other government authorities and holders of public authority.

Concept of Desk Audit of Games of Chance Operations
Article 129p

(1) Desk audit shall be understood to mean the actions taken by the Tax Administration to verify completeness and alignment with the law of the data submitted by gaming operators, by way of matching such data with that from official records maintained by and available to the Tax Administration.

(2) Desk audit shall be performed by tax auditor on the premises of the Tax Administration.

Activities Pertaining to Desk Audit of Games of Chance Operations
Article 129q

(1) Mathematical accuracy, formal compliance, and completeness of daily, monthly and annual turnover statements submitted by the gaming operator in written or electronic form, and of other statements submitted by the gaming operator to the Tax Administration in keeping with the law, shall be verified and processed in the course of desk audit.

(2) If a mathematical error is identified in the processing of daily, monthly and annual turnover statements, the Tax Administration shall issue a decision ordering the gaming operator to eliminate the error.

(3) If in the processing of daily, monthly and annual and other turnover statements, they are found to be formally non-compliant, incorrectly filled in or incomplete, the tax auditor shall issue a conclusion ordering the gaming operator to eliminate the errors and/or to supplement the statements, within three days.

(4) If the gaming operator fails to act in accordance with the conclusion referred to in paragraph (3) of this Article, the statements shall not be deemed filed.

Participation of Gaming Operator in Desk Audit of Games of Chance Operations **Article 129r**

Upon summons by the Tax Administration, the gaming operator shall participate, directly or by proxy, in the desk audit procedure and provide required explanations and documents within time limits specified by the Tax Administration.

Change of Fee for Obtaining License and Operating Games of Chance **Article 129s**

(1) Tax auditor shall make a report of the facts established in the course of desk audit.

(2) The gaming operator shall be entitled to lodge objections to the report within three days from the date of the desk audit report delivery.

(3) The tax auditor shall consider the objections referred to in paragraph (2) of this Article within three days from the lodgement date, and produce a supplement report.

(4) If irregularities relating to the data relevant to determining the level of fee are identified in the course of desk audit, the Tax Administration shall issue a decision to eliminate the irregularities.

Tax Administration Competence in Performing Oversight by Field Audit **Article 129t**

(1) The Tax Administration shall perform field audit of games of chance operation as provided under this Law, and field audit shall be the procedure for verifying and ascertaining legality and regularity of games of chance operation, in accordance with the regulations governing operation of games of chance.

(2) The provisions of this Law governing tax audit shall apply *mutatis mutandis* to the process of field audit of games of chance operation; measures taken in the course of and after audit; and procedure with respect to legal remedies.

(3) In the process of field audit, tax auditor shall be authorized to be present at the opening, accounting, and closing of tables and gaming machines, and at the daily accounting of cash, at gaming facilities, rooms with gaming machines, and betting counters.

(4) If in performing field audit, the tax auditor finds that games of chance are operated without a license issued by the Tax Administration or other competent licensing authority or contrary to the provisions of the law governing games of chance, he shall without delay issue a decision on temporary closure of the facility and/or premises where games of chance are operated, and temporarily seize the equipment and objects which were used or could have been used to operate games of chance, notwithstanding the issuance of decision referred to in Article 129a,, paragraphs (2) and (4), of this Law.

(5) Where tax auditor finds that facts and circumstances point to the existence of grounds for suspicion that a tax crime has been committed by a person from whom equipment and objects are temporarily seized, the tax auditor shall, promptly following the issuance of the decision referred to in paragraph (4) of this Article, act as specified in Article 136 of this Law.

(6) Following the conclusion of criminal proceedings, the Tax Administration shall issue a decision to deal with temporarily seized equipment and objects.

(7) If in performing field audit of gaming operator, unregistered gaming machines, tables, betting counters serving to operate special games of chance (betting) or equipment serving to operate games of chance via means of electronic communication are found to have been held and used, the tax auditor shall take measures referred to in paragraphs (4) through (6) of this Article.

(8) The decisions referred to in paragraphs (4) through (6) of this Article shall be final.

(9) The costs of enforcing decisions referred to in paragraphs (4) through (6) of this Article shall be borne in full by taxpayer.

Heading Four

MEASURES TO ELIMINATE IDENTIFIED VIOLATIONS OF LAW AND IRREGULARITIES IN APPLICATION OF REGULATIONS

Measures in the Course of Tax Audit

Article 130

(1) In the course of tax audit, tax auditor shall seize goods when:

1) suspicion exists that goods or raw material or production materials used have been procured excluding tax or in another manner contrary to regulations, and the taxpayer has no evidence of their legal procurement and payment of taxes, if prescribed;

2) goods are supplied by a person who is not registered and/or authorized to engage in such an activity;

3) goods are produced to be supplied or are supplied without being duly recorded on the books of account and other prescribed records;

4) goods are transported without proper documentation (dispatch note, bill of lading, invoice, and other);

5) goods are sold outside the registered business premises or other place designated by relevant authority for the sale of goods.

(2) In the cases referred to in paragraph (1) of this Article, the tax auditor shall also seize the vehicle or other means used to transport and/or supply of the goods if the value of goods exceeds one-third of the value of the vehicle and/or means.

(3) Vehicle or other means shall also be seized when the value of goods does not exceed one-third of the value of the vehicle and/or means if, following manufacture, a cache has been added to it with the view of concealing or transporting goods.

(4) In the course of tax audit, tax auditor may temporarily seize books of account, records, other documents or instruments against a receipt, pending conclusion of the tax audit process.

(5) If a taxpayer keeps the books of account and records referred to in Article 37 of this Law using the means of automatic data processing, the tax auditor may also temporarily seize the means of automatic data processing against a receipt, pending the conclusion of tax audit process.

**Measures of Temporary Ban on Performance of Business Activity
in the Course of Tax Audit
Article 131**

(1) In the course of tax audit, tax auditor may ban the taxpayer from performing the business activity for up to 60 days if it is established that the taxpayer:

1) performs the business activity in such a manner that goods and services are not accompanied by authentic documents of relevance for tax assessment (dispatch note, invoice, buyer's statement and other);

2) evades assessing and paying tax by failing to deposit daily sales receipts, as provided in relevant regulations;

3) evades assessing and paying tax by hiring persons who do not have employment contracts concluded or other work engagement documents as provided in employment regulations and/or by failing to have those persons registered with a relevant compulsory social insurance organization, as provided in relevant regulations;

4) fails to register in the fiscal cash register or in other legally prescribed manner transactions of sale of goods or provision of services;

5) operates games of chance without having obtained a ruling of the ministry in charge of finance, as provided in the regulations governing games of chance.

(2) The ban on performing the business activity shall be imposed on the taxpayer for the business premises where irregularities referred to in paragraph (1), items 1) through 4) of this Article have been identified in the course of tax audit.

(3) If the taxpayer sells excise goods which are not duly marked, a safeguard measure of ban on performing the business activity lasting between three months and one year may be imposed on a legal entity and sole trader.

Measures Following Tax Audit

Article 132

(1) If a violation of regulations and/or improper application thereof is established in the course of tax audit, the Tax Administration shall issue a decision referred to in Article 129 of this Law based on the report or supplement report referred to Article 128 of this Law.

(2) The decision referred to in paragraph (1) of this Article shall order the taxpayer to eliminate all the identified violations of the law and/or improper application of regulations within the time specified therein.

(3) If the taxpayer fails to act in compliance with the decision referred to in paragraph (1) of this Article within the allowed time, the Tax Administration shall take the measures of:

1) freezing the account, other than for the purpose of tax payments;

2) temporary ban on the performance of business activity;

3) temporary ban on the performance of certain activities;

4) Deleted (RS Official Gazette, no. 70/03)

5) freezing of assets where grounded suspicion exists that the taxpayer will thwart and/or prevent the settlement of tax liability.

(4) The measures referred to in paragraph (3) of this Article may also be ordered by tax auditor in the cases referred to in Article 130, paragraph (1) of this Law, in the course of tax audit.

(5) The measures referred to in paragraph (3) of this Article shall remain in effect until such time as taxpayer has remedied identified violations of the law and/or improper application of regulations.

Decision on Measures

Article 133

(1) The measures referred to in Articles 130 and 131 and Article 132., paragraph (4) of this Law shall be ordered by a decision issued by tax auditor.

(2) Tax auditor may order the measures referred to in Article 130 of this Law by way of verbal decision, when he believes that the collection of tax may be jeopardized.

(3) The statement on the issued verbal decision shall be entered in the tax audit report.

(4) In the case referred to in paragraph (2) of this Article, the tax auditor shall issue the decision in writing and deliver it to the taxpayer within three days from the date when the decision was communicated verbally.

(5) The measures referred to in Article 132., paragraph (3) of this Law shall be ordered in a decision issued by the Tax Administration.

Procedure with Items Seized under Tax Audit Procedure

Article 134

- (1) When the tax auditor orders a measure of seizing items referred to in Article 130 of this Law, he shall have the seized items stored by type and quantity in a place designated therefor in an act passed by the minister.
- (2) The value of items referred to in paragraph (1) of this Article shall be determined by a committee set at the price at which such item can be procured in the market at the time of seizure, within five days from the date of seizure.
- (3) If a seized item is perishable or its storage is associated with substantial costs, the Tax Administration shall proceed in the manner referred to in Article 104, paragraph (4) of this Law.
- (4) Once decision referred to in Article 133, paragraph (1) of this Law has become final or once the proceedings instituted based on the criminal report referred to in Article 137, paragraph (1) of this Law have been concluded, the seized items other than those referred to in paragraph (3) of this Article shall be sold in a public auction or through a commercial network, while seized excise goods, other than oil derivatives, cigarette paper tubes, cigarette filters, cigarette paper, cigarette tube filling machines, and other cigarette rolling machines, shall be destroyed by a committee.
- (5) Prior to the public auction referred to in paragraph (4) of this Article, the Tax Administration shall re-determine the value of seized items in the case when more than one year has elapsed since their seizure.
- (6) Public auction of the seized items referred to in paragraph (4) of this Article shall be organized in keeping with the provisions of this Law governing public auction of movable property under the enforced collection procedure.
- (7) The Government shall regulate the procedure with respect to seized items referred to in this Article in the case when seized items fail to be sold at repeated public auctions, under the conditions referred to in paragraph (4) of this Article, within three months after the decision referred to in Article 133, paragraph (1) of this Law has become final, or after the proceedings instituted based on the criminal report referred to in Article 137, paragraph (1) of this Law have been concluded.
- (8) The taxpayer from whom the items were seized, employees of the Tax Administration and persons related thereto may not be the buyers of seized items.
- (9) The proceeds from the sale of items, net of costs, shall be paid into the budget of the Republic.
- (10) Exceptionally, the Government may hand over the items referred to in paragraph (1) of this Article, other than those destroyed by a committee as provided in paragraph (4) of this Article, free of charge to government authorities, humanitarian organizations, and other beneficiaries of humanitarian aid, cultural institutions, or put them to other legitimate use.
- (11) The seized items referred to in paragraph (1) of this Article that cannot be sold or used due to health, veterinary, phytosanitary, safety, or other prescribed considerations or due to major damage caused thereto, shall be destroyed in keeping with relevant regulations.

(12) The costs of transport and destruction shall be borne by the taxpayer from whom the items were seized, and if the taxpayer is unknown or unavailable, transport and destruction costs shall be borne by the Tax Administration.

(13) An act implementing this Article shall be passed by the minister.

**Marking of Immovable Property in the Course of Enforced Collection and on Imposing
the Ban on Performance of Business Activity
Article 134a**

(1) The immovable property of the taxpayer which is subject to enforced collection and facilities where the ban on performance of business activity has been imposed in keeping with Article 131 of this Law shall be visibly marked with the Tax Administration markings.

(2) The marking method and the content and appearance of markings referred to in paragraph (1) of this Article shall be more precisely regulated by the minister.

**Heading Five
DETECTION OF TAX CRIMES
Tax Police
Article 135**

(1) Detection of tax crimes and their perpetrators shall be performed by the Tax Police.

(2) Tax crimes shall be understood to mean criminal offences defined by this and other law, a possible consequence of which is complete or partial tax evasion, production or submission of falsified documents relevant to taxation, jeopardizing tax collection and tax audit, illegal sale of excise goods and other illegal activities in connection with tax evasion and aiding tax evasion.

(3) With the view of detecting tax crimes and their perpetrators, the Tax Police shall act in preliminary investigation as a law enforcement agency and shall be authorized to undertake, in keeping with the law, all acts pertaining to preliminary investigation proceedings other than restriction of movement.

(4) The Tax Police may, as provided in the law governing criminal procedure, summon and examine a suspect, including bringing him in by force; search an apartment, business or other premises, means of transport and persons prior to instituting criminal proceedings when grounds for suspicion exist that a tax crime has been committed; and temporarily seize items which could serve as evidence in criminal proceedings for tax crimes. Search of an apartment and other premises may be performed only upon court order and in the presence of two witnesses.

(5) The Tax Police shall exercise the authorities referred to in paragraphs (3) and (4) of this Article independently or in collaboration with the Ministry of the Interior. The Tax Police shall also engage in other forms of collaboration with the Ministry of the Interior.

(6) The form and manner in which the collaboration referred to in paragraph (5) of this Article shall take place shall be more precisely regulated in an act agreed upon and passed by the minister in charge of finance and the minister in charge of internal affairs.

Providing Reports to Tax Police

Article 136

(1) If in the course of tax audit a tax auditor establishes that facts and circumstances point to the existence of grounds for suspicion that a tax crime has been committed, he shall make a report thereon and promptly submit it to a competent manager at the Tax Administration, together with the evidence obtained.

(2) The competent manager at the Tax Administration referred to in paragraph (1) of this Article shall within 24 hours after receiving the report referred to in paragraph (1) of this Article forward the report together with the evidence to the head of the Tax Police.

(3) If in the course of tax audit a tax auditor establishes that facts and circumstances point to the existence of grounds for suspicion that a crime other than tax crime or a misdemeanor that the Tax Administration is not competent for has been committed, the Tax Administration shall file a criminal report or misdemeanor report, respectively, with a competent government authority.

Filing a Criminal Report

Article 137

(1) Based on collected information, the Tax Police shall make a criminal report, stating evidence they have become aware of in the course of gathering information, and submit it to the public prosecutor.

(2) Documentation, obtained reports, statements and other material relevant to successful conduct of proceedings shall be provided together with the criminal report referred to in paragraph (1) of this Article.

(3) If the Tax Police, after the criminal report has been filed, become aware of new facts, evidence or traces of criminal offence, they shall collect the necessary information and provide a report thereon to the public prosecutor in a supplement to the criminal report.

(4) The Tax Police shall cooperate with the court and prosecutor's office in criminal proceedings.

Article 138

Deleted (RS Official Gazette, no. 68/14)

Report to Competent Authority

Article 139

(1) If in the course of procedure referred to in Article 135, paragraph (3) of this Law, it is established that acts committed by persons do not contain elements of tax crime, but rather constitute other punishable offences, the Tax Police inspector shall file a relevant report with a competent authority.

(2) The Tax Police inspector shall provide facts and evidence relevant to the level of tax liability, as established in the course of procedure referred to in Article 135, paragraph (3) of this Law, to the organizational unit of the Tax Administration where taxpayer is registered.

Part Four
PROCEDURE WITH RESPECT TO LEGAL REMEDY
Admissibility of Appeal
Article 140

(1) An appeal may be filed against a tax administrative act deciding upon individual rights and obligations arising from tax law relationship.

(2) An appeal may also be filed when, upon a taxpayer's application for issuance of a tax administrative act, the decision has not been passed in due time.

(3) Administrative dispute proceedings may be instituted against a final tax administrative act, unless otherwise provided by the law.

(4) Action in administrative dispute proceedings may be filed, as if an appeal had been denied, also in cases when the person who files the action states that his appeal has not been decided within statutory time limit.

(5) The filed action shall not stay the execution of the tax administrative act.

Right to Appeal
Article 141

An appeal may be filed by a person whose rights or obligations have been decided in the first-instance tax proceedings and a person having legal interest.

Time Limit for Appeal
Article 142

An appeal shall be filed within 15 days from the receipt date of tax administrative act, unless otherwise prescribed in the law.

Filing of Appeal
Article 143

(1) An appeal shall be filed with a competent second-instance authority (hereinafter: second-instance authority), by delivering it to the first-instance authority by hand or by registered mail or orally to be entered on record.

(2) An appeal filed within the statutory time limit with a non-competent authority shall be deemed filed with a competent authority in a timely manner.

(3) An appeal shall cite the tax administrative act against which the appeal is filed, grounds for appeal and evidence warranting annulment, amendment or cancelation thereof.

(4) Burden of proof in appeals proceedings shall be on the appellant.

(5) The appellant shall sign the appeal.

Proceeding of First-instance Authority upon Appeal

Article 144

(1) An appeal inadmissible, belated or filed by an unauthorized person shall be dismissed by the first-instance tax authority by issuing a conclusion to that effect.

(2) An appeal may be filed against the conclusion referred to in paragraph (1) of this Article within eight days from the receipt date of the conclusion.

(3) The first-instance tax authority may accept an appeal, amending the tax administrative act if:

1) it finds the appeal justified and finds it unnecessary to ascertain facts anew;

2) it finds that the conducted proceedings were incomplete and as such could have had a bearing on decision-making;

3) in his appeal the appellant presents new facts and evidence that could be of relevance for the matter to be otherwise decided;

4) the appellant was not, although it was obligatory, given opportunity to take part in the proceedings;

5) the appellant failed to take part in the proceedings but has justified such failure in his appeal.

(4) In the case referred to in paragraph (3), item 1) of this Article, supplementary proceedings shall not be conducted, whereas in the cases referred to in paragraph (3), items 2) through 5) of this Article, supplementary proceedings shall be conducted.

(5) An appeal may be filed against the new tax administrative act referred to in paragraph (3) of this Article.

(6) The first-instance authority may amend the new tax administrative act referred to in paragraph (3) of this Article until such time as the appeal is forwarded to the second-instance authority for decision-making.

(7) In the case referred to in paragraph (3) of this Article, the first-instance tax authority shall decide within 30 days from the receipt date of the appeal.

Competent Authority to Decide Appeal

Article 145

An appeal against the first-instance tax decision shall be decided by the second-instance authority so designated under this Law.

Parties to Appeal Proceedings

Article 146

Parties to appeal proceedings shall be:

- 1) the appellant;
- 2) a person having legal interest.

Legal Effect of Appeal

Article 147

(1) An appeal shall not stay the execution of the tax administrative act.

(2) Exceptionally, the second-instance authority may stay the execution of the appealed tax assessment administrative act if the taxpayer provides documents demonstrating that the payment of tax or secondary tax duties before the challenged act has become final would cause him considerable economic damage.

(3) A conclusion to stay the execution shall be passed by the second-instance authority within five days from the receipt date of application and it may not be appealed.

(4) The second-instance authority must decide on appeal within 60 days from the delivery date of the appeal.

(5) If appeal proceedings are concluded as referred to in Article 152, paragraph (3) of this Law, the first-instance tax authority shall act as ordered by the second-instance authority within 40 days from the receipt date of the second-instance decision.

(6) If enforced collection procedure has been initiated based on an appealed tax decision and the appeal proceedings are not concluded within the time limit referred to in paragraphs (4) and (5) of this Article, a conclusion shall be passed to suspend the enforced collection pending the delivery of the appeal decision to the taxpayer or the first-instance authority's acting as ordered by the second-instance authority.

Waiver of Appeal

Article 148

(1) The appellant may waive appeal before the appeal is decided.

(2) If the taxpayer waives appeal, a conclusion shall be passed terminating the appeal proceedings.

(3) By waiving appeal, the taxpayer shall not relinquish the right to a new appeal provided that time limit for appeal has not expired.

Suspension of Proceedings

Article 149

If appeal decision depends on a preliminary issue that is a subject matter of a court dispute or falls within the competence of another administrative authority, the second-instance authority shall pass a conclusion suspending the appeal proceedings pending the resolution of the preliminary issue.

Decision-making on Appeal by Second-instance Authority

Article 150

(1) If an appeal is inadmissible, belated or filed by an unauthorized person and the first-instance authority failed to dismiss it on those grounds, an appeal shall be dismissed by the second-instance authority.

(2) If the second-instance authority does not dismiss the appeal, it shall proceed to resolve the matter.

(3) The second-instance authority may:

- 1) deny an appeal;
- 2) annul the tax administrative act wholly or partially;
- 3) amend the tax administrative act.

Denying Appeal

Article 151

(1) The second-instance authority shall deny an appeal upon establishing that the first-instance proceedings were duly conducted and the tax administrative act was properly and legally founded, and that the appeal is unfounded.

(2) The second-instance authority shall also deny an appeal upon finding that there were irregularities in the first-instance proceedings, but of such nature that they could not have affected the resolution of the administrative matter concerning tax.

(3) If the second-instance authority finds that the first-instance tax administrative act is based on the law but on grounds other than those stated therein, the second-instance authority shall cite such grounds in its decision and deny the appeal.

Annuling a Tax Administrative Act

Article 152

(1) If the second instance authority establishes that facts were incompletely or incorrectly ascertained in the first-instance proceedings, that the proceedings did not follow the rules of procedure that would have been of relevance to deciding the administrative matter concerning tax or that the operating part of the challenged tax administrative act is unclear or contrary to the reasoning, the second instance authority shall supplement the proceedings, eliminating the stated defects alone or through the first-instance tax authority or through an authority requested to do so.

(2) If the second-instance authority finds that based on facts ascertained in supplementary proceedings the administrative matter concerning tax must be decided differently from how it was decided in the first-instance tax administrative act, the second instance authority shall pass a decision annulling the first-instance tax administrative act and shall alone decide the administrative matter concerning tax.

(3) If the second-instance authority finds that the first-instance tax authority will eliminate the defects of first-instance tax proceedings in a more expeditious and cost-effective manner, the second-instance authority shall pass a decision annulling the first-instance tax administrative act and shall return the case to the first-instance tax authority for reopening. In such case, the second-instance authority shall in its decision instruct the first-instance tax authority as to the respect in which the proceedings should be supplemented, and the first-instance tax authority shall be obliged to fully comply with the second-instance decision and pass a new decision without delay but no later than 40 days from the receipt date of the second-instance decision.

(4) An appeal shall be permitted against the new decision referred to in paragraph (3) of this Article.

(5) If the second-instance authority establishes that the first-instance tax administrative act misinterpreted evidence; that a wrong conclusion with respect to the state of facts was drawn from the ascertained facts; that the legal regulations pursuant to which the matter is decided were incorrectly applied; or if it finds at own discretion that a different decision should have been passed, the second-instance authority shall pass a decision annulling the first-instance tax decision and shall alone decide the matter.

(6) If the second-instance authority establishes that the tax administrative act is correct with respect to the ascertained facts and application of the law, but that the purpose for which it has been passed can be achieved by other means more favorable to the taxpayer, the second-instance authority shall amend the first-instance tax administrative act to that effect.

Declaring Tax Administrative Act Null and Void

Article 153

(1) If the second-instance authority establishes that an irregularity has taken place in the first-instance proceedings rendering the tax administrative act null and void, the second-instance

authority shall declare null and void such tax administrative act and the portion of proceedings conducted after the irregularity has taken place.

(2) If the second-instance authority establishes that the first-instance tax administrative act was passed by a non-competent authority, the second-instance authority shall annul such tax administrative act *ex officio* and forward the case to the competent authority for decision-making.

**Annulment and Amendment of Tax Decision in Connection with Administrative
Dispute Proceedings
Article 154**

(1) The tax authority against whose decision administrative dispute proceedings have been instituted in a timely manner may annul or amend its decision prior to resolution of the dispute on the same grounds on which the court might annul such decision.

(2) The annulment or amendment of decision referred to in paragraph (1) of this Article may be effected only if irregularity or illegality in the decision-making process is thereby eliminated and if the taxpayer is not thereby put in a less favorable position.

(3) The tax decision referred to in paragraph (1) of this Article shall be delivered to the taxpayer and the court of competent jurisdiction.

**Part Five
LEGAL ASSISTANCE IN TAX MATTERS
General Provisions
Article 155**

Legal assistance, in terms of this Law, shall be understood to mean assistance provided to the Tax Administration by government authorities and organizations, territorial autonomy and local government authorities by way of providing information or taking certain measures necessary for conducting tax procedure, based on request of the Tax Administration.

**Conditions for Legal Assistance
Article 156**

(1) The Tax Administration may request legal assistance in tax procedure if:

- 1) it is unable to perform an official action alone;
- 2) it does not have adequate equipment or means to perform an official action;
- 3) it could perform an official action only at a considerably higher cost than the requested authority or organization.

(2) If the requested authority or organization refuses to provide legal assistance or fails to reply to the request of the Tax Administration within specified time, the Tax Administration shall advise the minister thereof.

Mutual Legal Assistance

Article 157

(1) Mutual legal assistance, within the meaning of this Law, shall be understood to mean the right of the Tax Administration to request legal assistance from a foreign tax authority in the course of tax procedure, as well as the obligation of the Tax Administration to provide such assistance to a foreign tax authority.

(2) Mutual legal assistance shall be provided pursuant to international treaties.

(3) Where the provision of mutual legal assistance is not governed by an international treaty, legal assistance shall be provided under the following conditions:

1) if there is reciprocity;

2) if the state receiving legal assistance undertakes to use the received information and documents only for the purposes of tax, misdemeanor or criminal proceedings and to make them available only to persons, administrative authorities and judicial authorities competent for a given tax case or for conducting misdemeanor or criminal proceedings in connection with such case;

3) if the state to which legal assistance is provided expresses willingness to avoid possible double taxation in respect of personal income tax, corporate income tax and property tax by negotiating appropriate delimitation of tax jurisdictions;

4) if complying with the letter rogatory does not endanger public order or other important interests of the Republic;

5) if no danger exists that provision of legal assistance would result in disclosure of confidential information or trade secret or considerable damage to a resident taxpayer.

Obligations of Government Authorities and Organizations, and Territorial Autonomy and Local Government Authorities

Article 158

(1) Government authorities and organizations, territorial autonomy and local government authorities shall *ex officio* provide to the Tax Administration facts relevant to tax assessment which they become aware of in performing activities within the scope of their competence.

(2) The persons referred to in paragraph (1) of this Article shall, upon request of the Tax Administration, provide data relevant to tax assessment which are made available to them in performing activities within the scope of their competence.

Article 159

(1) A local government unit shall, within five days from the end of calendar month, provide to the Tax Administration in electronic form business names and/or names and surnames and TINs of property taxpayers; data from tax declarations relevant to property tax assessment and data about the collection of that tax; and upon request of the Tax Administration, data about the assessment and collection of other own-source revenues of the local government unit.

(2) The manner of and procedure for providing data referred to in paragraph (1) of this Article shall be more precisely regulated by the minister, upon proposal of the Tax Administration director general.

Article 159a

(1) A non-resident shall prove resident status in a state with which a double taxation treaty has been concluded by means of a certificate of residence authenticated by a competent authority of the other contracting state where he is resident, which certificate can either be issued in a special form or issued in the form prescribed by the competent authority of the state with which a double taxation treaty has been concluded and translated by a certified translator.

(2) A resident shall prove resident status in the Republic of Serbia by means of a certificate issued on a special form, except in cases when resident status is proven by means of a certificate issued on a form prescribed by a competent authority of the state with which a double taxation treaty has been concluded.

(3) Procedure for and method of issuance and appearance of the forms referred to in paragraphs (1) and (2) of this Article shall be prescribed by the minister.

(4) The certificate referred to in paragraph (2) of this Article shall be issued by the Tax Administration.

Article 159b

(1) Government authorities and organizations shall, at the request of a local government authority, within 30 days from the date of request receipt, provide data which is made available to them in performing activities within the scope of their competence and which is relevant to the assessment of the local government unit's own-source revenues to which this Law applies.

(2) A local government unit shall not reimburse costs of or pay fees for the data obtained from the authorities and organizations referred to in paragraph (1) of this Article for the purposes of assessing its own-source revenues to which this Law applies.

Part Six

COMPETENCE AND ORGANIZATION OF THE TAX ADMINISTRATION

Competence of the Tax Administration

Article 160

The Tax Administration shall:

- 1) register taxpayers by assigning TINs and keep a single taxpayer register;
- 1a) maintain registers with respect to exchange dealings and games of chance as provided in the regulations governing foreign exchange operations and games of chance, respectively;
- 2) assess tax as provided in the law;
- 3) conduct tax audit as provided in the law;
- 4) perform regular and enforced collection of taxes and secondary tax duties;
- 5) detect tax crimes and their perpetrators and in connection thereto, take measures prescribed by the law;
- 5a) deleted (RS Official Gazette, no. 68/14)
- 6) issue misdemeanor orders and/or file with misdemeanor courts of competent jurisdiction motions to institute misdemeanor proceedings for tax misdemeanors, misdemeanors stipulated under the law governing fiscal cash registers, misdemeanors with respect to exchange dealings and other activities provided for under the law governing foreign exchange operations, as well as misdemeanors with respect to games of chance;
- 6a) deleted (RS Official Gazette, no. 53/10)
- 7) deleted (RS Official Gazette, no. 108/16)
- 7a) deleted (RS Official Gazette, no. 101/11)
- 7b) deleted (RS Official Gazette, no. 108/16)
- 8) ensure implementation of double taxation treaties;
- 9) develop and maintain a single tax information system;
- 10) maintain tax accounting;
- 11) plan and deliver employee training;
- 11a) oversee the implementation of laws and other regulations by its organizational units and, following oversight, take measures as provided in the law governing general administrative procedure;
- 11b) perform internal control of work and conduct of tax officials and general service employees, and initiate and conduct appropriate procedures to establish responsibility in cases when illegal acts or conduct are identified;
- 11c) perform internal audit of all organizational units of the Tax Administration as provided in the law and in keeping with international public sector internal audit standards;
- 12) provide professional assistance to taxpayers in applying tax regulations governing taxes assessed, audited and collected by the Tax Administration, in keeping with the code of conduct of the Tax Administration employees;
- 13) ensure transparency of work;
- 13a) issue and revoke authorizations for exchange dealings;
- 13b) organize training and issue exchange dealings certificates;

13c) audit exchange dealings and foreign exchange operations, as provided in the regulations governing foreign exchange operations; audit foreign trade operations and prevention of money laundering and financing of terrorism, as provided in the law;

13d) deleted (RS Official Gazette, no. 47/13)

13e) discharge public administration affairs with respect to games of chance, as provided by regulations;

14) perform other activities as provided in the law;

15) perform other activities pursuant to concluded contracts against a consideration, as provided in the law.

Tax Police

Article 161

(1) The Tax Police shall be established as a separate organizational unit of the Tax Administration to perform the activities of detecting and reporting tax crimes and their perpetrators.

(2) The Tax Police shall plan, organize and execute the activities referred to in paragraph (1) of this Article as provided in the law.

(3) The Tax Police shall be managed by the chief inspector appointed by the Government, at the proposal of the minister.

Official Badge and Identification Card

Article 162

(1) A Tax Police inspector shall be issued with an official badge and identification card of an authorized official.

(2) In performing his activities, the Tax Police inspector must carry the official badge and identification card.

(3) The act governing the official identification card of the Tax Police inspector, tax auditor and tax enforcement officer, as well as the official badge of the Tax Police inspector shall be passed by the minister.

(4) The act governing the official identification card of the auditor and enforcement officer at a local government authority responsible for assessing, collecting and auditing own-source revenues of the local government unit shall be passed by a competent local government authority, subject to the consent of the minister in charge of administration affairs.

(5) A Tax Police inspector must have protective equipment bearing the Tax Police markings, the appearance of which and cases when it is used shall be prescribed by the minister.

Tax Accounting

Article 163

- (1) The Tax Administration shall maintain a tax accounting system.
- (2) The contents of, procedure for and methods of maintaining the tax accounting system shall be more precisely regulated by the minister, at the proposal of the Tax Administration.
- (3) A document issued based on tax accounting data shall be deemed to be a public document.

Off-Balance Sheet Tax Accounting

Article 163a

(1) In the off-balance sheet tax accounting, the Tax Administration shall account for tax arrears:

- 1) of taxpayers who, pursuant to other regulations, have been stricken off the relevant register, unless another person is liable for the discharge of those liabilities;
- 2) in respect to which the absolute statute of limitations has kicked in pursuant to this Law;
- 3) which are subjected to settlement as provided in the law governing bankruptcy procedure through liquidation, pending the closing of bankruptcy proceedings;
- 4) arising from contested and doubtful claims.

(2) The tax arrears referred to in paragraph (1) of this Article shall be accounted for by taxpayer and by amounts of tax and interest owed in individual public revenue collection accounts.

(3) The Tax Administration shall *ex officio* transfer the tax arrears referred to in paragraph (1) of this Article from the tax accounting system to the off-balance sheet tax accounting system after becoming aware that the taxpayer has been stricken off the relevant register, after a decision has been passed determining the amount of contested or doubtful claims or after the registration of claims under the bankruptcy procedure.

(4) The contents of off-balance sheet tax accounting, and procedure for and method of maintaining off-balance sheet tax accounting, including the method of accounting for contested and doubtful claims, shall be more precisely regulated by the minister in the act referred to in Article 163, paragraph (2) of this Law.

Tax Information System

Article 164

- (1) There shall be one information system of the Tax Administration.
- (2) The program of the Tax Administration information system development shall be passed by the minister, at a proposal of the Tax Administration director general.
- (3) The program referred to in paragraph (2) of this Article shall in particular deal with:

- 1) providing of technical prerequisites for the development of a single Tax Administration information system;
- 2) development directions; the schedule for building the system and providing equipment;
- 3) required resources and the manner of their provision.
- (4) Within its information system, the Tax Administration shall define and provide for standards, definitions, classifications and nomenclatures, data coding, processing technique, data transfer and data reporting.

**Authorizations of the Tax Administration in
Tax and Misdemeanor Procedures
Article 165**

- (1) Appeals filed against first-instance decisions passed in tax proceedings and first-instance decisions passed in proceedings referred to in Article 2a, paragraph (1) of this Law shall be decided by the second-instance authority, namely the ministry in charge of finance.
- (2) In issuing misdemeanor orders, the Tax Administration shall apply *mutatis mutandis* the law governing misdemeanors.

**Exemption from Costs of Tax Procedure
Article 166**

In conducting tax procedure, the Tax Administration shall pay no duties, fees or other charges for actions performed for and services provided to the Tax Administration in the course of tax procedure by government authorities, authorities responsible for maintaining registers, banks, and other authorities and organizations.

**Management
Article 167**

- (1) The Tax Administration shall be managed by director general.
- (2) Director general shall be appointed by the Government, at the proposal of the minister.
- (3) The Tax Administration director general shall ensure the coordination of operation and consistent application of tax regulations in the entire territory of the Republic, which shall be effected by means of acts passed by the minister (rulebooks, orders, guidance, imperative instructions) and by directly issuing internal operational documents (guidance, orders, instructions and other).
- (4) At the proposal of the Tax Administration director general, the minister shall regulate:

1) internal organization and job classification at the Tax Administration, specifying required knowledge and skills for individual positions;

2) rights and obligations of Tax Administration employees (hereinafter: tax officials) arising from employment and pertaining to levels of base coefficient and additional coefficient; pay groups and pay grades in respect of tax officials' ranks as defined under this Law; criteria for, and amounts and periods of incentive payments; initiating and conducting of proceedings to establish tax officials and general service employees' liability for damage; initiating and conducting of disciplinary proceedings against tax officials and general service employees and imposing of disciplinary sanctions; authorization to conduct disciplinary proceedings and delegation of such authorization; and records of disciplinary sanctions imposed;

3) professional education, training and advanced training of tax officials;

4) rules of conduct of tax officials;

5) jobs incompatible with official duty;

6) other issues as provided in this and other laws.

Article 167a

(1) The Tax Administration director general shall have a deputy director general who reports to him.

(2) The deputy director general shall assist the director general within the scope of authorizations granted to him by the director general.

(3) The basic wage of deputy director general shall be determined by multiplying coefficient 7.11 -- as defined for pay group III wherein the position of Tax Administration deputy director general is classified -- with the base for wage calculation and payment -- which is for civil servants and general service employees determined for each fiscal year in the law governing the Republic of Serbia budget -- while wage benefits and other emoluments of the deputy director general shall be determined in keeping with in the law governing wages of civil servants and general service employees.

(4) The deputy director general shall be appointed by the Government for a five-year tenure, at the proposal of the minister, as provided in the law governing the status of civil servants.

Organizational Units

Article 168

(1) Organizational units shall be established to perform the tasks within the scope of competence of the Tax Administration.

(2) The establishment, number, structure, network and competence of organizational units referred to in paragraph (1) of this Article shall be governed by an act passed by the minister, upon proposal of the Tax Administration director general.

(3) Certain tasks of the Tax Administration may be performed outside the seat of an organizational unit, as decided by the Tax Administration director general.

Article 168a

Organizational units established pursuant to the act referred to in Article 168 of this Law shall be managed by employees appointed by the Tax Administration director general, subject to prior approval of the minister.

Labor Relations

Article 169

(1) Regulations on the state administration, regulations governing labor relations and wages/salaries in the government authorities and regulations governing health insurance, pension and disability insurance and education shall apply to tax officials, unless otherwise provided for by this Law.

(2) Tax officials shall execute orders of the minister, director general and their immediate superiors issued for the purpose of performing tasks, unless they involve acts constituting criminal offences.

(3) Tax officials may not perform tasks incompatible with their official duty and shall observe the rules of conduct for the Tax Administration employees, in performing tasks within the scope of their competence.

(4) Tax officials shall pursue professional education, training and advanced training, as envisaged by the Tax Administration program.

(5) Tax Police inspectors shall have an accelerated pension scheme where each 12-month period of effective service shall be counted as 16 months of service for retirement.

(6) Employment of a Tax Police inspector or a tax auditor or a tax enforcement officer who experiences changes in psychophysical or general health status, rendering him unable to work as Tax Police inspector or tax auditor or tax enforcement officer shall be terminated unless there is a possibility for him to be reassigned to another position at the Tax Administration.

(7) Change in psychophysical or general health status referred to in paragraph (6) of this Article shall be understood to mean the loss of ability to work as defined in regulations governing pension and disability insurance, and a Tax Police inspector or a tax auditor or a tax enforcement officer whose employment is terminated for that reason shall be entitled to disability pension.

(8) Change in psychophysical status or general health status referred to in paragraph (6) of this Article shall be ascertained by a relevant board of the compulsory social insurance organization, upon proposal of the Tax Administration director general or a person authorized by him.

Filling of Positions

Article 169a

- (1) Permanent job positions of employees (hereinafter: permanent job position) at the Tax Administration shall be filled as provided for by this Law.
- (2) Permanent job positions at the Tax Administration shall be filled through the permanent reassignment of tax officials or a public competition or, exceptionally, transfer of civil servants from other government authorities.
- (3) The decision on filling permanent job positions in the manner defined in paragraph (2) of this Article shall be taken by the Tax Administration director general.

Filling of Permanent Job Positions through Public Competition

Article 169b

- (1) Public competition notices shall be published in the Official Gazette of the Republic of Serbia and in one daily newspaper distributed throughout the territory of the Republic and such notice shall also be sent to the relevant recruitment organization.
- (2) Public competition notices shall include information about the government authority, position, position requirements, place of work, required professional qualifications, selection process (written test of professional competencies, interview or otherwise), knowledge and skills to be evaluated in the selection process, time limit for submitting applications, name of the person responsible to provide information about the public competition, address where applications should be submitted and proof required to be enclosed with the application.
- (3) Public competitions shall be conducted by a selection board formed by the Tax Administration director general. The selection board shall have a chairperson and two members who may have deputies, as necessary.
- (4) The selection board shall pass conclusion to dismiss late or inadmissible or incomplete (all required proof has not been enclosed) applications and such conclusion shall not be appealable.

Selection Process

Article 169c

- (1) The selection board shall make a list of candidates who meet competition criteria and shall make a selection from among candidates on the list.
- (2) The candidate selection process shall be carried out to evaluate professional competencies, knowledge and skills of candidates by means of a written test and interview, taking into account special requirements of the position referred to in the public competition notice.
- (3) Where the selection board, having conducted the selection process, finds that no candidate has satisfied the set selection criteria, i.e. does not satisfy requirements of the position, a record shall be made to state that the public competition has been unsuccessful and all candidates shall

be advised thereof in writing within eight days from the date when the statement to that effect was entered on record.

Candidate Shortlist

Article 169d

(1) Where the selection board, having conducted the selection process, finds that some or all candidates satisfy the set selection criteria, the selection board shall make a shortlist of no more than three candidates who have achieved the best results in the selection process (hereinafter: candidate shortlist) and shall provide such a list to the Tax Administration director general.

(2) The Tax Administration director general shall select one candidate from the candidate shortlist and pass a decision to permanently employ that candidate.

(3) The decision referred to in paragraph (2) of this Article shall state the name of candidate, the type and level of professional qualifications, the name of the Tax Administration internal organizational unit where the candidate will be employed and the position to which he is assigned.

(4) All participants in a public competition shall have the right of appeal within eight days from the receipt date of the decision referred to in paragraph (2) of this Article. The appeal shall be filed with the Government Appellate Commission, through the person who passed the first-instance decision.

Filling of Positions by Transfer of Civil Servants from Another Government Authority

Article 169e

(1) Permanent job positions at the Tax Administration may be filled by transferring a civil servant from another government authority.

(2) Transfer of a civil servant from another government authority shall be carried out based on an agreement signed between the Tax Administration director general and the head of the government authority from which the civil servant is transferred to the Tax Administration, subject to the consent of the civil servant concerned.

Temporary Employment

Article 169f

(1) Temporary employment arrangements shall be made to substitute for an absent tax official, pending his return; to fill a vacant position, pending the completion of the process of filling the position on a permanent basis; and to deal with a temporary increase in workload in certain positions to such an extent that current number of tax officials cannot do the work in a timely manner.

(2) Temporary employment arrangements shall be made for a maximum period of 12 months.

Secondment

Article 169g

(1) In addition to cases of secondment of civil servants within the same government authority as provided for in the regulations governing employment with government authorities, a tax official may be seconded to a higher ranking position for up to 12 months, provided that he meets the requirements with respect to the level and type of professional qualifications, knowledge and skills and provided that there is an urgent need to fill the position.

(2) A tax official who is seconded as provided for in paragraph (1) of this Article shall have all the rights pertaining to the position to which he is seconded for the duration of secondment.

(3) A tax official may be seconded due to operational needs both to another position within the function where the position he is seconded from belongs and from a position in a core function to a position in a non-core function of the Tax Administration and vice versa, provided that he meets requirements for work in that position as stipulated in the act on internal organization and job classification.

Assuming Managerial Position in Internal Unit,

Reassignment and Referral

Article 169h

(1) A tax official assuming position of the internal unit head shall be allocated a coefficient determined for the rank of the managerial position in that internal unit.

(2) Due to operational needs, a tax official may be reassigned to another adequate position, given his professional qualifications and work experience, at the same or another organizational unit of the Tax Administration, at the same or another place of work, in the same or another function, as provided for by the regulations governing rights and obligations of civil servants and general service employees and the general labor regulations.

(3) Upon reassignment from a position classified in a certain core-function rank to a position classified in a certain non-core-function rank, an adequate position shall be understood to mean that a position classified in the highest core-function rank corresponds to a position classified in the highest non-core-function rank and vice versa; thus the rank of chief tax counselor corresponds to the rank of independent tax counselor; the ranks of independent tax inspector and senior tax inspector I correspond to the rank of senior tax counselor; the ranks of senior tax inspector II and tax inspector I correspond to the rank of tax counselor I; the ranks of tax inspector II and tax inspector correspond to the rank of tax counselor; the rank of junior tax inspector corresponds to the rank of junior tax counselor.

(4) Due to operational needs, a tax official may be referred to work in a position in another organizational unit of the Tax Administration located more than 50 kilometers away from the place of his residence. The uninterrupted period of referral may not exceed six months.

Working Hours

Article 169i

(1) Working hours shall be specified in a general regulation applicable to government authorities.

(2) By way of exception from regular working hours, tax officials and general service employees shall be obliged to perform activities during less favorable hours of work.

(3) Less favorable hours of work shall be understood to mean:

- 1) shift work;
- 2) work on Saturdays, Sundays, public holidays and other non-working days;
- 3) work longer than full working hours (overtime work);
- 4) night work.

Standby Duty

Article 169j

(1) Standby duty shall be understood to mean less favorable hours of work during which tax officials and general service employees must make themselves available (be on standby) to perform certain activities inherent in their positions, as needed.

(2) Standby duty shall not be deemed to be the routine work duty.

(3) Conditions for and manner of discharging the standby duty shall be more precisely defined by the minister, upon proposal of the Tax Administration director general.

Ranks of Civil Servants in Employee Positions at Tax Administration

Article 169k

(1) Ranks of tax officials in positions of employees at the Tax Administration shall be governed by this Law.

(2) Ranks referred to in paragraph (1) of this Article shall be classified into:

- 1) Tax officials' ranks in core functions of the Tax Administration;
- 2) Tax officials' ranks in non-core functions of the Tax Administration.

(3) Core functions of the Tax Administration in terms of this Law shall include tax audit, collections, Tax Police, legal affairs and activities referred to in Article 160, items 11a) and 11b) of this Law.

(4) Position classification into ranks and job descriptions shall be governed by an act on internal organization and job classification at the Tax Administration.

Tax Officials' Ranks in Core Functions of Tax Administration

Article 169l

(1) Ranks in core functions of the Tax Administration shall be:

1) For tax officials with secondary education: junior tax controller, tax controller, senior tax controller;

2) For tax officials with two-year post-secondary education: junior tax officer-technical associate, tax officer-technical associate and senior tax officer-technical associate;

3) For tax officials with university education: junior tax inspector, tax inspector, tax inspector II, tax inspector I, senior tax inspector II, senior tax inspector I, independent tax inspector, chief tax counselor.

(2) Tax officials having appropriate professional qualifications as referred to in paragraph (1) of this Article shall be appointed to entry ranks of junior tax controller or junior tax officer - technical associate or junior tax inspector upon completion of traineeship and passing of the state professional exam.

(3) A tax official who is permanently employed with the Tax Administration following a public competition shall be allocated entry pay grade at the rank of the position he is assigned to.

(4) A tax official who is permanently employed with the Tax Administration by way of transfer from another government authority shall be allocated entry pay grade at the rank of the position he is assigned to.

(5) A tax official who while in service completes two-year post-secondary education or university education may be assigned to lowest ranking position envisaged for his newly acquired professional qualification.

Tax Officials' Ranks in Non-core Functions of Tax Administration

Article 169m

(1) Ranks in non-core functions of the Tax Administration shall be:

1) For tax officials with secondary education: junior tax clerk, tax clerk, and senior tax clerk;

2) For tax officials with two-year post-secondary education: junior tax associate, tax associate and senior tax associate;

3) For tax officials with university education: junior tax counselor; tax counselor, tax counselor I, senior tax counselor and independent tax counselor.

(2) Tax officials having appropriate professional qualifications as referred to in paragraph (1) of this Article shall be appointed to entry ranks of junior tax clerk or junior tax associate or junior tax counsellor, upon completion of traineeship and passing of the state professional exam.

(3) Article 169l, paragraphs (3) through (5) of this Law shall be applied also in appointing tax officials referred to in this Article to their respective ranks.

Requirements for Appointment to a Higher Rank

Article 169n

A tax official referred to in Articles 169l and 169m of this Law may be appointed to an immediately higher rank provided the following requirements are met:

- 1) A relevant position is vacant;
- 2) He has work experience required for the position to which he is reassigned or assigned and has completed time specified under this Law at an immediately lower rank;
- 3) Two years immediately prior to appointment he was favorably appraised, as provided for by this Law;
- 4) Two years immediately prior to appointment he was not sanctioned for a criminal offence or breach of work duty;
- 5) No criminal proceedings for an offence prosecuted *ex officio* or disciplinary proceedings on account of breach of work duty are pending against him.

No Retention of Rank

Article 169o

A tax official shall not retain his rank:

- 1) Upon termination of employment with the Tax Administration;
- 2) When the disciplinary sanction of reassignment to a lower-ranking position is imposed on him under the disciplinary procedure, for the term of the sanction.

Article 169p

(1) Work experience and completed time at an immediately lower rank requiring secondary education, for the purposes of this Law, shall be:

- 1) For tax controller and tax clerk – at least two years of work experience at the ranks of junior tax controller or junior tax clerk, respectively;
- 2) For senior tax controller and senior tax clerk – at least three years of work experience, of which two years at the ranks of tax controller or tax clerk, respectively.

(2) Work experience and completed time at an immediately lower rank requiring two-year post-secondary education, for the purposes of this Law, shall be:

- 1) For tax officer-technical associate and tax associate – at least two years of work experience at the ranks of junior tax officer-technical associate and junior tax associate, respectively;
- 2) For senior tax officer-technical associate and senior tax associate – at least three years of work experience, of which two years at the ranks of tax officer-technical associate or tax associate, respectively.
- (3) Work experience and completed time at an immediately lower rank requiring university education, for tax officials in core functions of the Tax Administration, shall be:
 - 1) For tax inspector – at least three years of work experience, of which two years at the rank of junior tax inspector;
 - 2) For tax inspector II – at least four years of work experience, of which two years at the rank of tax inspector;
 - 3) For tax inspector I – at least five years of work experience, of which two years at the rank of tax inspector II;
 - 4) For senior tax inspector II – at least six years of work experience, of which two years at the rank of tax inspector I;
 - 5) For senior tax inspector I – at least seven years of work experience, of which two years at the rank of senior tax inspector II;
 - 6) For independent tax inspector – at least eight years of work experience, of which two years at the rank of senior tax inspector I;
 - 7) For chief tax counselor – at least nine years of work experience, of which two years at the rank of independent tax inspector.
- (4) Work experience and completed time at an immediately lower rank requiring university education, for tax officials in non-core functions of the Tax Administration shall be:
 - 1) For tax counselor – at least three years of work experience, of which two years at the rank of junior tax counselor;
 - 2) For tax counselor I – at least five years of work experience, of which two years at the rank of tax counselor;
 - 3) For senior tax counselor – at least seven years of work experience, of which two years at the rank of tax counselor I;
 - 4) For independent tax counselor – at least eight years of work experience, of which two years at the rank of senior tax counselor.

Requirements for Appraisal-based Appointment to a Higher Rank and Advancement to a Higher Pay Grade

Article 169q

(1) Appraisal-based appointment to a higher rank shall require a tax official to have received for two years immediately prior to appointment to a higher rank the following marks:

1) For tax officials with secondary or two-year post-secondary education – at least mark "distinction";

2) For tax officials with university education:

(1) At least mark "distinction" – for the ranks of junior tax counselor, junior tax inspector, tax counselor, tax counselor I, tax inspector, tax inspector II, tax inspector I, senior tax counselor, senior tax inspector II, senior tax inspector I, independent tax inspector;

(2) At least mark "outstanding distinction" - for the ranks of independent tax counselor and chief tax counselor.

(2) A tax official who becomes eligible for immediately higher rank based on appraisal but no vacant position exists at such rank may be advanced by two pay grades within the rank he is appointed to.

(3) Employment with the Tax Administration of a tax official who receives mark "unsatisfactory" for his work for two consecutive years shall be terminated.

Extraordinary Advancement

Article 169r

(1) A tax official who after the year end receives mark "outstanding distinction" for his work and who has achieved exceptional work results may be appointed to an immediately higher rank ahead of time.

(2) A tax official may be appointed to a higher rank also in a year in which he meets requirements for old-age pension.

(3) Extraordinary advancement at the Tax Administration may take place only once.

(4) Decisions referred to in paragraphs (1) and (2) of this Article shall be passed by the Tax Administration director general, upon a reasoned proposal of the immediate superior.

Wages

Basic Wage

Article 169s

(1) Tax officials shall be entitled to a wage, comprising basic wage and wage supplements.

(2) Basic wage shall be determined by multiplying base coefficient and the additional coefficient, if any, with the base for wage calculation and payment, which is determined in keeping with the law governing wages of civil servants and general service employees.

(3) Base coefficients for corresponding ranks in core functions and non-core functions must be equalized by providing for the same base coefficient for the ranks of chief tax counselor and

independent tax counselor; independent tax inspector and senior tax counselor; senior tax inspector II and tax counselor I; tax inspector II and tax counselor; junior tax inspector and junior tax counselor; and by providing for the same base coefficients for the ranks requiring two-year post-secondary education and secondary education in core functions and the ranks requiring two-year post-secondary education and secondary education in non-core functions.

(4) Additional coefficient may be determined for certain positions, depending on special working conditions; responsibilities; complexity of tasks; and volume, difficulty and nature of work.

(5) Basic wage shall be increased by the amount of wage supplements, as provided for in the law governing wages of civil servants and general service employees and this Law.

(6) An additional coefficient may be allocated to general service employees at the Tax Administration, in addition to the coefficient prescribed for positions held by general service employees under the law governing wages of civil servants and general service employees.

(7) Wage determined under paragraphs (1) through (6) of this Article may be adjusted so that wages of tax officials and general service employees at the Tax Administration are not lower than those of persons employed to do equal jobs at a relevant authority of the local government regional unit.

(8) Wage determined under paragraphs (1) through (7) of this Article may be adjusted to the performance of a tax official and general service employee; adjustment criteria, method and procedure shall be prescribed by the minister.

(9) Levels of base coefficients and additional coefficients, pay groups and pay grades relevant to tax officials' ranks referred to in Articles 169l and 169m of this Law and the level of the additional coefficient referred to in paragraph (6) of this Article for general service employees shall be prescribed by the minister.

Wage Benefits, Reimbursement of Costs, Severance Pay and Other Emoluments

Article 169t

A tax official shall be entitled to wage benefits, reimbursement of costs, severance pay and other emoluments as provided for in the law governing wages of civil servants and government employees, unless wage benefits, costs and other emoluments are otherwise provided for in this Law.

Solidarity Aid

Article 169u

(1) The family of a deceased tax official or general service employee shall be entitled to:

1) Reimbursement of funeral costs, as shown in original invoices;

- 2) Financial aid equal to two average net wages paid in the economic sector of the Republic of Serbia, according to the latest data published by the competent statistical authority.
- (2) Tax officials and general service employees shall be entitled to solidarity aid as specified in a special collective agreement for government authorities.
- (3) Requirements and the procedure for and manner of granting solidarity aid shall be more precisely regulated by the minister, upon proposal of the Tax Administration director general.

Recognitions, Rewards, and Wage Decrease and Increase

Article 169v

- (1) For exceptional achievements in performing tasks of the Tax Administration, extraordinary contribution to improving performance, strengthening the reputation of the Tax Administration, creative work, innovations or other forms of creative work making considerable contribution to general performance, tax officials and general service employees may be awarded recognitions or pecuniary rewards.
- (2) Recognitions and pecuniary rewards may be awarded on a quarterly basis and on the Tax Administration Day.
- (3) A tax official and general service employee may receive by up to 30% decreased and increased wage for underperformance and overperformance, respectively, in performing tasks of the Tax Administration.
- (4) Types of recognitions, recognition awarding procedure, criteria for determining the level of pecuniary rewards, pecuniary reward levels, and wage decrease and increase shall be prescribed by the minister, upon proposal of the Tax Administration director general.

Article 169w

- (1) A tax officials shall, depending on the nature of tasks and working environment, be entitled to official uniform and work clothing and footwear.
- (2) An act governing the right referred to in paragraph (1) of this Article shall be passed by the minister.

Jobs Incompatible with Official Duty

Article 169x

- (1) A tax official may not perform a paid or unpaid job which is compatible with his job at the Tax Administration or connected with operations of the Tax Administration.

- (2) Neither a tax official nor members of his family household may own or co-own a business entity the activities of which are compatible or connected with operations of the Tax Administration.
- (3) The minister shall, upon proposal of the Tax Administration director general, specify jobs referred to in paragraph (1) of this Article.
- (4) Members of a tax official's family household, within the meaning of this Article, shall be deemed to be spouse, children (born in or out of wedlock, adopted and fostered) and parents if a tax official supports them or lives in the same household with them.
- (5) A tax official shall, upon employment or upon request of an authorized officer of the Tax Administration, under financial and criminal liability, give a written statement of information relevant to determining whether or not conflict of interest exists with respect to or in connection with his work. A tax official shall state in his statement that the information provided therein may be subject to verification.
- (6) A tax official shall report any change in the information provided in compliance with the provisions of this Article within 15 days from the date when the change takes place.
- (7) Statements given by a tax official in compliance with the provisions of this Article shall be kept in that tax official's file.

Article 169y

General rules of conduct of tax officials and general service employees in performing tasks in and out of the Tax Administration, their conduct during and after working hours, attitude towards the members of the public, colleagues, superiors and subordinate tax officials, and civil servants and general service employees at other government authorities shall be regulated by the minister, upon proposal of the Tax Administration director general.

Article 169z

For grave breaches of duty arising from employment, a disciplinary sanction of reassignment to an immediately lower-ranking position for a period of six months to two years may be imposed on a tax official, in addition to disciplinary sanctions provided in the law governing the rights and duties of civil servants and general service employees.

Operating Resources

Article 170

- (1) Operating resources of the Tax Administration shall be provided in the budget of the Republic.
- (2) Additional resources may be provided in the budget of the Republic for professional education, training and advanced training, information system design and building, and incentive payments to employees, upon proposal of the minister.

(3) Resources referred to in paragraph (2) of this Article shall be allocated by the minister.

Political Neutrality

Article 171

In performing activities within the scope of their competence, the Tax Administration officials shall be obliged to act in compliance with the law and may not be guided by their political convictions.

Part Seven

PENAL PROVISIONS

Heading One

TAX CRIMES

Tax Evasion

Article 172

Deleted (RS Official Gazette, no. 85/05)

Failure to Pay Withholding Tax

Article 173

Deleted (RS Official Gazette, no. 72/09)

Unfounded Tax Refund and Tax Credit Claims

Article 173a

(1) Whoever with intent to exercise the right to unfounded tax refund or tax credit, files a tax return whose content is false, claiming a tax refund or tax credit in the amount of 500,000 to 3,000,000 dinars shall be punished by imprisonment of three months to three years and fined.

(2) If the claimed amount of tax refund or tax credit exceeds 3,000,000 and is up to 10.000.000 dinars, the offender shall be punished by imprisonment of six months to five years and fined.

(3) If the claimed amount of tax refund or tax credit exceeds 10,000,000 dinars, the offender shall be punished by imprisonment of one year to ten years and fined.

(4) A security measure of prohibition from practicing a profession, activity or duty for a period of one to five years shall be imposed on an individual, a sole trader and a responsible officer in a legal entity-taxpayer for the criminal offence referred to in paragraphs (1) through (3) of this Article.

Producing or Filing Falsified Documents Relevant to Taxation

Article 174

Deleted (RS Official Gazette, no. 85/05)

Undermining Tax Collection and Tax Audit

Article 175

(1) Whoever with intent to undermine collection of tax which is not due for collection or which is not assessed but the assessment or audit procedure has been initiated, or of tax assessed to him or another person after an interim measure securing the collection of the tax has been imposed in keeping with the law, or in the enforced collection or tax audit procedure, disposes of, conceals, damages, destroys or renders unusable an object upon which the interim measure securing collection has been established or an object which is subject to enforced tax collection or tax audit shall be punished by imprisonment of up to one year and fined.

(2) Whoever provides false information about facts relevant to the carrying out of enforced tax collection or tax audit shall be punished by imprisonment as referred to in paragraph (1) of this Article.

Illegal Trade in Excise Goods

Article 176

(1) Whoever, contrary to regulations governing excise taxes, procures in order to market or markets or sells goods which are considered to be excise goods in keeping with the law shall be punished by imprisonment of six months to five years.

(2) A sole trader or a responsible officer in a legal entity engaged in production or importation of goods which, in keeping with the law, must be specially marked with excise stamps, that fails to take measures to have such goods marked with excise stamps before putting them on the market shall be punished by imprisonment of six months to three years.

(3) A security measure of prohibition from practicing a profession, activity or duty for a period of one year to five years shall be imposed on a sole trader for the criminal offence referred to in paragraphs (1) and (2) of this Article.

(4) A security measure of prohibition from practicing a profession or duty for a period of one year to five years shall be imposed on a responsible officer in a legal entity for the criminal offence referred to in paragraphs (1) and (2) of this Article.

(5) Goods considered to be excise goods in keeping with the law, which, contrary to regulations governing excise taxes, have been procured to be marketed or are marketed, and goods which are

not specially marked with prescribed excise stamps, and the proceeds of the criminal offence shall be seized.

Illegal Warehousing of Goods

Article 176a

(1) Whoever warehouses or stores goods, or allows warehousing or storing of goods, for which he does not have proper documents of origin shall be punished by imprisonment of three months to three years and fined.

(2) A security measure of prohibition from practicing a profession, activity or duty for the period of one year to five years shall be imposed on a responsible officer in a legal entity and a sole trader for the criminal offence referred to in paragraph (1) of this Article.

(3) Goods referred to in paragraph (1) of this Article shall be seized.

Heading Two

TAX MISDEMEANORS

Concept

Article 176b

(1) Tax misdemeanors shall be understood to mean breaches of the provisions laid down in tax laws, as prescribed by this Law (hereinafter: general tax misdemeanors by legal entities and sole traders), misdemeanors prescribed by tax laws and breaches of provisions only set forth in this Law (hereinafter: special tax misdemeanors)

(2) For the purposes of establishing misdemeanor liability under this Law, an individual who is a value added tax payer shall also be considered a sole trader, and a responsible officer of an entity referred to in Article 27, paragraph (2), item 2) of this Law shall also be considered a responsible officer in a legal entity.

1) General Tax Misdemeanors by Legal Entities and Sole Traders

Non-filing and Late Filing of Tax Returns, Failure to Calculate Tax Liabilities, Non-payment or Late Payment of Taxes

Article 177

(1) A taxpayer – a legal entity or a sole trader who fails to file a tax return, to calculate or pay taxes, shall be fined for a misdemeanor in an amount ranging from 30% to 100% of the tax owed as assessed in a tax audit, but not less than 500,000 dinars for a legal entity or 100,000 dinars for a sole trader.

(2) A taxpayer – a legal entity or a sole trader who has failed to file a tax return, and has calculated but not paid the tax, shall be fined for a misdemeanor in an amount ranging from 20%

to 75% of the tax owed as assessed in a tax audit, but not less than 400,000 dinars for legal entities or 80,000 dinars for sole traders.

(3) A taxpayer – a legal entity or a sole trader who has filed a tax return, but failed to pay the tax, shall be fined for a misdemeanor in an amount ranging from 10% to 50% of the tax owed as assessed in a tax audit, but not less than 250,000 dinars for legal entities or 50,000 dinars for sole traders.

(4) A taxpayer – legal entity that has failed to file a tax return, but has paid the tax within the statutory time limit, shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars, while a sole trader shall be fined in an amount ranging from 50,000 to 500,000 dinars.

(5) A taxpayer – a legal entity or a sole trader who fails to file a tax return in those cases where the law does not provide for self-assessment, or pursuant to an audit order, shall be punished for a misdemeanor by a fine referred to in paragraph (1) of this Article.

(6) For misdemeanors referred to in paragraphs (1) through (5) of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from 10,000 to 100,000 dinars.

(7) A taxpayer – legal entity that has not filed a tax return in a timely fashion and has not paid the tax within the statutory time limit, shall be fined for a misdemeanor in the amount of 100,000 dinars.

(8) A taxpayer – legal entity that has not filed a tax return in a timely fashion, and has paid the tax within the statutory time limit, shall be fined for a misdemeanor in the amount of 100,000 dinars.

(9) A taxpayer – legal entity that has filed a tax return in a timely fashion, but has not paid the tax within the statutory time limit, shall be fined for a misdemeanor in the amount of 100,000 dinars.

(10) For the misdemeanor referred to in paragraph (7) of this Article, a sole trader shall be fined 50,000 dinars.

(11) For the misdemeanor referred to in paragraphs (8) and (9) of this Article, a sole trader shall be fined 40,000 dinars.

(12) For the misdemeanors referred to in paragraphs (7) through (9) of this Article, a responsible officer in a legal entity shall be fined 10,000 dinars.

(13) A taxpayer – a legal entity or a sole trader who fails to pay the tax assessed by the Tax Administration decision shall receive the fine referred to in paragraph (1) of this Article.

(14) A taxpayer – legal entity that has paid the tax assessed by virtue of a Tax Administration decision after the expiry of the prescribed time limit, shall be fined 100,000 dinars.

(15) For the misdemeanor referred to in paragraph (13) of this Article, a responsible officer in a legal entity shall receive a fine ranging from 10,000 to 100,000 dinars, and for the misdemeanor referred to in paragraph (14) of this Article, a fine in the amount of 10,000 dinars.

(16) For the misdemeanor referred to in paragraph (14) of this Article, a sole trader shall be fined in the amount of 40,000 dinars.

(17) A taxpayer – a legal entity or a sole trader who fails to submit an information tax return to the Tax Administration shall be fined for a misdemeanor in the amount of 3% of their total revenue generated for the previous business year, and if they fail to provide a full set of data in it, they shall be fined in an amount ranging from 100,000 to 2,000,000 dinars.

(18) For the misdemeanor referred to in paragraph (17) of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from 10,000 to 100,000 dinars.

(19) When applying the provisions of paragraphs (1), (2), (3), (13) and (17) of this Article, no fine may be imposed which exceeds the highest amount of the fine defined by the law governing misdemeanors.

Underreporting of Tax Payable and Provision of Inaccurate Information in Tax Returns

Article 178

(1) If the amount of the tax reported in the tax return is lower than the amount that should have been reported under the law, a taxpayer – a legal entity or a sole trader shall be fined for a misdemeanor in the amount of 30% of the differential between these two amounts.

(2) A taxpayer – a legal entity or a sole trader that has provided inaccurate information in the tax return, which resulted, or could have resulted, in assessing a lower amount of tax, shall be fined for a misdemeanor in the amount of 30% of the differential between the amount of the tax that was assessed, or should have been assessed, in accordance with law, and the amount of the tax that was assessed, or should have been assessed, based on the data in the tax return.

(3) For a misdemeanor referred to in paragraphs (1) and (2) of this Article, a legal entity shall receive a fine amounting to at least 200,000 dinars, while a sole trader shall be fined at least 100,000 dinars.

(4) For a misdemeanor referred to in paragraphs (1) and (2) of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from 10,000 to 100,000 dinars.

(5) If the differential referred to in paragraphs (1) and (2) of this Article accounts for up to 5% of the amount that was, or should have been, assessed, a taxpayer - legal entity shall be fined 100,000 dinars, a taxpayer – sole trader 50,000 dinars, and a responsible officer in a legal entity shall be fined 10,000 dinars.

(6) When applying the provisions of paragraphs (1) and (2) of this Article, no fine may be imposed which exceeds the highest amount of the fine defined by the law governing misdemeanors.

Failure to Enclose Documentation with Tax Returns, to Submit Registration Forms and Requests, Notifications, Documents and Other Data

Article 178a

(1) A taxpayer – legal entity shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars if they fail to submit to the Tax Administration the following:

- 1) the prescribed documentation enclosed with the tax return, or
- 2) a registration form or a request for deregistration, or
- 3) a notification, document or other data as prescribed by the tax law.

(2) For the misdemeanor referred to in paragraph (1) of this Article, a sole trader shall be fined in an amount ranging from 50,000 to 500,000 dinars.

(3) A taxpayer – legal entity that has submitted the documents and/or data referred to in paragraph (1) of this Article after the expiry of the statutory time limit shall be punished by a fine amounting to 100,000 dinars.

(4) For the misdemeanor referred to in paragraph (3) of this Article, a sole trader shall be punished by a fine amounting to 50,000 dinars.

(5) For the misdemeanor referred to in paragraph (1) of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from 10,000 to 100,000 dinars, and for the misdemeanor referred to in paragraph (3) of this Article, in the amount of 10,000 dinars.

Acting Contrary to Rules on Business Operation Prescribed by the Tax Law

Article 178b

(1) A taxpayer – legal entity that does not maintain or keep records and/or books of account, does not make an inventory or effect payments through its current account, fails to conclude a contract or to submit documentation, data or notifications to third persons, as prescribed by the tax law, shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars.

(2) For a misdemeanor referred to in paragraph (1) of this Article, a sole trader shall be fined in an amount ranging from 50,000 to 500,000 dinars.

(3) Notwithstanding paragraphs (1) and (2) of this Article, a taxpayer who fails to make an inventory of an excise good in accordance with the tax law shall be fined for a misdemeanor in an amount equaling the triple value of the total turnover of that excise good recorded in the previous six months.

(4) A taxpayer – legal entity that fails to report, publish or display retail prices in accordance with the tax law, or who sells products at prices which contravene the tax law, shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars.

(5) A taxpayer – legal entity that has stated the tax in an invoice in contravention of the tax law shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars.

(6) For the misdemeanors referred to in paragraphs (4) and (5) of this Article, a sole trader shall be punished by a fine ranging from 50.000 to 500.000 dinars.

(7) For the misdemeanors referred to in paragraph (1), (3), (4) and (5) of this Article, a responsible officer in a legal entity shall be fined in an amount ranging from 10,000 to 100,000 dinars.

2) Special Tax Misdemeanors

Article 179

(1) A fine ranging from 100,000 to 2,000,000 dinars for a misdemeanor shall be imposed on a legal entity if:

1) it fails to file, or fails to file within the prescribed time limit, the registration form (Article 25, item 1), Article 27 and Article 28, paragraph (7));

2) at a request of the Tax Administration, it fails to submit, or fails to submit within the specified time limit, the books of account and records kept by his related non-resident parties abroad or in the Autonomous Province of Kosovo and Metohija, and/or certified copies or certified translations of such books and records (Article 37, paragraphs (3) through (5));

2a) at a request of the Tax Administration, it fails to provide a data set from its electronic books of account and records, access to and review of data in its electronic books of account and records, access to and review of software and hardware equipment, as well as the database used in the system for electronic keeping of business books and records (Article 37a, paragraph (1));

2b) it fails to file tax returns electronically (Article 38, paragraph (8));

2c) deleted (RS Official Gazette, no. 68/14)

3) it provides inaccurate information in a single tax return (Article 41);

3a) it fails to issue a certificate to a person on behalf of whom it paid the withholding tax by 31 January of the year following the year when the withholding tax was paid, containing data on the paid withholding tax (Article 41, paragraph (11));

4) at a request of the Tax Administration, it fails to submit, or fails to submit at a designated place, books of account and records, business documentation and other documents, for review and verification (Article 25, item 3) and Article 44);

5) it does not permit the examination of an object, premises or land or does not allow passing through or over them for the purposes of examination (Articles 49 and 50);

6) it impedes the enforced collection, or fails to vacate the place where the enforced collection is

being carried out and continues impeding it, or refuses to make the items in its possession available for the purposes of enforced collection (Article 89, paragraph (7) and Article 90, paragraph (3));

6a) it fails to follow the order stipulated in the decision referred to in Article 96a, paragraph (2) of this Law, or fails to inform the competent tax authority within the prescribed time limit of the changes which may have an impact on the execution of the decision referred to in Article 96a, paragraph (2) of this Law (Article 96a, paragraphs (3) and (4));

7) at a request of tax enforcement officers, it fails to surrender a taxpayer's item in its possession, and does not pay the taxpayer's tax liability *in lieu* of surrendering the item (Article 103, paragraph (1));

8) it prevents a tax auditor or a tax enforcement officer from accessing land and premises where it performs its business activity, and an apartment with a court approval, for the purposes of conducting an audit or making enforced collection (Article 25, item 7) and Article 125, paragraph (5));

9) its employee prevents an authorized official of the Tax Administration – tax auditor from temporarily sealing its business premises or warehouses during a field audit, from carrying out enforced collection or another statutory duty (Article 126, paragraph (2));

10) at a request of the Tax Administration or a tax auditor, it fails to submit documents, or fails to give information and notifications, or make statements of relevance to establishing facts important for taxation (Article 25, item 3), Article 121, paragraph (1) and Article 127, paragraph (1));

11) it fails to enable a tax auditor conducting a field audit to verify the status of goods, or review books of account, business records and other records and documents, or if a person designated or employed by it, or another person, fails to do so on its behalf (Article 127, paragraphs (2), (3) and (7));

12) its employee prevents a tax auditor from undertaking measures of seizure of goods or seizure of documentation during a tax audit (Article 130);

13) disposes of objects on which a tax auditor has imposed a temporary ban on disposal of objects (Article 132, paragraph (3), item 5);

14) in the process of collecting information, fails to act as requested by the Tax Police (Article 135, paragraph (3)).

(2) A responsible officer in a legal entity shall be punished for a misdemeanor referred to in paragraph (1) of this Article by a fine ranging from 10,000 to 100,000 dinars.

(3) A sole trader shall be punished for a misdemeanor referred to in paragraph (1) of this Article by a fine ranging from 50,000 to 500,000 dinars.

(4) A legal entity shall be fined in an amount ranging from 100,000 to 1,000,000 dinars for a misdemeanor if:

- 1) it fails to inform the Tax Administration, or fails to inform it within the prescribed time limit, of the person whom it, being a non-resident, has appointed as proxy authorized to perform tasks related to tax obligations (Article 14, paragraph (2));
 - 2) it fails to inform the Tax Administration, or fails to inform it within the prescribed time limit, of the opening or closing of an account with a bank in the Autonomous Province of Kosovo and Metohija or abroad (Article 25, item 8);
 - 3) for data processed by automated data processing tools, fails to provide, at the request of the Tax Administration, a data set on a medium designated by the Tax Administration, or if it fails to provide full access for the Tax Administration to the accounting system through documents, and, when necessary, through access to hardware and software (Article 37, paragraph (6));
 - 4) at a request of the Tax Administration, fails to respond to the summons to provide clarifications, or to provide data and information necessary to establish facts relevant for taxation (Article 45 and Article 47, paragraph (2));
 - 5) fails to act pursuant to a decision on enforced collection from a taxpayer's non-monetary claim, and fails to hand over to the Tax Administration the objects owed to a taxpayer (Article 97, paragraph (2));
 - 6) fails to submit to the Tax Administration, or fails to submit within the prescribed time limit, the data on a taxpayer's securities in its safekeeping, together with their valuation, or if it fails to sell such securities within the prescribed time limit, or fails to sell them on the best market terms, or if it fails to pay the proceeds, after deducting the prescribed commission and costs, into the account of the Tax Administration (Article 98, paragraph (3) through (5));
 - 7) fails to preserve the object in its safekeeping, which is covered by an action to exclude assets from enforcement, in an unchanged condition pending the conclusion of the litigation to exclude assets from enforcement (Article 102, paragraph (4));
 - 8) fails to execute, or fails to execute within the prescribed time limit, a decision on enforced collection by attachment of wage and other steady cash earnings of a taxpayer or if it fails to execute the decision on the collection of a taxpayers' debt from its own funds in accordance with law (Article 189, paragraph (8) and (9)).
- (5) A responsible officer in a legal entity shall be fined for a misdemeanor referred to in paragraph (4) of this Article in an amount ranging from 10,000 to 50,000 dinars.
- (6) A sole trader shall be fined for a misdemeanor referred to in paragraph (4) of this Article in an amount ranging from 25,000 to 250,000 dinars.
- (7) A fine ranging from 100,000 to 500,000 dinars for a misdemeanor shall be imposed on a legal entity if it:
- 1) fails to report to the Tax Administration all subsequent changes of data in the registration form, i.e., registration application or if it reports inaccurate changes of data (Article 25, item 1));
 - 2) when filing its tax return or another required act, fails to enter its TIN into the required section (Article 26, paragraph (12));

3) fails to enter its tax advisor's TIN into a tax return, or files a tax return which has not been signed by that person, if that person has prepared the tax return or a part thereof (Article 38, paragraph (4));

4) fails to follow the order of the Tax Administration to take part in a desk audit or to provide requested clarifications (Article 25, item 9) and Article 121, paragraph (1));

5) fails to provide adequate work space for field auditors during a field audit (Article 125, paragraphs (2) and (3));

6) is not present during a field audit, or refuses to take part in a field audit in accordance with this Law (Article 25, item 9) and Article 127).

(8) A responsible officer in a legal entity shall be fined for the misdemeanor referred to in paragraph (7) of this Article in an amount ranging from 10,000 to 20,000 dinars.

(9) A sole trader shall be fined for the misdemeanor referred to in paragraph (7) of this Article in an amount ranging from 15,000 to 150,000 dinars.

(10) The authority, organization or other person responsible for registration in the relevant register of persons conducting business activity shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars, if they deregister a person without proof of termination of tax obligations, or deletion from the records prescribed by tax law, issued by the competent tax authority, except for persons referred to in Article 29, paragraph (8) of this Law for obligations related to pension and disability insurance contributions, if they have acquired the right to retire under the provisions of the law governing pension and disability insurance (Article 29, paragraph (7)).

(11) The Business Registers Agency shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars if it deregisters a business entity from the relevant register, registers status changes or modify data pertaining to a founder or a member, name, seat, contribution and organization form in the period from receiving a notification from the Tax Administration stating that a business entity is to be audited until receiving a notification that the tax audit has been completed, **as well as in the period from receiving a notification that a business entity's TIN has been suspended under this Law, until receiving a notification that such entity's TIN has been reassigned** (Article 29, paragraph (9)).

(12) A bank which authorizes the payment of wages, wage benefits or other income of individuals giving rise to an obligation to pay the withholding tax, shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars, if a payment order issued to the bank for the payout of such income and the payment of withholding taxes does not contain the payment authorization number for this total liability, which was assigned by the Tax Administration in the manner defined in Article 41 of this Law, except for the payment of interest on savings deposits to its depositors (Article 30a).

(13) A bank shall be fined for a misdemeanor, in an amount ranging from 100,000 to 2,000,000 dinars, which fails to electronically send to the Tax Administration the data on executed

disbursement orders and transfer orders by income payer and payment code before the 5th day in a month for the previous month and on funds paid into foreign exchange accounts of individuals, within 30 days from the payment date, or on the payments into accounts of taxpayers subject to the personal income tax on self-employment income in a calendar month, within 15 days from the end of the calendar month (Article 30b, paragraph (1)).

(14) A bank shall be fined for a misdemeanor, in an amount ranging from 100,000 to 2,000,000 dinars, which fails to transfer the tax and secondary tax duties whose collection was secured by introducing an interim measure prohibiting transfers of funds through a taxpayer's account, and registering it in the register of frozen accounts maintained by the competent organization, pursuant to a tax decision, from the taxpayer's account to the relevant public revenue collection account, up to the amount of funds available in that taxpayer's account (Article 66, paragraph (6)).

Tax Misdemeanors of Taxpayers – Individuals

Article 180

(1) A fine ranging from 5,000 to 150,000 dinars for a misdemeanor shall be imposed on an individual, who is not a sole trader, if he:

1) fails to inform the Tax Administration, or fails to inform it within the prescribed time limit, of the person whom he, being a non-resident, has appointed as proxy authorized to perform tasks related to tax obligations (Article 14, paragraph (2));

2) deleted (RS Official Gazette, no. 68/14)

3) impedes or prevents an authorized official of the Tax Administration from performing a statutory duty in a tax procedure (Article 25, item 7));

4) fails to inform the Tax Administration, or fails to do so within the prescribed time limit, about the opening or closing of an account with a bank in the Autonomous Province of Kosovo and Metohija or abroad (Article 25, item 8));

5) when filing his tax return or another prescribed act, fails to enter his TIN into the required section (Article 26, paragraph (12));

6) fails to file a tax return with the Tax Administration, or fails to file it within the statutory or additional time limit, or if he files an unsigned tax return, or inputs inaccurate information in his tax return and fails to correct it within the prescribed time limit, or files it without the necessary documents and evidence relevant for assessing the tax (Article 25, item 2), Article 38, paragraphs (2) and (3), Article 40, paragraph (1) and Article 41);

7) at a request of the Tax Administration, fails to submit, or to submit at a designated place, documents relevant for taxation, for the purposes of review and verification (Article 44);

- 8) at a request of the Tax Administration, fails to respond to the summons to provide clarifications, or to provide data and information necessary to establish facts relevant for taxation (Article 45 and Article 47, paragraph (2));
- 9) does not permit the examination of an object, premises or land or does not allow passing through or over them for examination purposes (Articles 49 and 50);
- 10) impedes the enforced collection, or fails to vacate the place where the enforced collection is carried out and continues impeding it, or refuses to make the objects in his possession available for the purposes of enforced collection (Article 89, paragraph (7) and Article 90, paragraph (3));
- 11) fails to act pursuant to a decision on enforced collection from a taxpayer's non-monetary claim and fails to hand over to the Tax Administration the objects owed to the taxpayer (Article 97, paragraph (2));
- 12) fails to preserve the object in his safekeeping, which is covered by an action to exclude assets from enforcement, in an unchanged condition pending the conclusion of the litigation to exclude assets from enforcement (Article 102, paragraph (4));
- 13) at a request of tax enforcement officers, fails to surrender a taxpayer's object in his possession, and does not pay the taxpayer's tax liability *in lieu* of surrendering the object (Article 103, paragraph (1));
- 14) fails to follow the order of the Tax Administration to take part in a desk audit or to provide requested clarifications (Article 25, item 9) and Article 121, paragraph (1));
- 15) fails to provide adequate work space for field auditors during a field audit (Article 125, paragraphs (2) and (3));
- 16) prevents a tax auditor from accessing land and premises where he performs his business activity, and an apartment with a court approval, for the purposes of conducting an audit (Article 125, paragraph (5));
- 17) is not present during a field audit, or refuses to take part in a field audit in accordance with this Law (Article 25, item 9) and Article 127);
- 18) at a request of the Tax Administration or a tax auditor, fails to submit documents, or fails to give information and notifications, or make statements of relevance to establishing facts important for taxation (Article 25, item 3), Article 121, paragraph (1) and Article 127, paragraph (1));
- 19) fails to enable a tax auditor conducting a field audit to verify the status of goods, or review records or documents, without designating a person to do so on his behalf (Article 127, paragraphs (2) and (3));
- 20) prevents a tax auditor from undertaking measures of seizure of goods or seizure of documentation during a tax audit (Article 130);
- 21) in the process of collecting information, fails to act as requested by the Tax Police (Article 135, paragraph (3)).

(2) A taxpayer referred to in paragraph (1) of this Article who fails to pay the tax reported in the tax return or stated in a Tax Administration decision, shall be fined in the amount of 50% of the assessed tax, but not less than 5,000 dinars (Article 25, item 6)).

Failure to File an Information Tax Return

Article 180a

A taxpayer – individual who fails to file an information tax return with the Tax Administration or fails to list all his assets in it, shall be fined for a misdemeanor in the amount of 3% of the market value of the unreported assets.

Article 180b

(1) A taxpayer - legal entity that supplies goods or provides services in the Republic of Serbia in accordance with tax law, and in the Republic of Serbia has no seat or a permanent establishment, or has a permanent establishment but supplies goods and/or provides services outside its permanent establishment, shall be fined for a misdemeanor in an amount ranging from 100,000 to 2,000,000 dinars if, pursuant to tax law, it fails to appoint a tax proxy and register for the obligation to pay taxes.

(2) A taxpayer – individual who supplies goods or provides services in the Republic of Serbia in accordance with tax law, and has no permanent or temporary residence in the Republic of Serbia, shall be fined for a misdemeanor in the amount of 50,000 dinars if he fails to appoint a tax proxy, in accordance with tax law, and fails to register for the obligation to pay taxes.

Tax Misdemeanors of Tax Intermediaries and Other Tax Obligor

Article 181

A fine ranging from 10,000 to 100,000 dinars for a misdemeanor shall be imposed on a responsible officer in:

1) a court, a local government body, a bar association, a professional association or another authority or organization responsible for registration in a relevant register, if they fail to send to the Tax Administration the prescribed notification or data, or fail to do so within the set time limit (Article 29, paragraph (2) and Article 184);

1a) the authority which keeps records on permanent or temporary residence of individuals, if it fails to send the required data to the Tax Administration within the set time limit (Article 29, paragraph (3));

2) the authority which keeps records on births or deaths of individuals, if it fails to inform the Tax Administration within the required time limit about the data related to births or deaths, or to declaring a missing person dead (Article 29, paragraph (4));

2a) a bank, if it fails to suspend the execution of a taxpayer's order for transfer of funds in the taxpayer's account from the point of receiving the decision on the suspension of his TIN (Article 26, paragraphs (8) and (14));

2b) a bank, if it fails to suspend the settlement of a taxpayer's cash liabilities to third parties under contracts on the substitution of creditors or debtors in a given contractual relationship (assignment, cession, etc.), arising from offsets or on other bases in accordance with law (Article 87a);

2c) an enforcement agency, if it fails to calculate interest in the manner laid down by this Law, from the date of the issuance of a decision to the date of transfer of the entire amount of taxes and secondary tax duties, and if it fails to transfer the amount of the calculated interest to relevant public revenue accounts (Article 95, paragraph (2));

2d) the authority, organization or other person responsible for registration in the relevant register of persons conducting business activity, if they deregister a person without proof of termination of tax obligations, or deletion from the records prescribed by tax law, issued by the competent tax authority, except for persons referred to in Article 29, paragraph (8) of this Law for obligations related to pension and disability insurance contributions, if they have acquired the right to retire under the provisions of the law governing pension and disability insurance (Article 29, paragraph (7));

2e) the Business Registers Agency, if it deregisters a business entity from the prescribed register, registers status changes and modify data pertaining to a founder or a member, name, seat, contribution and organization form in the period from receiving a notification from the Tax Administration stating that a business entity is to be audited until receiving a notification that the tax audit has been completed, **as well as in the period from receiving a notification that a business entity's TIN has been suspended under this Law, until receiving a notification that such entity's TIN has been reassigned** (Article 29, paragraph (9));

3) a bank, if it opens an account of a legal entity, a sole trader or an individual without receiving proof of their registration (Article 30, paragraph (1));

3a) a bank which authorizes the payment of wages, wage benefits or other income of individuals giving rise to an obligation to pay the withholding tax, if a payment order issued to the bank for the payout of such income and the payment of withholding taxes does not contain the payment authorization number for this total liability, which was assigned by the Tax Administration in the manner defined in Article 41 of this Law, except for the payment of interest on savings deposits to its depositors (Article 30a).

3b) a bank which fails to electronically send to the Tax Administration the data on executed disbursement orders and transfer orders by income payer and payment code before the 5th day in a month for the previous month, and on funds paid into foreign exchange accounts of individuals, within 30 days from the payment date, or on the payments into accounts of taxpayers subject to the personal income tax on self-employment income, in a calendar month, within 15 days from the end of the calendar month (Article 30b, paragraph (1));

4) the Tax Administration and/or a bank, if it fails to return or fails to return within the prescribed time limit, or with accrued interest, overpaid or erroneously paid taxes and secondary tax duties and/or tax reimbursement, or tax refund, or transfer to a different account (Article 65, paragraph (4));

4a) a bank which fails to transfer the tax and secondary tax duties whose collection was secured by introducing an interim measure prohibiting transfers of funds through a taxpayer's account, and registering it in the register of frozen accounts maintained by the competent organization, pursuant to a tax decision, from the taxpayer's account to the relevant public revenue collection account, up to the amount of funds available in that taxpayer's account (Article 66, paragraph (6));

5) deleted (RS Official Gazette, no. 61/07)

6) the authority responsible for maintaining the register of pledge on movable items, real property register or the register of frozen accounts, if it fails to register the tax creditor's lien within the prescribed time limit (Article 87, paragraph (5) and Article 188, paragraphs (1) and (4));

7) the authority responsible for maintaining the real property register, if it fails to send to the Tax Administration, or fails to send it within the prescribed time limit, the requested excerpt from public records on immovables owned by a taxpayer and a report on whether a mortgage of another creditor has been registered (Article 90, paragraph (2));

8) a bank, if it does not carry out enforced collection from a taxpayer's funds as provided for by law, or if it does not execute a decision on the collection of a taxpayer's tax debt by collection from that bank's funds in conformity with law (Article 95, paragraphs (2) and (3));

9) a bank or another legal entity safekeeping a taxpayer's securities, if it fails to send to the Tax Administration, or fails to do so within the prescribed time limit, the data on such securities together with their valuation, or if it fails to sell such securities within the prescribed time limit, or fails to sell them on the best market terms, or if it fails to pay the proceeds, after deducting the prescribed commission and costs, into the account of the Tax Administration (Article 98, paragraphs (3) through (5));

10) a bank, if it does not follow the decision of the Tax Administration on freeze of funds in a taxpayer's account (Article 132, paragraph (3), item 1));

11) a government authority and organization, a body of the territorial autonomy and local government, if it fails to send to the Tax Administration the facts which it has become aware of in performing tasks falling within their competence, indicating a possibility of a failure to meet a tax obligation (Article 158);

11 a) a local government unit, if it does not electronically send to the Tax Administration, within five days after the end of a calendar month, business names and/or personal names and TINs of taxpayers of property tax, data from tax returns of relevance for assessing the property tax, as well as data on the collection of that tax, and at a request of the Tax Administration, data on assessment and collection of other own-source revenues of a local government unit (Article 159);

11b) a government authority and organization, if it fails to send data at its disposal in the performance of tasks within its competence, which is of relevance for assessing own-source revenue of a local government unit, at a request of a local government body, within 30 days from the date on which it received the request, or if it charges the local government unit a fee or other expenses for that data (Article 159b);

12) a bank, if it does not suspend, or does not suspend within the prescribed time limit, all transactions through the account of a legal entity, a sole trader or an individual that has not provided proof of their registration (Article 185, paragraph (2));

13) a bank, if it fails to act under a decision on enforced collection from a taxpayer's monetary claim, and fails to transfer the funds from his debtor's account to the prescribed public revenue collection account or if it fails to execute a decision on enforced collection of the amount owed directly from that bank's funds in accordance with law (Article 189);

14) the authority responsible for records on state-owned immovable property and movable items, if it fails to take possession of immovable property and movable items transferred to the ownership of the Republic within the prescribed time limit (Article 104, paragraph (19) and Article 110, paragraph (11)).

Misdemeanors in the Field of Exchange Dealings

Article 181a

(1) A fine ranging from 100,000 to 2,000,000 dinars for a misdemeanor shall be imposed on a legal entity if:

1) it fails to inform the Tax Administration in writing about the execution of the order referred to in the decision defined in Article 129g of this Law within the prescribed time limit (Article 129h, paragraph (1));

2) it fails to display a decision ordering a temporary ban on the performance of exchange dealings at an exchange office in a visible place at that exchange office within the prescribed time limit, or if it fails to sell all foreign cash kept at that exchange office to the bank(s) with which it has concluded a contract, and deposit the dinars obtained by selling foreign cash and cash in dinars into its current account (Article 129i, paragraph (5))

3) it fails to submit to the Tax Administration within the prescribed time limit written proof of execution of actions referred to in Article 129i, paragraph (5) of this Law (Article 129i, paragraph (6));

4) it fails to inform the Tax Administration in writing within the prescribed time limit about the execution of the decision referred to in Article 129j, paragraph (1) and Article 129j, paragraph (3) of this Law (Article 129j, paragraphs (2) and (5));

5) it fails to sell all foreign cash kept at that exchange office to the bank(s) with which it has concluded a contract within the prescribed time limit referred to in Article 129j, paragraph (4) of this Law, and deposit the dinars obtained by selling foreign cash and cash in dinars into its current account (Article 129j, paragraph (4));

6) an authorized foreign exchange dealer, whose authorization for exchange dealings at a number of its exchange offices was revoked by virtue of a decision of the Tax Administration, fails to transfer all foreign cash and all cash in dinars from that exchange office to the exchange office which continues to operate within the prescribed time limit (Article 129l, paragraph (1));

7) an authorized foreign exchange dealer with a single exchange office, whose authorization for exchange dealings at that office was revoked by virtue of a decision of the Tax Administration, or if an authorized foreign exchange dealer with more than one exchange office, whose authorization for exchange dealings at all those exchange offices was revoked by virtue of a decision of the Tax Administration, fails to sell all foreign cash from those exchange offices to the bank(s) with which it has concluded contracts, and deposit the dinars obtained by selling foreign cash, and all cash in dinars into its current account within the prescribed time limit (Article 129l, paragraph (2));

8) it fails to submit written proof to the Tax Administration within the prescribed time limit showing that it has met the obligations laid down by Article 129l, paragraphs (1) and (2) of this Law (Article 129l, paragraph (3)).

(2) For a misdemeanor referred to in paragraph (1) of this Article, a sole trader – authorized foreign exchange dealer shall be fined in an amount ranging from 50,000 to 500,000 dinars.

(3) For a misdemeanor referred to in paragraph (1) of this Article, a responsible officer in a legal entity – authorized foreign exchange dealer shall be fined in an amount ranging 15,000 to 150,000 dinars.

Misdemeanors in the Field of Games of Chance

Article 181b

(1) A fine ranging from 100,000 to 2,000,000 dinars shall be imposed for a misdemeanor on the State Lottery of Serbia, or a legal entity, if they fail to submit to the Tax Administration daily, monthly and annual reports on turnover, in written or electronic form (Article 129q).

(2) A fine ranging from 100,000 to 2,000,000 dinars shall be imposed for a misdemeanor on the State Lottery of Serbia, or a legal entity that fails to respond to the summons from the Tax Administration, directly or by proxy, to take part in a desk audit or to provide necessary clarifications and documents within the time limit set by the Tax Administration (Article 129r).

(3) For a misdemeanor referred to in paragraphs (1) and (2) of this Article, the responsible officer in the State Lottery of Serbia, or the responsible officer in a legal entity, shall be fined in an amount ranging from 15,000 to 150,000 dinars.

Misdemeanors of Responsible Officers in the Tax Administration

Article 182

(1) A fine ranging from 10,000 to 100,000 dinars for a misdemeanor shall be imposed on the responsible officer in a Tax Administration organizational unit if:

- 1) he fails to provide free information on tax regulations or basic legal aid to a taxpayer if a lay taxpayer is in question (Article 24, paragraph (1) item 1));
- 2) denies a taxpayer access to data on tax assessment and collection maintained on him by the Tax Administration or, at a taxpayer's request, fails to modify incomplete or inaccurate data on the taxpayer (Article 24, paragraph (1) item 6).

(2) The fine referred to in paragraph (1) of this Article for a misdemeanor shall be imposed on a Tax Administration official if he:

- 1) fails to treat a taxpayer respectfully and with appreciation in tax procedure (Article 24, paragraph (1), item 3);
- 2) prevents a taxpayer from being present during a tax audit, in accordance with this Law (Article 24, paragraph (1), item 10)).

Article 182a

If a taxpayer repeats the same misdemeanor within two years from the date of legal validity of the conviction for misdemeanors referred to in Article 177, paragraphs (1) and (5) of this Law, in addition to the fine, he may also receive the safeguard measure involving a ban on the performance of certain business activities for a period ranging from six months to three years.

Article 182b

(1) A motion to institute misdemeanor proceedings shall not be filed against a person who has performed an act or an omission related to the tax that is assessed by the taxpayer, which is considered a tax misdemeanor referred to in Article 177, Article 179, paragraph (1), items 2b) and 3) and paragraph (3) in conjunction with paragraph (1), item 3) of that Article, as well as in Article 180, items 5) and 6) of this Law, if that person, before a tax authority takes any actions with regard to the performed act or omission, or before the beginning of a tax audit, or before the filing of a motion to initiate misdemeanor proceedings, reports the performed act or omission on his own initiative, and at the same time pays the amount of the tax owed increased by the accrued interest referred to in Article 75 of this Law.

(2) A motion to institute misdemeanor proceedings shall not be filed against a person who has performed an act or omission referred to in paragraph (1) of this Article related to the tax assessed by virtue of a decision, if that person, before a tax authority takes any actions with regard to the performed act or omission, or before the beginning of a tax audit, or before the filing of a motion to initiate misdemeanor proceedings, reports the performed act or omission on his own initiative, and pays the amount of the tax assessed within the prescribed time limit.

Part Eight
TRANSITIONAL AND FINAL PROVISIONS
Registration of Taxpayers
Article 183

The Tax Administration shall register taxpayers within one year from the start of the implementation of this Law.

Submission of the Registration Data to the Tax Administration
Article 184

A court, an authority or an organization referred to in Article 29, paragraphs (1) through (3) of this Law shall submit to the Tax Administration, in keeping with the act stipulated in Article 29, paragraph (5) of this Law, the data on the persons registered in the register and other data relevant for assessing tax, as at the start of the implementation of this Law.

Obligations of Banks in Relation to Account Holders
Article 185

(1) A bank shall request a legal entity, a sole trader or an individual having an account opened with it on the start of the implementation of this Law to submit proof of registration within 15 days from the date of the TIN assignment.

(2) If a legal entity, a sole trader, or an individual referred to in paragraph (1) of this Article fails to submit proof of registration within the time limit referred to in paragraph (1) of this Article, a bank shall suspend all transactions through their accounts on the next day following the expiry of that time limit, and promptly inform the Tax Administration to that effect.

(3) If, on the start of the implementation of this Law, a taxpayer's account is frozen because of arrears on taxes and secondary tax duties, such freeze shall extend to all accounts of that taxpayer in accordance with the Law on Payment Transactions referred to in Article 69, paragraph (2) of this Law.

Property Registration Application
Article 186

(1) A taxpayer, an individual and a sole trader, shall submit to the Tax Administration, within ten months from the start of the implementation of this Law, an application for the purpose of recording their total assets in the country and abroad, if their value exceeds 20,000,000 dinars.

(2) Assets, in terms of paragraph (1) of this Article, shall include:

- 1) immovable property (apartments, houses, commercial buildings and premises, garages, land, etc.);
- 2) shares or equity stakes in a legal entity;
- 3) equipment for performing self-employment activity;
- 4) motor vehicles, vessels and aircraft;
- 5) deleted (RS Official Gazette, no. 70/03)
- 6) savings deposits and cash;
- 7) other property rights.

(3) Data on property of related persons shall also be entered into the Property Registration Application.

(4) A taxpayer, an individual and a sole trader, whose property as defined in paragraphs (1) and (2) of this Article is worth more than 10,000,000 dinars, but not more than 20,000,000 dinars, may file a property registration application.

(5) The Tax Administration may, in accordance with Article 60, paragraph (2) of this Law, appraise the value of property listed in the property registration application and send a decision on the valuation to the taxpayer.

(6) The sole purpose of the property registration application shall be the use in the application of the cross-evaluation method of the tax base estimation referred to in Article 59 of this Law.

(7) The cross-evaluation method of estimating the tax base shall be applied to the difference between the value of the property assessed in a tax audit and the estimated or reported value of the property in the manner set out in paragraph (5) of this Article.

(8) If a taxpayer referred to in paragraph (1) of this Article fails to file a property registration application, the cross-evaluation method shall be applied to all his assets.

(9) The form and contents of the property registration application shall be prescribed by the minister.

(10) The Tax Administration shall determine a single tax base by applying the cross-evaluation method for the period from January 1, 2003 to December 31, 2005 with respect to individuals and sole traders specified in this Article.

(11) A single tax base referred to in paragraph (10) of this Article shall be determined as the difference between the value of property on December 31, 2005 and on January 1, 2003, reduced by the amount of declared income and by the value of the property purchased by using funds obtained through inheritance, gift or in another gratuitous legal transaction, declared as such by the taxpayer or another person and supported by relevant material evidence.

(12) The value of property on January 1, 2003 shall be the sum of total values of assets referred to in Article 59, paragraph (3) of this Law as at January 1, 2003.

(13) The value of property on December 31, 2005 shall be the sum of total values of assets referred to in Article 59, paragraph (3) of this Law as at December 31, 2005, increased by the value of property acquired in onerous legal transactions and disposed of in onerous or gratuitous transactions in the period from January 1, 2003 to December 31, 2005.

Article 186a

By applying the cross-evaluation method, the Tax Administration shall also assess a single tax base for the period from January 1, 2003 to December 31, 2005 for individuals and sole traders whose total property is worth more than 20,000,000 dinars on December 31, 2005, in keeping with Article 59 and Article 186, paragraphs (11) through (13) of this Law.

Republic of Serbia' Lien Pending the Start of Operation of the Pledge Register Article 187

(1) Enforced collection of taxes and secondary tax duties shall have priority over other taxpayer's obligations and claims of other persons until the start of operation of the pledge register in accordance with the law governing lien on movables entered into the register.

(2) Before the start of operation of the pledge register referred to in paragraph (1) of this Article, the Republic of Serbia's liens on immovables, funds in a taxpayer's account, movables and claims of a taxpayer shall be established on the date of their registration in the real property register or the register of frozen accounts, on movables – through an inventory, and on a taxpayer's claims through service on a taxpayer's debtor of the decision referred to in Article 92, paragraph (2) of this Law.

(3) An inventoried item of movable property on which a lien has been established on behalf of the Republic shall be seized at the time of inventory.

(4) An inventoried movable item referred to in paragraph (3) of this Article may exceptionally be left with a taxpayer for safekeeping until the date of sale if so mandated by reasons of economy of the enforced collection procedure.

Transitional Regime for Establishing the Republic of Serbia's Liens Article 188

(1) Liens on movables and taxpayers' claims established before the start of operation of the pledge register in accordance with the law governing liens on movables entered into the register, in accordance with Article 187, paragraph (2) of this Law, shall be entered into the relevant pledge register as a matter of priority, on the first day of operation of that register.

(2) For the purposes of exercising the lien priority right, the Tax Administration shall send to the relevant register a request for registration of liens referred to in paragraph (1) of this Article, within 15 days from the start of operation of the pledge register.

(3) One year from the start of operation of the pledge register the Republic shall have the right of priority settlement from funds in a taxpayer's account with banks or other financial organizations, without registering its lien in the relevant pledge register.

(4) The lien of the Republic referred to in paragraph (3) of this Article established in accordance with Article 187, paragraph (2) of this Law, shall be entered as a matter of priority into the relevant pledge register, on the next day after the expiry of a one year period from the start of operation of the pledge register.

Transitional Regime of Enforced Collection from Monetary Claims

Article 189

(1) Until December 31, 2003, liens of the Republic on monetary claims of a taxpayer shall be established on the date of service on a taxpayer's debtor of the decision referred to in Article 92, paragraph (2) of this Law.

(2) Enforced collection of taxes and secondary tax duties from a taxpayer's monetary claims may be carried out when the Tax Administration has established in its procedure that such claim is not disputed and that it has fallen due.

(3) Under a decision on enforced collection of taxes from monetary claims, a claim referred to in paragraph (1) of this Article shall be attached, and a taxpayer's debtor shall be ordered to pay his debt for that claim into the relevant public revenue collection account, up to the amount owed by the taxpayer for taxes and secondary tax duties.

(4) A taxpayer's debtor may lodge an objection against the decision referred to in paragraph (3) of this Article within three days from the service date of the decision.

(5) A taxpayer's debtor shall make the payment of the attached claim referred to in paragraph (3) of this Article within three days from the expiry of the time limit for objection, or from the date of receipt of the decision on his objection, if the objection has not been granted.

(6) If a taxpayer's debtor fails to act in the manner defined in paragraph (5) of this Article, enforced collection shall be carried out from the funds in his account, in keeping with the provisions of Article 95 of this Law.

(7) If a taxpayer's claim on his debtor has not fallen due, the Tax Administration shall order payment within the meaning of paragraph (3) of this Article once the claim has fallen due.

(8) Enforced collection from the wage and other steady cash income of a taxpayer shall be carried out pursuant to a decision referred to in Article 92, paragraph (2) of this Law, which provides for attachment of part of such income, and orders the payer of income to transfer the

amount of tax and secondary tax duties owed, starting from the next disbursement, into the relevant public revenue collection account.

(9) If the payer of income fails to act in accordance with the decision referred to in paragraph (8) of this Article, the collection of the amount of taxes and secondary tax duties owed shall be made directly from the funds in the payer's account, in keeping with the provisions of Article 95 of this Law.

Transitional Regime of Enforced Collection from Non-Monetary Claims

Article 190

(1) Until December 31, 2003, the lien of the Republic on a taxpayer's non-monetary claims shall be established on the date of service on a taxpayer's debtor of the decision referred to in Article 92, paragraph (2) of this Law.

(2) Enforced collection of taxes and secondary tax duties may be carried out from a taxpayer's non-monetary claims once the Tax Administration has established in its procedure that such claim is not disputed and that it has fallen due.

(3) The decision on enforced collection referred to in Article 92, paragraph (2) of this Law shall freeze a taxpayer's non-monetary claim and order his debtor to hand over the owed objects to the Tax Administration, which shall make an inventory, appraise them, seize them and sell in accordance with the provisions of Article 89 and Articles 99 through 104 of this Law.

(4) If an attached claim is related to the handover of immovables, enforced collection shall be made in conformity with the provisions of Articles 105 through 111 of this Law.

Taking over Employees, Appointed Persons, Cases, Archives, Operating Equipment and Resources of the Republican Public Revenue Administration

Article 191

As of the start of the implementation of this Law, the Ministry of Finance and Economy shall take over the employees and appointed persons of the Republican Public Revenue Administration, as well as its cases, archives, operating equipment and resources.

Repeal of the Provisions of Certain Laws

Article 192

As of the start of the implementation of this Law the following shall be repealed:

1) Law on Audit, Assessment and Collection of Public Revenue (RS Official Gazette, nos. 76/91, 20/93, 37/93, 39/93, 53/93, 67/93, 45/94, 52/96, 42/98, 18/99, 33/99, 52/2000 and 34/2001);

- 2) Articles 125d, 136 and 138 through 144 of the Disability and Pension Insurance Law (RS Official Gazette, nos. 52/96, 46/98 and 29/2001);
- 3) Articles 108u and 108w through 108aa of the Health Insurance Law (RS Official Gazette, nos. 18/92, 26/93, 53/93, 67/93, 48/94, 25/96, 46/98, 54/99, 29/2001 and 18/2002);
- 4) Articles 27k, 27k-1, 27l and 27n through 27t of the Law on Employment and Exercise of Rights by Unemployed Persons (RS Official Gazette, nos. 22/92, 73/92, 82/92, 56/93, 67/93, 34/94, 52/96, 46/98 and 29/2001);
- 5) Article 90, Article 108, paragraph (1), Article 117, paragraph (2), Articles 120 through 156 and 163 through 165, Article 166, paragraph (1) items 3) and 4), Article 167, paragraph (1) items 13) and 14), Article 168, paragraph (1) items 4) through 6), Article 169, items 3) and 4), Article 170, items 1) and 3) and Article 172 of the Personal Income Tax Law (RS Official Gazette, no. 24/2001);
- 6) Articles 72, 73, 77 through 110 and 114 of the Corporate Income Tax Law (RS Official Gazette, no. 25/2001);
- 7) Articles 27, 28, 35, 36, 38 and 46 of the Excise Law (RS Official Gazette, nos. 22/2001 and 73/2001);
- 8) Articles 29 through 31, 40, 41, 43 and 55 of the Sales Tax Law (RS Official Gazette, nos. 22/2001 and 73/2001);
- 9) Article 41 of the Law on Property Taxes (RS Official Gazette, no. 26/2001);
- 10) in Article 53, paragraph (1) item 3) and Article 54 of the Law on Requirements for Engaging in Trade of Goods, Provision of Services in Trade and Inspection (RS Official Gazette, nos. 39/96, 20/97, 46/98 and 34/2001) the part regulating fines for misdemeanors set out in Article 7a and Article 53, paragraph (1) item 3) of that law;
- 11) Article 23, item 2) and Article 25 of the Law on Ministries (RS Official Gazette, no. 27/2002);
- 12) in Article 139, paragraph (1), item 3) of the Criminal Code of the Republic of Serbia (SRS Official Gazette, nos. 26/77, 28/77, 43/77, 20/79, 24/84, 39/86, 51/87, 6/89, 42/89 and 21/90 and RS Official Gazette, nos. 16/90, 26/91, 75/91, 9/92, 49/92, 51/92, 23/93, 67/93, 47/94, 17/95, 44/98, 10/2002 and 11/2002), the part setting forth the penalty for the criminal offence of abuse of powers in the economy for the responsible officer in a company or another organization engaged in business activity, who has withheld funds that constitute public revenue in relation to the fulfilment of the tax obligations or payment of other duties, and Article 154 of that law.

Entry into Force

Article 193

This Law shall enter into force on the eighth day from the day of its publication in the Official Gazette of the Republic of Serbia and it shall be implemented as of January 1, 2003.

PROVISIONS NOT INCLUDED IN THE CONSOLIDATED TEXT
Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, no. 61/07)

Article 60

The Tax Administration shall continue to use the immovable property owned by the Republic of Serbia and made available for use to local government units, which are actually used by the Tax Administration, pending the adoption of regulations on assets owned by local government units, except for immovable property referred to in Article 61 of the Law on Financing of Local Self-Government (RS Official Gazette, no. 62/06).

Article 61

(1) The provisions of Article 2 of this Law, in conformity with Article 60 of the Law on Financing of Local Self-Government (RS Official Gazette, no. 62/06), shall be implemented as of January 1, 2007.

(2) Procedures for assessing, collecting and auditing taxes and secondary tax duties collected by local government units under the provisions of the law referred to in paragraph (1) of this Article, which were instituted by the Tax Administration, but not concluded by the issuance of a final and binding decision before January 1, 2007, shall be concluded by the competent body of a local government unit.

Article 62

The provisions of Article 47 of this Law, in the part related to the competence of the Tax Administration for conducting the second-instance tax misdemeanor procedure, shall cease to be valid on the date when the second-instance misdemeanor court begins to operate in accordance with the Law on Misdemeanors (RS Official Gazette, no. 101/05).

Article 63

Regulations referred to in Articles 10 and 46 of this Law shall be passed within six months from the effective date of this Law.

Article 64

The Tax Administration shall also have jurisdiction over deciding on appeals lodged against decisions passed in tax procedure by competent bodies of local government units, which were filed with the Tax Administration in the period between January 1, 2007 and the effective date of this Law.

Article 65

The provisions of Article 10 of this Law on the obligations of large taxpayers shall be implemented as of January 1, 2009.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, no. 20/09)

Article 28

Regulations referred to in Articles 10, 21 and 25 of this Law shall be passed within six months from the effective date of this Law, except for regulations referred to in Article 25 of this Law in the part related to the level of the base and additional coefficients, pay groups and pay grades for tax officials' ranks, which shall be passed within three months from the effective date of this Law.

Article 29

Civil servants' performance appraisal marks for 2007 and 2008, as determined in the final decision of the Tax Administration director general, shall also be taken into account for appraisal-based promotion to a higher rank of a tax official referred to in Article 25 of this Law.

Article 30

(1) The provisions of Article 4 of this Law shall be implemented as of May 1, 2009.

(2) The provisions of Article 25 of this Law, in the part relating to the termination of employment of a tax official on the basis of his performance appraisal, shall be implemented after conducting performance appraisal for 2009 and 2010, and in the part relating to the right of tax officials to official uniform, work clothing and footwear, shall be implemented as of January 1, 2011.

Article 31

The regulation referred to in Article 37a, paragraph (7) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law and 61/07) shall be passed by December 31, 2009, at the latest.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, 53/10)

Article 47

If, prior to the effective date of this Law, a taxpayer has realized that a tax return he filed with the Tax Administration contains a mistake or an omission, he may file only one amended tax return in accordance with Article 40 of the Law on Tax Procedure and Tax Administration (RS Official

Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law).

Article 48

A taxpayer undergoing reorganization, in accordance with the law governing bankruptcy, who has been granted payment of tax debt pursuant to the provisions of Article 73 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law), and who files a request for rescheduling the payment of his tax debt in accordance with Article 14 of this Law, before the expiry of the period for which the rescheduling has been granted, may be granted tax debt rescheduling for the period which, together with the period of the already granted tax debt rescheduling, does not exceed 60 months.

Article 49

(1) Distribution of the amount paid for taxes and secondary tax duties due by December 31, 2010, shall be made by applying the provision of Article 70, paragraph (2) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law).

(2) The calculation and payment of interest on the amount of overpaid or underpaid tax and secondary tax duties by December 31, 2010 shall be made by applying the provision of Article 75, paragraph (1) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law).

Article 50

(1) When a Tax Administration decision becomes final and binding, pursuant to which immovable property and/or movable items referred to in Article 104, paragraph (18) and Article 110, paragraph (5) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09 and 72/09 – other law) are transferred to the ownership of the Republic of Serbia, before the effective date of this Law or before the start of the implementation of regulations referred to in Articles 20 and 21 of this Law, the authority responsible for records on state-owned immovables and movables shall take possession of such immovables and movables, in keeping with the regulations referred to in Articles 20 and 21 of this Law, within 30 days from the start of their implementation.

(2) A fine ranging from 5,000 dinars to 50,000 dinars shall be imposed for a misdemeanor on the responsible officer in the authority responsible for records on state-owned immovables and movables, if it fails to take possession of immovables and movables within the time limit referred to in paragraph (1) of this Article.

Article 51

The regulations referred to in Articles 20 and 21 of this Law shall be passed within 90 days from the effective date of this Law.

Article 52

- (1) The provisions of Articles 12 and 15 of this Law shall be implemented as of January 1, 2011.
- (2) Notwithstanding the provisions of this Law, local government units may define, by their decisions in 2010, different conditions for and manner of rescheduling, payment and write-off of interest on tax debt related to own-source public revenue, which fell due by December 31, 2009, and is not paid before end-2010.

Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, 101/11)

Article 51

- (1) The provisions of Articles 1 and 45 of this Law shall be implemented as of January 1, 2012.
- (2) Appeals in tax matters referred to in Article 2a of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law and 53/10) on which the Tax Administration has not decided by December 31, 2011, will be decided upon by relevant local government units.
- (3) The Tax Administration shall forward the files of cases referred to in paragraph (2) of this Article to relevant local government units within 30 days from the effective date of this Law.

Article 52

A taxpayer, who has concluded an agreement on financial restructuring in accordance with the law governing consensual financial restructuring of companies, granted the payment of tax debt under the provisions of Article 73 of the Law on Tax Procedure and Tax Administration (RS Official Gazette; nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law and 53/10), who files a request for tax debt rescheduling pursuant to Article 22 of this Law, before the expiry of the period for which the payment of his debt was rescheduled, may be granted tax debt rescheduling for the period which, together with the already granted rescheduling period, may not exceed 60 months.

Article 53

The provision of Article 11 of this Law, as well as the provisions of Articles 48 and 49 of this Law, in the part related to banks' liability for misdemeanors, if they fail to act pursuant to the provision of Article 11 of this Law, shall be implemented as of July 1, 2012.

Article 54

The regulation referred to in Article 30 of this Law shall be passed within six months from the effective date of this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 93/12)

Article 36

(1) On the effective date of this Law, the Decree on More Specific Conditions and Manner of Auditing Exchange Dealings (RS Official Gazette, no. 7/12) and the Decree on More Specific Conditions and Manner of Auditing Foreign Exchange Operations of Residents and Non-Residents (RS Official Gazette, nos. 112/06, 39/10 and 15/12) shall cease to be valid.

(2) On the effective date of this Law, the provisions of Articles 119 through 123 and Articles 125 through 129 of the Law on Games of Chance (RS Official Gazette, no. 88/11) shall cease to be valid.

(3) Bylaws passed on the basis of authorizations laid down in the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11) governing the conditions and manner of performance of exchange dealings, shall be aligned with the provisions of this Law within 90 days from its effective date.

(4) Before the beginning of the implementation of the regulations referred to in Article 3 of this Law, the regulations adopted pursuant to the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11) shall apply, unless they contravene the provisions of this Law.

Article 37

(1) On the effective date of this Law, the Tax Administration shall assume the responsibilities of the Foreign Exchange Inspectorate for the performance of tasks related to the issuance and revocation of authorizations for the performance of exchange dealings, tasks related to the issuance of certificates for the performance of exchange dealings and audit of exchange dealings, as well as other tasks which, under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11), fall within the purview of the Foreign Exchange Inspectorate.

(2) Procedures initiated by the Foreign Exchange Inspectorate in the execution of the competences referred to in paragraph (1) of this Article, but not concluded before the effective date of this Law, shall be concluded by the Tax Administration in accordance with this Law.

(3) Residents – legal entities and sole traders issued with a decision approving their authorization for the performance of exchange dealings before the effective date of this Law, shall continue to operate pursuant to that decision in keeping with the provisions of this Law.

Article 38

(1) On the effective date of this Law, the Tax Administration shall assume the responsibilities of the Administration for Games of Chance, which that administration has under the Law on Games of Chance (RS Official Gazette, no. 88/11).

(2) Procedures in the field of games of chance initiated by the Administration for Games of Chance, but not concluded before the effective date of this Law, shall be concluded by the Tax Administration in accordance with this Law.

(3) Gaming operators who were issued by the Administration for Games of Chance with a decision approving their license or authorization to operate games of chance in accordance with the Law on Games of Chance (RS Official Gazette, no. 88/11) before the effective date of this Law shall continue to operate those games until the expiry of the validity of their license or authorization.

(4) Persons who are under an obligation to submit acts on operation of games of chance, certificates, reports, notifications, etc. to the Administration for Games of Chance under the regulations governing games of chance, shall be obliged to submit those acts to the Tax Administration in the cases, manner and time limits governed by the regulations on games of chance.

Article 39

(1) On the effective date of this Law, the Foreign Exchange Inspectorate established under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11), and the Administration for Games of Chance, established under the Law on Games of Chance (RS Official Gazette, nos. 84/04, 85/05 – other law, and 95/10) shall cease to operate.

(2) On the effective date of this Law, the Tax Administration shall take over the employees and appointed persons of the Foreign Exchange Inspectorate and the Administration for Games of Chance, as well as their business premises, objects, information systems, archives, operating equipment and resources.

Article 40

(1) The provisions of Articles 13 and 14 of this Law shall be implemented as of January 1, 2013.

(2) The provisions of Articles 17 and 18 of this Law, in the part related to the level of the interest rate on the amount of overpaid and underpaid tax and secondary tax duties, including the interest on tax debt whose payment has been rescheduled, as well as the method for the calculation of interest, shall be implemented as of January 1, 2013.

(3) The provision of Article 17 of this Law, in the part related to the date as of which interest shall start to accrue for the payer of the value added tax who is to receive a refund of that tax, shall apply to tax returns filed for a tax period as of January 1, 2013.

(4) The provision of Article 17 of this Law, in the part related to the date on which interest shall start to accrue for a taxpayer who has filed a request for tax reimbursement or rebate, shall apply

to the decisions establishing the right to tax reimbursement or rebate, to be issued for requests filed since January 1, 2013.

(5) The provisions of Article 23 of this Law, in the part related to the assessment of the tax liability of a person performing a non-registered or unreported activity, shall be implemented as of January 1, 2013.

(6) The provisions of Article 26 of this Law in the part related to the institution and conduct of first instance misdemeanor proceedings not in the exclusive jurisdiction of the misdemeanor court, and meting out of punishments – for tax misdemeanors, for misdemeanors in the field of exchange dealings and other tasks which fall, under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11) within the competence of the Foreign Exchange Inspectorate, as well as for the misdemeanors in the field of games of chance, and Articles 2, 5, 19, 20, 22, 24, 27 and 35 of this Law shall be implemented as of January 1, 2013.

(7) First instance misdemeanor proceedings for tax misdemeanors, for misdemeanors in the field of exchange dealings and other tasks which fall, under the Law on Foreign Exchange Operations (RS Official Gazette, nos. 62/06 and 31/11) within the competence of the Foreign Exchange Inspectorate, as well as for misdemeanors in the field of games of chance, which are not concluded by virtue of a final and binding decision by December 31, 2012, shall be concluded by the relevant misdemeanor court.

(8) The provisions of Article 10 and Article 32, paragraph (1) of this Law shall be implemented as of July 1, 2014.

Article 41

Requests for tax debt rescheduling on which enforceable decisions have not been passed prior to the effective date of this Law shall be decided upon by the competent authority in keeping with this Law.

Article 42

Procedures with regard legal remedies filed against tax administrative acts issued by local government units in relation to own-source public revenues referred to in Article 2a, paragraph (1) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11 and 2/12 – correction) before December 31, 2012, shall be concluded by the competent second instance bodies of those local government units.

Article 43

The Tax Administration shall announce a public competition to initiate the procedure for the election of managerial staff referred to in Article 29 of this Law within eight days from the effective date of this Law.

Article 44

The regulation referred to in Article 7 of this Law shall be passed within six months from the effective date of this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, nos. 47/13 and 108/13)

Article 45

The provisions of Article 4, paragraph (2) of this Law shall apply to acts passed after the entry into force of this Law.

Article 46

The regulations referred to in Articles 11, 26, 30, 33, and 34 of this Law shall be passed within six months from the effective date of this Law, and the regulation referred to in Article 12 of this Law shall be passed within three months from the effective date of this Law.

Article 47

Deleted (RS Official Gazette, no. 108/13)

Article 48

(1) The provisions of Articles 8, 12 and 13, Article 15, paragraph (1), Articles 22 and 23, Article 36, paragraph (1), Article 40, paragraphs (4) and (16), Article 41, paragraph (2), and Article 43, paragraph (3) of this Law, shall be implemented as of March 1, 2014.

(2) Notwithstanding paragraph (1) of this Article, in the part related to the beginning of implementation of Article 12 of this Law, a taxpayer who has put in place technical conditions may submit to the Tax Administration single tax returns for withholding taxes in electronic form as of October 1, 2013.

(3) The procedure and method for filing single tax returns as of October 1, 2013 may be defined by the minister in charge of finance.

Article 49

(1) The provision of Article 7, paragraph (1) of this Law on delivering notifications and/or allowing direct access to the database, shall be implemented as of January 1, 2014.

(2) By January 31, 2014, the authority which keeps records on permanent residence shall send to the Tax Administration the database in electronic form based on the entered data as of the start of the implementation of Article 7, paragraph (1) of this Law.

(3) Notwithstanding paragraph (1) of this Article, authorities which have put in place technical conditions may send notifications to the Tax Administration in electronic form and allow direct access to databases as of October 1, 2013.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, no. 108/13)

Article 10

(1) In keeping with Article 41 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction and 93/12), the following shall be filed:

- 1) an integrated tax return for withholding taxes paid through to February 28, 2014, for which prescribed tax returns were not filed;
- 2) a single tax return for income paid in 2013.

(2) On the effective date of this Law, Article 47 of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 47/13) shall cease to be valid.

Article 11

(1) The provisions of Articles 3, 4, 8, and 9 of this Law shall be implemented as of March 1, 2014.

(2) For each disbursement of income made in January and February 2014, a taxpayer or a withholding agent shall also file with the Tax Administration a single tax return defined by this Law, not later than the last day of the month in which the payment was made.

(3) The words: “January 1” in Article 48, paragraph (1) of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 47/13) shall be replaced by the words: “March 1”.

Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, no. 68/14)

Article 75

Audits of public sector net wage/salary cuts, in keeping with the law governing the public sector net wage/salary cuts, shall be performed by Tax Administration for wages/salaries paid before the date on which that law ceased to apply.

Article 76

Within five days from the effective date of this Law, the authority which keeps records on permanent or temporary residence of individuals shall submit to the Tax Administration the data referred to in Article 12, paragraph (1) of this Law as at the effective date of this Law.

Article 77

(1) Until the commencement of the filing of tax returns in electronic form in accordance with Article 15, paragraph (2) of this Law, large taxpayers shall file tax returns in electronic form in keeping with Article 38, paragraph (8) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13).

(2) The provisions of Article 15, paragraph (4), Article 39, paragraphs (3) and (4) and Article 44, paragraphs (2) and (3) of this Law shall apply from the date of the filing of tax returns in electronic form in accordance with Article 15, paragraph (2) of this Law.

(3) In the cases where, due to technical issues, taxpayers were not able to electronically file from July 1, 2014 to the entry into force of this Law a tax return for a certain tax type pursuant to Article 38, paragraph (9) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13), they shall file the tax return directly or by mail until the relevant dates fixed by Article 15, paragraph (2) of this Law as dates as of which tax returns shall only be filed in electronic form.

Article 78

For the disbursements of income made in 2014, a taxpayer or a withholding agent shall electronically file a single tax return defined in Article 41 of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction and 93/12) with the Tax Administration not later than January 31, 2015.

Article 79

(1) A request for tax debt rescheduling on which an enforceable decision has not been passed prior to the effective date of this Law shall be decided upon by the competent authority in keeping with the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13), except for the provisions on the level of the interest rate.

(2) Taxpayers who have acquired the right to tax debt rescheduling under the provisions of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13), before the effective date of this Law, shall execute that right in accordance with that law.

Article 80

Requests for payment of taxes through transfers between tax accounts, on which enforceable decisions have not been passed prior to the effective date of this Law, shall be decided upon by the competent authority in keeping with this Law.

Article 81

Misdemeanor proceedings initiated before the start of the implementation of the Law on Misdemeanors (RS Official Gazette, no. 65/13) shall be concluded in accordance with provisions of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13).

Article 82

Distribution of the amount paid for taxes and secondary tax duties due by December 31, 2014 shall be made by applying the provision of Article 70, paragraph (2) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 – correction, 23/03 – correction, 70/03, 55/04, 61/05, 85/05 – other law, 62/06 – other law, 61/07, 20/09, 72/09 – other law, 53/10, 101/11, 2/12 – correction, 93/12, 47/13 and 108/13).

Article 83

(1) Acts referred to in Article 12, paragraph (4) and Articles 19 and 55 of this Law shall be passed within one month from the effective date of this Law.

(2) Acts referred to in Article 12, paragraph (8) and Articles 13 and 59 of this Law shall be passed within three months from the effective date of this Law.

(3) Acts referred to in Article 26 of this Law shall be passed by December 1, 2014.

Article 84

(1) The provisions of Article 13, paragraph (1) of this Law shall apply as of the next business day after the expiry of the 30th day from the effective date of the act referred to in Article 13, paragraph (2) of this Law.

(2) The provision of Article 14, paragraph (11) of this Law shall apply as of the next business day after the expiry of a three-month period from the entry into force of this Law.

Article 85

On the effective date of this Law, the following shall be repealed:

- 1) Articles 60 and 60a of the Law on the Value Added Tax (RS Official Gazette, nos. 84/04, 86/04 – correction, 61/05, 61/07, 93/12 and 108/13);
- 2) Articles 41, 41a, 42, 43, 44 and 45 of the Excise Law (RS Official Gazette, nos. 22/01, 73/01, 80/02 – other law, 43/03, 72/03, 43/04, 55/04, 135/04, 46/05, 101/05 – other law, 61/07, 5/09, 31/09, 101/10, 43/11, 101/11, 93/12, 119/12 and 47/13);
- 3) Article 44 of the Law on Property Taxes (RS Official Gazette, nos. 26/01, 42/02 – FCC,

- 80/02, 80/02 – other law, 135/04, 61/07, 5/09, 101/10, 24/11, 78/11, 57/12 – CC and 47/13);
- 4) Articles 112 and 113 of the Law on the Corporate Income Tax (RS Official Gazette, nos. 25/01, 80/02, 80/02 – other law, 43/03, 84/04, 18/10, 101/11, 119/12, 47/13 and 108/13);
- 5) Articles 166, 167 and 168 of the Law on the Personal Income Tax (RS Official Gazette, nos. 24/01, 80/02, 80/02 – other law, 135/04, 62/06, 65/06 – correction, 31/09, 44/09, 18/10, 50/11, 91/11 – CC, 93/12, 114/12 – CC, 47/13, 48/13 – correction, 108/13 and 57/14);
- 6) Articles 72, 72a, 72b, 73, 74, and 74a of the Law on Contributions for Compulsory Social Insurance (RS Official Gazette, nos. 84/04, 61/05, 62/06, 5/09, 52/11, 101/11, 47/13, 108/13 and 57/14);
- 7) Article 28 of the Law on Taxes on the Use, Possession, and Carrying of Goods (RS Official Gazette, nos. 26/01, 80/02, 43/04, 31/09, 101/10 and 24/11);
- 8) Article 12 of the Law on the Tax on Non-Life Insurance Premiums (RS Official Gazette, no. 135/04).

**Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, no. 112/15)**

Article 30

(1) In the period from January 1, 2016 to February 29, 2016, a taxpayer who has put in place technical conditions may file his tax returns electronically as well, in the prescribed manner, concurrently with the filing, directly or by mail, of tax returns in written form under Article 6, paragraphs (2) and (5) and paragraph (6), indents (1) and (2) of this Law.

(2) No tax debit shall be posted to the accounts of taxpayers based on tax returns referred to in paragraph (1) of this Article submitted in electronic form.

Article 31

Distribution of the amount paid for taxes and secondary tax duties due by December 31, 2015 shall be made by applying the provision of Article 70, paragraph (2) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 -. law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53/10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14 and 105/14).

**Law on Amendments to the Law on Tax Procedure and Tax Administration
(RS Official Gazette, no. 15/16)**

Article 10

(1) Notwithstanding the above, in the procedure of deciding on rescheduling the payment of tax owed, a taxpayer who submits a request concerning the tax owed, which was due before the effective date of this Law and posted as such in the tax accounting of the Tax Administration, but

which does not exceed 2,000,000 dinars and does not include interest, may be granted the rescheduling of tax owed excluding interest on that debt for up to 60 months.

(2) The taxpayer referred to in paragraph (1) of this Article shall not provide collateral for tax owed, excluding interest on that debt, up to the amount referred to in Article 4 of this Law.

(3) For a taxpayer, whose tax owed as defined in paragraph (2) of this Article exceeds the amount set out in Article 4 of this Law, such collateral shall be defined in the procedure of deciding on collateral, which corresponds to the amount of tax owed in excess of the amount defined in Article 4 of this Law, which shall also include the amount of accrued interest on that part of the debt.

(4) To a taxpayer referred to in paragraph (1) of this Article, who has acquired the right to the payment of tax owed in installments pursuant to this Law, and who is regularly paying installments of his rescheduled liabilities, including current liabilities in accordance with law, interest accrued on the tax owed, which was paid in that period, shall be written off upon the expiry of each 12-month period, until that debt has been paid in full.

(5) In a situation where a taxpayer has paid the full amount of taxes owed before the expiry of the time limit for the payment of the tax owed in installments pursuant to this Law, all interest on his debt shall be written off.

(6) The request referred to in paragraph (1) of this Article may be submitted by the taxpayer as of the first day of the month following the month in which this Law entered into force, but not later than 120 days from the effective date of this Law.

(7) Before the date of submission of the request referred to in paragraph (1) of this Article, a taxpayer shall settle all current liabilities fallen due since the effective date of this Law, and submit proof to that effect, which shall also be a requirement for the exercise of the right to pay the tax owed in instalments in accordance with this law.

(8) From the date of submission of the request referred to in paragraph (1) of this Article to the date of issuance of the rescheduling decision or agreement on the payment of tax owed in installments in keeping with this Law, a taxpayer shall settle all current liabilities fallen due in that period, not later than 30 days from the date of delivery of that decision or agreement, with interest payable on that debt in accordance with the law.

(9) If a taxpayer fails to meet his current liabilities in accordance with paragraph (8) of this Article, or fails to comply with time limits set out in the agreement or the decision on the rescheduling of payment of tax owed, or if he fails to settle his current liability in the period for which the payment of tax owed was rescheduled, the Tax Administration shall *ex officio* cancel the agreement or the decision and collect unpaid tax owed, including unpaid interest on that debt, from the collateral and/or in the enforced collection procedure.

(10) During the period of the rescheduling, in accordance with this Law, interest on that tax shall accrue referred to in Article 6, paragraph (2) of this Law.

(11) Current liabilities shall be understood to mean liabilities related to public revenue, which periodically fall due within the meaning of tax regulations or other acts, starting from the effective date of this Law.

(12) Current liabilities shall not include liabilities assessed in an audit, as well as liabilities assessed by a decision of the tax authority, referring to the tax period which is part of the period for which the interest write-off is requested within the meaning of this Law.

(13) Approval of the rescheduling of the payment of tax owed shall interrupt the limitation period for the right to collect taxes owed whose payment was rescheduled, and the period for which the rescheduling has been granted shall not be included in the absolute statute of limitations.

Article 11

(1) Taxpayers that acquired the right to reschedule the payment of the principal tax debt in 24 monthly installments in accordance with the Law on Conditional Interest Write-Off and Tax Debt Standstill (RS Official Gazette, no. 119/12), may file a written request with the competent organizational unit of the Tax Administration, in order to acquire the right to the rescheduling of the payment of owed tax, in accordance with this Law.

(2) Taxpayers who, prior to the effective date of this Law, submitted a request for the rescheduling of the payment of tax owed, or who have acquired the right to reschedule the payment of tax owed, including taxpayers whose rescheduling agreements or decisions were cancelled *ex officio* by the Tax Administration, pursuant to the provisions of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53/10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation and 112/15), may submit a written request to the competent organizational unit of the Tax Administration, to acquire the right to the payment of tax owed in instalments in accordance with this law.

(3) The Tax Administration shall not be obliged to return to the taxpayer the security established in the procedure of deciding on the rescheduling of the payment of tax owed referred to in paragraph (2) of this Article, and such security shall also be used in the procedure of deciding on the payment of tax owed in installments in accordance with this Law.

Article 12

(1) The rescheduling of the payment of tax owed in accordance with the provisions of Articles 10 and 11 of this Law shall be decided upon by the person referred to in Article 73, paragraph (3) of the Law on Tax Procedure and Tax Administration (RS Official Gazette, nos. 80/02, 84/02 - correction, 23/03 - correction, 70/03, 55/04, 61/05, 85/05 - other law, 62/06 - other law, 61/07, 20/09, 72/09 - other law, 53/10, 101/11, 2/12 - correction, 93/12, 47/13, 108/13, 68/14, 105/14, 91/15 - authentic interpretation and 112/15).

(2) An act for the implementation of the provisions of Articles 10 and 11 of this Law shall be

passed by the minister, at a proposal of the Tax Administration director general.

Article 13

The provision of Article 2, paragraph (4) of this Law shall apply to decisions on a ban on the movements of funds through a taxpayer's account opened with a bank, passed after the entry into force of this Law.

Article 14

The provision of Article 6, paragraphs (3) and (4) of this Law, which relates to the write-off of 50% of interest on tax owed shall apply to taxpayers whose decisions or agreements on the rescheduling of tax owed have been adopted after the entry into force of this Law.

Law on Amendments to the Law on Tax Procedure and Tax Administration

(RS Official Gazette, no. 108/16)

Article 25

(1) The provisions of Articles 1 and 3, Article 5, paragraph (5), Articles 15 through 19 and Article 21 of this Law, relating to the establishment of the jurisdiction of a second-instance authority and deciding in second-instance tax procedures shall be implemented as of July 1, 2017, when the responsibilities of the Tax Administration with respect to the powers of deciding in second-instance tax procedures shall cease.

(2) The cases where the procedure before the second-instance tax authority is not concluded by June 30, 2017, shall be taken over by the second-instance authority defined in this Law.

[!] A NOTE ON THE IMPLEMENTATION:

The provisions of Article 26, renumbered paragraph (19) of this Law, relating to the establishment of the jurisdiction of a second instance authority and deciding in second-instance tax procedures shall be implemented as of July 1, 2017, when the responsibilities of the Tax Administration shall cease with respect to the power to decide in second-instance tax procedures under Article 25, paragraph (1) of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 108/16).

The provisions of Article 38, paragraph (10) (renumbered paragraph (9)), Article 122, paragraphs (5) and (6) and Article 129, paragraphs (3) and (4) of this Law shall apply as of the date of the filing of electronic tax returns in accordance with Article 38, paragraph (7) of this Law, pursuant to Article 77, paragraph (2) of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 68/14).

The provisions of Article 30b, paragraph (1) of this Law shall apply as of the next day following the expiry of the 30th day from the effective date of the act referred to in Article 30b, paragraph (2) of this Law, pursuant to Article 84, paragraph (1) of the Law on Amendments to the Law on Tax Procedure and Tax Administration (RS Official Gazette, no. 68/14).