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Serbia: New measures of economic aid to business entities in the private sector

Regulatory

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At the session held on 30 July 2020, the Government of the Republic of Serbia adopted new measures of economic aid to business entities in the private sector, namely through the Conclusion, by which the Government approved business entities additional direct benefits and postponement of payment of certain public revenues, under certain conditions, in order to combat the negative consequences of COVID-19 virus on the economy (the "Conclusion").

For the purposes of the Conclusion, legal entities are classified into micro, small, medium and large, based on the financial statements for 2018. In this respect, entrepreneurs, micro, small and medium legal entities, that have exercised the right to direct benefits whose payment was due in July 2020 will automatically receive new direct benefits that will be paid in August and September 2020, in both months in the amount of 60% of direct benefits paid in July.

Large legal entities that have qualified for direct benefits in accordance with the Regulation and have not lost that right (i.e. have not reduced the prescribed number of employees and have not paid dividends), acquire the right to additional aid provided that they submit a SL Form - List of persons for whom a large legal entity is entitled to the payment of non-refundable financial funds by 15 August 2020, so that for the month of June and July 2020, direct benefits are paid, as follows:

- in August 2020, in the amount of 50% of the minimum net salary for March 2020 for each full-time employee for whom a decision on suspension of work was adopted in June 2020, which referred to at least 15 working days;
- in September 2020, in the amount of 50% of the minimum net salary for March 2020 for each full-time employee for whom during July 2020, a decision on suspension of work was adopted, which referred to at least 15 working days.

Payment of direct benefits is made to a special purpose COVID-19 account in the bank that holds the current account of that business entity (valid for all four categories), which is already open – therefore to existing accounts.

Business entities that have not used the rights to direct benefits and fiscal benefits may use these rights in accordance with the Conclusion, namely business entities that were established and registered or acquired the status of VAT payers before 15 March 2020, and which did not use the right to direct benefits and fiscal benefits, as well as business entities that were established and registered or acquired the status of VAT payers after 15 March 2020, ending with 20 July 2020. In September 2020, these business entities will get direct benefits in the amount of 120% of the minimum net salary for March 2020 per employee for salary and compensation of salary for which they submitted the PPP-PD form, for the accounting period August 2020, under certain conditions prescribed by the Conclusion.

Business entities should use the funds received on the basis of direct benefits by 31 October 2020 the latest, after which the special purpose COVID 19 accounts will be closed, and the unused funds from those accounts will be transferred to a special budget account.

Business entity will lose the right to use the measures from the Conclusion if it reduces the number of employees by more than 10% within three months from the last payment of direct benefit, not counting employees who concluded a employment agreement on a definite term with the business entity before 15 March 2020 for the period ending in the defined period.

Regarding fiscal benefits, the Conclusion envisages postponement of payment of public revenues, only for one month, as follows:

- taxes and contributions on salaries and compensation of salaries;
- taxes and contributions on personal salary of entrepreneurs;
- taxes and contributions on income from self-employment.