



Serbia – February 2021

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Amendments to property tax law, effective 2021

Certain provisions of the legislation amending the property tax in Serbia were effective 1 January 2021, but certain measures have an effective date of 1 January 2022.

Among the changes to the property tax law are provisions that concern the following:

- Investment funds: Open-end investment funds and alternative investment funds, that do not have a legal entity status, but which are registered with the competent register in accordance with the law, have become taxpayers of property tax.
- Real estate groups subject to property tax: Office buildings and other facilities (aboveground and underground) used for performing business activities, include apartments or houses where registered business activities are being performed, and garages intended for parking service activity for vehicles, aircrafts or vessels. The definition of garages has been expanded to include ancillary facilities.
- Determining of the average price of real estate by the local municipality: This concerns the manner of determining the average price of real estate by a local municipality for use in determining the property tax base.
- Public facilities: The law defines public facilities as those for public use regardless of the form of ownership (hospitals and health centers, old people's homes, educational and cultural facilities, sports and recreational facilities, post offices, etc.)
- Determining the property tax base: If the taxpayer, in its business books, does not separately record the value of the land and facility, and the tax base is determined for previous years (during tax audit), the legislation stipulates that the value of the facility is its construction value estimated as of the last day of the calendar year preceding the year for which the tax is determined. Separate rules apply for determining the tax base of processing industry production facilities, storage facilities, cable cars, roads, railways, and other infrastructure facilities.
- Determining the property tax rate: The tax rate, up to the amounts prescribed by law, are to be determined by the decision of the assembly of the local self-government unit.
- Tax exemptions: An exemption from property tax on land is extended to situations when the land is permanently given to other persons for the purpose of generating income. Land area of less than 10 acres is still exempt from property tax.

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- Determining property tax for 2021: The property tax will be determined and paid in accordance with the amendments to the legislation as of 2021.

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