

AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH
APRIL 2017 CONTENT UPDATE #1

Introduction

This guide provides explanation of the recently enacted changes to the Serbian VAT Act.

On 28 December 2016 the Serbian Parliament adopted the Law on Amendments to the Law on Value Added Tax, which was published in the Official Gazette No. 108/2016 on 29 December 2016.

The Law introduced changes to the place of supply rules for services, in order to harmonize the legislation with the EU rules on the matter. The changes referring to place of supply rules for services will go into force on 1 April 2017.

Based on the current configuration of Determination for the authority of Serbia, we have determined that changes are necessary to the logic assigned to the country to account for the new rules applicable for default services.

Under the new rules introduced to article 12 of the Serbian VAT Act, the new place of supply rules for default services are the following:

- If the default services are provided B2B, the place of supply is where the recipient of the services is located. If the recipient is located in Serbia and the supplier is a foreign entity, a reverse charge would occur according to article 10 of the VAT Act.
- If the default services are provided B2C, the place of supply is where the supplier is located. If the recipient is located in Serbia and the supplier is established abroad, there would be no taxable supply and tax obligation in Serbia.

In order to account for the referred rules, a new logic for default services has been assigned to Serbia. Bellow you can find an example of the expected result for Serbia for default services provided B2B.

PART II – TAX RESULT EXAMPLE

Test 1: Default Services B2B provided by a foreign entity.

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Default Services
Seller Primary	United Kingdom
Buyer Primary	Serbia
Seller Registration	GB123456789
Buyer Registration	123456789

The following image is an example of a foreign seller.

Scenario 2017 April Update - Serbia DS Foreign Seller after change:

View Results: 1 ▾		Gross Amount: 1000.00		Eff%: 0%			
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: SERBIA	Serbia	VAT	RC	O		20%	200.00
Country: SERBIA	Serbia	VAT	RC	I		20%	200.00
							0.00 EUR
<div><input type="checkbox"/> Authority Messages:</div>							
Authority	RuleOrder	Message					
Serbia	10000	GCBCL31: Reverse charge in Buyer's country.					
Serbia	10000	GCBCL32: Recovery of reverse charge in Buyer's country.					

Test 2: Default Services B2B provided by a local entity.

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Default Services
Seller Primary	Serbia
Buyer Primary	Serbia
Seller Registration	123456788
Buyer Registration	123456789
Seller Establishment in Seller Primary	Yes

The following image shows a domestic transaction.

Scenario 2017 April Update - Serbia DS domestic transaction:

View Results: 1 ▼		Gross Amount: 1000.00		Eff%: 20%			
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: SERBIA	Serbia	VAT	S	I		20%	200.00
							200.00 EUR
<input type="checkbox"/> Authority Messages:							
Authority	RuleOrder	Message					
Serbia	10000	GCBDS5: Input VAT in Seller's country.					

CONCLUSION

This guide explains law changes that will become effective in Serbia on 1st April, 2017 in connection with the rules applicable to the place of supply of services. Please contact Customer Support with any additional questions.