

SERBIA – LOGIC CHANGES

AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH

JANUARY 2020 CONTENT UPDATE #1

Introduction

This guide applies only from version 5.12.1.1 of Determination

This guide provides an explanation of the recent changes made to Determination for the authority of Serbia, which were implemented to fully support the place of supply rules for services.

Under the article 12 of the Serbian VAT Act, the place of supply rules for the supply of services are as follows:

- i) In case of B2B transactions - 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.
- ii) In case of B2C transactions - 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.

Considering the above, we have implemented some tax engine and content changes to Determination for Serbia authority, which are related to tax treatment of Transaction Type of Default Services, which will now fully reflect the tax law in both B2B and B2C scenarios.

As a result of these changes, when no buyer's number is passed (B2C transaction) Determination will no longer return Not Liable result for the cross-border supplies of Default Services with the seller's registration obligation. Instead, it will not return any tax for this authority and in order to apply the local VAT / registration requirement, it will be necessary to use Transaction Type of Customer Location Services.

Below are some examples of the expected results for Serbia authority in respect of supply / acquisition of the abovementioned services.



TAX RESULTS EXAMPLES

Test 1: B2B Default Services provided by a foreign entity to the Serbian Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Germany
Buyer Primary	Serbia
Seller Registration	DE123456789
Buyer Registration	123456789

NOTE: Seller Primary and Buyer Primary parameters are the only necessary locations for this transaction type.

Results for the foreign SELLER:

Tax Calculation Results										
Scenario 2020 January 1st Update - Serbia:										
View Results: 1 ▼		Gross Amount: 100.00		Eff%: 0%						
Zone		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: GERMANY		Germany	Not Liable	NL	O		0%	0.00		
Country: SERBIA		Serbia	Not Liable	NL	O		0%	0.00		
								0.00 USD		
Authority Messages:										
Authority	RuleOrder	Message								
Germany	5001	EUS17: No VAT liability in Seller's country under Article 44 of EC Directive 2006/112.								
Serbia	5001	GCSDS21: No VAT liability in Buyer's country. Customer to Reverse Charge.								

Results for the Serbian BUYER:

Tax Calculation Results										
Scenario 2020 January 1st Update - Serbia:										
View Results: 1 ▾		Gross Amount: 100.00		Eff%: 0%						
	Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
	Country: SERBIA	Serbia	VAT	RC	O		20%	20.00		
	Country: SERBIA	Serbia	VAT	RC	I		20%	20.00		
								0.00 USD		
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Serbia	10000	GCBDS31: Reverse charge in Buyer's country.								
Serbia	10000	GCBDS32: Recovery of Reverse charge in Buyer's country.								

Test 2: B2B Default Services provided to a foreign entity by the Serbian Seller

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Serbia
Buyer Primary	Germany
Seller Registration	123456789
Buyer Registration	DE123456789

NOTE: Seller Primary and Buyer Primary parameters are the only necessary locations for this transaction type.

Results for the Serbian SELLER:

Tax Calculation Results

Scenario 2020 January 1st Update - Serbia:

View Results: 2 ▾

Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: SERBIA	Serbia	Not Liable	NL	O		0%	0.00		
Country: GERMANY	Germany	Not Liable	NL	O		0%	0.00		
							0.00 USD		

Authority Messages:

Authority	RuleOrder	Message
Serbia	5001	GCSDS20: No VAT liability in Seller's country.
Germany	5001	EUSS04: No VAT liability in Buyer's country under Articles 196 and 44 of EC Directive 2006/112. Customer to Reverse Charge.

Results for the foreign BUYER:

Tax Calculation Results										
Scenario 2020 January 1st Update - Serbia:										
View Results: 2 ▾		Gross Amount: 100.00		Eff%: 0%						
Zone		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: GERMANY		Germany	VAT	RC	O		19%	19.00		
Country: GERMANY		Germany	VAT	RC	I		19%	19.00		
								0.00 USD		
Authority Messages:										
Authority	RuleOrder	Message								
Germany	10000	EUBS31: Reverse charge in Buyer's country under Articles 196 and 44 of EC Directive 2006/112.								
Germany	10000	EUBS32: Recovery of reverse charge in Buyer's country under Articles 196 and 44 of EC Directive 2006/112.								

Test 3: B2C Default Services provided to a foreign entity

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Serbia
Buyer Primary	Germany
Seller's Registration	123456789

NOTE: Seller Primary parameter is the only necessary location for this transaction type.

Results for the Serbian SELLER:

Tax Calculation Results												
Scenario 2020 January 1st Update - Serbia:												
View Results: 4 ▾		Gross Amount: 100.00		Eff%: 20%								
Zone		Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: SERBIA		Serbia		VAT		S	O		20%	20.00		
										20.00 USD		
<input type="checkbox"/> Authority Messages:												
Authority		RuleOrder		Message								
Serbia		10000		GCSDS2: Output VAT in Seller's country.								