



## SERBIA – December 2020

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PROPERTY TAX LAW CHANGES IN SERBIA.....1

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### ***Property Tax Law Changes in Serbia***

*Amendments to the Law on Property Taxes*

As part of the above-mentioned tax reforms, on November 26th, 2020, the National Assembly of the Republic of Serbia adopted the Law on Amendments to the Law on Property Taxes.

The most significant changes are the following ones:

- when the subject of taxation owns land area over 10 acres or the right to use construction land over 10 acres, co-owners pay tax in proportion to shares, even when the share area of an individual taxpayer is less than 10 acres;
- more precise classification and definition of real estate;
- ancillary facilities are classified in the same group of real estate with garages in order to facilitate their taxation;
- taxation of inherited and donated digital property is introduced;
- dwellings that are categorized for performing activities or those dwellings that are fully or predominantly used for performing activities are taxed as business premises;
- starting from January 1st, 2022, the determination, collection and control of inheritance and gift taxes and taxes on the transfer of absolute rights are transferred from the Tax Administration to the competence of local self-government units;
- individual tax exemptions are changed, so that the property taxpayer does not pay tax when the total base for all his real estate in one territory of the local self-government unit does not exceed the amount of 400,000 RSD. If the total tax base for all real estate in the territory of local self-government is more than 400,000 RSD, the right to tax exemption ceases, and the tax is determined for all real estate of taxpayers in that territory starting from the occurrence of the tax liability;
- the right to a tax credit on the basis of property tax for the house or apartment in which the taxpayer lives is conditioned by the registration of residence in that house or apartment.

The goal of these legal changes is to facilitate tax collection by more precisely defining real estate and auxiliary facilities, as well as creating a new source of income for local self-government units to which part of the Tax Administration's authority is transferred, as well as relieving the Tax Administration and thus its more efficient functioning.

### **International Property Tax Institute**

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