

Adoption of the Law on Amendments to the Value Added Tax Law



On 19 June 2013, the Montenegrin Parliament adopted the Law on Amendments to the Value Added Tax Law (hereinafter: the Law), as published in the Official Gazette of Montenegro no. 29 dated 22 June 2013. The Law will enter into force on 30 June 2013.

The most important amendment is the increase of general VAT rate from 17% to 19%. According to the instruction of the Ministry of Finance of Montenegro the general VAT rate of 19% will apply as of 1 July 2013.

Other amendments are related to the following:

- Reduced VAT rate of 7% is no longer applicable to the accommodation services in apartment-hotels;
- Tax exemption for the services of games of chance and entertainment games is abolished;
- Penal provisions are increased as follows:
 - The offenses related to invoice issuance, delay in submitting tax return and registration form are subject to the fine that ranges from EUR 3,000 to EUR 10,000 for a

legal entity and from EUR 800 to EUR 2,000 for a responsible person in a legal entity. Before adoption of the Law, the fines amounted from EUR 1,000 to EUR 6,000 for a legal entity and from EUR 500 to EUR 2,000 for a responsible person in a legal entity;

- The other offenses are subject to the fine that ranges from EUR 6,000 to EUR 20,000 for a legal entity and from EUR 2,000 to EUR 6,000 for a responsible person in a legal entity. Before adoption of the Law, the fines amounted from EUR 1,500 to EUR 20,000 for a legal entity and from EUR 1,000 to EUR 2,000 for a responsible person in a legal entity
- In addition to the fine, a 30-day suspension of business activity could be imposed when an invoice is not issued to the buyer; VAT is not accrued or is improperly accrued; deduction of input VAT is improperly accrued; VAT is not accrued, is improperly accrued or is not paid in the case of termination of VAT registration.

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