

## Amendments to the VAT Rulebook on Determining Transfer of All or Portion of Property not subject to VAT



Amendments to the Rulebook on Determining Transfer of All or Portion of Property, With or Without Consideration, or as Initial Investment, Which is Not Deemed as Supply of Goods and Services in the Sense of the Value Added Tax Law ("Rulebook") were published in the Official Gazette of the Republic of Serbia number 76 dated 4 August 2012.

Amendments to the Rulebook extend the scope of non-taxable transfers of property, so that supply of goods and services that is not subject to VAT (besides the transfer of a technical-technological unit) also includes the transfer of a functional unit within which a business activity is conducted.

These amendments to the Rulebook introduce the possibility for VAT exempt transfer of a part of business

which does not represent production, i.e. technical-technological unit, if the acquirer is a taxpayer or through such transfer becomes a taxpayer and continues to perform the same business activity.

We would like to note that it can be expected that the Ministry of Finance will issue an opinion in the coming period in which it will specify what it considers to be a functional unit within which a business activity is conducted.

Besides this, amendments to the Rulebook specify that supplies of goods and services that are not subject to VAT include continuation of performance of a business activity by an entrepreneur in the form of a company.

Amendments to the Rulebook came into effect on 5 August 2012.

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