

## Double Taxation Treaty between Serbia and United Arab Emirates effective as of 1 August 2013



On 15 March 2013 the Serbian Parliament has adopted the Law confirming conclusion of Double Taxation Treaty between Serbia and United Arab Emirates (UAE) with respect to taxes on income and on capital (DTT).

The DTT has been published in the Official Gazette of Serbia – International Agreements no. 03/2013 dated 15 March 2013.

Instruments of ratification have been exchanged between Serbia and UAE in July 2013. As defined in the DTT, the DTT becomes effective on or after the first day of the month next following the month in which instruments of ratification have been exchanged.

Consequently, **the DTT is effective as of 1 August 2013.**

Below is an overview of the most important provisions of the DTT:

<b>Dividends</b>	<b>10% / 5% / 0%</b>
	<ul style="list-style-type: none"> <li>- 5% rate is applicable if the beneficial owner holds at least 5% of the capital of the company paying the dividends</li> <li>- 0% rate is applicable if dividends are paid to the government of the other contracting state</li> </ul>
<b>Interest</b>	<b>10% / 0%</b>
	- 0% rate is applicable for interest paid to the government of the other contracting state or political subdivisions or local authorities
<b>Royalties</b>	<b>10%</b>

## • Capital gains

The general rule is that capital gains from the sale of shares/ stakes are taxable only in the country in which the seller is a resident. However, if more than 50 per cent of the value of the shares/stakes is directly or indirectly derived from immovable property, such capital gains may be also taxed in the country where the immovable property is situated.

## • Exemptions

Following UAE entities are exempt from dividend and interest WHT in Serbia:

- 1) Abu Dhabi Investment Authority;
- 2) Abu Dhabi Investment Council;
- 3) Emirates Investment Authority;
- 4) Mubadala Development Company;
- 5) International Petroleum Investment Company;
- 6) Dubai World;
- 7) Investment Corporation of Dubai;
- 8) Recognized pension funds;
- 9) Dahra Holding Company.

## • Avoidance of double taxation

Both UAE and Serbia apply the credit method for the avoidance of double taxation.

## Contact details

### Igor Lončarević

Partner, Tax

**M:** +381 60 20 55 570

*iloncarevic@kpmg.com*

### Biljana Bujić

Director, Tax

**M:** +381 60 20 55 511

*bbujic@kpmg.com*

### Nenad Nešovanović

Senior Manager, Tax

**M:** +381 60 20 55 543

*nnesovanovic@kpmg.com*

### Daphné Mutricy

Manager, Tax

**M:** +381 60 20 55 571

*dmutricy@kpmg.com*

### Jelena Miljković

Manager, Tax

**M:** +381 60 20 55 516

*jmiljkovic@kpmg.com*

### KPMG d.o.o. Beograd

Kraljice Natalije 11

11000 Belgrade

Serbia

**T:** +381 11 20 50 500

**F:** +381 11 20 50 550

*tax@kpmg.rs*

[kpmg.com/rs](http://kpmg.com/rs)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.

© 2013 KPMG d.o.o. Beograd, a Serbian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.