

Double Taxation Treaties, the List of Tax Havens and WHT on service fees – Situation as at 1 March 2016

TAX ALERT
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Withholding tax (WHT) of 20% is introduced on service fees paid to non-resident legal entities as of 1 March 2016.

As of 1 March 2016 fees paid for services provided by non-resident legal entities which are rendered or used or which will be rendered or used on the territory of Serbia are subject to 20% WHT. 25% rate remains applicable on service fees paid to entities from tax havens.

As of 1 March 2016 only electronic tax return submission on the form PDPO/S will be possible, even if no tax is paid under the provisions of the applicable double tax treaty.

WHT rate on service fees could be reduced by applying provisions of the applicable double tax treaties. The list of 54 double taxation treaties of Serbia effective as at 1 March 2016 is presented below.

No.	Country	Dividends ¹	Interest	Royalties	Services ⁸
1	Albania	15/5	10	10	0
2	Austria	15/5	10	10/5 ⁴	0
3	Azerbaijan	10	10	10	0
4	Belarus	15/5	8	10	0
5	Belgium	15/10	15	10	0
6	Bosnia & Herzegovina	10/5	10	10	0
7	Bulgaria	15/5	10	10	0
8	Canada	15/5	10	10	0
9	China	5	10	10	0
10	Croatia	10/5	10	10	0
11	Cyprus	10	10	10	0
12	Czech Republic	10	10	10/5 ⁵	0
13	Denmark	15/5	10	10	0
14	Egypt	15/5	15	15	0
15	Estonia	10/5	10	10/5 ⁵	0
16	Finland	15/5	0	10	0
17	France	15/5	0	0	0
18	FYROM (Macedonia)	15/5	10	10	0
19	Georgia	10/5	10	10	0
20	Germany	15	0	10	0
21	Greece	15/5	10	10	0
22	Hungary	15/5	10	10	0
23	Iran	10	10	10	0
24	India	15/5	10	10	10

25	Ireland	10/5	10	10/5 ⁵	0
26	Italy	10	10	10	0
27	North Korea	10	10	10	0
28	Kuwait	10/5	10	10	0
29	Latvia	10/5	10	10/5 ⁴	0
30	Libya	10/5	10	10	0
31	Lithuania	10/5	10	10	0
32	Malaysia	20 ²	10	10	0
33	Malta	10/5	10	10/5 ⁴	0
34	Moldova	15/5	10	10	0
35	Montenegro	10	10	10/5 ⁴	0
36	Netherlands	15/5	0	10	0
37	Norway ⁷	15/5 ⁷	10	10/5 ⁴	0
38	Pakistan	10	10	10	10
39	Poland	15/5	10	10	0
40	Qatar	10/5	10	10	0
41	Romania	10	10	10	0
42	Russia	15/5	10	10	0
43	Slovak Republic	15/5	10	10	0
44	Slovenia	10/5	10	10/5 ⁴	0
45	Spain	10/5	10	10/5 ⁵	0
46	Sri Lanka	12.50	10	10	0
47	Sweden	15/5	0	0	0
48	Switzerland	15/5	10	0 ⁶	0
49	Tunisia	10	10	10	10
50	Turkey	15/5	10	10	0
51	Ukraine	10/5	10	10	0
52	United Arab Emirates	10/5/0 ³	10/0 ³	10	0
53	United Kingdom	15/5	10	10	0
54	Vietnam	15/10	10	10	0

1 If the recipient company holds at least 25% (20% in DTT with Switzerland, 5% in DTT with UAE) of the paying company, the lower of the two rates shown applies.

2 10% rate applies if payer is resident of Malaysia, 20% if resident of Serbia.

3 0% rate will apply if paid to the government of the contracting state (or political subdivisions or local authorities). In the case of payment of dividends by Serbian tax residents to tax residents of the United Arab Emirates, the Protocol provides specific list of entities to which 0% rate on dividends is applicable.

4 For the use of, or the right to use, any copyrights of literary, artistic or scientific work, including cinematography films, films and tapes for television and radio, the tax shall not exceed 5% of the gross amount of the royalties.

For the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience, the tax shall not exceed 10% of the gross amount of the royalties.

5 For the use of, or the right to use, any copyright of literary, artistic or scientific work except for computer software and including cinematography films or films or tapes used for radio or television broadcasting, the tax shall not exceed 5% of the gross amount of the royalties.

For the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula or process and computer software, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience, the tax shall not exceed 10% of the gross amount of the royalties.

6 Provided by the Protocol to the treaty between Serbia and Switzerland. Valid until Switzerland imposes withholding tax on royalties.

7 Provided by the original version of DTT between Serbia and Norway text in English language. Namely, in article 10, paragraph 2, point 2 of the Serbian translation of DTT, adopted on 16 November 2015 by the Assembly of the Republic of Serbia, instead of having the 10% tax rate on gross amount of dividends, the tax rate should be 15% as indicated in the prevailing English text of DTT.

8 0% rate is provided by the article dealing with business profits.



Foreign Tax Residence Certificates

Tax residence status of a recipient of income is proved by the POR-2 form (which needs to be certified by foreign competent authorities) or some other document certified by foreign competent authorities translated into Serbian language.

The list of tax havens is provided below:

1. Andorra	27. Macao
2. Anguilla	28. Maldives
3. Antigua and Barbuda	29. Marshall Islands
4. Aruba	30. Mauritius
5. Bahamas	31. Monaco
6. Bahrain	32. Monserrat
7. Barbados	33. Nauru
8. Belize	34. Netherlands Antilles
9. Bermuda	35. Niue
10. British Virgin Islands	36. Normand Isles
11. Cayman Islands	37. Palau
12. Christmas Island	38. Panama
13. Cook Islands	39. Saint Kitts and Nevis
14. Dominican Republic	40. Saint Lucia
15. Falkland Islands	41. Saint Vincent and the Grenadines
16. Fiji	42. Samoa
17. Gibraltar	43. San Marino
18. Grenada	44. Seychelles
19. Guam	45. Solomon Islands
20. Guernsey	46. Tonga
21. Guyana	47. Trinidad and Tobago
22. Hong Kong	48. Turks and Caicos Islands
23. Isle of Man	49. Tuvalu
24. Jersey	50. US Virgin Islands
25. Liberia	51. Vanuatu
26. Liechtenstein	

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