

# Double Taxation Treaties Situation as at 1 January 2019

## Tax Alert

April 2019



The network of effective double taxation treaties between Serbia and other countries has been changed in relation to the previous year – treaties with San Marino and Indonesia are in force, while treaty with Malesia is no longer in effect. In addition, as a result of Multilateral convention to implement tax treaty related measures to prevent base erosion and profit shifting (MLI) from 1

January 2019, treaties with the following countries are amended: Austria, France, Lithuania, Poland, Slovakia, Slovenia and United Kingdom.

The list of 59 double taxation treaties of Serbia effective as at 1 January 2019 is presented below (including the most important changes prescribed by MLI):

No	Country	Dividends <sup>1</sup>	Interest	Royalties	Services <sup>6</sup>	Capital gains
1	Albania	15/5	10	10	10	20/0 <sup>7</sup>
2	Armenia	8	8	8	0	20/0 <sup>7</sup>
3	Austria <sup>13</sup>	15/5	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>8</sup>
4	Azerbaijan	10	10	10	0	20/0 <sup>8</sup>
5	Belarus	15/5	8	10	0	0
6	Belgium	15/10	15	10	0	0
7	Bosnia & Herzegovina	10/5	10 <sup>11</sup>	10	0	20/0 <sup>7</sup>
8	Bulgaria	15/5	10	10	0	0
9	Canada	15/5	10 <sup>11</sup>	10	0	20/0 <sup>8</sup>
10	China	5	10 <sup>11</sup>	10	0	20/0 <sup>7</sup>
11	Croatia	10/5	10	10	0	20/0 <sup>7</sup>
12	Cyprus	10	10	10	0	0
13	Czech Republic	10	10 <sup>11</sup>	10/5 <sup>4</sup>	0	0
14	Denmark	15/5	10 <sup>11</sup>	10	0	20/0 <sup>8</sup>
15	Egypt	15/5	15	15	0	20/0 <sup>7</sup>
16	Estonia	10/5	10 <sup>11</sup>	10/5 <sup>4</sup>	0	20/0 <sup>8</sup>
17	Finland	15/5	0	10	0	0
18	France <sup>13</sup>	15/5 <sup>14</sup>	0	0	0	20/0 <sup>12</sup>
19	Georgia	10/5	10 <sup>11</sup>	10	0	20/0 <sup>8</sup>
20	Germany	15	0	10	0	20 <sup>10</sup>
21	Greece	15/5	10	10	0	0
22	Hungary	15/5	10	10	0	0
23	India	15/5	10 <sup>11</sup>	10	10	20/0 <sup>7</sup>
24	Indonesia	15	10 <sup>11</sup>	15	0	20/0 <sup>7</sup>
25	Iran	10	10 <sup>11</sup>	10	0	20/0 <sup>7</sup>
26	Ireland	10/5	10 <sup>11</sup>	10/5 <sup>4</sup>	0	20/0 <sup>8</sup>

27	Italy	10	10	10	0	0
28	Kazakhstan	15/10	10 <sup>11</sup>	10	10	20/0 <sup>8</sup>
29	Kuwait	10/5	10 <sup>11</sup>	10	0	0
30	Latvia	10/5	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>8</sup>
31	Libya	10/5	10 <sup>11</sup>	10	0	20/0 <sup>7</sup>
32	Lithuania <sup>13</sup>	10/5	10 <sup>11</sup>	10	0	20/0 <sup>8</sup>
33	Luxembourg	10/5	10 <sup>11</sup>	10/5 <sup>3</sup>	0	0
34	Malta	10/5	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>7</sup>
35	Moldova	15/5	10	10	0	0
36	Montenegro	10	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>8</sup>
37	Netherlands	15/5	0	10	0	0 <sup>9</sup>
38	North Korea	10	10 <sup>11</sup>	10	0	0
39	Norway	15/5	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>8</sup>
40	North Macedonia	15/5	10	10	0	0
41	Pakistan	10	10 <sup>11</sup>	10	10	20/0 <sup>8</sup>
42	Poland <sup>13</sup>	15/5 <sup>14</sup>	10	10	0	20/0 <sup>12</sup>
43	Qatar	10/5	10 <sup>11</sup>	10	0	0
44	Romania	10	10 <sup>11</sup>	10	0	0
45	Russia	15/5	10	10	0	0
46	San Marino	10/5	10 <sup>11</sup>	10	0	20/0 <sup>12</sup>
47	Slovakia <sup>13</sup>	15/5 <sup>14</sup>	10	10	0	20/0 <sup>12</sup>
48	Slovenia <sup>13</sup>	10/5 <sup>14</sup>	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>12</sup>
49	South Korea	10/5	10 <sup>11</sup>	10/5 <sup>3</sup>	0	20/0 <sup>8</sup>
50	Spain	10/5	10 <sup>11</sup>	10/5 <sup>4</sup>	0	20/0 <sup>8</sup>
51	Sri Lanka	12.50	10	10	0	0
52	Sweden	15/5	0	0	0	0
53	Switzerland	15/5	10	0 <sup>5</sup>	0	20/0 <sup>7</sup>
54	Tunisia	10	10	10	10	20/0 <sup>7</sup>
55	Turkey	15/5	10 <sup>11</sup>	10	0	0
56	Ukraine	10/5	10	10	0	20/0 <sup>7</sup>
57	United Arab Emirates	10/5/0 <sup>2</sup>	10/0 <sup>2</sup>	10	0	20/0 <sup>8</sup>
58	United Kingdom <sup>13</sup>	15/5	10	10	0	0
59	Vietnam	15/10	10	10	0	20/0 <sup>7</sup>

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. In DTT with Russia, 5% rate will apply if the recipient company had invested in the paying company at least 100,000 USD or the corresponding amount in the national currency of Contracting State.
2. 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.
3. 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.
4. 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.
5. Provided by the Protocol to the treaty between Serbia and Switzerland. Valid until Switzerland imposes withholding tax on royalties.
6. 0% rate is provided by the article dealing with business profits.
7. Gains from the alienation of shares of the capital stock of a company the property of which consists directly or indirectly principally of immovable property situated in Serbia may be taxed in Serbia by 20% rate.
8. Gains derived by a resident of other Contracting State from the alienation of shares or comparable interests deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Serbia may be taxed in Serbia by 20% rate.
9. In case of gains from the alienation of shares or other rights participating in the profits of a company, the capital of which is wholly or partly divided into shares and which is a resident of the Contracting State, derived by an individual who is a resident of the other State and has been a resident of the first-mentioned State in the course of the last five years preceding the alienation of the shares or rights, each of the States has the right to levy according to its own law a tax on such gains.

10. Gains from the alienation of rights from a contract on investments in a Yugoslav organization of associated labor may be taxed in Yugoslavia.
11. 0% rate will apply if paid to 1) the government of the contracting state (or political subdivisions or local authorities), 2) the Central or National Bank of the contracting state or 3) a financial institution controlled or mainly owned by the Government of the other Contracting State or political subdivisions or local authorities thereof.
12. Gains derived by a resident of a Contracting State from the alienation of shares or comparable interests, such as interests in a partnership or trust, may be taxed in the other Contracting State if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived more than 50 per cent of their value directly or indirectly from immovable property (real property) situated in that other Contracting State.
13. Double Tax Treaty is changed by MLI. Changes are effective from 1 January 2019.
14. 5% rate is provided only if the ownership conditions for at least 25 per cent of the capital are met throughout a 365 day period that includes the day of the payment of the dividends (for the purpose of computing that period, no account shall be taken of changes of ownership that would directly result from a corporate reorganization, such as a merger or divisive reorganization, of the company that holds the shares or that pays the dividends).

### Jurisdictions with a preferential tax system

If a foreign legal entity is located in a jurisdiction with a preferential tax system, the tax rate is 25%. In addition, the tax is paid on fees paid to a foreign person for all services, regardless of the place of delivery or use. From 1 January 2019 San Marino is no longer on the list of jurisdictions with a preferential tax system.

The list of jurisdictions with a preferential tax system applicable as of 1 January 2019 is presented below:

<b>Andorra</b>	<b>Gibraltar</b>	<b>Normand Isles</b>
<b>Anguilla</b>	<b>Grenada</b>	<b>Palau</b>
<b>Antigua and Barbuda</b>	<b>Guam</b>	<b>Panama</b>
<b>Aruba</b>	<b>Guernsey</b>	<b>Saint Kitts and Nevis</b>
<b>Bahamas</b>	<b>Guyana</b>	<b>Saint Lucia</b>
<b>Bahrain</b>	<b>Hong Kong</b>	<b>Saint Vincent and the Grenadines</b>
<b>Barbados</b>	<b>Isle of Man</b>	<b>Samoa</b>
<b>Belize</b>	<b>Jersey</b>	<b>Seychelles</b>
<b>Bermuda</b>	<b>Liberia</b>	<b>Solomon Islands</b>
<b>British Virgin Islands</b>	<b>Liechtenstein</b>	<b>Tonga</b>
<b>Cayman Islands</b>	<b>Macao</b>	<b>Trinidad and Tobago</b>
<b>Christmas Island</b>	<b>Maldives</b>	<b>Turks and Caicos Islands</b>
<b>Cook Islands</b>	<b>Marshall Islands</b>	<b>Tuvalu</b>
<b>Dominican Republic</b>	<b>Mauritius</b>	<b>US Virgin Islands</b>
<b>Falkland Islands</b>	<b>Monaco</b>	<b>Vanuatu</b>
<b>Fiji</b>	<b>Monserrat</b>	
	<b>Nauru</b>	
	<b>Netherlands Antilles</b>	
	<b>Niue</b>	

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