

# New Program of Direct Aid to Business due to Covid-19 in Serbia

## Tax Alert

February 2021



In the Official Gazette of the Republic of Serbia No. 11 of 12 February 2021, the Government of Serbia (Government) has issued the Decree establishing Program of direct aid from the budget of the Republic of Serbia, to business entities in private sector aimed at reducing economic consequences due to disease COVID 19 caused by virus SARS-CoV-2 (**Program**).

The Program has entered into force on 13 February 2021.

### Who is eligible for the new Program of direct aid?

The right to direct aid in accordance with the Program, regardless of the size of the business entity, have:

1. Resident business entities in private sector including branch and representative offices of foreign legal entities,
2. Which are not on the list of public funds users,
3. Which are founded/registered no later than 13 February 2021 or which became VAT payers by this date,
4. Whose Tax Identification Number is not temporally revoked by the last day of month which precedes the direct aid payment month,
5. Which have submitted statement of acceptance of direct aid on the ePorezi platform for each monthly payment.

### Who is not eligible for the new Program of direct aid?

The right to direct aid in accordance with the Program do not have entities from financial sectors:

1. Banks,
2. Insurance and reinsurance companies,
3. Voluntary pension fund management companies,
4. Providers of financial leasing,
5. Payment institutions and electronic money institutions.

### Resume of the Program

1	Amount	50% of the minimum net salary for January 2021, i.e. RSD 15,450.12 for each qualified employee during a three months period.
2	Payment dynamics	<ol style="list-style-type: none"> <li>1. In April 2021, direct aid will be distributed for qualified employees for which form PPP-PD is submitted by 31 March 2021 for the salary period February 2021.</li> <li>2. In May 2021, direct aid will be distributed for qualified employees for which form PPP-PD is submitted by 30 April 2021 for the salary period March 2021.</li> <li>3. In June 2021, direct aid will be distributed for qualified employees for which form PPP-PD is submitted by 31 May 2021 for the salary period April 2021.</li> </ol>
3	Qualified employees	<ol style="list-style-type: none"> <li>1. Full time employees for whose salaries PPP-PD form was submitted for the salary periods February, March and April 2021;</li> <li>2. Part time employees proportionally to the agreed percentage of engagement, for whose salaries PPP-PD form was submitted for the salary periods February, March and April 2021.</li> </ol>
4	Non-qualifying employees	<ol style="list-style-type: none"> <li>1. Employees whose employment was terminated in the month which precedes the month of payment;</li> <li>2. Employees whose salary payments are entirely borne by other payers according to the type of income from type 204 to 211 in line with the Rulebook on tax return for withholding taxes.</li> </ol>
5	Taxes and contributions	The received aid must be paid in full to the employee, which means that these funds cover part of the employee's net earnings. There is no exemption from paying taxes and contributions (at the expense of the employee and at the expense of the employer) on the basis of this payment.
6	Additional forms beside PPP-PD	Not. Payment will be made to all business entities that qualify and apply for direct aid. Application is submitted separately for each month of direct aid.
7	Payment	Payment will be performed through the dedicated COVID-19 accounts which will be opened automatically. Entities can select the bank where they want their COVID-19 account to be opened until 25 March 2021, using ePorezi account.
8	Additional notes	<ul style="list-style-type: none"> <li>— The effect recorded through the profit and loss statement based on direct aid is included in the tax base computation for the Corporate Income Tax.</li> <li>— Funds paid to the COVID-19 accounts have to be distributed to employees by 30 July 2021.</li> </ul>

## Loss of the right on direct aid

1. If the number of qualifying employees is reduced by more than 10% (excluding temporary employees with whom contract is concluded before 13 February 2021, and expires during this period), in the period from 13 February 2021 until the expiry of the period of three months from the last payment of direct aid (30 September 2021 latest),
2. If user of state aid distributes dividends from 13 February 2021 until 31 December 2021.

Tax Authorities will check eligibility on the last date of each month until the end of September 2021.

Consequences of the loss of the right for direct aid include repayment of received direct aid including interest for within five days from the day of the loss of rights.

If you have any questions or need the support of our professionals, feel free to contact us:

## Contact details

### Igor Lončarević

Partner  
T: +381 60 20 55 570  
[iloncarevic@kpmg.com](mailto:iloncarevic@kpmg.com)

### Biljana Bujic

Partner  
T: +381 60 20 55 511  
[bbujic@kpmg.com](mailto:bbujic@kpmg.com)

### Igor Soldatović

Senior Manager  
T: +381 60 20 55 548  
[isoldatovic@kpmg.com](mailto:isoldatovic@kpmg.com)

### Stefan Raičević

Senior Assistant  
T: +381 60 20 55 672  
[sraicevic@kpmg.com](mailto:sraicevic@kpmg.com)

### KPMG d.o.o. Beograd

Milutina Milankovića 1J  
11000 Belgrade, Serbia  
T: +381 11 20 50 500  
F: +381 11 20 50 550  
[tax@kpmg.rs](mailto:tax@kpmg.rs)

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

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