PROPERTY TAX LAW

(RS Official Gazette, Nos. 26/01, 45/02, FRY Official Gazette, No. 42/02, RS Official Gazette, Nos. 80/02, 135/04, 61/07, 5/09)

Part One
I  BASIC PROVISIONS

Article 1

For the purposes of this Law, the following shall be understood to mean property taxes:

1) Property tax;
2) Inheritance and gift tax;
3) Absolute rights transfer tax.

Part II
II  PROPERTY TAX

Article 2

Property tax shall be paid on the following rights relating to real estate:

1) Property right;
2) Deleted (RS Official Gazette, No. 5/09)
3) Right of occupancy;
4) Deleted (RS Official Gazette, No. 5/09)
5) Right to a lease on a dwelling or residential building pursuant to the law governing housing, for a period longer than a year or an indefinite period;
6) Right to use urban building land, and/or public building land or other land owned by the government exceeding 10 acres in area.

For the purposes of paragraph 1 of this Article, real estate shall be understood to mean the following: land, residential and business buildings, apartments, office premises, garages, buildings and rooms serving for resting and recreation, and other buildings and/or parts thereof.

When any of the rights referred to in paragraph 1, items 3), 5) and 6) of this Article apply to any real estate, property tax shall be paid on that right, not on property right.
Article 3

Deleted (RS Official Gazette, No. 135/04)

Taxpayer

Article 4

The payer of property tax on the rights referred to in Article 2 of this Law shall be any legal entity or individual holding the title to real estate existing in the territory of the Republic of Serbia.

If several legal entities or individuals exercise one of the rights referred to in Article 2 of this Law relating to one the same real estate, each one of them shall be a taxpayer in proportion to its share.

In the case of real estate acquired and used by a public service (public enterprise, establishment) or some other organisation founded by the Republic of Serbia, or an enterprise and some other organisation by investing state capital, is state-owned, in conformity with the law dealing with the assets owned by the Republic of Serbia, the taxpayer shall be the user of such real estate.

When the holder of the right to the property referred to in Article 2 of this Law is unknown or not designated, the taxpayer on that property shall be its user.

The provisions of the law dealing with enterprise profit tax shall apply to the residency of legal entities and those of the law dealing with individual income tax shall apply to the residency of individuals.

Tax Base

Article 5

The base of property tax on real estate, other than agricultural and forest land, where the taxpayer does not keep books, shall be the market value of real estate as on 31 December of the year preceding the year for which the property tax is levied and paid, unless otherwise provided by this Law.

The real estate market value shall be determined by the local self-government unit agency competent for the establishment, collection and checking on direct revenues of the local self-government unit (hereinafter: the local self-government agency) and such value shall be reduced for each year by the depreciation rate of 1.5% determined by applying the proportionate method, but not by more than 70%.

In the case of real estate built, or acquired in the course of the year for which the property tax is levied and paid, the tax base shall be the market value of corresponding real estate as on 31 December of the year preceding the year for which the property tax is levied.

Article 6

The market value of any real estate referred to in Article 5 of this Law shall be determined by applying the basic and adjusting elements.

The basic elements shall be as follows:
1) Useful area;
2) Average market price per square metre of corresponding real estate in the territory of the municipality concerned.

The adjusting elements shall be as follows:
1) Location of real estate;
2) Quality of real estate;
3) Other elements affecting the market value of real estate.
Article 7

For the purposes of this Law, the base of property tax on agricultural and forest land shall be five times the annual cadastral income from that land, according to the latest datum of the organization in charge of land registries as on 31 December of the year preceding the year for which the property tax is levied and paid.

The base of property tax on agricultural and forest land and other real estate of any taxpayer that keeps books shall be the value of real estate declared in its books in conformity with regulations, as on 31 December of the year preceding the year for which the property tax is levied and paid.

Article 8

Deleted (RS Official Gazette, No. 135/04)

Article 9

The minister of finance shall regulate in greater detail the method of determining the tax base referred to in Articles 5 through 7 of this Law.

Onset of Tax Liability

Article 10

Property tax liability runs from the date of acquisition of the right concerned or the starting date of utilisation, date of being brought in order, date of inspection certificate or date on which the use of property was made possible in some other way.

Tax Rates

Article 11

The property tax rates shall be as follows:

1) On the rights to real estate of a taxpayer that keeps books, up to 0.40%;
2) On the rights to real estate of a taxpayer who does not keep books:

<table>
<thead>
<tr>
<th>Tax Base</th>
<th>Payable Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Up to 6,000,000 dinars</td>
<td>Up to 0.40%</td>
</tr>
<tr>
<td>(2) 6,000,000 to 15,000,000 dinars</td>
<td>Tax referred to in subitem (1) + up to 0.80% on the amount exceeding 6,000,000 dinars</td>
</tr>
<tr>
<td>(3) 15,000,000 to 30,000,000 dinars</td>
<td>Tax referred to in subitem (2) + up to 1.5% on the amount exceeding 15,000,000 dinars</td>
</tr>
<tr>
<td>(4) Over 30,000,000 dinars</td>
<td>Tax referred to in subitem (3) + up 3% on the amount exceeding 30,000,000 dinars</td>
</tr>
</tbody>
</table>

If the local self-government unit assembly has not fixed the tax rate or has fixed it over and above the maximum amount referred to in paragraph 1 of this Article, the property tax shall be fixed by applying the highest corresponding tax rate referred to in paragraph 1 of this Article to the rights to real estate of the taxpayer who is keeping books or who is not keeping books.
Tax Exemptions

Article 12

Property tax shall not be payable on the rights to the following real estate referred to in Article 2 of this Law:

1) State-owned one used by state agencies and organisations and agencies, organisations and services of the provincial autonomy and local self-government units, as well as the direct and indirect budget beneficiaries under the regulations governing the budgetary system, and goods in general use pursuant to the regulations governing the assets owned by the Republic of Serbia;

2) That owned by diplomatic and consular missions of foreign states, subject to reciprocity;

3) That owned by traditional churches and religious communities and other churches and religious communities registered in conformity with the law governing the legal status of churches and religious communities and intended and exclusively used for the performance of religious rites.

4) That proclaimed cultural or historical monument by the competent authority on the real estate as a whole or parts thereof serving for such purposes;

5) Deleted (RS Official Gazette, No. 135/04)

6) Agricultural and forest land, which is being put to its original use - five years from the commencement of putting to original use;

7) Roads, port wharves and breakwaters, ship locks, railways, airport runways, dams and flood control facilities and drainage facilities;

8) Urban and/or public building land or other building land owned by the government, when the total area of building site or sites (excluding the land under the building of one taxpayer) is not greater than 10 acres;

9) Wartime shelters for people and goods;

10) Buildings intended and used for primary agricultural production, in conformity with the law dealing with agricultural land;

11) Buildings or parts of buildings serving for public utility purposes in conformity with regulations directly;

12) That which is made exempt from property tax under an international agreement concluded by the Republic of Serbia.

The tax on property in the territory of a local self-government unit shall not be payable by a taxpayer if the total base for all of its real estate in that territory is not greater than 4000,000 dinars.

The provisions of paragraph 1, items 1 through 11 and paragraph 2 of this Article shall not apply to any real estate let on a lasting basis to other persons for the purpose of generating income.

For the purposes of paragraph 3 of this Article, the letting to other persons on a lasting basis shall be understood to mean any letting of real estate to another person for a compensation, in the duration of more than 183 days in the course of 12 months, continuously or with interruptions.

Property tax shall not be paid by any taxpayer holding rights to the real estate referred to in Article 2 of this Law he lets without compensation to any persons who was driven into exile after 1 August 1995, if the exiled person and members of his/her household earn no income, with the exception of income from the land that is the subject matter of taxation.

Property tax shall not be payable on state-owned building and/or agricultural land which has been leased out.
Property tax shall not be payable on the real estate pieces which are entered in the taxpayer’s books, in compliance with the regulations dealing with accounting and auditing, as assets intended for re-sale exclusively.

Tax Credits

Article 13

The tax on the rights referred to in Article 2 of this Law in relation to a building or dwelling unit in which the taxpayer lives, shall be reduced by 40% on account of the taxpayer and by 10% on each member of his household, but not by more than 70% of the tax levied.

The tax levied on the right to buildings and dwelling units up to 60 sq. metre in area, which are not on urban building land or land in a building area, not leased out and occupied solely by persons over 65 years of age, shall be reduced by 75%.

For the purposes of this Law, a household shall be understood to mean a community in which its members live, work and spend together the income they earn.

Part Three

III INHERITANCE AND GIFT TAX

Taxability

Article 14

Inheritance and gift tax shall be paid on the rights to the real estate referred to in Article 2, paragraph 1, items 1) through 5), of this Law inherited by heirs or received by donees as gift.

The inheritance and gift tax referred to in paragraph 1 of this Article shall also be paid on the inherited and donated rights to the real estate referred to in Article 2, paragraph 1, item 6), of this Law, regardless of the area of the inherited or donated real estate.

The inheritance and gift tax shall also be paid on the monies inherited or received as gift, savings deposits, bank deposits, monetary claims, intellectual property rights, right of ownership to a second-hand motor vehicle, second-hand vessel or second-hand self-propelled vessel other than government-owned one and other chattel, with the exception of interests in legal entities and securities.

Gift tax shall also be paid in case of transfer of a legal entity's property without compensation.

For the purposes of this Law, a second-hand motor vehicle, a second-hand vessel or a second-hand aircraft shall be understood to mean a motor vehicle, vessel or aircraft which had been registered, entered in the regulation register or for which the navigation or usage certificate has been issued at least once in the territory of the Republic of Serbia in conformity with regulations.

For the purposes of this Law, a gift shall not be understood to mean a transfer of the chattels referred to in paragraphs 1 through 4 of this Article on which the value-added tax is payable under the regulations dealing with the value-added tax, regardless of the existence of a gift contract.

For the purposes of this Law, a gift shall not be understood to mean any on the grounds which are excluded from taxable income and on which tax is payable in conformity with the law governing individual income tax.

The transfer of games of chance winnings from the game organizer to the winner shall be exempt from taxation under this Law.

Taxpayer
Article 15

The payer of inheritance or gift tax shall be a resident or non-resident of the Republic who inherits or receives as gift the right referred to in Article 14, paragraphs 1 and 2, of this Law in relation to real estate existing in the territory of the Republic of Serbia.

The payer of inheritance or gift tax who inherits or receives as gift a taxable object referred to in Article 14, paragraph 3, of this Law, shall be a resident of the Republic of Serbia in case of an object existing in the territory of the Republic of Serbia or abroad.

The payer of inheritance or gift tax who inherits or receives as gift a taxable object referred to in Article 14, paragraph 3, of this Law, shall be a non-resident of the Republic of Serbia in case of an object existing in the territory of the Republic of Serbia.

Tax Base

Article 16

The inheritance tax base shall be the market value of the inherited property less debts, costs and other encumbrances the taxpayer is bound to pay or settle in some other way from the inherited or donated property on the date of tax liability commencement.

The gift tax base shall be the market value of the property received as gift on the date of the tax liability commencement, as set by the competent organizational unit of the Tax Administration (hereinafter: the tax office).

In case of the second and any subsequent decision on inheritance between the same decedent and heir or the second and any subsequent donation made by the same donor to the taxpayer/donee, the inheritance or gift tax base shall be the sum of the market values referred to in paragraph 1 of this Article of the current and previous inheritances or the current and previous gifts.

Onset of Tax Liability

Article 17

The inheritance tax liability shall run from the effective date of the inheritance decision.

The gift tax liability shall run from the date of conclusion of the gift contract and if that contract has not been concluded in writing, from the date of receipt of the gift.

In the case of a real estate constituting the object of inheritance or gift, on which the usufruct right has been established, tax liability shall run from the termination of that right, unless the donee is a person who is exempt from the inheritance and gift tax under this Law.

If according to law and/or inheritance decision, the inherited and/or donated chattels referred to in Article 14, paragraph 3, of this Law may be sold only subject to the approval of the competent authority or upon the expiration of a specified period, the tax liability shall run from the effective date of the ruling permitting such sale and/or date of sale of the chattels.

If a contract of gift, decision on inheritance or court decision was not reported pursuant to Articles 35 and 37 of this Law or if it was reported untimely, it shall be deemed that tax liability began to run on the date the competent tax office became aware of the inheritance or gift in things, rights or money or recognition of the rights making up the object of taxation pursuant to Article 14 of this Law.

Tax Rates

Article 18
The rates of inheritance and gift tax shall be progressive.

**Article 19**

The taxpayers who are in the second order of succession to a testator or donor in accordance with the law of succession (hereinafter: order of succession) shall pay the inheritance and gift tax at the following rates:

<table>
<thead>
<tr>
<th>Tax base</th>
<th>Payable tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 300,000 dinars</td>
<td>2%</td>
</tr>
<tr>
<td>Over 300,000 dinars</td>
<td>6,000 dinars + 2.5% on the amount exceeding 300,000 dinars</td>
</tr>
</tbody>
</table>

The taxpayers who are in the third and any subsequent order of succession in relation to the decedent or donor or the taxpayers that are unrelated to the testator or donor, shall pay inheritance or gift tax at the rate of 2.5%.

**Tax Exemptions**

**Article 20**

Inheritance and gift tax shall not be paid on the monies, rights and things referred to in Article 14, paragraph 3 of this Law, if the individual market or nominal value of the object of taxation or individual amount is smaller than 9,000 dinars.

**Article 21**

The inheritance and gift tax shall not be payable by the following:

1) An heir in the first order of succession, decedent's spouse and parent and a donee in the first order of succession and donor's spouse;

2) A farming heir or donee in the second order of succession who inherits or receives as a gift the property serving to him for farming purposes, if he/she has lived with the testator or donor in the same household for at least one year prior to the testator's death or prior to receiving the gift;

3) A heir or donee in the second order of succession - on an inherited or received as gift dwelling, if he/she has lived with the testator or donor in the same household for at least a year prior to the testator’s death or prior to receiving the gift;

4) A donee - on the property relinquished to him/her in the probate proceedings, which he/she would have received had the heir/donor waived inheritance;

5) A fund and a foundation – on the property inherited or received as a gift that serves exclusively for the purposes for which the fund and foundation have been established;

6) A heir or donee to special motorcars with built-in devices for the transport of patients, special driving school motorcars with dual controls and motorcars for taxi and rent-a-car service, which are marked accordingly;

7) Deleted (RS Official Gazette, No. 135/04)

8) The Republic of Serbia, an autonomous province and or a local self-government unit as successor or donee;

9) Deleted (RS Official Gazette, No. 5/09)

10) Deleted (RS Official Gazette, No. 5/09)

11) Deleted (RS Official Gazette, No. 5/09)

12) Donee under an international agreement concluded by the Republic of Serbia, if such agreement provides that gift tax shall not be payable on the monies, things and rights received;
13) Property received from the Republic of Serbia, an autonomous province or a local self-government unit.

Should the heir or donee referred to in paragraph 1, item 2) of this Article change his/her occupation less than five years from the date on which he/she inherited or received as gift the property concerned, he/she shall notify the competent tax office of the change of occupation within 10 days from the date of change.

In the event of cessation of taxi or rent-a-car service, as well as in the event of donation or disposal in some other way without compensation of a motorcar procured for the purpose of providing such services, less than five years from the date of procurement, the taxpayer shall notify the competent tax office accordingly, within 10 days from the date of cessation of service, donation or disposal, pay the inheritance or gift tax that he/she would have had to pay, had he/she not used the tax facility, and default interest from the date of procurement to the notification date.

In a case referred to in paragraph 2 of this Article, the heir or donee shall pay inheritance or gift tax at the rates referred to in Article 19, paragraph 1 of this Law.

When the heir or donee in the second order of succession is receiving from the testator or donor referred to in paragraph 1, item 3) of this Article more than one dwelling at the same time, the inheritance and gift tax is not payable on the dwelling in which the heir or donee lived on the date of the testator’s death or on the date of receipt of the gift, and if he had not lived in any of such dwellings, on the dwelling of the smallest floor area among such dwellings.*

Tax Credit

Article 22

The inheritance or gift tax calculated against the tax base referred to in Article 16, paragraph 3, of this Law shall be reduced by the amount of paid inheritance or gift tax calculated against the base consisting of the sum of the market value of the previously inherited real estate, rights or things or gifts received from the same testator or donor.

Part Four

IV. TAX ON THE TRANSFER OF ABSOLUTE RIGHTS

Taxability

Article 23

The transfer tax on absolute rights shall be paid on the transfer of the following against compensation:
1) Real property rights in relation to the real estate referred to in Article 2, paragraph 1, items 1) through 5), of this Law;
2) Intellectual property rights;
3) Deleted (RS Official Gazette, No. 5/09)
4) Property right in relation to a second-hand motor hand-hand vessel or second-hand self-propelled aircraft other than a government-owned one;
5) Right of use of urban and/or public or other building land, regardless of its area;
6) Deleted (RS Official Gazette, No.135/04)
7) Rights to expropriated real estate, if expropriation is carried out for the purpose of erecting residential or industrial buildings.

The tax on the transfer of absolute rights shall also be payable when state-owned building land is being leased out for longer than a year or for an indefinite period of time, with the exception of public building land.
Article 24

For the purposes of Article 23 of this Law, transfer against compensation shall also be understood to mean the following:

1) Acquisition of the property and other rights referred to in Article 23 of this Law on the basis of an enforceable court or other government agency decision;
   1a) Acquisition of the right of property by positive prescription;

2) Transfer of a legal entity's entire assets against compensation in the event of its regular sale, liquidation or bankruptcy;

3) Deleted (RS Official Gazette, No. 5/09)
   3a) Transfer of the entire assets of a legal entity or a part of the estate of the legal entity referred to in Article 23 of this Law in the case of change of status in conformity with the law dealing with business associations, if the shareholders or members of the legal entity which is transferring its assets (legal precursor), against a compensation in the form of shares of or equity shares in the legal successor, have received a compensation in money exceeding 10% of the par value of shares or equity share or their book value, if they have no par value.

4) Acquisition of the right referred to in Article 23 of this Law from the surplus distributable bankruptcy estate of a bankrupt legal entity in conformity with the law dealing with bankruptcy or by distribution of the residual assets of a liquidated company, in conformity with the law dealing with business associations.

Article 24a

For the purposes of this Law, transfer against compensation shall not be understood to mean the transfer of absolute right on which the value-added tax is payable pursuant to the law governing the value-added tax.

The replacement of a motor vehicle/vessel/aircraft done within the warranty period in compliance with warranty terms shall not be deemed a transfer against payment, on which the tax on the transfer of absolute rights is payable, if the parties to the replacement do not make additional payments or make compensation one to another in some other form.

Taxpayer

Article 25

The payer of tax on the transfer of absolute rights shall be the seller or transferor of the rights referred to in Articles 23 and 24 of this Law.

In a case referred to in Article 23, paragraph 1, item 5), and paragraph 2, of this Law, the payer of tax on the transfer of absolute rights shall be the party to which the building land is let for use or leased.

In a case referred to in Article 23, paragraph 1, item 7) of this Law, the payer of tax on the transfer of absolute right shall be the expropriation beneficiary.

When an absolute right is transferred on the basis of a contract of lifelong care, the payer of tax shall be the provider of care.

In a case referred to in Article 24 of this Law, the payer of tax on the transfer of absolute right shall be the party to which the absolute right is transferred.

When an absolute right is transferred on the basis of a contract of exchange between two parties, the payer of tax shall be each party to the exchange for the right transferred by it.

Article 26
A person who is a resident of the Republic of Serbia shall be the payer of tax on the transfer of the absolute rights referred to in Article 23, item 2), of this Law carried out in the Republic of Serbia and outside its territory.

A person who is a non-resident of the Republic of Serbia shall be the payer of tax on the transfer of the absolute rights referred to in Article 23, item 2, of this Law, only in case of transfer carried out in the territory of the Republic of Serbia.

The tax on the transfer of absolute rights in other cases referred to in Articles 23 and 24 of this Law shall be paid on the transfer of such rights or leasing out the building land as referred to in Article 23, paragraph 2, of this Law carried out in the territory of the Republic of Serbia.

**Tax Base**

**Article 27**

The base of tax on the transfer of absolute rights shall be the contracted price at the commencement of tax liability, unless it is lower than the market price.

Should the competent tax office find that the contracted price is lower than the market price, it shall have the right to set a tax base that is equal to market value, within 60 days from receipt of the tax declaration filed in conformity with Article 36, paragraph 1, of this Law or the date on which the competent tax office became aware of the transfer.

Should the tax office fail to set a tax base equal to the market value within the term referred to in paragraph 2 of this Article, the contracted price shall be the tax base.

In a case referred to in Article 23, paragraph 1, items 4) and 5), and paragraph 2, of this Law, the tax base shall be the market value of real estate being transferred or leased as determined by the competent tax office.

In a case referred to in Article 23, paragraph 1, item 7), of this Law, the tax base shall be the compensation paid for the expropriated real estate, if the tax declaration was filed in accordance with the provision of Article 36, paragraph 1, of this Law.

In the case of a transfer of absolute right not covered by the provisions of paragraphs 1 through 5 of this Article, the tax base shall be the market value of the absolute right as determined by the competent tax office.

**Article 28**

In the case of the exchange of rights as referred to in Articles 23, 24 and 24a of this Law, the tax base shall be determined for each right being exchanged, in conformity with the provision of Article 27 of this Law.

**Onset of Tax Liability**

**Article 29**

Tax liability shall run from the date of the contract of transfer of absolute rights or leasing out of the building land as referred to in Article 23, paragraph 2, of this Law.

When the subject of the contract referred to in paragraph 1 of this Article is real estate as a future thing, tax liability shall run from the hand-over of that real estate or its being taken in possession.

If no valid contract of transfer of real estate rights has been concluded, pursuant to the law dealing with the sale of real estate, tax liability shall be deemed effective on the date the acquirer of the right to real estate took possession of the real estate concerned.
If absolute rights are transferred on the basis of a contract of lifelong care, tax liability shall run from the date of death of the recipient of lifelong care or the date of death of the other contracting party, if the lifelong care was contracted in favour of a third party and the contract does not provide that ownership is to be transferred to the provider of care at the moment of the third party's death.

If an absolute right is transferred on the basis of a court decision or ruling rendered by a competent administrative agency, tax liability shall run from the effective date of that decision or the date of enforceability of that decision or ruling.

In the case of acquisition of the right to property by positive prescription (Article 24, item 1a) of this Law), tax liability shall run as of the effective date of the court decision establishing that right.

In the case of acquisition of the right from surplus distributable bankruptcy estate or by distribution of the residual assets of a liquidated company (Article 24, item 4 of this Law), tax liability runs from the effective date of the decision on distribution of the bankruptcy estate or the date of the receiver’s report, on the basis of which such right is acquired.

If an absolute rights transfer contract or a court decision or ruling rendered by a competent administrative agency is not registered or is registered untimely, tax liability shall be deemed effective on the date on which the competent tax office became aware of such transfer.

**Tax Rates**

**Article 30**

The rates of tax on the transfer of absolute rights shall be 2.5%.

**Tax Exemptions**

**Article 31**

Tax on the transfer of absolute rights shall not be payable in the following cases:

1) When an absolute right is transferred for the purpose of settling debts relating to public revenues, in conformity with the regulations governing the taxation procedure and taxation administration;

2) When the right of property in relation to the real estate of the diplomatic and consular missions of foreign states in transferred, subject to reciprocity;

3) When absolute rights are invested in the capital of a resident of the Republic of Serbia - a stock company or limited liability company;

4) When by buying a socially or state-owned residential building or dwelling unit occupied on the basis of the right of tenancy or long-term lease, an individual becomes the owner or co-owner of that building or dwelling unit, in proportion to the share of the socially or government capital in the total capital of the transferor of rights;

5) When a legal entity or an individual whose predominant business/occupation is agriculture, acquires agricultural or forest land on the basis of exchange for the purpose of its grouping;

6) When the right of property in relation to real estate is transferred to the provider of lifelong care, the spouse or some other person who is in the first order of succession in relation to the recipient of care, on the part of the real estate the provider of care would have inherited on the contract conclusion date, in conformity with law;

7) Deleted (RS Official Gazette, No. 5/09)
8) When special motorcars with built-in devices for transporting patients, special driving school motorcars with dual controls and motorcars for taxi and rent-a-car service specially marked as such are transferred against compensation;
9) Deleted (RS Official Gazette, No. 135/04)

9a) On the transfer of the absolute right referred to in Article 23 or 24 of this Law to the assets or a part of the assets of the party undergoing privatization, including also all or a part of the asset of the party undergoing restructuring in the privatization procedure, under the regulations governing privatisation, from the party undergoing privatization to the buyer of assets;

9b) Deleted (RS Official Gazette, No.5/09)

10) Deleted (RS Official Gazette, No. 5/09)

11) Deleted (RS Official Gazette, No. 5/09)

12) On the establishment of the regime of public ownership of land existing prior to the effective date of the decision designating such land and urban building land at the request of the previous owner or his/her legal successor, or granting the right of use of other undeveloped government-owned building land to its previous owner or his/her legal successor, under the conditions and by the procedure provided by the law dealing with planning and construction;

13) When the Republic of Serbia, an autonomous province or a local self-government unit is the taxpayer;

14) When an international agreement concluded by the Republic of Serbia provides that tax on the transfer of absolute rights shall not be payable.

In the event of cessation of taxi or rent-a-car service, as well as in the event of sale or disposal against compensation in some other way of a motorcar procured for the purpose of conducting such business, less than five years from the date of procurement, the acquirer of the right of ownership to the second-hand motorcar shall notify the competent tax office accordingly within 10 days from the date of cessation of business, sale or disposal and the taxpayer shall pay the tax on the transfer of absolute rights it/he would have had to pay had it/he not used the tax facility and interest payable because of arrears with tax, from the date of procurement to the date of notification.

The provision of paragraph 1, item 3) of this Article shall not apply to the transfer of the right of ownership relating to a second-hand motor vehicle, a second-hand vessel or a second-hand aircraft.

Article 31a

The tax on the transfer of absolute rights shall not be payable in the case of transfer of the right of ownership to an apartment or a family house or a share in the ownership of an apartment or a family house (hereinafter: apartment) to an individual who is buying the first apartment (hereinafter: the buyer of first apartment), for the floor area which amounts up to 40 m² for the buyer of first apartment and in the case of his/her family household members who had not owned or co-owned an apartment in the territory of the Republic of Serbia since 1 July 2006, up to 15 m² each (hereinafter: a suitable apartment), provided that:

1) The buyer of first apartment is an adult citizen of the Republic of Serbia, whose residence is in the territory of the Republic of Serbia;

2) The buyer of first apartment had not owned or co-owned an apartment in the territory of the Republic of Serbia from 1 July 2006 to the date of verification of the sales contract on the basis of which the buyer has acquired the first apartment.

For the purposes of paragraph 1 of this Article, the family household of a buyer of first apartment shall be understood to mean a union of living, working and spending the income of the buyer of first apartment, his/her spouse, his/her children, his/her adoptees,
children of his/her spouse, his/her spouse’s adoptees, his/her parents, his/her adoptive parents, parents of his/her spouse, adoptive parents of the buyer’s spouse having the same residence as the buyer of first apartment.

If the floor area of the apartment the buyer of first apartment is buying is greater than that of the suitable apartment as referred to in paragraph 1 of this Article, the tax on the transfer of ownership right shall be payable for the difference in floor area between the bought apartment and a suitable one.

Article 31b

The right to exemption from tax pursuant to Article 31a of this Law shall not apply to any taxpayer who is transferring the right of ownership to apartment to:

1) A person in the case of which the right to the value-added tax refund has already been exercised in conformity with the law governing the value-added tax, on the basis of first purchase of apartment or exemption from tax on the transfer of absolute rights in conformity with the provisions of this paragraph and Article 31 of this Law.

2) A member of the family household of the buyer of first apartment for which the right to the value-added tax refund has already been exercised in conformity with the law governing the value-added tax or to exemption from tax on the transfer of absolute rights in conformity with the provisions of this paragraph and Article 31a of this Law.

The competent tax office shall keep a record of the contracts of sale relating to the apartments it has found to be exempt from tax under the provisions of paragraph 1 of this Article and Article 31a of this Law, the amounts of tax on the transfer of absolute rights which have not been collected because of that in the territory of the local self-government unit involved, the buyers of first apartment and members of their family households for which such right has been exercised.

The competent tax office shall present to the Ministry of Finance Budgetary Department quarterly reports on the amounts of the tax referred to in paragraph 2 of this Article, by the 20th day of the current quarter for the previous one.

Part Five

V. LEVYING AND PAYMENT OF PROPERTY TAX

Article 32

Property tax, inheritance and gift tax and absolute rights transfer tax shall be levied and collected in the manner determined by this Law.

With regard to the modality of levying, action in accordance with legal remedies, modality and deadlines for the payment of tax, interest, tax refunding, unenforceability of collection, forced collection and other matters not dealt with by this Law, the law dealing with taxation procedure and taxation administration shall apply.

Tax levying of Tax

Article 33

Property tax, inheritance and gift tax and absolute rights transfer tax shall be levied on the basis of the data presented in the tax declaration, taxpayers’ books and other data available to the agency competent for the levying, collection and checking on taxes, which are important for the determination of tax liability.
Any changes made in the course of the year, which are important for setting the amount of property tax, shall not affect the tax liability determined for that year, except in the case referred to in Article 12, paragraph 3, of this Law.

Article 34

Any payer of property tax shall file its/his tax declaration containing correct data by 31 March of the year for which tax is to be determined.

The duty referred to in paragraph 1 of this Article shall not apply to any taxpayer which/who pays individual income tax on income from agriculture and forestry on the basis of cadastral income.

Any taxpayer which/who acquires, begins to or stops using property in the course of the year or if its/his tax liability starts running or ceases on other grounds, shall file a tax declaration within 10 days from the date of such change.

Any payer of property tax which/who does not keep books and has filed a tax declaration need not file a new declaration for the same property, unless such changes are made in the data included in the tax declaration, as would affect the amount of tax liability.

The declaration referred to in this Article shall be filed with the competent authority of the local self-government unit in the territory of which the real estate is situated.

Article 35

Any payer of inheritance and gift tax shall file a tax declaration containing correct data together with the documents necessary for the determination of tax liability, within 10 days from the date of such change, pursuant to Article 17, paragraphs 1 through 4 of this Law.

The declaration referred to in paragraph 1 of this Article shall be filed with the tax office of the municipality in the territory of which the real estate inherited or received as gift by the taxpayer concerned is situated.

If a taxpayer inherits or receives as gift chattels and the rights referred to in Article 14, paragraph 3 of this Law, the declaration shall be filed with the tax office of the municipality in the territory of which the taxpayer – individual has permanent or temporary residence or the tax office of the municipality in the territory of which the taxpayer – legal entity has been established and has its registered office.

If the taxpayer referred to in paragraph 3 of this Article is without permanent or temporary residence or has not been established or has no registered office in the Republic of Serbia, the tax declaration shall be filed with the tax office of the municipality in the territory of which the subject of inheritance or gift is situated, or with the tax office of the municipality in which the testator or donor had or has its residence or registered office.

If the taxpayer is inheriting or receiving as a gift real estate and chattels or the rights referred to in Article 14 of this Law at the same time, he shall file the tax declaration for real estate with the tax office referred to in paragraph 2 of this Article and the tax declaration for chattels or rights, with the tax office referred to in paragraphs 3 and 4 of this Article.

Article 36

Any payer of tax on the transfer of absolute rights shall file a tax declaration containing correct data within 10 days from the onset of tax liability pursuant to Article 29, paragraphs 1 through 7 of this Law, together with the documents necessary for the determination of tax base.

For the purpose of exercising the right to the tax exemption referred to in Article 31a of this Law, the payer of tax on the transfer of absolute rights shall present together with the
documents referred to in paragraph 1 of this Article, also the buyer’s authenticated statement to the effect that he/she is buying the first apartment for himself or for himself and certain members of his family household, as well as other evidence of the fulfilment of the requirements for exemption on such grounds, presented to him by the buyer of first apartment.

The contents and form of the statement referred to in paragraph 2 of this Article shall be provided in greater detail by the Minister of Finance.

The declaration referred to in paragraph 1 of this Article shall be filed with the tax office of the municipality in the territory of which the real estate is situated, in the case of transfer of absolute rights to real estate or leasing out the state-owned building land as referred to in Article 23, paragraph 2, of this Law.

In the case of transfer of other absolute rights, the declaration shall be filed with the tax office of the municipality in the territory of which the taxpayer – individual has his/her permanent or temporary residence or of the municipality in the territory of which the taxpayer – legal entity was established and has its registered office.

If the taxpayer concerned is without a permanent or temporary residence or has not been established or has no registered office in the Republic of Serbia, the tax declaration for the transfer of the absolute rights referred to in paragraph 5 of this Article shall be filed with the tax office of the municipality in the territory of which the transfer was carried out.

In the case of simultaneous transfer of the right to real estate and other absolute rights as referred to in Article 23 and Article 24, items 1), 1a) and 4), of this Law, the declaration referred to in paragraph 1 of this Article for real estate shall be filed with the tax office referred to in paragraph 4 of this Article and for the transfer of other absolute rights, with the tax office referred to in paragraphs 5 and 6 of this Article.

In the case of transfer of the entire assets of a legal entity as referred to in Article 24, items 2) and 3a), of this Law, the declaration shall be filed with the tax office referred to in paragraph 5 and/or six of this Article.

Article 36a

At the request of the minister in charge of finance, the local self-government unit concerned shall present data relating to the levying, checking and collection of property tax, within 15 days from receipt of the request.

Article 37

Having authenticated the signatures of the parties to a contract involving the transfer of the right of ownership or some other right referred to in Article 14, 23 and 24 of this Law, the agency for the authentication of contract signatures shall forward a copy of the contract to the competent tax authority within 10 days from the date of authentication of the contracting parties’ signatures.

The court concerned shall forward to the competent tax office the inheritance ruling and/or the court decision determining the right of ownership and other rights referred to in Articles 14, 23 and 24 of this Law, within 10 days from the effective date of the ruling and/or decision.

The Intellectual Property Office shall forward to the competent tax office the received contract or document about the transfer of rights referred to in Article 14, 23 and 24 of this Law, within 10 days from receipt.*

Having authenticated the signatures of a contract for the transfer of the real estate property rights and other absolute rights in the territory of the Republic of Serbia as referred to in Articles 14, 23 and 24 of this Law, the diplomatic-consular mission of the Republic of
Serbia concerned shall forward to the competent tax office a copy of that contract, within ten days from the date of authentication of the contracting parties’ signatures.

Article 38

The right of ownership in relation to real estate may not be entered in the land, cadastral and other public books without evidence that tax has been paid on the transfer of absolute rights or on inheritance and gift.

By decision of the Federal Constitutional Court IU no. 176/98 (FRY Official Gazette, No. 42/02), it was established that the provision of Article 38 of the Property Tax Law (RS Official Gazette, No. 26/2001) is not in keeping with the FRY Constitution and the Law on the Elements of Proprietary Relationships (SFRY Official Gazette, Nos. 6/80 and 36/90 and FRY Official Gazette, No. 29/96).

Article 38a

The right to real estate may not be entered in the registers of land and other public documents without evidence of payment of the tax on the transfer of absolute rights or payment of the inheritance or gift tax.

Article 38b

The property tax shall be levied for the calendar year by applying the provisions of this Law and decision on the property tax rates rendered by the local self-government unit assembly in the territory of which the property is situated, which was valid on 31 December of the year preceding the year for which the property tax is to be levied and paid.

Article 39

The property tax referred to in Article 2 of this Law shall be determined by decision of the local self-government unit agencies.

The inheritance and gift tax and the tax on the transfer of absolute rights shall be determined by decision of the tax office.

The annual property tax shall be paid quarterly within 45 days from the beginning of each quarter.

Pending the issuance of the ruling levying the property tax for the current year, tax advances shall be paid in amounts equal to the tax liability in the last quarter of the year preceding the one for which the tax is levied and paid.

The taxpayer shall pay the difference between the tax determined by the local self-government agency and the property tax advance for the quarter in which the tax liability became due within 15 days from the date of service of the first-instance decision determining the tax liability.

Article 39a

Deleted (RS Official Gazette, No. 80/02)

Article 39b
The competent tax office shall establish the right to tax exemption in accordance with the provisions of Article 31a and Article 31b, paragraph 1, of this Law on the basis of the data referred to in Article 33, paragraph 1, of this Law, as well as other evidence of the fulfilment of requirement for the exercise of such right.

Article 40

Inheritance and gift tax and tax on the transfer of absolute rights shall be paid within 15 days from the presentation of ruling.

Article 41

Deleted (RS Official Gazette, No. 80/02)

Guarantee

Article 42

Any party to which an absolute right has been transferred and/or donor shall be the collateral guarantor for the payment of tax on the transfer of absolute rights and/or gift tax. Any party to which an absolute right has been transferred and/or donor, who has undertaken, under contract, to pay the tax on the transfer of absolute rights and/or gift tax, shall jointly and severally guarantee for the payment of that tax.

Part Six

VI. PENAL PROVISIONS

Article 43

Deleted (RS Official Gazette, No. 5/09)

Article 44

The responsible person in a court and/or some other agency competent for the authentication of contract signatures and/or diplomatic-consular mission of the Republic of Serbia or legal entity referred to in Article 37 of this Law shall be fined 5,000 to 50,000 dinars for breach of regulations in the event of:

1) Failure to present to the competent tax office an enforceable ruling, decision, contract or document referred to in Article 37 of this Law,
2) Entering the right of ownership in relation to real estate without evidence from the competent tax office that tax has been paid on inheritance and gift or transfer of the absolute rights referred to in Article 38a of this Law.

The fine for breach of regulations referred to in paragraph 1 of this Article shall also be levied on the following:

1) Responsible person in the local self-government unit, in the event of failure to present to the ministry responsible for finance the data referred to in Article 36a of this Law or failure to do so within the prescribed term;
1a) Heir or donee, in the event of his/her failure to report the change of occupation to the tax office pursuant to Article 21, paragraph 2, of this Law;

2) Acquirer of the right of ownership to a second-hand motorcar which is to be used for taxi or rent-a-car purposes and is properly marked as such, in the event of his failure to notify the competent tax office within ten days of his withdrawal from business, sale and/or disposal of the motorcar acquired for the purpose of conducting the mentioned business, pursuant to Article 21, paragraph 3 and Article 31, paragraph 2 of this Law.

Part Seven

VII. TRANSITIONAL AND CONCLUDING PROVISIONS

Article 45

Property tax need not be paid on the rights to real estate on which new taxes shall not be levied under foreign investment contracts concluded in conformity with law prior to 1 January 1992.

Tax need not be paid on the transfer of absolute rights in relation to real estate in conformity with the provisions of this Law, on which this tax was not payable under the regulations in force at the origin of the transfer basis until the effective date of this Law and which was carried out in conformity with regulations.

Article 46

The property tax rates referred to in Article 11, item 2) of this Law, shall apply to the right of ownership in relation to the real estate of any taxpayer that keeps books, if that right belonged to a taxpayer that does not keep books on 31 December 2000.

Article 47

Any inheritance and gift tax and tax on the transfer of absolute rights, which was to be determined and collected by a procedure started up under the regulations in force prior to the application of this Law and in which the first-instance ruling was not rendered prior to the effective date of this Law, shall be determined by applying the regulations valid when the procedure was started up, should that be more favourable for the taxpayer concerned.

Article 48

This Law shall supersede on its effective date the Property Tax Law (RS Official Gazette, Nos. 43/94, 53/95, 54/96, 42/98, 18/99, 21/99, 27/99, 33/99, 48/99 and 54/99), with the exception of Articles 2-13, the validity of which shall expire on 1 July 2001.

Pending the issuance of bylaws pursuant to the authorisations determined by this Law, the Regulation Concerning the Determination of the Property Tax Base (RS Official Gazette, Nos. 8/96 and 7/99), Regulation Concerning the Contents of the Tax Declaration for Determining the Inheritance and Gift Tax and the Real Estate and Rights Sales Tax (RS Official Gazette, Nos. 19/92 and 11/93) and Regulation Concerning the Contents of the Tax Declaration for Determining the Property Tax (RS Official Gazette”, Nos. 9/97 and 46/98).
The provisions of Articles 2-13 of this Law shall be applicable as of 1 July 2001.

The property tax under the provisions of Articles 2-13 of this Law shall be determined for the period from 1 July to 31 December 2001 and the property tax determined by the competent tax office's ruling for the year 2001 under the provisions of Articles 2-12 of the Property Tax Law (RS Official Gazette, Nos. 43/94, 53/95, 54/96, 42/98, 18/99, 21/99, 27/99, 33/99, 48/99 and 54/99) shall be paid in the amounts and within deadlines set in the ruling for the first and second quarter of 2001.

Article 50

This Law shall come into force on the eighth day upon its publication in the Republic of Serbia Official Gazette.

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PROVISIONS NOT INCLUDED IN THE UPDATED TEXT

Law amending the Property Tax Law
(RS Official Gazette, No. 135/04)

Article 34

In the case of the payers of property tax, other than that on inheritance and gift and transfer of absolute rights, who have failed to file the tax declaration with the competent tax office or did not do so in the required way and who have not been taxed, their tax liability on such grounds up to 31 December 2004 shall not be determined and they shall not be charged for breach of regulations, if they file their tax declarations to the competent tax offices on the prescribed form by 31 January 2005.

Article 35

In the case of transfers of securities against compensation in money carried out by 31 December 2004, the tax declaration shall be filed and the tax on the transfer of absolute rights shall be charged and paid in the way and by the procedure set by the regulations that were in force at the commencement of tax liability.

Article 36

The provisions of Articles 1 through 9, Article 10, paragraphs 6 and 7, Article 15, paragraph 3, Articles 18 and 19, Article 23, paragraph 4, Article 25, paragraph 2, Article 27, paragraph 1, Article 28, paragraphs 2 and 3, and Articles 31 and 32 of this Law shall be applicable as of 1 January 2005.

Law amending the Property Tax Law
(RS Official Gazette, No.61/07)

Article 25
The minister in charge of finance shall enact the regulation referred to in Article 19 of this Law within 30 days from the effective date of this Law.

Article 26

A payer of tax on the property referred to in Article 2 of the Property Tax Law (RS Official Gazette, Nos. 26/01, 45/02 – SUS, 80/02 – other law and 135/04) who files the tax declaration with the Tax Administration by 31 December 2008 shall not be bound to file a new declaration for the same property because of the incompetence of the office for the determination of such tax.

In a case as that referred to in paragraph 1 of this Article, the Tax Administration shall forward the tax declaration to the competent authority of the local self-government unit in the territory of which the real estate is situated, unless an agreement as that referred to in Article 62, paragraph 1, of the Local Self-government Funding Law (RS Official Gazette, No. 62/06) has been concluded with that unit.

Article 27

The right to tax exemption pursuant to Article 16 of this Law may be exercised only on the basis of a first apartment sales contract verified after the effective date of this Law.

Article 28

The inheritance and gift tax and the tax on the transfer of absolute rights, the determination of which was started in accordance with the regulations in force up to the effective date of this Law, shall be determined in accordance with the law which was in force at the onset of tax liability.

The inheritance and gift tax and tax on the transfer of absolute rights, the liability for which runs from the date of the competent tax office’s awareness of it pursuant to Article 17, paragraph 5, and Article 29, paragraph 6, of the Property Tax Law (Official Gazette of the RS, Nos. 26/01, 45/02 – SUS, 80/02, 80/02 – other law and 135/04) after the effective date of this Law, shall be determined by applying the provisions of this Law.

Article 29

The provisions of Articles 3 and 22 of this Law shall be applicable as of 1 January 2007.

The provisions of Article 4 of this Law shall be applicable as of 1 January 2008.

Law amending the Property Tax Law

(RS Official Gazette, no. 5/09)

Article 24

The tax on inheritance and gift, transfer of absolute rights and transfer of the shares of and interests in legal entities on the basis of contracts or some other documents concluded before the effective date of this Law or on the basis of a court decision, which became ready to be carried out before the effective date of this Law, shall be levied and paid pursuant to the Property Tax Law (RS Official Gazette, Nos. 26/01, 45/02-SUS, 80/02, 80/02-2nd law, 135/04 and 61/07).

Article 25
The provisions of Articles 1, 2, 4, 16 and 17 of this Law shall be applicable as of 1 January 2009.

Article 26

This Law shall come into force on the eighth day upon its publication in the Republic of Serbia Official Gazette.