

Doing Business 2020

Ease of doing business in Serbia

Doing Business is the World Bank's annual report providing assessment and comparison of business conditions in 190 countries around the world. The DB report does not take into account all business conditions such as the market size, quality of education or purchasing power, but rather focuses on the regulatory environment in 10 key areas.

Serbia's global and regional competitiveness

According to the 2020 report, Serbia has taken the 44th position in the overall ranking, which is four ranks better than the previous year. Serbia has been indicated as one of 42 economies that made progress in three or more areas, thus being part of a broader selection of top reforming countries. Compared to countries in the region, Serbia has been ranked better than BiH (ranked 90th), Albania (82), Bulgaria (61), Kosovo* (57), Romania (55), Hungary (52), Croatia (51) and Montenegro (50) while being outranked only by Slovenia (37) and North Macedonia (17).

Assessment of business conditions by areas

Serbia has improved the business conditions in six areas: dealing with construction permits, getting electricity, protecting minority investors, paying taxes, enforcing contracts and resolving insolvency, but this has not resulted in better ranking in all of these categories – among other things, due to other countries' faster progress. Significant decline was noted in only one area, starting a business, due to the manner of performing a newly introduced procedure which is aimed at preventing money laundering (registration of real owners).

Category	DB 2015 ¹	DB 2019	DB 2020
Starting a business	66	40	73
Construction permits	186	11	9
Getting electricity	84	104	94
Registering property	72	55	58
Getting credit	52	60	67
Protecting minority investors	32	83	37
Paying taxes	165	79	85
Trading across borders	96	23	23
Enforcing contracts	96	65	65
Resolving insolvency	48	49	41
Doing Business Rank	91	48	44

Serbia's strongest competitive point is the area of construction permitting, our country being ranked 9th in the world, which is a record compared to previous years, as well as compared to other countries in the region. Since the previous report, the costs of procedure in this area have been reduced by ca. 18%. We made the greatest progress in the field of protecting minority investors – from 83rd to 37th position, a 46-rank progress, thanks to the amendments to the Company Law which improved the transparency, control and access to important business information for minority investors.

¹ The DB 2015 report is used for reference because it was published in 2014, when the Government's Joint Group for improving Serbia's position in the Doing Business list was established.

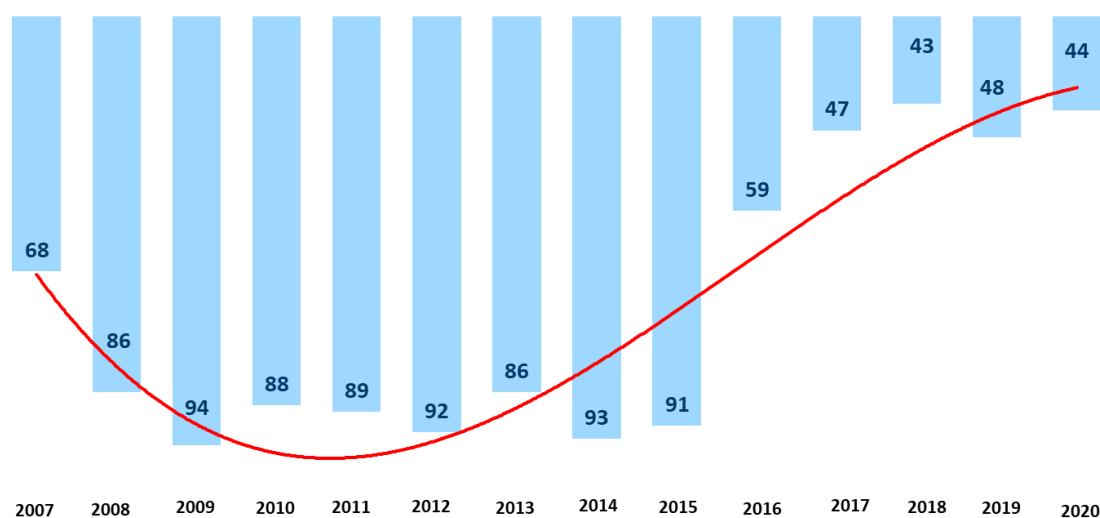
The team also acknowledged the reduced costs of registering property and the cadaster's improved transparency, but this wasn't enough for retaining the 55th position. On the other hand, Doing Business has not recognized that businesses no longer need to visit the cadaster counters, even though the property registration is now performed automatically, with public notaries delivering the necessary documents electronically. We advanced by 8 positions in the category of resolving insolvency thanks to the amendments to the Law on Insolvency which provided creditors with the right to participate in the selection of bankruptcy trustee, improved the transparency of procedures and set up the criteria for determining the amount of deposit, thus ensuring predictable costs at the beginning of procedure.

Reform activities that are yet to be realized / recognized

The amendments to **Company Law** from 2018 have abolished the mandatory use of seal for businesses, but it is only when this practice becomes a rule that we can expect a better ranking in the category of starting a business. The same applies to e-registration of multi-member companies, which is already available as an option.

In the field of **construction permitting**, we expect that the new functionalities of the e-Permitting system become broadly used next year, thus further accelerating the procedures. Better urban planning practices and location conditions issued based on these plans stand as the next big challenges. When it comes to **getting electricity**, further work is needed on implementation of the new concept involving three procedures, compared to current five.

Serbia's rank: Doing Business 2007 - 2020



The indicators related to **registering property** and **paying taxes** will benefit from the comprehensive application of the "one stop shop" concept and the announced abolishing of tax returns in the process of buying or selling real estate. The option of electronic registration and payment of property tax and signage fee should also be acknowledged next year.

In the field of **getting credit**, next year we should see the effects of legislative changes that enabled registration of new types of liens on movable property and rights recorded in the registry; amendments to the Law on Enforcement and Security introduced the features of e-Auction and e-Bulletin Board which should allow for faster, cost effective and more transparent sale of property, along with other improvements that will cut the costs and accelerate the **enforcement procedure**.