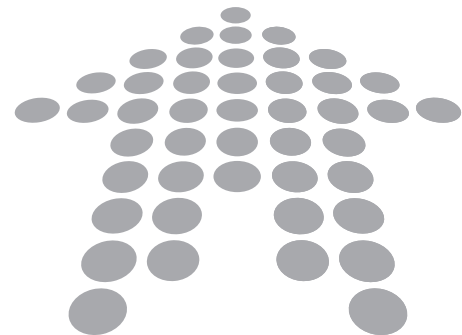




# GREY BOOK 14

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*Recommendations for removing administrative  
obstacles to doing business in Serbia 2022*





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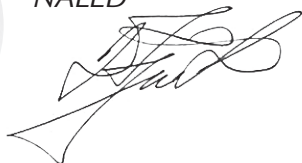


# FOREWORD

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**Dejan Đokić**  
President of the Executive Board  
NALED



Dear members and partners,

The second year of the pandemic is behind us and before us is the new, 14<sup>th</sup> annual edition of the Grey Book, our regulatory bible with 100 recommendations for cutting the red tape and improving business conditions in Serbia. With 12 partially or fully implemented proposals from the previous edition, the pace of resolving recommendations has been maintained at the level of the past few years, and we are particularly pleased with the importance, scope and quality of the accepted solutions for more efficient administrative procedures.

Transparency is the word that best covers what has been achieved. The visibility of financial flows in Serbia will see experience a real revolution with the adoption of two important recommendations, the laws on electronic invoicing and fiscalization. With new taxpayers brought into the system, almost 200,000 business entities will be fiscalized, thus drastically reducing the room for shadow economy and bringing greater protection to consumers. Digitalizing the registration of purchases and exchange of invoices will also bring huge benefits to industry. In addition to more secure collection of receivables, e-invoices will obviate the need for at least four million paper documents in public sector alone and facilitate fair competition and efficient work for more than 130,000 users of the new system.

To further improve the recording of transactions in Serbia, the partially resolved recommendation for the introduction of electronic payment of fees and charges must be fully implemented and the development of card and instant payments in private and public sectors supported. A strong contribution to this goal is expected from the recently launched National Initiative for Cashless Payment.

Among the fully resolved recommendations, it is important to mention the digitalization of the Central Register of Food Industry Facilities, involving data on 25,000 premises producing food, as well as 11,000 legal entities and individuals using these facilities. It is also a good introduction to further digitalization of agriculture and finalization of eAgrar, the system for electronically registering farms and submitting applications for subsidies.

The new edition of the Grey Book brings 21 new recommendations and 79 existing ones that have been updated and improved. While last year, with a focus on overcoming the challenges posed by the pandemic, we highlighted 15 recommendations and marked them with the 'COVID-19 badge', this year, hoping that the pandemic will soon be over, we turn to the day after and to our country's commitments in the process of accession to the European Union. By awarding the 'EU badge' to selected recommendations, we wish to point out the Grey Book's contribution to getting closer to our European family and meeting the standards that we see not as a goal but as a means to create better living and working conditions in our country.

The number of recommendations aimed at the Ministry of Finance is decreasing from year to year. In Grey Book 14 it dropped from 40% to a quarter of the total number, which indicates the agility of this department (although we have been waiting for para-fiscal charges reform for a full decade) but also how our demands on institutions are becoming better balanced. There are ever greater challenges facing the departments of environmental protection and health, but also other sectors, showing the need for everyone to make their contribution to change.

The pandemic has helped us show greater solidarity and understand that community and cooperation are the best path to the most successful reforms. That is why I would like to thank members and colleagues on the Executive Board for their support and contribution to drafting Grey Book 14, together with our partners in the international community, and our ministries for trusting us to make a difference for businesses and the public.

## PREFACE BY THE SCIENCE COUNCIL

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**Dušan Vujović**  
President of  
Science Council  
NALED



**Goran Pitić**  
Member of  
Science Council  
NALED



**Branko Radulović**  
Member of  
Science Council  
NALED

*Dear members and partners,*

*On behalf of NALED's Science Council, we are honoured to support the fourteenth annual edition of the Grey Book, a publication that, based on direct proposals from industry, articulates specific recommendations to the Serbian Government on how to improve the business environment, reduce costs and administrative procedures, and increase economic productivity and social efficiency.*

*The main virtue of the existing way of making the Grey Book is that it starts from the authentic views of business entities that have been operating in a real legal and institutional environment for years. Their remarks and proposed solutions are based on practical experience gained in direct contact with the state at all levels, from the government and ministries to individual clerks, officials and inspectors.*

*In line with its mandate, the goal of the Science Council is to continuously attempt to improve our understanding of the true sources of perceived legal and regulatory problems and the nature of certain objections and recommendations from business. As in previous years, we can divide the proposals into four categories:*

- 1. The first group contains objections that are precise, empirically and theoretically grounded, proposing non-controversial solutions (i.e. with the support of all key participants) ready for immediate implementation. As a rule, the fiscal (budgetary), administrative and organizational effects of the proposed solutions are well assessed, confirm the justification of the proposed measures and have nothing limiting their implementation.*
- 2. The second group includes remarks and recommendations that have a clear legal and empirical basis, but have asymmetric effects on individual economic entities (or sectors or regions) and therefore require additional consideration (and quantification) of their effects, and a consensus among individual stakeholders (the so-called political economics of the proposed measures). This is a matter of assessing whether such proposals should be formulated in two phases by first affirming the nature of the problem and the offered modalities of solutions while deliberately delayed implementation (for two or three years) until the necessary impact analyses are complete and economic, political and social consensus achieved.*
- 3. The third group contains remarks and recommendations that, like the previous group, also have a clear legal and empirical basis, but their implementation requires more detailed prior elaboration of technical and procedural solutions, software development and training, as well as raising the institutional capacity of the state and all participants to enable the finalization of proposals and their implementation, often with the support of NALED in cooperation with international partners and donors.*
- 4. Finally, the fourth group contains remarks and recommendations explicitly or implicitly of a systemic character that require additional empirical research and theoretical considerations to analyse all relevant economic and other effects including the reactions of business entities to changing measures, and to finalize proposals for measures and suggest implementation modalities.*

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The new 14th edition of the Grey Book brings 21 new recommendations and repeats 79 unrealized proposals from the previous year, as a rule innovated, refined and modified in accordance with amended regulations or successful reforms implemented in other areas. This year's editions especially highlight groups of recommendations aimed at:

- Reducing the grey economy (e.g. by reducing wage burden);
- Improving the public procurement system (e.g. by introducing green and social public procurement);
- More efficient and focused application of VAT (e.g. faster refund of overpaid VAT);
- Promotion of innovation as one of the most generous sources of economic growth and convergence with Europe in terms of income (real purchasing power) and quality of life;
- Modernization of the work of the state administration and increase of transparency (e.g. a registry of non-tax levies, cashless payment of court and administrative fees and charges, a registry of administrative decisions);
- Better functioning of health care (electronic health card, easier approval of medicines);
- Modernization of foreign exchange operations;
- Adherence to environmental standards to preserve the quality of water resources, soil and air.

This time, special attention is given to harmonisation with the EU rules, and in the 2022 edition there are 22 recommendations marked with the symbolic EU badge, showing how the Grey Book's recommendations can contribute to resolving those of the European Commission report and harmonizing with economic criteria for EU accession, primarily in negotiating chapters 5 - Public Procurement, 8 - Competition Policy, 16 - Taxation, 19 - Social Policy and Employment, 20 - Entrepreneurship and Industrial Policy, 25 Science and Research and 27 - Environment.

The report of the European Commission for 2021 estimates that Serbia has made moderate progress in the field of economic criteria for accession, with the need to further reduce the grey economy, solve the problem of parafiscal charges and other challenges facing small and medium enterprises. Also, in the Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey of July 2021, it is emphasized that Serbia should work on better VAT collection, applying a new model of electronic fiscalization, applying principles of competitiveness, equal treatment, non-discrimination and transparency in public procurement and other procedures. The Grey Book offers concrete solutions that directly or indirectly target these recommendations of the EC and the Council of the European Union. In addition, many of the recommendations in the Grey Book are focused on the field of environmental protection and are in line with the goals of the Green Agenda and consequently the Economic and Investment Plan for the Western Balkans.

## GREY BOOK 14: RECOMMENDATIONS WITH THE EU BADGE

#	RECOMMENDATION	RESPONSIBLE INSTITUTION
1.2	Reduce the burden on wages	Ministry of Finance
1.5	Introduce a unified collection of liabilities for entrepreneurs	Ministry of Finance
1.8	Introduce green public procurement	Ministry of Finance
1.9	Encourage social public procurement	Ministry of Finance
1.15	Apply VAT upon collection of receivables	Ministry of Finance
1.20	Arrange expropriation procedure to comply with EU practice	Ministry of Finance
1.21	Establish a public electronic registry of non-tax charges	Ministry of Finance
2.7	Identify clusters as a type of business association	Ministry of the Economy
4.1.	Amend the labor law to enable new forms of work	Ministry of Labor, Veterans and Social Affairs
4.5.	Extend the simplified registration of seasonal workers	Ministry of Labor, Veterans and Social Affairs
6.5	Regulate the regimen for writing off debts of individuals	Ministry of Justice
7.1	Introduce an online registry of agricultural households and incentives (eAgrar)	Ministry of Agriculture, Forestry and Water Management
8.1.	Establish a functional Green Fund	Ministry of the Environment
8.4.	Establish a body responsible for chemical management	Ministry of the Environment
8.6	Discontinue permitting for import, export and transit of non-hazardous waste	Ministry of the Environment
11.2	Enable the use of qualified electronic certificates issued by accredited bodies abroad	Ministry of Trade, Tourism and Telecommunications
11.3	Align the declaration of country of origin of food with EU legislation	Ministry of Trade, Tourism and Telecommunications
13.2	Establish an online Central Record of Scientific Research Infrastructure	Ministry of Education, Science and Technological Development
14.1	Regulate work for a foreign employer and its tax treatment	Ministry of Labour, Veterans and Social Affairs and Ministry of Finance
14.5	Enable the donation of food with expired "best before" date and abolish VAT on donations	Ministry of Agriculture, Forestry and Water Management, Ministry of Health and Ministry of Finance
14.13	Improve the wastewater treatment and control system	Ministry of Agriculture, Forestry and Water Management and Ministry of the Environment
14.15	Improve the system of environmental impact assessment of mobile telecommunications base stations	Ministry of the Environment, Ministry of Trade, Tourism and Telecommunications and local government

# OVERVIEW OF REFORMS CARRIED OUT IN 2021

The results achieved during 2021 show that out of 100 recommendations proposed in the Grey Book, a total of 12 were resolved, of which only three were fully implemented while nine were partially implemented. It is important to point out that two recommendations of a systemic nature (e-Fiscalization and e-Invoices) have been resolved, but unlike 2020, when Government activity was primarily focused on overcoming Covid-19, this year we should expect a faster pace of reform. The conclusion is that institutions should invest more energy to reach complete, not partial, solutions.

Most of the resolved or partially resolved recommendations are again the responsibility of the Ministry of Finance, which is not surprising given the importance of this Ministry for the state of the economy, as reflected in the number of recommendations dedicated to this department in the Grey Book. In addition to the two major reforms already mentioned - online fiscalization and the establishment of electronic invoicing, this ministry has partially resolved recommendations such as reducing the burden on wages or optimizing the calculation of taxes on the transfer of absolute rights in the case of used vehicle purchase.

The Ministry of Agriculture, Forestry and Water Management has also contributed to the statistics of completely resolved requests through digitalizing the Central Registry of Entities and Facilities in the Food Business, and adopting regulations to create conditions for digitalizing procedures related to registering farms and granting subsidies (eAgrar).

The following institutions also contributed to the partial resolution of recommendations: the Ministry of Economy, through the simplification of the registration of beneficial owners in the Business Registers Agency (BRA) and the translation of the register of cultural institutions from commercial courts to the BRA; the Ministry of Trade, Tourism and Telecommunications, through improving the conditions for electronic delivery; the Ministry of Health, through work on the introduction of a single, electronic health record; and the Ministry of the Interior through the development and implementation of the electronic payment system "Pay", which makes it unnecessary for people to provide evidence of payment of fees for public services.

## GREY BOOK 13: STATUS OF IMPLEMENTING RECOMMENDATIONS

#	RESPONSIBLE INSTITUTION	NUMBER OF RECOMMENDATIONS	RESOLVED	PARTIALLY RESOLVED	UNRESOLVED
1	Ministry of Finance	28	2	2	24
2	Ministry of the Economy	7	0	2	5
3	Ministry of Health	7	0	1	6
4	Ministry of Labour, Employment, Veterans and Social Affairs	5	0	0	5
5	Ministry of Construction, Transport and Infrastructure	4	0	0	4
6	Ministry of Justice	6	0	0	6
7	Ministry of Agriculture	7	1	2	4
8	Ministry of the Environment	6	0	0	6
9	Ministry of the Interior	2	0	0	2
10	Ministry of Culture and Information	1	0	0	1
11	Ministry of Trade, Tourism and Telecommunications	2	0	0	2
12	Several ministries	18	0	2	16
13	National Bank of Serbia	4	0	0	4
14	Local government	2	0	0	2
	TOTAL	100	3	9	88



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Below we list more information on the key reforms that have been initiated or implemented in the past year, and the contribution that the Grey Book and NALED have had in their implementation.

### **Introduction of e-fiscalization and e-invoicing**

With the adoption of the new Law on Fiscalization and the Law on Electronic Invoicing, which will come into effect from May 2022, the two long-standing recommendations of the Grey Book form a complete solution. The implementation of these laws will greatly improve the recording of business transactions and make the Tax Administration more efficient, which will have a positive effect on reducing the grey economy, but also on the work of businesses. The decree adopted in 2021 significantly expanded the scope of fiscalization to an additional 60,000 entrepreneurs, which will also improve supervision over this type of business, whose customers are mainly individuals. New fiscal invoices are registered in real time in the database of the Tax Administration, which allows tax inspectors to conduct risk analyses online, and customers to check the validity of an invoice at any time by simply scanning the QR code. As for invoices, as provided by the Law on Electronic Invoicing, all invoices submitted from 1 May 2022 to the public sector will be submitted electronically through the e-invoice portal, but will also be automatically registered in the Central Invoice Registry. In this way, the visibility and supervision of transactions between the public and private sectors will be improved and the legal security of the participants in the transaction increased. The application of the portal will be gradually extended to all transactions between the public and private sectors, but also within the private sector (B2B).

### **Digitalization of the Central Registry of Food Industry Facilities (CRF)**

In November 2021, the Rulebook on the content and manner of keeping the Central Registry of Facilities was amended, introducing electronic submission of requests for entry and changes to and deletions from the registry via the CRF electronic portal, which NALED proposed in its 2018 analysis. The digitalized CRF is linked to the Business Registers Agency records from where the data is automatically downloaded. There are also links to the registers of the Veterinary Administration, so that businesses can access their data at any time, and inspectors can check whether the entity or its facility is registered either in the CRF at the agricultural inspection or in CRF in separate administrations. In this way, the safety of consumers has been significantly improved, as they can see all entities and facilities that are registered for production, trade or storage of food.

### **Further development of e-government and cashless payments**

From March 2021, through the electronic payment "Pay" service, the Ministry of the Interior enabled payment of fees for all its services without the requirement to submit proof of payment, which is a big step towards resolving one of the long-standing recommendations of the Grey Book "Introduce cashless payment of fees and charges without proof of payment". In addition, progress has been made towards enabling the full application of electronic delivery in the public administration – amendments to the Companies Act have established the obligation to register all companies on the e-government portal, and in the future all acts will be submitted through the e-Mailbox portal, while the technical functioning of the e-Mailbox portal has been advanced.

### **Improved tax calculation for the transfer of absolute rights for purchase of used vehicles**

On NALED's initiative, the Law on Property Tax was amended for the method of calculating tax on the transfer of absolute rights for the purchase of motor vehicles for individuals, which has greatly simplified the purchase of used vehicles. Instead of the current practice in which the calculation of the tax base is performed by staff of the Tax Administration, the calculation is automated on the basis of a formula containing three elements - engine capacity, engine power and vehicle age. An impact analysis, using the standard cost model, showed that on the basis of administrative relief alone, this reform will save the taxpayer 3 million euros a year, i.e. it will save as many as 60 years of standing at the counter. The new provisions of the Law will come into force on 31 March 2022.

### **Easier registration of beneficial owners in the Business Entities Register**

Amendments to the Law on the Central Register of Real Owners has been partially resolved by NALED's recommendation. An amendment to Article 7 of the Law provides that the entry of data on the beneficial owner is made indirectly through the electronic application for founding a business entity and its entry in the Register of Business Entities. However, this does not solve the problem of the effect of the registration of beneficial owners on third parties, jeopardizing legal certainty.

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### **Legal framework for the establishment of eAgrar adopted**

Amendments to the Law on Agriculture and Rural Development envisage optimization and digitalization of procedures for registering agricultural households and approving incentives in agriculture by introducing the single information system eAgrar. Implementation of the reform is expected by the end of 2022.

### **Law on Social Entrepreneurship adopted**

After a decade-long work on creating the Draft Law, and intensified communication with the civil sector and social companies during 2021, in February 2022, the Law on Social Entrepreneurship has finally been adopted. For the first time in Serbia, the law defines the term of solidarity economy in line with the EU practices, and sets a legal framework for supporting the sector that currently involves around 500 businesses with a social mission. Even though the Grey Book did not deal with the topic of regulating social entrepreneurship, it is important to highlight the result achieved by the Ministry of Labor, bearing in mind the Law's expected positive effects on empowerment and work integration of vulnerable groups.

### **Improved strategic framework for reform of the business environment**

Below is an overview of key strategic documents prepared or adopted in 2021 with the support or participation of NALED, aimed at improving business conditions and the quality of life in Serbia:

- The Strategy for the Development of the Information Society and Information Security 2021-2026 is aimed at improving the digital skills of citizens and public and private sector staff for using new technologies, digitalization of public administration services and improving information security;
- The Strategy of Scientific and Technological Development of the Republic of Serbia 2021-2025 recognizes insufficiently used potentials in this area and connects the economic and social development of the Republic of Serbia with the development of science, technology and innovation;
- The Strategy for the Development of Startup Ecosystems of the Republic of Serbia 2021-2025 is the first step towards improving the position of startups in Serbia and provides a basis for defining terms such as startups, unicorns or business angels;
- The Digitalization Program of the Health System is the first strategic document dealing with the development of e-health in Serbia, which was prepared by the Coordination Body for the Digitalization of the Health System after many years of NALED efforts;
- The program for Countering Shadow Economy 2021-2025 - in January 2021, the Government of Serbia formed a new Coordination Body for Countering Shadow Economy which, after implementing more than 70% of the activities under the previous programme, prepared a new set of measures to improve fair competition, tax discipline and inspection;
- The Action Plan for Implementation of the Public Procurement Development Programme 2019-2023 defines measures to increase the efficiency and cost-effectiveness of public procurement procedures, strengthen competitiveness in the public procurement market, but also encourage environmental and social aspects in public procurement.

# OVERVIEW OF PROPOSALS, GREY BOOK 14

The new, 14<sup>th</sup> edition of the Grey Book contains 100 selected and further improved recommendations from NALED members and the professional public for the removal of administrative barriers to doing business in Serbia. In this edition, 21 recommendations appear for the first time and are marked as new. In addition, all the old recommendations have been refined and modified so that they first account for changes in regulations if there have been any in the given area, but also follow the reforms implemented in other areas that may have opened opportunities for new, improved or different solutions. A few outdated, or currently less-pressing recommendations from last year's edition have been left out. Below is an overview of the recommendations and 10 priorities of the new edition of the Grey Book.

## GREY BOOK 14: OVERVIEW OF RECOMMENDATIONS

No	RESPONSIBLE INSTITUTION	NUMBER OF RECOMMENDATIONS	NEW	OLD	EU BADGE
1	Ministry of Finance	25	3	22	7
2	Ministry of the Economy	8	1	7	1
3	Ministry of Health	8	4	4	0
4	Ministry of Work, Employment, Veterans and Social Affairs	5	1	4	2
5	Ministry of Construction, Transport and Infrastructure	6	1	5	0
6	Ministry of Justice	6	2	4	1
7	Ministry of Agriculture	6	1	5	1
8	Ministry of the Environment	7	1	6	3
9	Ministry of the Interior	2	0	2	0
10	Ministry of Culture and Information	1	0	1	0
11	Ministry of Trade, Tourism and Telecommunications	4	2	2	2
12	Ministry of State Administration and Local Self-Government	1	0	1	0
13	Ministry of Education, Science and Technological Development	2	2	0	1
14	Several ministries	14	2	12	4
15	National Bank of Serbia	3	0	3	0
16	Local governments	2	1	1	0
	<b>TOTAL</b>	<b>100</b>	<b>21</b>	<b>79</b>	<b>22</b>

#### GREY BOOK 14: TEN PRIORITY RECOMMENDATIONS

No	RECOMMENDATION	RESPONSIBLE INSTITUTION
1.8	Introduce green public procurements	Ministry of Finance
1.21	Establish a public electronic registry of non-tax duties	Ministry of Finance
1.22	Enable cashless payment of fees and charges without submitting proof of payment	Ministry of Finance
3.3	Enable the use of e-referrals among specialist doctors	Ministry of Health
4.1	Enable flexible forms of labor engagement	Ministry of Finance and Ministry of Work, Employment, Veterans and Social Affairs
5.1	Speed up and simplify the legalization process	Ministry of Construction, Transport and Infrastructure
5.2	Abolish the fee for conversion of land use right into ownership right	Ministry of Construction, Transport and Infrastructure
7.1	Introduce an online registry of agricultural households and incentives (eAgrar)	Ministry of Agriculture, Forestry and Water Management
11.3	Regulate the use of electronic waybills that accompany goods in transport	Ministry of Trade, Tourism and Telecommunications
14.3	Enable a unified certificate of paid taxes	Ministry of Finance, local governments, Office for IT and e-Government

# 1. MINISTRY OF FINANCE

## 1.8 INTRODUCE GREEN PUBLIC PROCUREMENTS

### PROBLEM DESCRIPTION

The Law on Public Procurement does not oblige the procuring entity to apply the so-called green criteria when organizing procurements for specific goods, services or works (within the technical specification, criteria for the selection of the economic entity or criteria for the award of the contract), but such a criterion has remained in the domain of discretion of the contracting authority.

Namely, Article 99 of the Law stipulates that technical specifications may be determined in the form of characteristics or functional requirements, which may include environmental characteristics, provided that the parameters are sufficiently precise for the bidders to determine the subject of the contract and for contracting authorities to award the contract. In addition, Article 115 of the Law stipulates that one of the criteria for awarding a contract may be the fulfilment of conditions for performing professional activity, which includes the condition of a bidder being included in the appropriate register, but does not stipulate any instance when a criterion is required in order to encourage environmental procurement. On the other hand, although the general criteria for contract awarding, stipulated in Article 132, Paragraph 1, Point 3) of the Law, mentions that the contracting authority may set environmental criteria, i.e. characteristics for bid evaluation, this criterion is set as potential rather than binding.

This legal solution obviously does not lead to increased environmental standards through public procurement, which is also affirmed by the Analysis of implementation of the Public Procurement Development Program in the Republic of Serbia for the period of 2019-2023, which indicates that during 2020 there were no public procurements conducted with the application of environmental criteria.

With no legal regulations that would govern green procurement, we are missing an opportunity to perform public procurement, as a mechanism for purchasing goods and services managed by the state, in a manner that would protect the environment and stimulate circular economy.

### PROPOSED SOLUTION

We propose to add a new article, Article 132a within amendments to the Law on Public Procurement, which would read:

“Green public procurement is a public procurement of goods, services or works with the application of environmental criteria, which are included in technical specifications and/or criteria for qualitative selection of business entities and/or criteria for contract awarding, which aim to reduce negative environmental impact, as well as to stimulate the circular economy.

The Government shall, by means of a bylaw, determine the list of procurement subjects (specific goods, services, and works) for which the contracting authorities are obliged to determine the environmental criteria for awarding the contract. ”

The transitional and final provisions of the Law on Amendments to the Law on Public Procurement should prescribe a deadline for the Government to adopt a bylaw, so we suggest that this article reads:

“The bylaw referred to in Article 10 Paragraph 3 of this Law shall be adopted by the Government within 12 months from the day this Law enters into force.”

*Within Chapter 5 – Public procurement, the European Commission report indicates that Serbia is still moderately prepared in this field, even though certain improvements have been made. It is noted that further harmonization with the EU directive should be continued, specifically the Directive 2014/24/EU that highlights the use of environment protection criteria.*



### REGULATIONS

· Law on Public Procurement (Official Gazette of the Republic of Serbia no. 91/2019)

# 1. MINISTRY OF FINANCE

## 1.21 ESTABLISH A PUBLIC ELECTRONIC REGISTRY OF NON-TAX DUTIES

### PROBLEM DESCRIPTION

In the previous decade, the main problem highlighted by the business sector was the lack of transparency and predictability of non-tax duties, primarily fees charged by republic, provincial and local authorities for the provided services, procedures or actions, as well as the charges collected by public enterprises. Fees and charges are introduced in over 200 laws and over 400 bylaws/decisions at both the national and local levels. In addition, the existing system is characterized by unequal amounts charged for the same service, as well as a number of levies that actually represent hidden taxation (parafiscal tax).

The first, more significant step in the regulation of non-tax revenues was made in 2018, with the drafting and adoption of the Law on Fees for the Use of Public Goods. Its implementation has contributed to greater control and transparency of one part of non-tax revenues. However, this solved only a part of the problem, given that the area related to taxes and other parafiscal levies remained unregulated, especially given the fact that in the structure of non-tax revenues, the fees represent a dominant share (and make up 75% of the total number of charges). In practice, the application of a large number of diverse and significantly non-compliant regulations, primarily in terms of the amount of duties, negatively affects the business environment, i.e. reduces predictability and transparency, especially for businesses operating in multiple locations.

In addition, the methodology and manner of determining the costs of providing public services (Rulebook from 2013) does not provide sufficiently precise parameters for determining the price of a particular public service, or the amount fees. The consequence is that fee amounts, in most cases, are not adequately measured. In that sense, controlling the amount of fees is difficult, especially since the Law on Budget System prescribes that the amount of fees must be appropriate to the costs of providing public service and must be determined in absolute amount, and not as a percentage of a variable base.

### PROPOSED SOLUTION

It is necessary to amend the Law on Budget System so as to stipulate the establishment of a public, electronic register of non-tax revenues which would include non-tax revenues of all levels of government, while adhering to the basic principle that no duty, although stipulated by law or bylaw, can be collected from businesses or citizens if it is not entered in the register. While bearing in mind that this is a complex reform, it is possible to implement it in phases, firstly by listing and recording all fees.

The law should regulate: the scope of non-tax duties that are entered in the register; the manner or procedure of entry in the register; basic elements of duties that should be contained in the register, responsibility for entering initial data on duties and subsequent updates, the Ministry of Finance as the control body, etc.

In addition, it is necessary to regulate and improve the existing methodology for determining the amount of fees in order to harmonize them, especially among local governments.

Systematic regulation of this area of public finances would significantly facilitate the working conditions for business entities and the planning process, given that all relevant information on non-tax revenues, primarily fees, would be available in one place, within the online public register of non-tax revenues.

*The USAID-supported Non-Tax Revenue Reform Project, implemented by Partner Solutions, KPMG, NALED and the Mihajlo Pupin Institute, listed over 2,000 levies collected by users of public funds at the national, provincial and local levels. The analysis of current state of play determined the real nature of the listed levies and gave suggestions for reclassifying and abolishing certain fees. A software solution for the electronic registry has been prepared, as well as the draft of amendments to the Law on the Budget System.*

*In its report for 2021, the European Commission recognizes the problem of the existence of numerous parafiscal levies that remain high and non-transparent and reduce the predictability and sustainability of the Serbian tax system - a prerequisite for local economic development.*



### REGULATIONS

- Rulebook on the Methodology and Manner of Determining the Costs of Providing Public Services (Official Gazette of RS No. 14/2013, 99, 99/2013)
- Law on Fees for the Use of Public Goods (Official Gazette of RS 95/2018, ..., 156/2020 harmonized amounts in RSD and 15/2021 harmonized amounts in RSD)
- Law on Budget System (Official Gazette of RS No. 54/2009, ..., 149/2020 and 118/2021)
- Law on Republic Administrative Fees (Official Gazette of RS No. 43/2003, ..., 144/2020 and 62/2021 harmonized amounts in RSD)
- Law on Financing of Local Government Units (Official Gazette of RS No. 62/2006, ..... 111/2021)

# 1. MINISTRY OF FINANCE

## 1.22 ENABLE CASHLESS PAYMENT OF FEES AND CHARGES WITHOUT SUBMITTING PROOF OF PAYMENT

### PROBLEM DESCRIPTION

Public administration and courts in their business collect fees, charges and other payments for the procedures they conduct, but without the possibility of insight/verification whether the necessary payments have been made for a particular request/case. Therefore, and due to the formal obligation of the party to submit proof of payment with the request, prescribed primarily by the Law on Republic Administrative Fees, but many other regulations as well, contrary to Articles 9 and 103 of the Law on General Administrative Procedure, the parties are imposed an obligation of submitting evidence on the facts that are officially recorded and kept by the Treasury, which significantly complicates ePayments, since the only evidence considered eligible is the official document by a payment institution that managed the payment.

The consequence of this situation is the inability of institutions that conduct procedures to identify abuses such as submitting payment slips for cancelled payments, adding extra numbers on a copy of payment slip, etc. Therefore, there is a discrepancy between the number of services provided and the amount of fees charged, being very difficult to identify the perpetrators.

In 2020, the first steps towards solving this problem were made. Namely, the changes to the program for automatic case management in basic and higher courts (AVP) enables automatic posting of payments through the system, so that there is no need to submit payment slips as proof of payment for all fees charged using this program. In cooperation with the Treasury Department of the Ministry of Finance, the Central Court Fees System has been introduced, which automatically assigns a unique reference number by the system for each fee. By accurately providing the reference number when making the payment, the fee is automatically posted, without the need to submit proof of payment to the acting court. In addition to the previously enabled electronic payment of fees / charges for services provided through the eGovernment portal, these improvements provide the basis for the development and establishment of an integrated system for all administrative procedures.

### PROPOSED SOLUTION

Amendments to the Rulebook on the conditions and manner of keeping accounts for the payment of public revenues and the distribution of funds from those accounts would enable the opening of new sub-accounts for each service provider, which could be used to pay several fees and charges for the same procedure at a single account, in a single transaction.

In the Law on Republic Administrative Fees, Articles 14, 15 and the misdemeanor provision of Article 31, item 5) should be amended so as to reformulate the obligation of a party to submit proof of payment into the obligation to make the payment, while Article 4, paragraph 6 and item 2) and 6) from Article 31 should be entirely deleted. Namely, a line institution is obliged to perform certain actions following special regulations within a certain period of time, even when the fee has not yet been charged, and afterwards initiate the procedure of its payment, in line with their authority and obligation according to Article 14, paragraph 4 of this Law.

The problem of possible non-payment of obligations / payment of fees would be permanently solved by enabling non-cash payment in all proceedings before state administration bodies and courts, which would allow the payment to be immediately identified by the competent authorities.

Having in mind that in 2021 the eGovernment system was developed on the eGovernment portal, which is currently used for Ministry of Interior's services, it is possible to expand the scope of this system to other services provided on the eGovernment portal, but also those that are not currently digitized.

It would be desirable to implement this recommendation in relation to court fees, for which the Ministry of Justice is responsible.

*In 2021, the IT Office, in cooperation with the Ministry of the Interior, developed the ePayment system, which currently allows citizens to generate a single payment slip for about 300 services provided by the Ministry of the Interior without the need for the subsequent issuance of proof of payment, bearing in mind that the system automatically sends all the necessary data to the body providing the service and the Treasury. This certainly represents a great potential for expanding the use of the ePayment system for other services on the eGovernment portal, but also for services that have not yet been digitized.*



### REGULATIONS

- Law on Republic Administrative Fees ("Official Gazette of RS" no. 43/2003,...,90/2019)
- Rulebook on the conditions and manner of keeping accounts for the payment of public revenues and the distribution of funds from those accounts ("Official Gazette of RS" no16/16, 49/16, 107/16, 46/17, 114/17, 36/18, 44/18, 104/18, 14/19, 33/19, 68/19 and 151/20)

## 3. MINISTRY OF HEALTH

### 3.3. ENABLE THE USE OF E-REFERRALS AMONG SPECIALIST DOCTORS

#### PROBLEM DESCRIPTION

The Law on Health Insurance, Article 143, prescribes the obligation of the elected general physician to refer the insured person for outpatient specialist examinations to another appropriate health institution, to monitor the course of treatment, to harmonize opinions and proposals regarding the continuation of treatment of the insured person, as well as to refer the insured person to the secondary and tertiary level of health care. In very limited cases, this authorization can be conferred to specialist doctors.

Although the core of this concept relies on elected general physician to be the centre of the healthcare system, and thus to ensure better control in the health system and aggregation of patient data, the potentials and features of electronic information systems can ensure that these goals be achieved more efficiently. We believe that it is necessary to relieve patients of unnecessary visits to the primary care centre, to the elected general physician regarding further specialist examinations (e.g. the patient is referred to an internist, who advises to go to a gastroenterologist, but the patient must return to the primary care center, in order to be approved / given this referral) or repeated check-ups in chronic patients (check-ups every 6 months, referral to the oncology commission). In practice, these are often seriously ill patients, who have difficulty moving, so such procedures are often performed by relatives and spouses, and referrals are given at the counter, without any interaction with the elected general physician.

#### PROPOSED SOLUTION

We propose an amendment to the Law on Health Insurance and the Rulebook on the Manner and Procedure of Exercising Rights from Compulsory Health Insurance, so as to enable all specialist doctors, at all levels, to refer patients to other specialist examinations, inpatient treatment or control, or allow specialist doctors to refer patients on commission.

It is necessary to enable the selected doctor to have access to information about all referrals received by his patient through the centralized electronic system IZIS, i.e. to have an insight into the electronic patient file, which will consolidate all information about the patient's treatment.

We also propose the preparation of guidelines and guides for healthcare facilities and physicians, regarding the new protocols and procedures that will be introduced by these amendments (including the mandatory protocol before referral), to ensure more efficient health care and application of regulations amended in accordance with this recommendation.



NEW

#### REGULATIONS

- Law on Health Insurance (Official Gazette of RS No. 25/2019)
- Rulebook on the Manner and Procedure of Exercising the Right to Compulsory Health Insurance (Official Gazette of RS No. 10/2010,... 82/2019)



## 4. MINISTRY OF LABOR, EMPLOYMENT, VETERAN AND SOCIAL AFFAIRS

### 4.1. ENABLE FLEXIBLE FORMS OF LABOR ENGAGEMENT

#### PROBLEM DESCRIPTION

The Labor Law, which was substantially amended in 2014, did not anticipate changes in the labor market, and there was no adequate legal regulation for certain forms of employment, primarily in the part referring to work outside regular employment, i.e. outside the fixed-term employment and indefinite employment. The Law prescribes the possibility of contracting for temporary and occasional jobs, which is work outside regular employment, lasting up to 120 working days (close to half a calendar year) that can be concluded with an unemployed person, old-age pension beneficiary or part-time employee and up to full time working hours. This type of work engagement is often abused by re-hiring the same worker after the legal deadline and is not fully in line with the relevant EU Directives.

Employment forms such as part-time work (2 to 4 hours a day), work through online portals, shared work, household and auxiliary work, work related to the collection of secondary raw materials, additional work in insurance and real estate, etc. are not adequately regulated by law, and thus neither are the rights of workers nor the obligations of employers in relation to this type of work.

For example, in 2020, part-time work, which is especially suitable for pregnant women, new mothers, or mothers with small children (who would work 2 hours a day, or one day a week), and which accounts for up to 50% of employment in the EU (Netherlands 51%, Germany and Austria about 27.5%), makes up less than 9% in Serbia i.e. half of the EU-27 average.

#### PROPOSED SOLUTION

We propose to amend the current Law on Labor in accordance with the needs of the labor market, so as to enable new ways of contracting or employment, especially regarding part-time work, online work, and shared work. Also, it is necessary to adequately regulate temporary and occasional jobs, service and other contracts so they could be harmonized with the labor market needs, to avoid the abuse of worker rights and enable enforcement.

The amendments should allow for flexible engagement, while respecting the rights and obligations of workers and employers and in accordance with the relevant EU Directives on workers' rights.

In addition, we propose that digitalization facilitate the procedures for registration and deregistration of workers, as well as to simultaneously improve inspections.

Amendments to the Law on Labor should be accompanied by amendments to the relevant tax regulations, i.e. laws governing labor taxation (Law on Personal Income Tax and Law on Contributions for Compulsory Social Insurance), in order to ensure adequate tax treatment of new forms of work and enable the exercise of rights of workers in accordance with the manner or type of engagement.



NEW

*In its recommendations under Chapter 19 - Social Policy and Employment, the European Commission proposes amendments to labor laws, but also emphasizes the problem of having a minimum contribution base that discourages part-time employment, especially for women.*



#### REGULATIONS

- Law on Labor (Official Gazette of RS No. 24/2005, 113, 113/2017 and 95/2018 - authentic interpretation)
- Law on Personal Income Tax (Official Gazette of RS No. 24/2001,..., 10/2022 - harmonized for amounts in RSD)
- Law on Contributions for Compulsory Social Insurance (Official Gazette of RS No. 84/2004,..., 118/2021 and 10/2022 - harmonized for amounts in RSD)

## 5. MINISTRY OF CONSTRUCTION, TRANSPORT AND INFRASTRUCTURE

### 5.1 SPEED UP AND SIMPLIFY THE LEGALIZATION PROCEDURE

#### PROBLEM DESCRIPTION

Amendments to the Law on Planning and Construction in 2009 provided a solution enabling illegal buildings to be legalized whenever possible, rather than being demolished, but little progress has been made towards it. The amendments to the Law on Legalization of Buildings from October 2018 further complicated the legalization process. Namely, it established a five-year time limit for legalization (November 2023), and it prohibited trade of buildings undergoing legalization process, which introduced further complications due to inability to complete insolvency and enforcement proceedings if a part of debtor's property is not legalized. Article 25 Paragraph 7 of the Law also prohibited legalization of individual parts of residential buildings, since the law stipulates these parts cannot be legalized if a building does not have a construction permit. The legal solution is also unfair as it enables unscrupulous investors to legalize illegal construction, while denying this right to innocent citizens who purchased parts of building where construction permit was not followed, which was a thing that could not be checked at the time of construction, as there was no legal obligation of registering building foundation and completion. The solution requiring that legalized facilities should be registered under investors' name, if the investor is publicly known, as it could introduce risk of debt collection from insolvent investors through sale of buildings, which is why legalization can be risky for law abiding buyers. Another issue to be reconsidered is the conditioning of legalization with the payment of construction land development fee, particularly when the investor and the legalization applicant are not the same person. In practice, all liabilities related to land development are held by the investor, and due to interest fees, over time they have strongly increased and it is not realistic to expect home owners to pay the debts of investors, particularly since the current solution stipulates that the first person to legalize their part is obliged to pay the total amount for the entire building. We also suggest reconsideration of the ban of connection to infrastructure for buildings undergoing legalization, if they already involve tenants and if they are already connected to other types of infrastructure. Another thing to note is the lack of local government capacities for implementing the legalization processes, with NALED analysis from 2020 showing that, if all conditions stay the same, they would need more than 40 years to legalize all illegal facilities.

#### PROPOSED SOLUTION

We propose amendments to the Law on Legalization that would enable mass legalization through the following activities: a) Public enterprises and other holders of public authority map the zones where mass legalization is not possible, while other areas can support mass legalization, in simplified procedures, with cases being categorized by complexity; b) Legalization commission is established on the national level to monitor the process; c) Communication among line authorities and applicants is digitalized; d) Various degrees of legalization are determined depending on the state of planning and technical documentation and the state of legal property issues; e) Mass legalization is first performed in pilot zones and pilot local governments; f) A plan for countering future illegal construction is adopted. If there are efforts to improve the current legalization model, there is a need to: a) Extend the deadline for legalizing buildings; b) Enable payment of fees in installments; c) Determine deadlines for actions by public enterprises; d) Ease the burden on investors in terms of required consent from co-users; e) Separate the process of registering illegal facilities from the process of registering property right over such facilities; f) Simplify the procedure of legalizing infrastructure objects; g) Explore the possibility of entrusting legalization of certain types of objects to the private sector. In terms of categorization, legalization of buildings or parts of buildings constructed before the law was enacted should be performed as follows: a) under the name of persons that are actual owners or buyers of buildings or parts of buildings, regardless of whether the investor is publicly known and available; b) regardless of whether the whole building, including a part being legalized, is built with or without a construction permit; c) regardless of whether a use permit cannot be issued due to discrepancies from the construction permit, or due to unpaid land development fee; d) by having all actual owners pay for the legalization fee, while all reckless investors are indebted for the land development fee; e) by having an entire building legalized and registered in the Real Estate Cadaster together with legalization and the registration of the first individual part of building, while the other individual parts would be legalized and registered successively, upon the payment of fee; f) by having the institution that performs legalization submit the decision on legalization and the certificate of paid fee to the Real Estate Cadaster, for the purpose of registering property of office, through RGA eCounter.

#### REGULATIONS

· *Law on Legalization of Buildings (Official Gazette of RS No. 96/2015, 81/2020)*

## 5. MINISTRY OF CONSTRUCTION, TRANSPORT AND INFRASTRUCTURE

### 5.2 ABOLISH THE FEE FOR CONVERSION OF LAND USE RIGHT INTO OWNERSHIP RIGHT

#### PROBLEM DESCRIPTION

The Law on Planning and Construction from 2009 was meant to resolve the legal and property issues over land owned by businesses. However, such resolution failed to happen since a new law, the Law on Conversion of the Right to Use into Ownership Right for Construction Land with a Fee, was adopted in 2015 which prevented automatic free conversion of land for all entities under the same conditions. As a result, in 2020 around 5,000 hectares of construction land remains „locked”. The users of this construction land cannot build and invest on it, so the market value of this land is declining.

Namely, this Law stipulates an obligation of paying a conversion fee for entities that gained the property in the process of privatization, insolvency or enforcement procedure, which blocks their investments, but causes even greater losses for the state itself. In addition to non-realized investments and new jobs, businesses experience further loss due to the fact that they bought something at a point when conversion wasn't even possible, and now they need to pay again, while not being able to invest into their existing property where construction is prohibited, and also having difficulties to sell it due to unresolved conversion issues, which diminishes land value. While implementing the Law, the state generated some revenues based on the fee, while on the other hand losing much more based on non-collected property taxes or tax on the transfer of absolute rights, but mostly due to non-realized investments.

#### PROPOSED SOLUTION

It is necessary to enable automatic registration of property rights in the cadastre for all persons who have the right to use the land, including those persons who are obliged to pay the conversion fee, because only in this way can the principle of unity of real estate be consistently implemented.

We believe that it is most expedient from the legal-political point of view to first address the cases of persons who have acquired the right to use through privatization, enforcement or bankruptcy and their legal successors, enabling their transfer from the conversion regime with compensation to the conversion regime without compensation.

In the first phase, our proposal implies that the conversion regime be retained for a fee for sports organizations, associations, a few remaining social enterprises and persons covered by the SFRY Succession Agreement, but that retention, essentially though not formally, should be limited in time (until the privatization of sports organizations, associations and social enterprises, i.e. until the end of the SFRY succession procedure).

#### REGULATIONS

- *Law on Planning and Construction (Official Gazette of RS, No. 72/2009, ..., 9/2020)*
- *Law on Conversion of the Right to Use to Ownership Right for Construction Land with a Fee (Official Gazette of RS No. 64/2015 and 9/2020)*

## 7. MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT

### 7.1 INTRODUCE ONLINE REGISTRY OF AGRICULTURAL HOUSEHOLDS AND INCENTIVES (E-AGRAR)

#### PROBLEM DESCRIPTION

Along with the IPARD support approved from the EU funds, farmers in Serbia can currently apply for incentives from the national budget (the so-called national measures). The Agrarian Payments Directorate – DAP oversees the majority of national measures, but due to a lack of branch offices on the local level, a part of these measures, such as the incentives for plant production, have been assigned to the Treasury Administration.

Similarly, the Registry of agricultural households (RPG), that represent a database of all potential beneficiaries of incentives in the field of agriculture, is currently managed and updated by the Treasury Administration, as a task delegated by the DAP. The process of registering or changing the data in the RPG is outdated and requires a farmer to submit numerous evidence that are already kept in the official records. Additionally, to approve any incentive to a farmer, the Agrarian Payments Directorate uses four different systems: The Registry of agriculture holdings, the Real Estate Cadaster managed by Republic Geodetic Authority, Database of Animals kept by the Veterinarian Directorate, and the database of national measures kept by themselves. These records/registries are not mutually connected, which leads to a situation where farmers need to submit the data that are already kept in official records, as well as the proof of land ownership or lease, or ownership of animals, over and over again. On the other hand, the line institutions need to verify each data manually and individually, and retype it into their databases, which creates much room for error.

Analyses have shown that the procedure of registering an agriculture holding and approving a subsidy calls for a farmer to submit around 90 pieces of data in more than 10 various documents, of which at least 60% is unnecessarily asked for (either repeated several times, or already being kept in other public records).

#### PROPOSED SOLUTION

In order to fully implement the reform, the following steps need to be taken:

- Amend the Law on Incentives in Agriculture and Rural Development in order to define electronic procedure for approving national direct incentives
- Amendments to bylaws arising from the Law on Agriculture and Rural Development and the Law on Incentives, which will define an electronic procedure for submitting and approving requests for entry, amendments and deletion from the Register, as well as national, direct incentives;
- Develop an eAgrar software solution that enables electronic processing, as well as the creation of up-to-date and digital Registers of Agricultural Households and the Register of National Measures/Incentives;
- Enable automatic importing of data from the Real Estate Cadastre and Animal Database on a daily basis, as well as other relevant databases such as MIA or Tax Administration records or registry books.
- Provide relevant actors such as inspectors, ministries, local governments, etc. access to the eAgrar database in the required domain.

The introduction of eAgrar will significantly facilitate and make more transparent the procedures for enrolling in RPGs and approving subsidies to farmers. The system is estimated to save costs to agricultural producers by 85%. Also, by linking over 20 public registers, eAgrar would enable the competent ministry to have better control on the ground and better planning of agricultural policy.

*In September 2021, amendments to the Law on Agriculture and Rural Development were adopted introducing the electronic platform eAgrar from July 1, 2022, that will completely digitalize the procedure, thus the recommendation was assessed as partially implemented. In cooperation with the Ministry of Agriculture and DAP, and with the support of EBRD, NALED launched the project Support to eAgrar Reform in Serbia, which provides professional and technical support to relevant institutions in implementing of the reform.*

**PARTIALLY  
RESOLVED**

*In its report for Chapter 11 – Agriculture and rural development, the EU Commission indicates that joint agricultural policy requires strong management and control systems. Introducing an up-to-date Registry of Agricultural Households and its linking with the database of animals and database of land is one of the three pillars for introducing future integrated administrative and control system (IACS) used by EU member countries in approving incentives for farmers.*

#### REGULATIONS

- Law on Agriculture and Rural Development (Official Gazette of RS, No. 41/2009, ...,114/2021)
- Law on Incentives in Agriculture and Rural Development (Official Gazette of RS No. 10/2013.....101/2016)
- Rulebook on Entry in the Register of Agricultural Households and Renewal of Registration and Conditions for Passive Status of Agricultural Households (Official Gazette of RS No. 17/2013,..., 6/2019)
- Regulations on incentives in agriculture

# 11. MINISTRY OF TRADE, TOURISM AND TELECOMMUNICATIONS

## 11.3. REGULATE THE USE OF ELECTRONIC WAYBILLS THAT ACCOMPANY GOODS IN TRANSPORT

### PROBLEM DESCRIPTION

Article 29, paragraph 2 of the Law on Trade stipulates that goods in transport must be accompanied by documents that are directly related to their transport (so-called goods waybills) and which contain information such as data on importer, supplier, carrier, receiver, name and quantity of goods, etc. Among other things, Article 29 explicitly states that this documentation must contain the signatures of the responsible persons of the supplier and the carrier.

Taking into account the requirement for the signature of the supplier and the carrier, in practice this creates problems for traders and prevents the digitization of the issue slips which could be electronically signed (qualified electronic signature) or confirmed in another way (e.g. two-factor authentication),

Upon the declaring of the state of emergency due to the coronavirus in March 2020, and in order to prevent market disturbances or eliminate harmful consequences of market disturbances, the Government of Serbia passed a Decision repealing Article 29 Paragraph 2 of the Trade Law. This decision led to the fact that traders sent the so-called eWaybills that have enabled more efficient, economical and simpler trade between business entities. After the end of the state of emergency, this provision continued to be enacted.

Even though Article 29 Paragraph 5 of the Law prescribes that all documents from Article 29 Paragraph 2 of the Law can also be made in the form of electronic document, including the waybill, this provision cannot be performed in practice. We highlight that the law governing electronic document also recognizes those electronic documents that are not signed, and the Law on Trade prescribes an option of a document being submitted in the form of electronic document, without indicating an obligation of it being signed with a qualified certificate.

### PROPOSED SOLUTION

We propose to amend Article 29 of the Law on Trade, so that in Article 29 Paragraph 5 words “electronic document” are followed by words “signed with a qualified electronic signature or qualified electronic stamp or a verified electronic identification scheme, in line with the law governing electronic identification and trust services in electronic business”.

New Paragraph 6 should be added, and read: “The Minister shall prescribe in detail the form of electronic document from Paragraph 5 in this Article”. Additionally, the Ministry of Trade should adopt a bylaw which would additionally govern the use of electronic waybills.

We propose that, even before the proposed law amendments, the Ministry should enable implementation of submitting scanned documents from Article 29 Paragraph 2 of the Law on Trade to line authorities, through information system, by using an adequate electronic identification scheme.

In addition, the Ministry of Trade needs to pass a bylaw that would further regulate the use of electronic waybills.



NEW

### REGULATIONS

· Law on Trade (Official Gazette of RS No. 52/2019)

## 14. PROBLEMS IN THE PURVIEW OF MULTIPLE INSTITUTIONS

### MINISTRY OF FINANCE, LOCAL GOVERNMENTS AND OFFICE FOR IT AND EGOVERNMENT

#### 14.3 ENABLE UNIFIED CERTIFICATE OF PAID TAXES

##### PROBLEM DESCRIPTION

For the purpose of providing evidence of settled obligations for local revenues, citizens and businesses continue to submit requests and receive tax certificates in paper form from local tax administrations, as well as a certificate from the Tax Administration in case the request is submitted for the purpose of unregistering a lump sum entrepreneur. Also, for the issuance of these tax certificates, citizens and businesses continue to pay the administrative fee, bearing in mind that the Law on Republic Administrative Taxes has not abolished this tax.

In 2019, the Tax Administration enabled the issuance of tax certificates in a large number of cases in electronic form, which resulted in large savings for businesses (costs of issuing tax certificates amounted to 135 million dinars per year based on calculations from 2013, and even more in later years), however this is still not the case for all procedures.

On the other hand, although the Unified Information System of the Local Tax Administration has been established in January 2019, allowing electronic submitting of inquiries and tax applications for property taxes, it is still not possible to electronically apply for a certificate of paid taxes, nor its issuance in electronic form.

##### PROPOSED SOLUTION

We propose that the information on paid taxes and contributions on the national and local level should be merged, enabling issuance of a unified certificate on paid taxes and contributions. Until a unified certificate can be implemented, we propose that local tax administrations should issue and send certificates of paid public revenues to citizens and businesses electronically, via the Unified information system of local tax administration. Furthermore, we appeal to the local governments to make their data available via the Government Service Bus, which would enable state institutions to access the needed data and verify the facts needed in an administrative procedure, which would reduce the need for issuing tax certificates and consequently ease the burden to local government capacities.

Furthermore, we suggest that in cases when the Tax Administration certificate is requested for the purpose of unregistering a lump sum entrepreneur (and in other cases), it should be possible to electronically submit a request for a certificate, and make electronic payment of any debt.

Also, in the case of automation of issuing tax certificates through the local tax administration portal, it is necessary to abolish the fees prescribed either by the Law on Republic Administrative Fees or local decisions on administrative fees.

##### REGULATIONS

- *Law on Tax Procedure and Tax Administration (Official Gazette of RS, No. 80/02, ..., 144/2020)*
- *Decisions on local administrative fees*



# IMPRESUM

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**PUBLISHER:**  
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**FOR THE PUBLISHER:**  
Violeta Jovanović

**EDITORS:**  
Jelena Bojović  
Milica Stefanović

**SCIENCE COUNCIL:**  
Dušan Vujović  
Goran Pitić  
Branko Radulović

**CONTENTS:**  
Jelena Bojović  
Milica Anđelković Đoković  
Đorđe Vukotić  
NALED Executive Office

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## LIST OF CONTRIBUTORS FOR 2022

- Association of Tax Advisors of Serbia
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