

TASIC & PARTNERS

ADVOKATI • ATTORNEYS AT LAW



NEWSLETTER

08/03/2018

Incentives overview 2018

A. DEVELOPMENT AGENCY OF SERBIA (DAS)

1) Public call for Participation in the Support Program for the Manufacturing Industry Sectors:

More information at: <http://ras.gov.rs/kreiraj-zivot/otvoreni-pozivi-konkursi/kreiraj-zivot-javni-poziv-za-ucesce-u-programu-podrske-sektorima-prerativacke-industrije>

The right to participate and use available grant have micro, small and medium-sized entrepreneurs (MSME) that meet the following requirements cumulatively:

- that the dominant MSME activities are production, processing or services from the manufacturing sector grouped in four areas: **machinery and equipment industry; food industry; wood and furniture industries and rubber and plastics industries** (*the fulfilment of this condition is determined based on the registered business activity code under in the Business Registers Agency (BRA), and the list of qualifying activities that are eligible for funding under the Program is included in the Appendix to the Program Implementation Guide*);
- majority private ownership;

- that they are, in the moment of submitting the application, registered in BRA, for at least two years (in the Company or Entrepreneurs Register);
- have positively operated in the previous year;
- keep business records as double-entry bookkeeping;
- have settled liabilities for taxes and contributions;
- did not have any restrictions or prohibitions from performing activities for the last two years;
- they did not use incentives from the budget of the Republic of Serbia, the budget of the Autonomous Province of Vojvodina and the budget of the local self-government unit for the same project activities (this condition does not apply to the project activity "Individual performances at international fairs abroad") in the previous year;
- are not facing difficulties, according to the definition contained in the regulation on rules for granting state aid;
- The program will only co-finance project activities that have been initiated after the Public call was announced.

The available funds are granted individually, as a co-financing of up to 50% of the amount of eligible costs excluding VAT, for each project activity. The maximum amount of available funds is RSD **2,000,000.00** The total budget of the Program is RSD **44,737,500.00**.

2) Public Call for Participation in the Support Program for the Development of MSME Competitiveness

More information at: <http://ras.gov.rs/kreiraj-zivot/otvoreni-pozivi-konkursi/javni-poziv-za-ucesce-u-programu-podrske-razvoju-konkurentnosti-mmspp>

* **Note:** Public call is opened only for Component 3

The right to participate in **Component 3** and use the grants are MSMEs that meet the following requirements:

- within one project proposal submitted, at least two MSME must make / or will make a supply chain;
- have signed a joint Memorandum / Preliminary Agreement / Business Cooperation Agreement or Letter of Intent with the Buyer;
- Dominant MSME activities should be production, processing or services (fulfilment of this requirement is determined based on the registered activity codes in the BRA). Exceptionally, in the event that the predominant activity code of the MSME refers to activities that are excluded from this program, and the applicant is engaged in production, processing or services, it is necessary to provide proper evidence, based on which the Commission will determine whether the conditions have been fulfilled;

- majority domestic private ownership;
- that they are registered in BRA before January 1, 2015;
- have positively operated in 2016;
- keep business records as single or double-entry bookkeeping;
- have settled liabilities for taxes and contributions;
- did not have any restrictions or prohibitions from performing activities for the last two years;
- were not a subject to bankruptcy or liquidation proceedings;
- did not apply within the current year, did not use incentives from the Budget Republic of Serbia, budget of the Autonomous Province and a JLS, for the same project activities;
- are not facing difficulties, according to the definition contained in the regulation on rules for granting state aid.

The available resources are granted individually, per MSME, **as co-funding in the amount of up to 50% of the total amount of eligible costs excluding VAT.** Project activities that may be subject to co-financing by the DAS are:

1. Equipment operating in accordance with the requirements of international standards of operation (implementation of the standard, certification, re-certification):
 - if competing for a single sub-activity (or the implementation of the certification or re-certification) to RSD 300,000.00;
 - if competing for the sub activity (implementation and / or certification and / or re-certification) up to RSD 500,000.00;
2. Harmonization of the product with the requirements for the right to use the product trademark - up to RSD 500.000,00;
3. The training of management and employees through specialized training – up to RSD 300,000.00;
4. Purchase new or used (up to 5 years of age) production equipment – RSD 2,000,000.00.

Total budget for Component 3 is **RSD 30,000,000.00.**

3) Public Call for participating in the Export Promotion Program

More information at: <http://ras.gov.rs/kreiraj-zivot/otvoreni-pozivi-konkursi/javni-poziv-za-ucesce-u-programu-promocije-izvoza>

Note: Public call is opened just for Component 1.

This component is intended for companies and entrepreneurs who want to present their products at international fairs abroad in order to increase export revenues. The grants are available for legal entities categorized as micro, small and medium-sized legal entities and entrepreneurs who keep business records under dual bookkeeping system, whose annual financial statements are submitted to the BRA for processing and whose activities are predominantly production or processing.

Applicants must meet the following general requirements cumulatively:

- they are registered in BRA before January 1, 2015;
- they have a majority local private ownership;
- there is no registered process of liquidation or bankruptcy;
- they have paid all due taxes and contributions;
- they had a positive balance in the previous year;
- they have not been imposed a protective measure of prohibition of activity by a legally binding decision in the previous two years;
- they are not facing difficulties according to the definition from the regulation on rules for granting state aid;
- they have not used incentives from the budget of the Republic of Serbia, the Autonomous Province of Vojvodina or local self-governments for the same project activities in the current year;
- They have a functional website (comprehensive, updated...) with the content in at least one foreign language.

DAS co-finances **up to 50% of the total amount of justified costs without VAT**. Maximum amount granted by DAS for this Component is **RSD 1,000,000.00**.

B. MINISTRY OF ECONOMY

1) Program for Stimulating Entrepreneurship Through Development Projects in 2018

More information at: http://privreda.gov.rs/javni_pozivi/javni-poziv-za-program-podsticanja-preduzetnistva-kroz-razvojne-projekte-u-2018-godini/

The Ministry of Economy has announced on February 26, 2018 the Public call for grants, under the Program for stimulating Entrepreneurship through Development Projects in 2018, for the total amount of RSD 500,000,000.00.

The right to apply have entrepreneurs, micro, small and medium-sized legal entities and cooperatives, which delivered official financial statements for the previous two years in which no net loss was reported, and that fulfil the conditions from the program, when they may receive grants in the amount of 20% of the value of the investment project, while the rest will be financed through the credit of the Development Fund of the

Republic of Serbia. The total value of the project cannot be less than **RSD 1,250,000.00** (RSD 375,000.00 for entrepreneurs), nor more than **RSD 62,500,000.00**.

The funds defined by the Program are intended to support the development of production activities, computer programming and printing services, or for:

- purchase, construction, upgrade, reconstruction, adaptation, improvement, investment maintenance of a production space or business space that is part of the production area or space for production or storage of the product;
- purchase of new or used production equipment (not older than five years), including delivery vehicles for the transport of own products and other transport means used in the production process;
- permanent working capital, which can account for a maximum of 20% of the total investment;
- purchase of software and other intangible assets.

The public call will be opened until the funds are consumed, or **by the end of 2018 at the latest**.

2) Program for Supporting the Development of Entrepreneurship through Financial Support for Business Start-Ups in 2018

More information at: http://privreda.gov.rs/javni_pozivi/javni-poziv-za-dodelu-bespovratnih-sredstava-u-okviru-programa-podsticanja-razvoja-preduzetnistva-kroz-finansijsku-podrsku-za-pocetnike-u-poslovanju-u-2018-godini/

The Ministry of Economy announced the Public call for grants, on February 26, 2018, under the Program for Supporting Entrepreneurship Development through Financial Support for Business Start-Ups in 2018, for the total amount of **RSD 250,000,000.00**. The right to apply for this public call have entrepreneurs, micro, small and medium-sized companies registered in 2017, at the earliest, and that fulfil the conditions from the program, when they can receive grants in the amount of 30% of the value of the investment, while the rest will be financed through the credit from the Development Fund of the Republic of Serbia (the total available funds of the Crediting Fund amount RSD 583,333,333.33) The total amount of funds approved under this program cannot be less than **RSD 400,000.00** nor more than **RSD 6,000,000.00**.

Investments that can be financed under this Program, include:

- upgrade / reconstruction / adaptation / improvement / of business or production space;
- purchase of equipment (new or used, not older than five years);
- permanent working capital, which can participate up to 20% in the structure of total investment.

The public call will be opened until the funds are consumed, or **by the end of 2018 at the latest.**

C. TAX ADMINISTRATION / SOCIAL SECURITY

1) Taxes and contributions for new employees

Article 45 of the Law on Contributions for Compulsory Social Insurance ("Official Gazette of the Republic of Serbia", No. 84/2004 ... 7/2018 – harmonized RSD amounts, hereinafter: the „**Law on Contributions**“) and Article 21v of the Law on Personal Income Tax („Official Gazette of the RS“, no,24/2001,...7/2018 – harmonized RSD amounts, hereinafter: the „**LPIT**“) prescribe that the employer - a legal entity or an entrepreneur who engages a new employee is entitled to the refund of part of the paid contributions for compulsory social insurance paid to the employee and at the expense of the employer, and part of the income tax paid to the salary of the newly employed person, paid out until 31 December 2019.

The employer is entitled to a refund of paid contributions and taxes, as follows:

- 65% if the employer engaged at least one, and 9 newly employed persons, at the most;
- 70% if the employer engaged at least 10, and 99 newly employed persons, at the most, and
- 75% if employer engaged at least 100 newly employed persons.

The employer is entitled to the aforementioned benefits if it increases the number of employees with regard to the number of employees on March 31, 2014, while the newly employed person is considered to be a person who, prior to entering into employment relation, was registered with the National Employment Service (NES) as unemployed for at least six months without interruption, or at least 3 (three) months for trainees.

2) Taxes and contributions for employees with disabilities

The Articles 45b of the Law on Contributions and 21v of the LPIT prescribe that the employer that engages a person with disability for unlimited period, in accordance with the Law on preventing discrimination of persons with disabilities, if the disability is proven with proper legal-medical documentation, is exempt from paying calculated salary tax for that person as well as contributions for mandatory social insurance that are paid to the base at the expense of the employer, for the three years upon entering employment relation.

3) Tax and contributions for MSE / entrepreneurs

Article 45v of the Law on Contributions and 21d of the LPIT prescribe that employer – legal entity that is, in accordance with the law on accounting, classified as micro and

small legal entities, as well as entrepreneur, entrepreneur that pays fixed taxes or entrepreneur in agriculture, that employees at least two persons, is entitled to the refund of 75% of paid taxes to the salary as well as contributions for mandatory social insurance, at the expense of the employee and the employer, paid until December 31, 2019.

The incentive can be realized by an employer who, by employing another person, increases its number of employees for at least two in comparison to the number of employees that the employer had on October 31, 2015. This incentive can be also realized by the employer that start business activities after October 31, 2015.

4) Taxes and contributions for new employers

Employer being a newly established legal entity, as well as a newly founded entrepreneur that is registered with the Register of the competent authority or organization can realize the right to exemption from taxes and contributions at the expense of the employee and employer, based on the salary of the founder or personal income of the entrepreneur, as well as based on the salary of not more than nine newly employed persons.

The incentive can be realized if the founder, or each of the founders, has entered into employment relation with the legal entity, or if at least nine newly employed persons with that legal entity or entrepreneur were registered for mandatory social insurance with the Central Register of mandatory social insurance for at least six months without interruptions prior to the foundation of the legal entity or entering employment relation was registered with NES as unemployed, or at least 12 months prior to foundation of the legal entity or entering into employment relation gained high school, higher or high education.

This incentive can be realized for the salaries of the founders and the employee, or for the personal salary of the entrepreneur paid for the period of 12 months from the day the legal entity was founded or the entrepreneur registered, under the condition that the sum of all salaries for the time the incentive is realized does not exceed the amount of triple average yearly salary for the year preceding the year of foundation of a legal entity or registration of the entrepreneur.

The incentive can be realized by the employer – legal entity or entrepreneur that has been founder or registered up to December 31, 2020.

D. THE NATIONAL EMPLOYMENT SERVICE (NES)

1) Public call for Employers for the Employment of Unemployed Persons from the category of Employees More Difficult to Employee in 2018

More information at: http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni_poziv_poslodavcima_za_dodelu_subvencije_za_zapo_ljavanje_nezaposlenih

[lica iz kategorije te e zpo ljivih na novootvorenim radnim mestima u 2018. g odini.cid43102?page=2](http://odini.cid43102?page=2)

The Public call for Employers for the Employment of Unemployed Persons from the category of Employees More Difficult to Employee in 2018 applies to the employment of unemployed persons in the category of employees more difficult to employee, which includes:

- young people up to 30 years without qualifications / with low qualifications, young people seeking a job for more than 12 months and young people who have / had the status of a child without parental care;
- people older than 50 years who have the status of surplus of employees;
- Roma people;
- persons with disabilities;
- beneficiaries of financial social assistance with working ability;
- long-term unemployed;
- victims of domestic violence.

The amount of grant is determined according to the degree of development of the municipality according to the place of employment, and it amounts from RSD 150,000.00 or 180,000.00 per person, for the first and second group, RSD 200,000.00 to 240,000.00 per person, for the third group and finally 250,000.00 or 300,000.00 for the fourth group of municipalities and devastated areas.

The public call is opened until the consumption of available funds, and no later than November 30, 2018.

2) Public Call for Subsidy of Earnings for Persons with Disabilities without Working Experience in 2018

More information at: [http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni konkurs za subvenciju zarade za osobe sa invaliditetom bez radnog is kustva u 2018. godini.cid43098?page=1](http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni_konkurs_za_subvenciju_zarade_za_osobe_sa_invaliditetom_bez_radnog_is_kustva_u_2018.godini.cid43098?page=1)

Subsidy, for a period of 12 months from the date of employment, is granted to an employer who permanently employs a person with disabilities without working experience.

The subsidy is granted on the basis of an employer's submitted request, in the amount of up to 75% of the total salary costs, with the corresponding contributions for compulsory social insurance, but not more than the amount of the minimum wage determined in accordance with the labour regulations, and is realized according to regulations on state aid for employment of persons with disabilities and other regulations on state aid.

Public call is opened from the date of publication until the consumption of available funds, and until the end of 2018, at the latest.

3) Public Call for Reimbursement of Costs of Support for Persons with Disabilities Employed under Special Conditions in 2018

More information at: [http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni konkurs za refundaciju tro kova podr ke osobama sa invaliditetom ko je se zapo ljavaju pod posebnim uslovima u 2018. godini.cid43097?page=0](http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni_konkurs_za_refundaciju_tro_kova_podr_ke_osobama_sa_invaliditetom_ko_je_se_zapo_ljavaju_pod_posebnim_uslovima_u_2018._godini.cid43097?page=0)

An employer who employs a person with a disability who needs professional support at work is entitled to reimbursement of cost of salary for a person engaged for providing professional support to a newly employed person with disabilities, in the amount up to RSD 50,000.00 per month with prescribed taxes and contributions for the time providing professional assistance, or for a maximum of 12 months (Program A) or is entitled to refund of appropriate workplace adjustment costs (technical and technological equipping of the workplace, means of work, space and equipment, in accordance with the possibilities and needs of the employed person with disabilities) in one-time amount up to RSD 400.000,00 per person with disability (Program B).

Public call is opened from the date of publication until the consumption of available funds, or until the end of 2018, at the latest.

4) Public Call for Participation in the Financing of the Training Program for Employees in 2018

More information at: [http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni poziv za u e e u finansiranju programa obuke za potrebe poslodavca za zaposlenog u 2018. godini.cid43515?page=0](http://www.nsz.gov.rs/live/info/konkursi/konkurs-nsz/javni_poziv_za_u_e_e_u_finansiranju_programa_obuke_za_potrebe_poslodavca_za_zaposlenog_u_2018._godini.cid43515?page=0)

The training program for the needs of the employer is carried out for employees to acquire additional knowledge and skills in order to improve competencies, acquire missing knowledge and skills, and to maintain employment with the employer.

The NES may pay to the employer, based on the request:

- funds on behalf of participation in the financing of training costs for special training up to 25% of the total eligible costs, and up to RSD 100,000.00 per participant,
- funds on behalf of participation in the financing of training costs for general education up to 60% of the total eligible costs, and up to a maximum of RSD 100,000 per participant.

Funds for participation in the financing of training costs can be increased up to 80% of the eligible costs, and up to RSD 100.000,00 per participant, as follows:

- up to 20 percentage points if the employer is a small business entity;
- up to 10 percentage points if the employer is a medium business entity;
- up to 10 percentage points if the training involves persons with disabilities or those who are more difficult to employ, and
 - persons without qualifications, that is, without high school education,
 - persons older than 50,
 - member of ethnic minorities.

The public call is opened until the consumption of available funds, and no later than November 30, 2018.

5) Public call for Realization of the Program of Professional Practice in 2018

More information at:
http://www.nsz.gov.rs/live/digitalAssets/9/9193_javni_poziv_za_sp_2018.pdf

The professional practice program includes the professional training of unemployed persons for independent work in the profession for which the appropriate education has been acquired - qualification, for the purpose of internship or fulfilling conditions for taking professional exam, when this is required by the law, that is, by the rulebook as a special condition for independent work in the profession. The program is realized without establishing employment relationship.

During the program of professional practice, the NES:

- pays to engaged persons on behalf on financial assistance and transportation costs the total monthly amount of:
 - RSD 14.000,00 to persons with high school education;
 - RSD 16.000,00 for persons with higher or higher three-year education;
 - RSD 18.000,00 with at least higher four-year education.
- calculates and pays the contributions in the event of an injury at work and occupational diseases, in accordance with the law.

The public call is opened until the consumption of available funds, and no later than November 30, 2018.