

Serbian Government adopted amendments to the Rulebook on application of the VAT Law in the Autonomous Province of Kosovo and Metohija

The Serbian Government adopted amendments to the Rulebook on Implementation of the VAT Law on the territory of the Autonomous Province of Kosovo and Metohija (hereinafter APKM) during the validity of the UN Resolution 1244 ("Official Gazette of the Republic of Serbia" 15/2005, hereinafter the Rulebook). The amendments are effective from September 16th 2011, and their application may lead to higher VAT exposure in certain cases.

Serbian Government adopted amendments to the VAT Rulebook on application of the VAT Law in the Autonomous Province of Kosovo and Metohija. The amendments deal with the supplies of oil/oil derivatives, telecommunication services and motor vehicles.

We list the adopted changes for your further consideration below:

Place of supply of telecommunication services

Place of supply of telecommunication services provided between Serbia and APKM will be the fixed place of business of service provider. Please note that this represents the derogation from the place of supply rule for telecommunication services envisaged by the VAT Law. This actually means that Serbian VAT will be imposed on supply of telecommunication services to APKM by Serbian providers.

Extended list of documents in case of supplies of oil and oil derivatives to APKM

In general, VAT shall not be charged on supplies from Serbia to APKM of domestic goods if taxpayer obtains specific documents specified by the Rulebook.

Specifically for supplies of oil/oil derivatives the amendments impose additional administrative requirement in a form of a proof that VAT was paid when entering APKM. However, it remains unclear what would be relevant document which would serve as a proof of paid VAT in APKM.

18% VAT on supplies of motor vehicles from the territory APKM

18% VAT will be charged from now on on transfers of motor vehicles from persons (individual or legal entity) with the place of residence/seat on APKM to an individual or legal entity with the place of residence/ seat in Serbia.

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