

Expansion of the Serbian Double Tax Treaty Network

Recently, we have witnessed a significant expansion of the Serbian Double Tax Treaty Network. As of January 2011, ten Double Tax Treaties entered into force, among which the long expected Treaties with Austria and Greece.



This recent expansion also includes the signing of the Treaty with Indonesia and placing of the initials on the Treaty with Montenegro. The date of signing of the Treaty with Montenegro is still unknown.

In respect of the treaties which entered into force since the beginning of 2011, they limit the taxation of certain types of income in the source country as follows:

	Dividends	Interest	Royalty payments	Capital Gains
Austria	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of shares of the paying entity. In other cases tax rate is 15% .	Up to 10% of the gross payment.	Up to 5% or 10% , depending on the nature of the intellectual property right or the right to use thereof.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with more than 50% of their value directly or indirectly derived from real estate located in the source country.
Azerbaijan	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with more than 50% of their value directly or indirectly derived from real estate located in the source country.



This Tax & Legal Alert is produced by PwC Serbia's Tax and Legal Departments

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	Dividends	Interest	Royalty payments	Capital Gains
Estonia	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of shares of the paying entity. In other cases tax rate is 10% .	Up to 10% of the gross payment.	Up to 5% or 10% , depending on the nature of the intellectual property used or the right to use thereof.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with more than 50% of their value directly or indirectly derived from real estate located in the source country.
Greece	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of shares of the paying entity. In other cases tax rate is 15% .	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Capital gains will not be taxed in the source country unless incurred from sale of real estate located in the source country.
Ireland	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of votes of the paying entity. In other cases tax rate is 10% .	Up to 10% of the gross payment.	Up to 5% or 10%, depending on the nature of the intellectual property used or the right to use thereof.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with more than 50% of their value directly or indirectly derived from real estate located in the source country.
Libya	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of shares of the paying entity. In other cases tax rate is 10% .	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with majority of their value directly or indirectly derived from real estate located in the source country.
Malta	Tax rate may not exceed 5% when the recipient owns at least 25% of shares of the paying entity. In other cases tax rate is 10% .	Up to 10% of the gross payment.	Up to 5% or 10%, depending on the nature of the intellectual property used or the right to use thereof.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with majority of their value directly or indirectly derived from real estate located in the source country.

	Dividends	Interest	Royalty payments	Capital Gains
Pakistan	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with more than 50% of their value directly or indirectly derived from real estate located in the source country.
Spain	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of shares of the paying entity. In other cases tax rate is 10% .	Up to 10% of the gross payment.	Up to 5% or 10%, depending on the nature of the intellectual property used or the right to use thereof.	Capital gains will not be taxed in the source country unless incurred from sale of real estate or shares with more than 50% of their value directly or indirectly derived from real estate located in the source country.
Qatar	Tax rate may not exceed 5% when the recipient (excluding partnerships) owns at least 25% of shares of the paying entity. In other cases tax rate is 10% .	Up to 10% of the gross payment.	Up to 10% of the gross payment.	Capital gains will not be taxed in the source country unless incurred from sale of real estate located in the source country.

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