



Expert advice

Rödl & Partner
prepared for Enercon

Contents

01

The firm

02

Locations

03

Our strengths

04

Rödl & Partner in Serbia

05

Presentation of Serbian and Montenegrin Tax & Legal System

We are a one-of-a-kind success story from Germany

- Founded in 1977 – international expansion since 1989
- Your one-stop shop: audit, legal and tax consulting
- Most familiar with your culture and language
- Tailor-made solutions for internationally active companies

Rödl & Partner worldwide

- Austria
- Azerbaijan
- Belarus
- Brazil
- Bulgaria
- Croatia
- Cyprus
- Cuba
- Czech Republic
- Estonia
- Finland
- France
- Georgia
- Germany
- Hong Kong
- Hungary
- India
- Indonesia
- Iran
- Italy
- Kazakhstan
- Latvia
- Lithuania
- Malaysia
- Mexico
- Moldova
- People's Republic of China
- Poland
- Romania
- Russian Federation
- Serbia
- Singapore
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Thailand
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- USA
- Vietnam



3.700 colleagues – 94 offices – 43 countries

Rödl & Partner in Europe (excluding Germany)

- Almaty
- Baku
- Barcelona
- Belgrade
- Birmingham
- Bolzano
- Bratislava
- Brno
- Bucharest
- Budapest
- Chişinău
- Cluj
- Gdańsk
- Gliwice
- Helsinki
- Istanbul
- Kharkov
- Kiev
- Krakow
- Limassol
- Ljubljana
- Madrid
- Malmö
- Milan
- Minsk
- Moscow
- Padua
- Paris
- Plovdiv
- Poznań
- Prague
- Riga
- Rome
- Sofia
- St. Petersburg
- Stockholm
- Tallinn
- Tampere
- Tiflis
- Timișoara
- Vienna
- Vilnius
- Warsaw
- Wrocław
- Zagreb
- Zurich

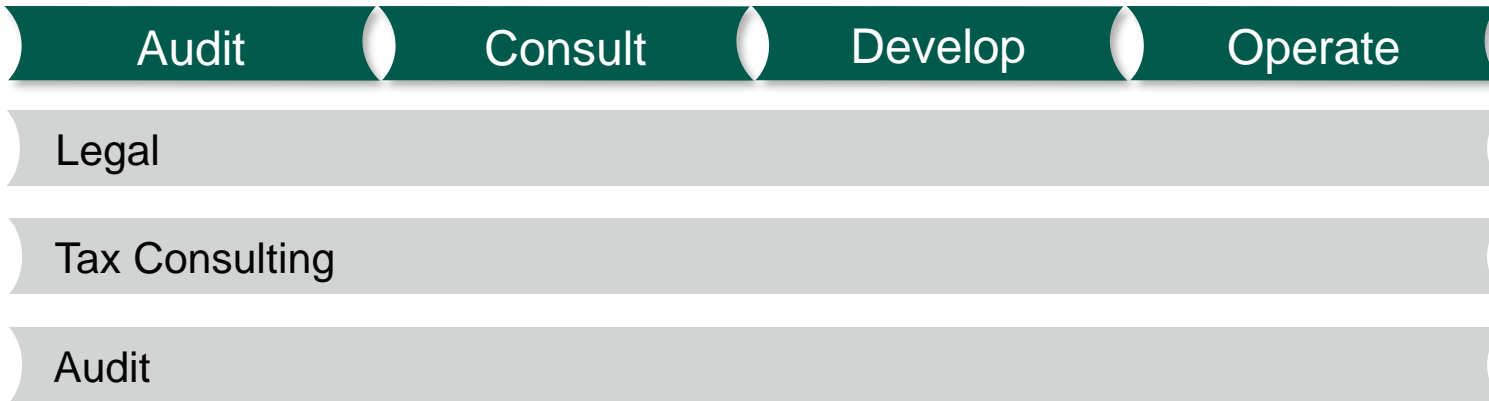


Rödl & Partner in Germany

- Nuremberg
- Ansbach
- Bamberg
- Bayreuth
- Berlin
- Bielefeld
- Chemnitz
- Cologne
- Dresden
- Eschborn
- Fuerth
- Hamburg
- Hannover
- Hof
- Jena
- Kulmbach
- Ludwigshafen
- Mettlach
- Muenster
- Munich
- Plauen
- Regensburg
- Selb
- Stuttgart



Our interdisciplinary and comprehensive services offer



 **In close collaboration with our clients we develop information for well-founded economic, tax and legal decisions that we implement together – both nationally and internationally.**

Our success factors

01

Interdisciplinarity

We guarantee efficiency through a project team

02

Caring principle

You have ONE responsible contact person

03

Internationality

Worldwide, we are at home with wholly-owned offices

Rödl & Partner in Serbia

- Our clients are mainly foreign companies with operations worldwide (primarily German, Austrian and other European companies).

- 9 employees in our resident office in Belgrade:
 - *Rödl and Partner, LLP*
 - *Rödl and Partner Audit Serbia, LLP*

- Our strengths resulting from almost two decades of business operations in the SEE countries
 - *Extensive market knowledge and professional expertise*
 - *Extensive network of reliable contacts*
 - *Intercultural know-how*



You will be able to find more details on our operations in Serbia at www.roedl.com/se

Type of Companies / similarities and differences

A company in Serbia can be founded in the following forms:

Joint Stock Company (a.d.)

Limited Liability Company (d.o.o.)

Limited Partnership (k.d.)

General Partnership (o.d.)

Branch office/representative office

Most commonly used type is Limited Liability Company and nowadays branch office.

Limited Partnership and General Partnership are in the law theory called “companies of persons” i.e. proprietorship and partnership while Limited Liability Company and Joint – Stock Company is considered as “company of capital” i.e. corporation.

The main difference between those types is in the liability of the shareholder, i.e. partner. In a LLC and A Joint Stock Company a shareholder is not liable for obligation of the company solely by reason of being a shareholder, except that shall be liable up to the amount of any agreed but unpaid contribution (capital) which is not the case in the “companies of persons”.

Share capital

- Minimum capital for Limited Liability Company is 100 RSD (approx. 0,9EUR) and is to be paid on the interim bank account prior the and after the registration of company
- There is a possibility to pay at least one half of the mentioned amount on an interim bank account, while the rest shall be transferred to the company's account within two years from the date of registration.
- Once the bank account of a company is opened, those funds shall be transfer from the interim account to the current company account.

The Documents needed for the registration

If a founder is a company: Extract from the Commercial Register of the Founders (containing the official data of the Company: business name, registration number, registered seat, authorized representatives, shareholders) – notarized and provided with Apostil stamp;

OP Form- verified list of signature/s of the Director/Board of Directors to be appointed.

All documents that are made in foreign language must be translated by sworn to court translator.

Serbia managed to implement one stop shop system and now the registration and obtaining the Tax Identification Number are done within one procedure and within one body – Agency for Business Register .

As from the moment all requested documents are ready and capital amount is paid, the procedure at the Business Register Agency follows and it takes 5 days as of the day of submitting required documentation.

The stamp is obtained in 15 minutes.

Company set up Montenegro

Montenegrin law permits the establishment of six types of companies, the most common being:

- Entrepreneur,
- Limited Liability Company (d.o.o.),
- Joint Stock Company (a.d.),
- General partnership (o.d.),
- Limited partnership (k.d), and
- Part (branch) of a foreign company.

Minimum pecuniary capital varies between 1 EUR for limited liability company and 25,000 EUR for joint stock company.

After fulfilling all these requirements, it is necessary to open a bank account.

Then, the company reports to Tax Authority in order to receive a PIB (taxation identification number) and VAT number (Value Added Tax).

CORPORATE TAX SERBIA

Companies subject to taxation on the world income,

Corporate tax 15%;

Capital gains taxed as part of annual profit;

Dividends & interest paid to resident companies not subject to withholding tax;

Tax incentives & exemptions – no special exemptions;

Collection of taxes is made on the basis of estimated declarations and is paid monthly;

Calendar year is often tax year but it could be changed;

Tax planning: Free trade agreement with Russia, CEFTA.

PERSONAL TAXATION SERBIA

Residents subject on their worldwide income

Enterpreneuers, farmers, the ones which earn from forestry are taxed at 10%

Salary taxed at the rate of 10%

Earnings from authorship rights – 20% with deductions in the range 35-50%

Earnings from dividends, interest, capital gains – 15%

Earnings from movable & immovable property – 20% (with deduction of 20%)

Other income (earnings from service contracts)– 20% (with deduction of 20%)

Earnings from game on chance – 20%

Net earnings are subject to annual taxation at 10 and 15%

Deadline for submission of tax returns by émployer is 31 January and for individuals is 15 May

Fifth day of the following month is deadline for payment of salary taxes and social security contributions

VAT SERBIA

- Since 1 January 2005 supply of goods and services is subject to VAT
- Taxpayers who supply goods or provide services for more than 8mio RSD (approx. EURO66,000) per annum must be registered for VAT
- Standard VAT rate is 20%, certain goods are subject to reduced rate of 8% and 10% for hotels.
- Taxpayer is entitled to the refund of the excess of input VAT over output VAT. The deadline for refund is 45 days. Alternatively, taxpayer can use VAT credit to cover his future VAT liability
- With the latest changes even foreign company could be register for Serbian VAT.

DOUBLE TAX TREATIES SERBIA

- As honored the Treaties of Avoidance of Double Taxation signed by SFRJ, SRJ and Union of Serbia & Montenegro, Serbia has 40+DTTs.
- All of Serbian DTTs follow the OECD model treaty
- DTTs are reducing Serbian withholding tax of 20% on dividends, interests, royalties, capital gains, rent of movable and immovable property as well as earnings of artists and sportsmen (if not taxed as individual).

Taxation Montenegro

- The Corporate Income Tax, which is equal to 9%, is the lowest in the region.
- The VAT rate amounts to 19%, with the implementation of the rate of 7% on some categories of products and services.
- Personal income tax is 9% and 15%.
- Free Trade Agreements with Russia, CEFTA & EFTA countries.
- Montenegro signed 42 treaties with various countries on income and property, which regulate double taxing. At this moment, 36 treaties are in force, while 6 are pending.
- All of Montenegrin DTTs follow the OECD model treaty
- You do not need DTT's – domestic withholding tax of 9% is lower than Treaty rate!

Labour legislation

Labor contracts may be signed for indefinite or a definite period of time.

A labor contract for a definite period of time may be established for specific engagements, such as seasonal jobs, specific projects, etc. Contracts for a definite period of time may last maximum 3 years with or without recess.

The Labor Law allows for temporary contracts defining temporary work relating to the employer's line of business that does not exceed 120 working days during a calendar year. In that case, an employee is entitled to pension, disability insurance, and health insurance. In addition, companies can meet their needs by using part time working contracts. Finally, short-term agreements include special service contracts for jobs outside the company's line of business, in particular, physical labor or intellectual work.

Labour legislation

Working Hours

Statutory working hours in Serbia are 40 hours per week, whilst time over the statutory hours is considered overtime and may amount up to 4 hours per day or 8 hours per week. The Law states that an employee is obliged to work overtime in cases of enforced measures, sudden increase in work volume, and when an unplanned task must be completed within a specified time limit.

It is required to reduce working hours for work done under particularly difficult working conditions and/or harmful effects. The working hours can be decreased by up to 10 hours per week and proportionally to the harmful effects of the working conditions

Recess, Leave and Absence

A recess is at least 30 or 15 minutes depending on whether an employee works full time or 4-6 hours a day. An employee has the right to a recess between two consecutive working days of at least 12 hours, while a weekly recess is no less than 24 hours.

Annual leave can be used after a minimum of 6 months from the employment contract starting date and totals a minimum of 20 days per year. Maternity leave lasts up to 3 months starting from the date of delivery. Upon the expiry of the maternity leave, the mother or father of the child may use a paid leave for infant care for a total of 365 days, which includes maternity leave.

Labour legislation

Termination of Employment

The employment may be terminated based on the employee's or the employer's initiative, and the expiration of the contract.

The employee is obliged to give a 15 days advance notice in writing to the employer. Employer could provide employee with 8 to 30 days (depending of years of experience and contract) to employee.

Layoff Regulations

Layoffs can be individual and collective. An individual can be dismissed for just cause related to the employee's work ability, qualifications, behavior, and/or employer's requirements.

A collective layoff is at effect if the employer is dismissing at least 10% of a minimum of 50 employees within one calendar year. The employer is obliged to present a 'preservation plan' to the labor authorities and labor union representatives.

Salaries and Salary Compensations

The minimum salary currently standing at € 1 per hour. In addition, the employee has the right to receive additional percentage of the salary based on the overtime, public holidays, night work, and work in shifts. Salary compensations include the following: compensations during sick leave due to occupational disease or injury at work (65% of the salary), compensations during the annual leave, public holidays, and paid leave (100% of the salary). Annual and paid leave have to be negotiated with employer

Thank you

THANK YOU!!!

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We and the Castellers de Barcelona

**The human towers are like us:
“every single individual counts”
– when working together and
when supporting our clients.**

