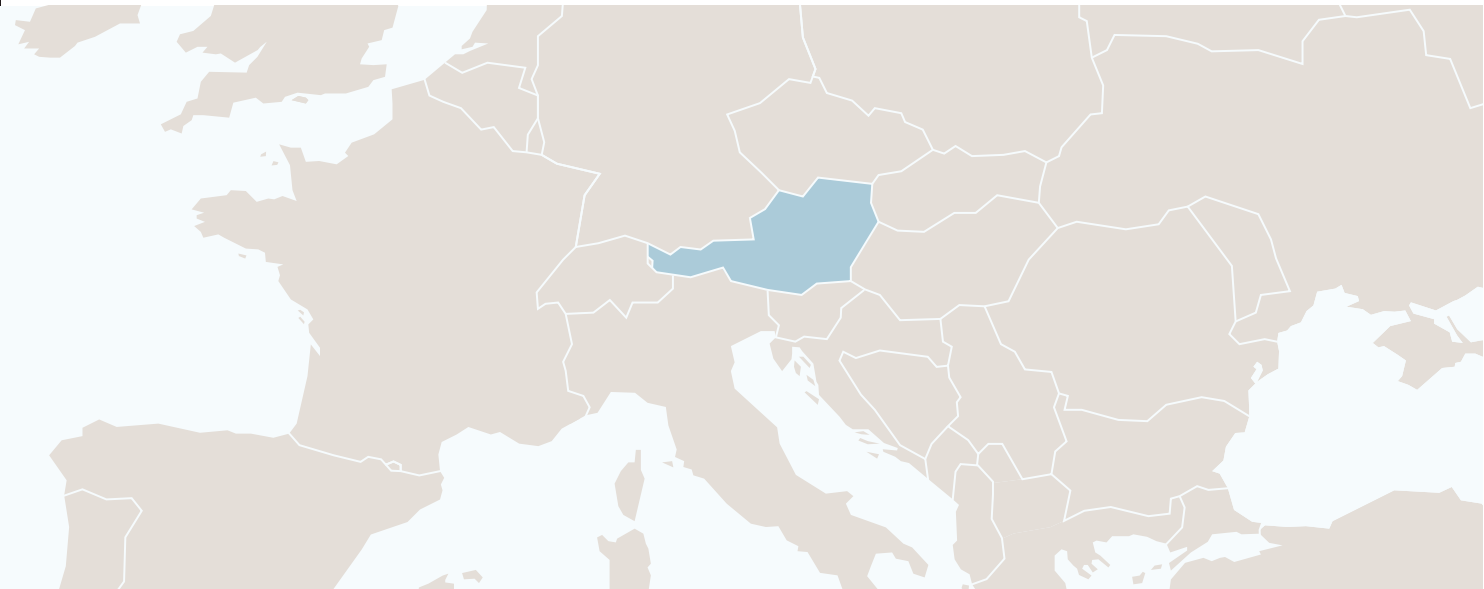


# Overview of Tax Reforms in CEE 2015-2017

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# Austria

## Value Added Tax

### Current

VAT rates: regular 20%, decreased 13% and 10%.  
Threshold for mandatory VAT registration: EUR 30,000 revenues per year  
VAT non-deductible: cars  
Austria is an EU member state, thus the EU VAT Directive has been implemented in Austria.

### Effective date

Valid as of 01/01/2016

## Corporate Profit Tax

### Current

Tax rate: 25%  
Research & Development premium increased from 10% to 12%.  
Act on Transfer Pricing Documentation (Master File, Local File, Country-By-Country Report) introduced.  
Withholding Tax on dividends to individuals increased from 25% to 27.5% (corporate shareholders remain with 25%).

### Effective date

Valid as of 01/01/2016



Personal Income Tax

Current	Income tax rate increased up to 55% (for income exceeding EUR 1m). Income tax on sale of real estate increased from 25% to 30%. Real estate transfer tax on inheritance/gifts of real estate significantly increased (up to 3.5% of the market value of the real estate).
Effective date	Valid as of 01/01/2016

Social Contributions

Current	Employer's contribution: approx. 22.5% of the gross salary, maximum assessment basis EUR 4.980 employee's contribution: approx. 18% of the gross salary, maximum assessment basis EUR 4.980
Effective date	Valid as of 01/01/2016

Other Taxes

Current	Real Estate Transfer Tax 3.5% of gross purchase price, may be avoided by careful structuring (share deal) Stamp Duties on specific agreements (eg lease agreements), may be avoided by careful structuring
Effective date	Valid as of 01/01/2016

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# Bosnia and Herzegovina

## Value Added Tax

Previous	No changes
Current	No changes
Effective date	No changes

## Corporate Profit Tax

Previous	<p>ENTITY FBiH</p> <p>The subsidiary companies from Republika Srpska (RS) which conduct business on the territory of Federacija BiH (FBiH) were not obliged to pay the income tax earned through business operations in Federacija BiH, if they settled such tax obligations in entity RS.</p> <p>Tax recognized reservations included reservations for:</p> <ul style="list-style-type: none"><li>a) lay off pay,</li><li>b) expenses for renewal of natural resources,</li><li>c) ongoing legal disputes,</li><li>d) and potential credit losses of banks and micro-credit institutions.</li></ul> <p>Provisions on tax incentives prescribed the taxpayer is free of paying the income tax under the condition that he/she invests at least 20 million BAM in a period of 5 years, subject to fulfillment of other prescribed conditions.</p>
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ENTITY RS

The term "resident of RS" was defined as every legal person of RS, and natural person with residence in RS

The term "sources of income" was defined narrowly.

Legal provisions relating tax deductible amortization rates referred to the Rulebook which prescribed amortization rates.

### Current

ENTITY FBiH

The income of subsidiaries from entity Republika Srpska and Brčko Distrikt earned on the territory of Federacija BiH are taxable in FBiH as well.

Tax recognized amortization rates have been increased for administrative, office and other buildings in service indutry.

New condition prescribed for distribution of income: The taxpayer cannot conduct distribution of the income if he did not settle indirect tax/ social contributions obligations.

Transfer pricing provisions: The delivery of additional tax reports is prescribed for the purpose of analysis of transfer pricing implementation.

Tax recognized reservations have been limited only to include reservations which include protection of living environment and future expenses related to warranties.

Provisions on tax incentives have changed. According to the recently enacted law on income tax the tax basis is decreased by 50% for the taxpayer who invests at least 20 million BAM in a period of 5 years, provided that additional conditions are met.

ENTITY RS

The term "resident" for purposes of taxation is redefined as: legal person with corporate seat registered in business entities registry of RS; legal person whose actual place of management and supervision is on the territory of RS. The term "non-resident" is defined as person whose corporate seat or place of actual management and supervision is outside the territory of BiH

The term "sources of income" is defined more broadly and now includes:

- a) Income from business activities conducted by the resident of RS,
- b) Income from business activities conducted by the non-resident through its permanent establishment in RS,
- c) Income from the real estate or rights on real estate located in RS,
- d) Income from the sale of real estate located in RS,
- e) Income from the sale of movables if such sale is realized in RS,
- f) Income from distributed profits (dividends and participation in profit) generated by the resident or profits that can be allocated to the permanent establishments in RS,
- g) Capital gains realized through transfer of securities, participation in the capital of resident taxpayer or capital gains that can be allocated to the permanent establishment in RS,
- h) Interest paid by resident taxpayer or permanent establishment in RS,
- j) Royalties on the basis of IP rights and IP related rights, and royalties from the lease paid by the resident taxpayer or permanent establishment in RS.

The tax deductible amortization rates are defined according to the amortization method used.

### Effective date

Law on Corporate Income Tax in FBiH is effective as of 01/01/2016.

Law on Corporate Income Tax in RS is effective as of 01/01/2016.



Personal Income Tax

Previous

ENTITY FBiH  
No changes in the current Personal Income Tax, however it is expected in this year it will be amended.

ENTITY RS  
Income included five sources of income: personal income, independent business activities, income from intellectual property, capital, capital gains.

Current

ENTITY RS  
Taxable income expanded to include: "income from foreign sources" and "other income". The law goes on and prescribes the income from foreign sources as income which a resident/qualified investor earns either through work, assets, insurance or capital outside the territory of BiH. The law provides fixed amounts (in BAM) of tax on foreign sources income. Other income includes income generated from activities such as: disbursement for members of board of directors, supervisory boards, commissions, income of appointed persons, professional sportsmen, official translators, experts, sport referees, independent journalist, agents and others.  
The term "resident" was expanded and now ind addition to previous definition includes:  
a) person with permanent residence and whose life activities are connected to RS. Life activities include: ownership over real estate which market value exceeds 300.000 BAM; effective economic relation with RS; ownership over share in capital with market value exceeding 100.000 BAM; marriage or Domestic partnership with a citizen of RS, or BiH; work with issued work permit or schooling - education.  
The law defines more broadly the terms "independent business activity" and "income from intellectual property".

Effective date

PIT RS effective as of 01/09/2015

Social Contributions

Previous

No changes in the current Social Contributions Tax, however it is expected in this year it will be amended

Current

No changes in the current Social Contributions Tax, however it is expected in this year it will be amended

Effective date

No changes in the current Social Contributions Tax, however it is expected in this year it will be amended

Other Taxes

Previous

REAL ESTATE TRANSFER TAX (RETT)  
Tuzlanski Kanton  
New provisions in RETT of Tuzlanski kanton have been added. RETT of Tuzlanski kanton prescribed that tax liability occurs at the time of suportee's death in life support agreement with transfer of property to the caregiver upon supportee's death.

Current

REAL ESTATE TRANSFER TAX (RETT)  
Tuzlanski Kanton  
RETT of Tuzlanski kanton prescribes the subject of taxation is transfer of real estate where the party to such agreement is religious community. RETT of Tuzlanski kanton prescribes that tax liability occurs at the time of concluding the life support agreement with transfer of property to the caregiver upon conclusion of the agreement. To summarize, the law adds new provisions and defines the time of tax liability occurence upon the real estate transfer which can be either upon supportee's death or upon conclusion of the agreement.

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# Bulgaria

## Value Added Tax

Previous	No clear rules on supplies within a partnership Adjustment of deductible VAT for goods/services: VAT is non-deductible where goods are used for non-business activities
Current	Explicit rules on supplies between partners in partnerships (consortia): No VAT supplies occur between the Consortium and its partners where the services/goods were supplied for the business needs of the consortium; Pro rata adjustment of the deductible VAT for goods and services: Special rules introduced for calculating pro-rata deductible VAT for business/non-business use of capital goods and services (initial deduction and end-year adjustments). Donations to food banks are VAT exempt Special rules on debit/credit notes interlinked with actual reimbursement of payment
Effective date	As of 01/01/2017

## Corporate Profit Tax

Previous	No corrections to filed CIT returns after filing deadline (31 March of the following year) One-off tax on expenses for private use of company cars Paper and electronic filing of returns possible
Current	One-off correction of filed CIT return by 30 September of following year One-off tax on private use of company cars, RE and capital assets calculated pro-rata on business/non-business use (or simple 50% split for cars and 20% on capital assets except RE) Only electronic filing of returns possible
Effective date	As of 01/01/2017 As of 01/01/2016 As of 01/01/2018

## Personal Income Tax

Previous	No corrections to filed PIT returns after filing deadline (30 April of the following year) No taxable event for a person upon distributions by companies following capital decrease subsequent to a in-kind contribution by the person
Current	One-off correction of filed PIT return by 30 September of following year Distributions by a company to a person triggered by a capital decrease upon disposal of assets that were subject to a in-kind contribution by that person, now trigger a taxable event for the person, as if direct disposal of the asset.
Effective date	As of 01/01/2017

## Social Contributions

[Previous](#)

Pension fund contributions at total of 12.8% (7.10% for employer, 5.70% for employee), assessment base capped at BGN 2,600 (EUR 1,330)  
Social expenses provided in-kind are levied with only for Pension Fund contributions

## Current

Pension fund contributions at total of 13.8% (7.66% for employer, 6.14% for employee), assessment base capped at BGN 2,600 (EUR 1,330)  
Social expenses provided in-kind are levied for all social insurance contributions funds

Effective date

As of 01/01/2017

## Other Taxes

## Current

More control for high-risk activities (e.g tobacco, food items oils etc).  
Increased excise duties on certain fuels, tobacco  
Special guarantee payments by traders of liquid fuels

Effective date

As of 01/01/2017

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# Croatia

## Value Added Tax

### Previous

VAT rates: regular 25%, decreased 13% and 5%.  
Threshold for mandatory VAT registration: HRK 230,000  
Entertainment costs / car costs: VAT non-deductible.  
Accounting method for import VAT introduced but not applied in practice  
VAT option available for VAT exempt supplies of buildings and land

### Current

VAT rates: 25%, 13%, 5%. General rate of 25% is introduced for preparation and serving of food and drinks services.  
Threshold for mandatory VAT registration to be increased to HRK 300,000 (app. EUR 40,000) as of 1/1/2018.  
VAT on entertainment costs remain non-deductible and VAT on car costs are 50% deductible.  
Details on accounting method for import VAT relating to certain machinery and equipment are specified.  
VAT option available for VAT exempt supplies of buildings and land

### Effective date

Tax rates are effective as of 01/01/2017 and other changes will be effective as of 01/01/2018.

## Corporate Profit Tax

### Previous

Tax rate: 20%  
Tax exemption for reinvesting profit available.  
No advance pricing agreements for transfer pricing purposes.  
Tax recognized expenses:  
a. entertainment expenses at 30%  
b. car costs at 70%

### Current

Tax rate: general 18%, while 12% applies for companies with revenues up to 3 million Kuna annually (app. EUR 400,000)  
Tax exemption for reinvesting profit is abandoned.  
Advance pricing agreements are introduced.  
Entertainment expenses are tax recognized at 50% and car costs at 70% (to be decreased to 50% as of 1/1/2018).

### Effective date

Amendments to CPT Act are in force as of 01/01/2017. Only tax recognized car costs will be reduced to 50% as of 01/01/2018.

## Personal Income Tax

### Previous

Monthly personal allowance: HRK 2,600 - 3,800.  
Income tax rates  
a. employment and self-employment: 12%, 25% and 40%  
b. other income: 25%  
c. dividend tax 12%  
d. interest tax 12%  
Flat rate taxation for income from renting apartments to tourists: available only to residents non-VAT payers.

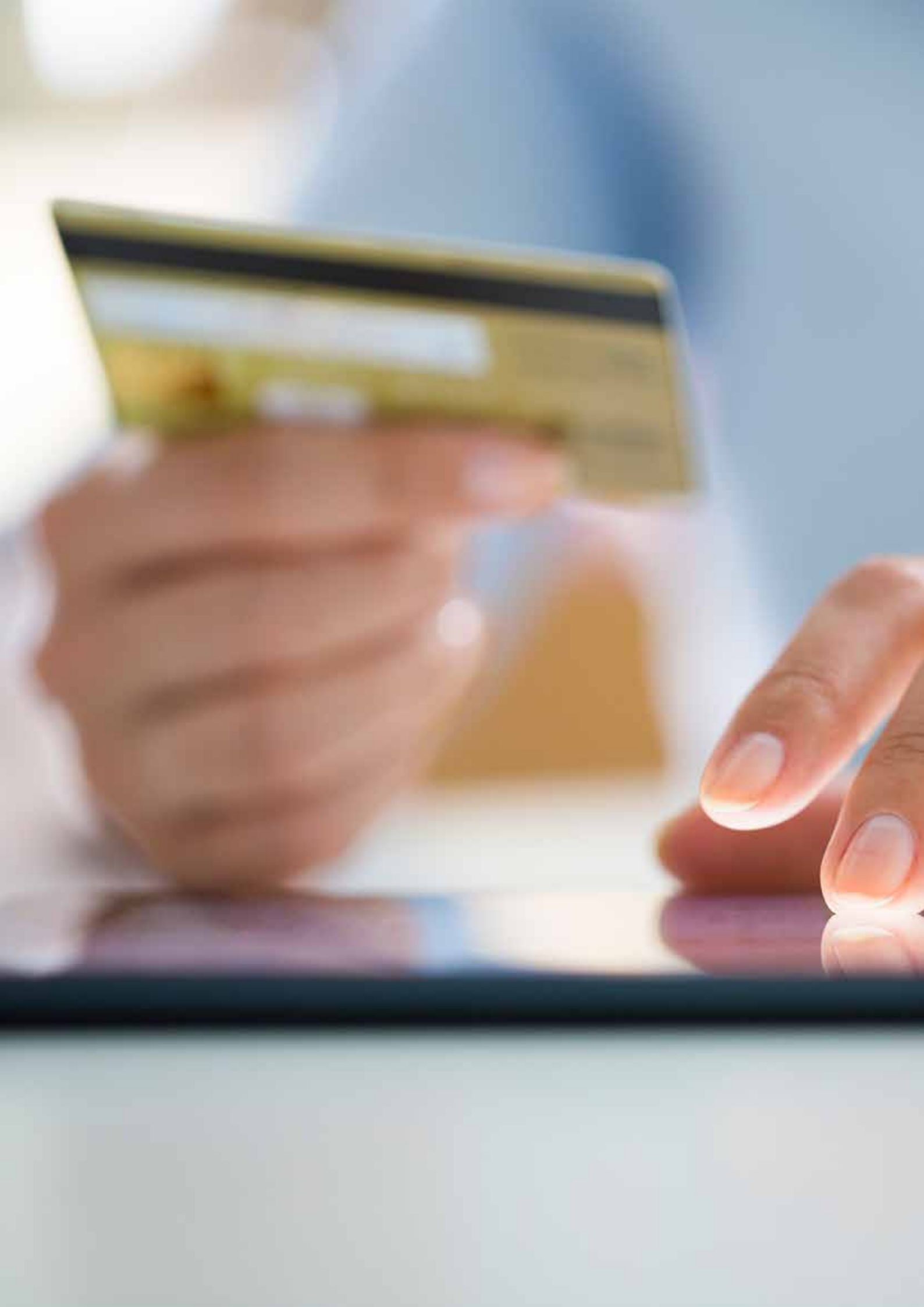
### Current

Monthly personal allowance: HRK 3,800.  
Income tax rates  
a. employment and self-employment: 12%, 25% and 40%  
b. other income: 24% (up to certain limit)  
c. dividend tax 12%  
d. interest tax 12%  
Flat rate taxation for income from renting apartments to tourists introduced also for non-residents under certain conditions.

### Effective date

New PIT Act is in force as of 01/01/2017





## Social Contributions

### Previous

A) Employee social contributions  
Pension insurance 20% (15% Pillar I + 5% Pillar II), capped by max pension insurance base (published annually following the movement in gross average salary) for certain types of income  
B) Employer social contributions  
Health insurance 15%  
Occupational health and safety insurance: 0,5%  
Insurance for unemployment: 1,7%

### Current

Generally, there are no significant changes in the social security system and rates. As of 2017, the minimum base for social security contributions for directors and board members being employed with the company, is increased to HRK 5,030 (app. EUR 660).

### Effective date

Changes are in force as of 01/01/2017

## Other Taxes

### Previous

REAL ESTATE TRANSFER TAX (RETT)  
Tax rate: 5%  
Tax exemptions: for the acquisition of the first property for taxpayer's residence purposes.  
Reporting the transfer of real estate to Tax Authorities and RETT payer: acquirer  
RETT is not paid if real estate is contributed to the share capital of the company.

### Current

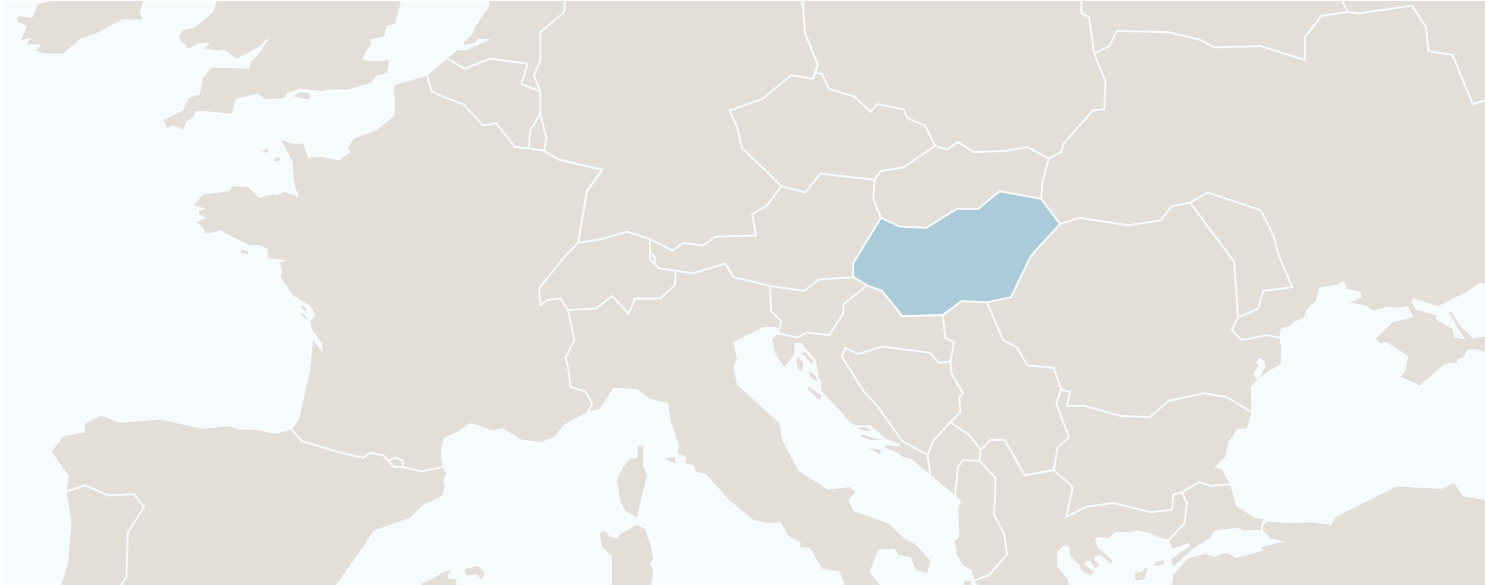
REAL ESTATE TRANSFER TAX (RETT)  
Tax rate: 4%  
Tax exemption for acquisition of the first property is abandoned.  
Reporting the transfer of real estate to Tax Authorities: public notaries / RETT payer: acquirer  
RETT is not paid if real estate is contributed into the capital of the company.

### Effective date

New RETT Act is in force as of 01/01/2017

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# Hungary

## Value Added Tax

### Previous

Invoice by invoice data provision was mandatory only if the amount exceeded 1 million HUF.

### Current

Subject to certain conditions 5% preferential VAT is applicable on the sale of residential property units in a block up to 150 square meters or single-family structures up to 300 square meters.  
Invoice by invoice data provision is mandatory if amount of VAT exceeds HUF 100 000 .  
Certain professions are obliged to use cash register connected online to the Tax Authority

### Effective date

Preferential rates for certain food products introduced gradually  
Preferential rate for residential property applicable from 01/01/2016 to 31/12/2019  
Change in data provision: 01/07/2017  
On-line cash register: Mandatory from 01/09/2014

## Corporate Profit Tax

### Previous

Corporate tax rates were progressive at 10% and 19%, with profits exceeding HUF 500 million (approx. EUR 1.6 million) being subject to the higher rate.  
Very generous patent box regime

### Current

The tax rate is 9%. (Various alternative simplified schemes available for small taxpayers)  
Patent box regime benefits restricted in line with BEPS Action 5  
Redirecting of CIT liability: up to 80 % of corporate income tax liability may be redirected towards support for team sports, film financing or live performance organisations

### Effective date

New tax rate effective since: 01/01/2017  
Restricted patent box regime: 16/07/2016  
Redirecting of CIT liability: 01/01/2015

## Personal Income Tax

### Previous

Before 1 January 2011 personal income tax was progressive with a sophisticated system of tax benefits.

### Current

Flat rate of 15% applies  
The primary allowance which is still available is the family tax allowance, allowing for a decrease of the tax base, the amount of which depends on the number of dependent children. In order to tackle the problem of a shrinking population, the allowance becomes especially generous from the third children. It is planned that amounts will gradually increase for families with two children as well.  
The draft tax return is now prepared by the Tax Authority, taxpayers can approve it by simply remaining silent or amend if necessary.

### Effective date

15% rate applies since 01/01/2016  
Tax return prepared by Tax Authority: starting with tax return for tax year 2016

## Social Contributions

### Previous

Social contribution tax base was reduced from 27% to 22%.

### Effective date

01/01/2017





## Other Taxes

### Previous

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Advertisement Tax was newly introduced to the Hungarian Tax system in 2014  
Taxpayers are now classified into risky, normal and reliable. Reliable taxpayers enjoy shorter audit and tax refund deadlines while risky taxpayers are subject extra penalties.  
With new goods monitoring system only taxpayers who possess an EKAER number can engage in activities which require transporting goods on public roads.  
Shareholders and directors leaving behind firms with unpaid tax liability are restricted from establishing/holding positions in new companies

### Current

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Advertising Tax is payable since 15 August 2014  
Rating system of taxpayers (reliable or risky) is effective since 1 January, 2016.  
Tax Registration Procedure is effective since 1 January, 2012.  
New Electronic Trade and Transport Control System (EKAER) is effective since 1 January 2015.

### Contact

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# Montenegro

## Value Added Tax

Previous	VAT rates: Standard rate - 19%; Reduced rate - 7%; Zero rate; Certain computer equipment taxed at a reduced rate
Current	VAT rates: Standard rate - 19%; Reduced rate - 7%; Zero rate; (1) Computer equipment taxed at a standard rate (2) Food and drinks preparation and catering services in four and five star hotels in certain regions will be taxed at the reduced rate. (3) Expanded and specified detailed list of goods exempt from VAT upon import, which is aligned with customs regulations. (4) Place of supply for services of enabling access to natural gas and electricity distribution systems is deemed to be at the recipient’s seat or place of residence (5)
Effective date	09/01/2017 (2) 01/01/2018 (3) 19/08/2016 (4) 19/08/2016 (5)

## Corporate Profit Tax

Previous	Tax rate: 9%
Current	Tax rate: 9% Obligation to file the corporate income tax return electronically Expanded list of expenditures which are recognised for corporate income tax purposes up to 3.5% of taxpayer's total revenue. Additional conditions introduced for recognising written-off bad debt as expenditures. Withholding tax at a 9% rate on: (a) income of non-resident based on sports, entertainment, art-related and similar activities in Montenegro and (b) income of (non)resident natural persons from purchase of products, unfinished products and agricultural products purchased from producer who is a VAT registered taxpayer. A non-resident legal entity is required to file a tax return within 30 days from realizing income from (a) capital gains and (b) lease of movable and immovable assets in Montenegro, if the income payer is not required to withhold tax
Effective date	Changes are effective as of 01/01/2017

## Personal Income Tax

Previous	Progressive tax rates: 9%; 11% on the portion of income exceeding EUR 720 Local surtax on personal income: 10%-15%, depending on the municipality.
Current	Progressive tax rates: 9%; 11% on the portion of income exceeding average gross monthly salary realized in the preceeding year, based on the officially published data. Local surtax on personal income: 10%-15%, depending on the municipality.
Effective date	Changes are effective as of 01/01/2017



Social Contributions

Previous

Pension and disability insurance: 20.5%  
Health insurance: 12.3%  
Unemployment insurance: 1%  
Work fund: 0.2%  
Contribution for the Federation of Independent Trade Unions (if the employees are members of this union) - 0.2%;  
Contribution for the Montenegrin Chamber of Commerce – EUR 50 or 0.27% (if the employer has more than 5 employees)  
Employers which employ more than 10 persons, but do not employ persons with disabilities must pay an additional contribution. The amount of the contribution is set as a percentage of the average monthly salary in Montenegro realized in the year preceding the payment of contributions 5%, if the employer has less than 20 employees)  
20%, if the employer has 20 or more employees)

Current

Pension and disability insurance: 20.5%  
Health insurance: 12.8%  
Unemployment insurance: 1%  
Work fund: 0.2%  
Contribution for the Federation of Independent Trade Unions (if the employees are members of this union) - 0.2%  
Contribution for the Montenegrin Chamber of Commerce – EUR 50 or 0.27% (if the employer has more than 5 employees)  
Employers which employ more than 10 persons, but do not employ persons with disabilities must pay an additional contribution. The amount of the contribution is set as a percentage of the average monthly salary in Montenegro realized in the year preceding the payment of contributions 5%, if the employer has less than 20 employees)  
20%, if the employer has 20 or more employees)

Effective date

Changes are effective as of 28/02/2015

Other Taxes

Current

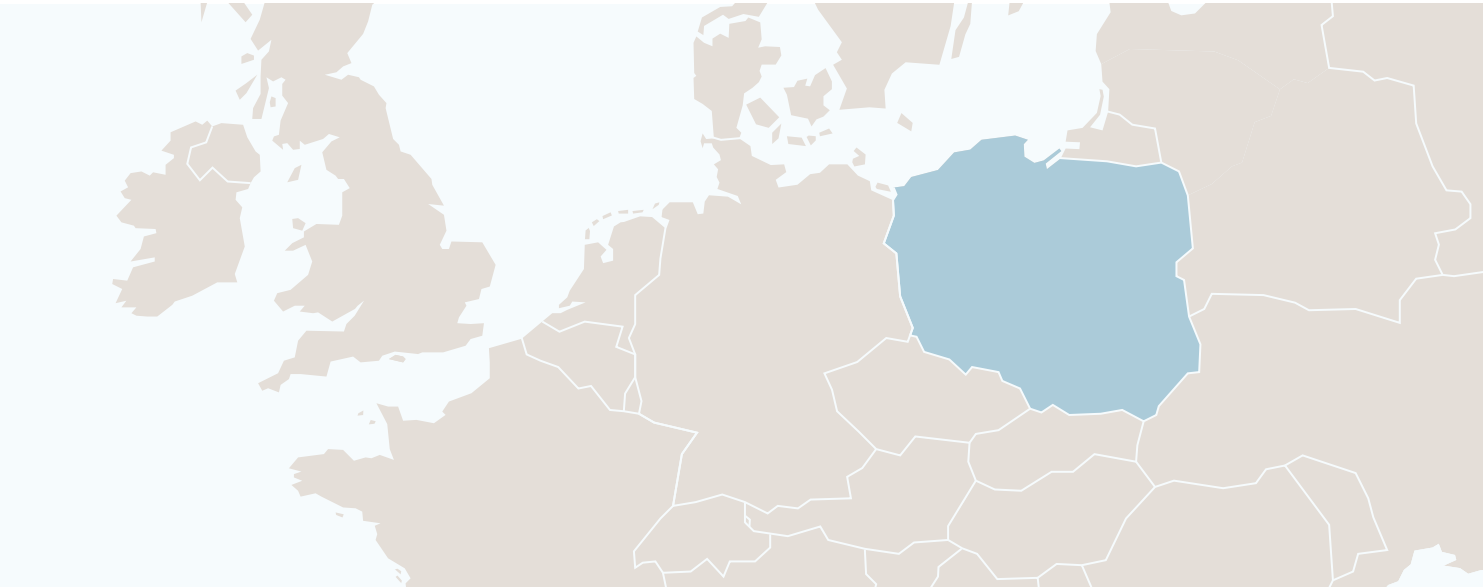
New Accounting Law

Effective date

17/08/2016; Companies have 12-month to adjust their accounting records to the new law

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Poland

Value Added Tax

Previous

No penal rates in VAT.  
Threshold for mandatory VAT registration: PLN 150,000 (app. EUR 35,000).  
Reverse charge mechanism: shorter list than in 2017.

Current

VAT penal rates: 30% when a taxpayer understates output VAT or overstates input VAT in the VAT returns. A 100% penalty will be applied if invoices are falsified.  
Threshold for mandatory VAT registration: increased to PLN 200,000 (app. EUR 50,000).  
Reverse charge mechanism: the mechanism encompasses new categories of services and goods, i.a.: construction services provided by subcontractors, supply of processors (above PLN 20,000) or selected gold and silver goods.

Effective date

Changes are effective as of 01/01/2017.

Corporate Profit Tax

Previous	Tax rate: 19%. Transfer pricing: basic documentation requirements; enterprises were considered as associated if one enterprise held directly or indirectly at least 5% of share capital in another enterprise. Withholding tax: tax exemption was available to recipients of the payments. In-kind contribution (other than enterprise or its organised part): revenue from acquiring shares was calculated on the basis of a nominal value of acquired shares. Catalogue of non-residents' revenues: there was not such catalogue.
Current	Tax rate: general 19%, while 15% applies for companies with revenues up to EUR 1,2 million or companies in their first year of business activity. Transfer pricing: three levels of documentation - local file, master file, country by country report; enterprises are considered as associated if one enterprise holds directly or indirectly at least 25% of share capital in another enterprise. Withholding tax: tax exemption is available only to beneficial owners of the interest and royalty payments. In-kind contribution (other than enterprise or its organised part): revenue from acquiring shares should be calculated on the basis of market value of contribution. Catalogue of non-residents' revenues: introducing exemplary categories of revenues obtained by non-residents, subject to tax in Poland.
Effective date	Changes are effective as of 01/01/2017.

Personal Income Tax

Previous	In-kind contribution (other than enterprise or its organised part): revenue from acquiring shares was calculated on the basis of a nominal value of acquired shares. Monthly personal allowance: PLN 257 (app. EUR 60). Catalogue of non-residents' revenues: shorter than in 2017.
Current	In-kind contribution (other than enterprise or its organised part): revenue from acquiring shares should be calculated on the basis of market value of contribution. Monthly personal allowance: PLN 550 (app. EUR 130) - introducing mechanism of decreasing tax allowance, depending on amount of revenue. Catalogue of non-residents' revenues: introducing new exemplary categories of non-residents' revenues, subject to tax in Poland.
Effective date	Changes are effective as of 01/01/2017.

Social Contributions

Previous	Social security contributions of entrepreneur In 2016, the minimum monthly entrepreneur's contribution in general amounted to PLN 1121,52 (approx. EUR 260).
Current	Social security contributions of entrepreneur Due to the raising "expected average monthly salary", the minimum monthly entrepreneur's contribution should be in general 5% higher and amounts to PLN 1172,56 (approx. EUR 273).
Effective date	01.01.2017
Other Taxes	
Previous	No significant changes.
Current	No significant changes.
Effective date	No significant changes.
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# Romania

## Value Added Tax

### Previous

VAT rates: Standard rate of 20%; Reduced rates of 9% and 5%.  
Non-deductible tax: VAT deduction is not granted for acquisition made from taxpayers having cancelled VAT numbers.  
Adjustment of deductible VAT for capital goods: Use of capital goods for operations for which VAT is non-deductible.  
Special VAT regimes: Applicable for small companies, travel agencies, e-services, second hand goods.

### Current

VAT rates: Standard rate was decreased from 20% to 19%.  
Non-deductible input VAT: Acquisition from suppliers with cancelled VAT registration numbers can be deducted after re-register of suppliers.  
Adjustment of the deductible VAT for capital goods: Will no longer be performed one-off for the remaining adjustment period (five or twenty years) but annual for 1/5 or 1/20 of the input VAT.  
Special VAT regimes: A new regime for farmers based on flat-rate schemes is applicable.

### Effective date

Introduced starting 01/01/2017.

## Corporate Profit Tax

### Previous

Tax rate: 16%  
Tax exemption for reinvesting profit available only for equipment.  
Additional 50% CIT deduction for R&D related costs.

### Current

Tax rate: 16% (1)  
Tax exemption for reinvesting profit available also for software and software rights. (2)  
Additional 50% CIT deduction for R&D related costs. (3)  
CIT exemption for R&D companies applicable for the first 10 years of activity. (4)

### Effective date

Introduced starting 01/01/2017 (2)  
Applicable starting 01/02/2017 (4)

## Personal Income Tax

### Previous

Income tax rate: 16%  
Income tax exemption for IT developers

### Current

Income tax rate: 16%  
Income tax exemption for employees who develop IT products as well as work in applied R&D or technology development

### Effective date

The income tax exemption for employees working in R&D applies starting 01/08/2016 (2)

## Social Contributions

### Previous

- A. Employee social contributions
  - 1. Social Security Contribution (capped at 5 times the average gross salary) - 10.5%
  - 2. Health Insurance (capped at 5 times the average gross salary) - 5.5%
  - 3. Unemployment contribution - 0.5%
- B. Employer social contributions
  - 1. social security contributions of 15.8%, 20.8% or 25.8% depending on the work conditions; capped at 5 times the average gross salary multiplied with the number of employees
  - 2. health fund contribution of 5.2%
  - 3. unemployment fund of 0.5%
- C. Investment income subject to Health Insurance contribution.

Current

- A. Employee social contributions
  - 1. Social Security Contribution - 10.5% (no cap)
  - 2. Health Insurance - 5.5% (no cap)
  - 3. Unemployment contribution - 0.5%
- B. Employer social contributions
  - 1. social security contributions of 15.8%, 20.8% or 25.8% depending on the work conditions; no cap
  - 2. health fund contribution of 5.2%
  - 3. unemployment fund of 0.5%
- C. Investment income subject to Health Insurance contribution only if the individual does not have any other income subject to this contribution.

Effective date

- A.1. Starting 01/02/2017
- A.2. Starting 01/02/2017. Basically the cap was in place only for January 2017.
- B.1. Starting 01/02/2017
- C. Starting 01/02/2017.

Other Taxes

Previous

Tax on microenterprises income  
The maximum threshold of a microenterprise income was EUR 100,000.  
The tax rates applicable on a microenterprise income were:  
1% for microenterprises with 2 or more employees  
2% for microenterprises with 1 employee  
3% for microenterprises with no employees  
Tax on special constructions  
The tax rate was 1% and applied on the value of all constructions recorded in the accounts of the taxpayer with a number of exclusions.

Current

Tax on microenterprises income  
The maximum threshold of a microenterprise income has been increased to EUR 500,000.  
The tax rates have been changed:  
1% for microenterprises with one or more employees  
3% for microenterprises with no employees  
Tax on special constructions  
The tax on special constructions was abolished.  
Tax on specific activities  
Companies that carry out activities in the field of tourism, hotels, restaurants, bars and public food service will pay an annual specific tax that is calculated based on the type of activity and a number of indicators.  
In case of these specific activities, the corporate income tax will not be due.

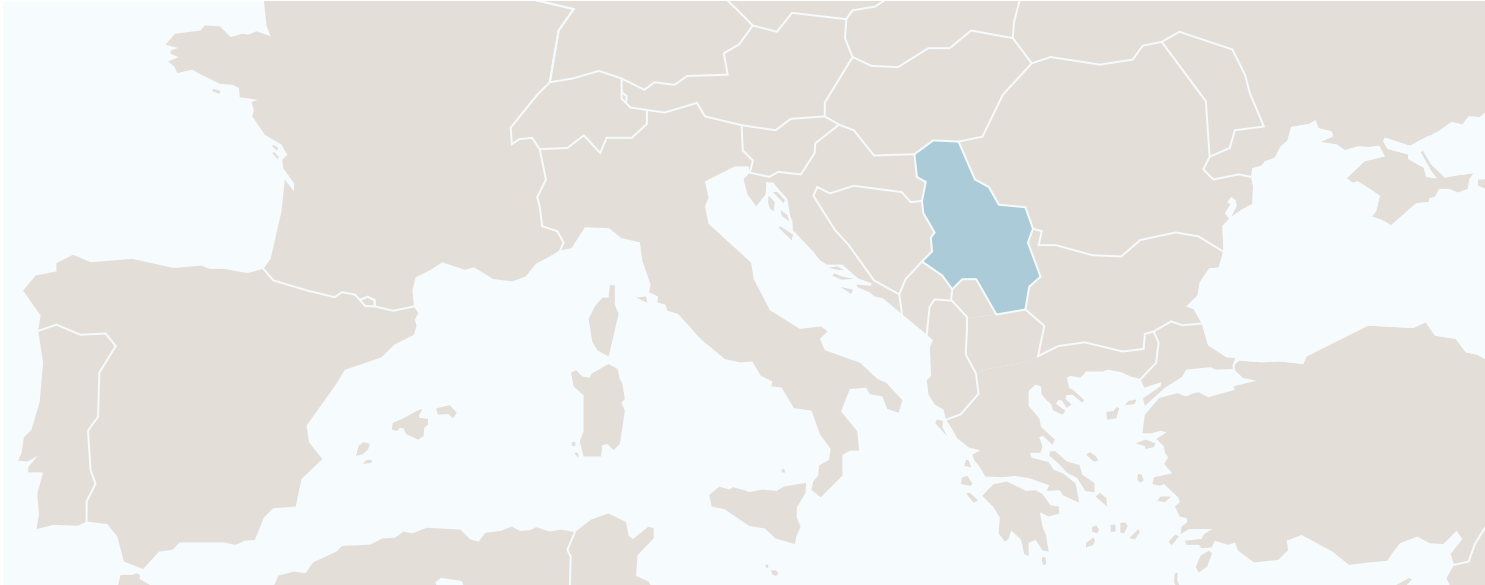
Effective date

Tax on microenterprises income  
Effective date: 06/01/2017  
Tax on special constructions  
Effective date: 01/01/2017  
Tax on specific activities  
Effective date: 01/01/2017

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# Serbia

## Value Added Tax

### Previous

A foreign person, which supplies goods and services in Serbia, is obliged to appoint a tax representative. Exceptionally, a foreign person is not obliged to appoint a tax representative if it only engages in electronically supplied services or passengers' bus transport subject to partial taxation according to distances covered.

The general rule for the determination of the place of supply of services (in line with the Council Directive 2006/112/EC): The place of supply of services shall be the place where the service supplier has established its business. Other particular provisions apply for specific types of services. Recipients of deliveries connected with waste, recipients of real estate, recipients of construction works and goods and recipients of electricity and natural gas, who are obliged to calculate reverse charge, may deduct input VAT only if they have a VAT invoice issued by the supplier in accordance with the VAT Act.

### Current

A foreign person, which performs taxable supplies of goods and services in Serbia, is obliged to appoint a tax representative and register for VAT, irrespective of the volume of turnover in the previous 12 months, if not otherwise provided for in the law. A foreign person, which performs taxable supply of goods and services in Serbia only to taxable persons or governmental bodies, or passengers' bus transport subject to partial taxation according to the distances covered, is not obliged to appoint a tax representative and register for VAT. (1)

The general rule for the determination of the place of supply of services (in line with the Council Directive 2008/8/EC): The place of supply is where the recipient has established its business, if the recipient is a taxable person. The place of supply is the place where the supplier has established its business, if the recipient is a non-taxable person. Other particular provisions apply for specific types of services. (2)

Recipients of deliveries connected to waste, recipients of real estate, recipients of construction works and goods and recipients of electricity and natural gas, who are obliged to calculate reverse charge, may deduct input VAT irrespective of whether they have an invoice issued by the supplier or not. (3)

### Effective date

01/01/2017 (1)  
01/04/2017 (2)  
01/01/2017 (3)

## Corporate Profit Tax

### Previous

Tax rate: 15%  
10-year tax exemption available for capital investments.

### Current

Tax rate: 15% (1)  
10-year tax exemption available for capital investments. (2)  
Withholding tax on income of non-resident legal entities realized from provision of services: (3)  
20%, for services that are or will be provided or used in Serbia (exemption or reduced rate possible by way of a double tax treaty);  
25%, for all services, if the legal entities are from tax heavens.

### Effective date

Applicable as of 01/03/2016 (3)

## Personal Income Tax

### Previous

Income tax rates: 10% - 25%, depending on type of income  
Tax exemptions on salary tax:  
3-year exemption regarding new employees under the age of 30;  
Unlimited exemption regarding new employees over the age of 45.

### Current

Income tax rates: 10% - 25%, depending on type of income (1)  
Right for employers who hire new employees in the period from 1 July 2014 to 31 December 2017 to request refund of taxes paid on salaries of these new employees: 65% - 75% refund, depending on the number of new employees (2)

### Effective date

Changes are effective as of 01/07/2014; in 2016, period was extended to 31 December 2017. (2)

## Social Contributions

### Previous

Capped at five times the average gross salary in Serbia  
Pension and disability insurance - 24%  
Health Insurance - 12,3%  
Unemployment insurance - 1.5%  
Partial exemption from mandatory social security cotributions paid on salary for new employees under the age of 30 and over the age of 45.

### Current

Capped at five times the average gross salary in Serbia  
Pension and disability insurance - 26%  
Health Insurance - 10,3%  
Unemployment insurance - 1.5%  
Right for employers who hire new employees in the period from 1 July 2014 to 31 December 2017 to request refund of mandatory social security contributions paid on salaries of these new employees: 65% - 75% refund, depending on the number of new employees

### Effective date

Changes are effective as of 01/08/2014 (1+2)  
Changes are effective as of 01/07/2014; in 2016, period was extended to 31 December 2017. (4)

## Other Taxes

### Previous

Appeals against first instance decisions of the Tax Administration are processed and decided upon by another sector of the Tax Administration (no real two-instance system available)  
Appeals against first instance decisions of the Customs Office are processed and decided upon by another sector of the Customs Office (no real two-instance system available)

### Current

Appeals against first instance decisions of the Tax Administration are processed and decided upon by the Ministry of Finance  
Appeals against first instance decisions of the Customs Office are processed and decided upon by the Ministry of Finance

### Effective date

01/07/2017 (1)  
01/07/2017 (2)

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# Slovenia

## Value Added Tax

### Previous

Paying VAT on import of goods was divided in two steps: first the output VAT was assessed by Customs authority, then the input VAT was credited by the taxpayer through regular VAT return.

### Current

VAT on import of goods now mimics the reverse-charge mechanism. Both input VAT and output VAT are now calculated by the taxpayer through regular VAT return within the same tax period.

### Effective date

Valid as of 01/01/2016 but only applicable to imports of goods taking place after 30/06/2016

## Corporate Profit Tax

### Previous

General tax rate: 17%  
Tax rate for venture capital companies: 0%  
Depreciation of goodwill can be recognized as tax deductible.  
Donations to political parties are treated as tax allowance.  
No advance pricing agreements for transfer pricing purposes.  
Withholdign tax must be paid together with the income, subject to such withholding.

### Current

General tax rate: 19%  
Tax rate for venture capital companies: 19%  
Depreciation of goodwill cannot be recognized as tax deductible.  
Donations to political parties are not treated as tax allowance.  
Advance pricing agreements for transfer pricing purposes.  
Withholdign tax must be paid in 5 days after paying out the income, subject to such withholding.

### Effective date

Valid as of 01/01/2017

## Personal Income Tax

### Previous

Monthly personal allowance of EUR 3.302,70 for individuals earning less than EUR 10.866,37 net annually.  
Income tax rates: 16%, 27%, 41%, 50%  
Deadline for filing rental income tax return is 15 January of the following calendar year.  
A person is deemed as a Slovene tax resident, if such person meets any of the national criteria for being a Slovene tax resident (regardless of the tie-breaking rules from relevant Double Tax teraty).

### Current

Monthly personal allowance of EUR 3.302,70 for individuals earning less than EUR 11.166,37 net annually.  
Income tax rates: 16%, 27%, 34%, 39%, 50%  
Deadline for filing rental income tax return is 28 February of the following calendar year.  
A person is not deemed as a Slovene tax resident, if such person is treated as a tax resident of other State (as per tie-breaking rules from relevant Double Tax teraty), even if such person meets the national criteria for being a Slovene tax resident.

### Effective date

Valid as of 01/01/2017





Social Contributions

Previous

Minimum wage in 2016: 790,73 EUR

Current

Minimum wage in 2017: 804,96 EUR

Generally, there were no other significant changes in the social security system and rates in 2017. As each year, the minimum base for social security contributions (for entrepreneurs and directors-sole shareholders) has been slightly increased, but the changes are not significant.

A change in supplementary healthy insurance scheme is envisaged in 2018, but the details of the reform have not been disclosed yet.

Effective date

Increase in minimum wage is in force as of 01/01/2017

Other Taxes

Previous

Current

EXCISE DUTIES

Adaptation of Excise duty regulations as per EU legislation.  
Administrative disburdening for low-risk activities related to excise duties, simplifications for small producers of beer, wine and brandy.  
More control for high-risk activities (e.g tobacco, lubrication oils etc.).  
Lowering costs of procedures related to excise duties (electronic filings, regulating tax-free stores, reduction of excise duty on energy for energy-intensive businesses)

Effective date

New Excise duty Act in force as of 01/06/2016  
Rules on implementing the New Excise duty Act in force as of 01/10/2016

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# Ukraine

## Value Added Tax

### Previous

The standard VAT rate is 20% of the contractual value of the relevant goods (services).

0% VAT applies to the export of goods, supply of goods for ships, aircraft, military transport, supply of certain services

### Current

The standard VAT rate is 20% of the contractual value of the relevant goods (services).

7% VAT applies to the supply and import of registered medicines and specific medical goods.

0% VAT applies to the export of goods, supply of goods for ships, aircraft, military transport, supply of certain services.

Electronic administration of VAT. New order for VAT refunds with public registers.

### Effective date

01/04/2014

## Corporate Profit Tax

### Previous

Flat rate of 18% applicable to taxable base, which is defined as (i) profit with its source in Ukraine and outside, decreased by (ii) the prime cost of realized goods and/or services and by (iii) other expenses of the reporting period.

General withholding tax – 15%.

### Current

Flat rate of 18% is levied on the financial results of Ukrainian taxpayers, calculated according to Ukrainian and international accounting rules, adjusted for certain tax differences derived from: (i) depreciation of fixed assets; (ii) creation of reserves; and (iii) financial transactions.

General withholding tax – 15%.

### Effective date

01/01/2015

## Personal Income Tax

### Previous

Progressive tax rate:  
15% for monthly income not exceeding 10 minimum monthly salaries  
20% for income exceeding 10 minimum monthly salaries.  
Reduced tax rate of 0% and 5% apply to some qualifying income.

### Current

18% is the general tax rate applicable to almost all income received by a resident individual in Ukraine.  
Reduced tax rate of 0% and 5% apply to some qualifying income.

### Effective date

01/01/2016.

## Social Contributions

### Previous

From 36.6% to 49.7% payable by employer in addition to distributed salary;  
3.6% withheld from employee’s salary.  
The maximum taxable base for t Social security contribution constitutes 25 times the minimum statutory monthly salary.

### Current

22% payable by employer in addition to distributed salary.  
The maximum taxable base for Social security contribution constitutes 25 times the statutory cost of living.

### Effective date

01/01/2016



Other Taxes

Previous

Residential property tax: local authorities adopt a tax rate up to 3% of minimum statutory salary per 1 sq.m. of taxable base.  
Real estate tax applicable to apartments of more than 300 sq. m. and living houses of more than 500 sq. m. is increased by UAH 25,000 for each qualifying residential property.  
Transport tax of UAH 25,000 applies to owners of passenger cars with average market value over 750 minimum statutory salaries.  
Land tax: the local municipal authorities may establish the land tax at the rate of:  
up to 3% per annum of the normative pecuniary valuation of land;  
up to 1% per annum for agricultural and general use land;  
up to 12% per annum for land in permanent use by business entities.

Current

Residential property tax: local authorities adopt a tax rate up to 1.5% of minimum statutory salary per 1 sq.m. of taxable base.  
Real estate tax applicable to apartments of more than 300 sq. m. and living houses of more than 500 sq. m. is increased by UAH 25,000 for each qualifying residential property. (1)  
Transport tax of UAH 25,000 applies to owners of passenger cars with average market value over 375 minimum statutory salaries. (2)  
Land tax: the local municipal authorities may establish the land tax at the rate of: (3)  
up to 3% per annum of the normative pecuniary valuation of land;  
up to 1% per annum for general use land;  
between 0.3% and 1% per annum for agricultural land;  
up to 12% per annum for land in permanent use by business entities.  
Military tax of 1.5% apply to income of individuals (with some exemptions). (4)  
Electronic administration of fuel sales for excise tax purposes. (5)

Effective date

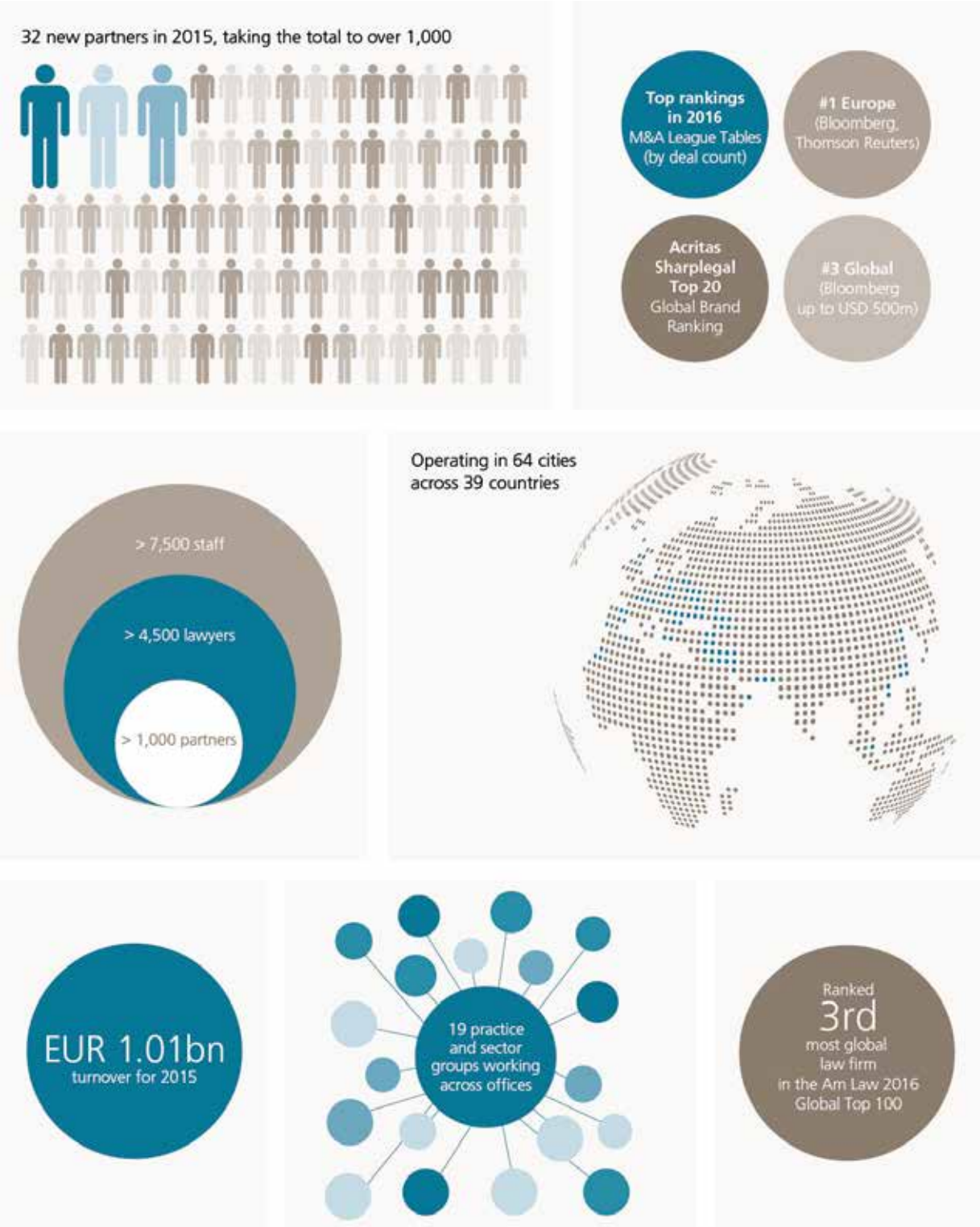
01/01/2017 (1)  
01/01/2017 (2)  
01/01/2017 (3)  
03/08/2014 (4)  
01/03/2016 (5)

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