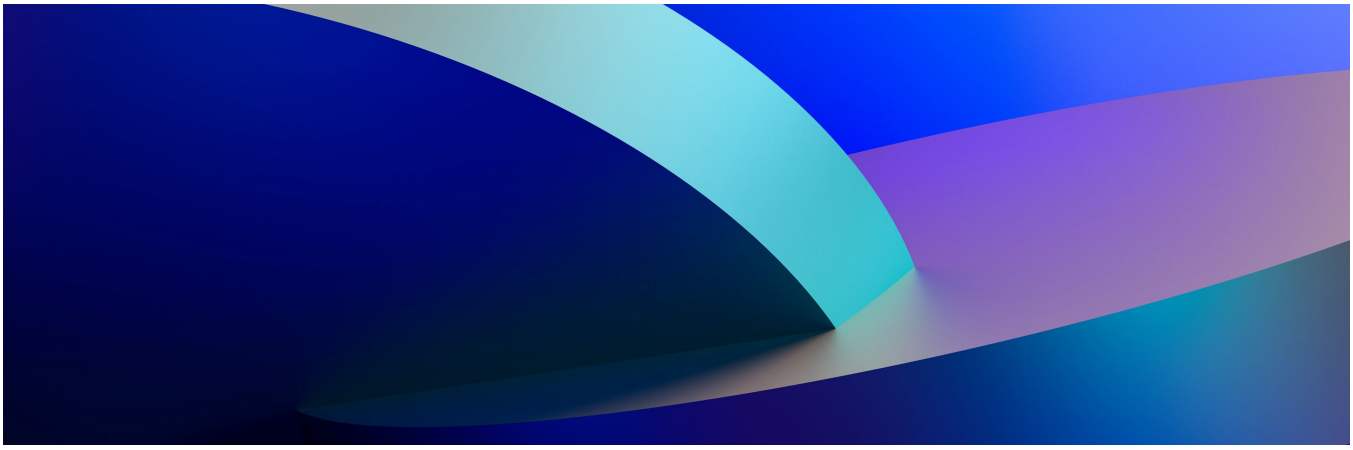


Real estate transaction costs and taxes in Serbia

1. Due diligence costs for the purchase of real estate

1.1 Municipal search

Cost

Variable

VAT

Nil

1.2 Utility search (each service)

Cost

Variable

VAT

Nil

1.3 Land registry search (per search)

Cost

No costs if made via internet (only unofficial data). Cost of the official land registry excerpt depends on the number of pages of the excerpt (up to 50 pages approx. EUR 7.5; every additional page approx. EUR 0.6). Administrative fee for the excerpt is EUR 2.60.

VAT

Nil

1.4 Company search, per company

Cost

No cost if made via internet (only unofficial data); Registry files insight free of charge, copying EUR 0.25 per page; Official extracts approx. EUR 15 per extract.

VAT

N/A

1.5 Survey/Valuation fee, approx

Cost

Negotiable

VAT

20%

1.6 Phase 1 Environmental survey

Cost

Negotiable

VAT

20%

2. Costs associated with a contract for purchase of real estate and registering title

2.1 VAT on price

Cost

VAT is charged on the first transfer of newly constructed buildings if the seller is a taxable person (the value of the land plot is excluded). The seller and the buyer may agree to apply VAT on any subsequent transfer provided they are both VAT registered, and the seller can deduct entire VAT charged as input VAT.

VAT

10% on the residential properties, 20% on garages and commercial properties.

2.2 Transfer duty

Cost

The second and subsequent transfer of a building (provided such transfer is not subject to VAT) including transfer of ownership rights/right of use over the land are subject to 2.5% Real Estate Transfer Tax.

3. Tax or duty on the acquisition of shares in a company owning real estate

Notarization of the sale/purchase agreement: fees vary depending on the value of the transaction. Fee is capped at EUR 3,030 (plus VAT).

4. Capital gain taxation on future disposal of real estate or shares in a company owning real estate

4.1 Tax on capital gains on the disposal of the real estate itself

Private entity: 15%, unless otherwise specified by an applicable DTT. Resident commercial entity: 15% (capital gains derived from the disposal of shares in a company owning the real estate are treated as taxable income subject to CIT). Non-resident commercial entity: 20% WHT, unless otherwise specified by an applicable DTT. Capital gains tax base is: for a private entity difference between the purchase and the selling (market) price, for a commercial entity difference between the purchase and the contractual/selling price (Note: purchase price can be adjusted to a fair market value, while in case of related parties selling price is adjusted to market price).

4.2 Tax on capital gains on the disposal of shares in a company owning real estate

Private entity: 15%, unless otherwise specified by an applicable DTT. Resident commercial entity: 15% (capital gains derived from the disposal of shares in a company owning the real estate are treated as taxable income subject to CIT). Non-resident commercial entity: 20% WHT, unless otherwise specified by an applicable DTT. Capital gains tax base is: for a private entity difference between the purchase and the selling (market) price, for a commercial entity difference between the purchase and the contractual/selling price.

(*purchase price can be adjusted to a fair market value, while in case of related parties selling price is adjusted to market price)

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