

COVID-19 – EUR 5.1 Billion Support Program for Serbian Economy

On 31 March 2020 the Government of the Republic of Serbia announced the Program of Economic Measures (“**Program**”) in order to reduce the negative impact caused by the COVID - 19 pandemic and to support the Serbian economy. Financial assets provided for the Program reach the total amount of RSD 608.3 billion (EUR 5.1 billion).

The Program includes 4 groups of economic measures, as follows:

1. Tax Policy Measures

- **Postponement of payment of payroll taxes and contributions for the private sector, during the State of Emergency, with subsequent repayment of any liability incurred in instalments starting at the earliest from year 2021;** All employers who choose to implement this measure can apply for deferral of tax and wage costs until the beginning of 2021, and thereafter maintain the possibility of deferring these costs further for up to 24 months without the obligation to pay any interest on the request of the taxpayer.
- **Delaying the payment of income tax advances in the second quarter;** This measure aims to increase taxpayers’ liquidity by delaying the payment of income tax advance payments for year 2020 due in the second quarter of the same year.
- **Exemption for donors from the obligation to pay VAT;** The main objective of this measure is to exempt those donors who donate their products or products which is the base of their turnover, to institutions directly involved in activities aimed at preventing the spread and treating the citizens for COVID-19.

The total amount of Tax Policy Measures equals RSD 161 billion (approx. EUR 1.37 billion).

2. Direct subsidies to the Private Sector

- **Direct subsidies to entrepreneurs** who pay flat taxes and the ones who pay the tax on real income, and to micro, small and medium-sized companies in the private sector - with direct down payment in the total amount of minimal wages for 900,000 employees; and
- **Direct subsidies to large companies** in the private sector in the form of direct payment in the amount of 50% of the minimum employees wage whose work has been interrupted by a decision of state authorities or authority in charge (Articles 116 and 117 of the Labour Law).

The total amount of Direct Assistance to the private sector equals to RSD 97.3 billion (approx. EUR 830 million).

3. Measures for Liquidity Preservation

- Program of financial support for entrepreneurs, micro, small and medium-sized companies, farms and co-operations, granted by the Development Fund of the Republic of Serbia in the amount of EUR 200 million;
- Providing necessary Guarantees for loans for maintaining liquidity and operating capital for entrepreneurs, micro, small and medium-sized companies, as well as agricultural farms, provided by commercial banks. The total amount of the Guarantees is estimated to RSD 264 billion (approx. EUR 2.24 billion).

4. Direct Financial Help for All Adult Citizens (over 18-year-old)

- direct financial help in the amount of EUR 100 payed in dinars (RSD) to all adult citizens of the Republic of Serbia.

The above-mentioned measures cannot be applied to the business entities that:

- have reduced the number of their employees by more than 10% during the State of Emergency (excluding part-time employees whose contracts expired during the State of Emergency); and
- have temporarily frozen their business activities before the declaration of the State of Emergency, meaning before 15 March 2020.

This text is for informational purposes only and should not be considered legal advice. Should you require any additional information, feel free to contact us.

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