

## *Decree on Determining the Criteria for Granting Incentives to Employers who Employ Newly Settled Persons in the Republic of Serbia ("Official Gazette of the Republic of Serbia", No. 67/2022)*

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In the Official Gazette of the Republic of Serbia No. 67 of June 17, 2022 the Decree Determining the Criteria for Granting Incentives to Employers who Employ Newly Settled Persons in the Republic of Serbia (hereinafter: the "**Decree**") was published, which entered into force on the day following its publication in the Official Gazette of the Republic of Serbia, **i.e. on 18.06.2022.**

The aim of this Decree is to enable, through incentives to domestic employers, for the salaries paid to foreign nationals or domestic returnees, as well as to persons educated abroad, to be competitive with the earnings paid by foreign employers.

It is prescribed that the employer will be deducted up to 70% of the calculated and paid payroll tax for one or more employed new residents, as well as 100% of calculated and paid contributions for mandatory pension and disability insurance for employed new residents. **The period in which incentives can be received is a maximum of 60 months, starting from July 1, 2022 and ending on December 31, 2028.**

A newly settled person in the sense of the Decree is a person who did not stay in Serbia for more than 180 days in two years

before the conclusion of the contract with the employer. In addition, for such a person, regardless of citizenship, the subsidy is valid only if the employment contract is for an indefinite period of time, full-time and with a minimum net salary of 300,000 dinars.

An employer shall exercise the right to receive incentives if on the day of submitting the application for granting incentives it employs the same or a larger number of full-time employees for an indefinite period than on the day the Decree enters into force.

If the employer is registered to perform activities in the Republic of Serbia after the entry into force of this Decree, it is considered that the employer did not have full-time employees on the day of entry into force of the Decree.

The right to receive incentives is exercised only for newly settled persons who are employed by the employer as of December 31, 2023, provided that for applications submitted starting in 2024, the employer can exercise the right to incentives if in the period after December 31, 2023, it did not reduce the total number of full-time employees.

The employer submits an application to the Ministry of Economy once a year, i.e. up to eight times in total, in the period between September 15 and September 30 for the payment of incentives related to the salaries of newly settled persons paid starting from July 1, 2022 and ending on December 31, 2028, where each application is submitted for salaries paid in the period preceding the submission of the application for a maximum of 12 months.

The right to use incentives shall not be granted to the employer who is a beneficiary of state aid in connection with which he has an employment obligation, who uses or has used the right to reduce the base for that person in accordance with Article 15c of the Law on Income Tax and Article 15a of the Law on Compulsory Social Security Insurance, as well as the employer who in the period of receiving incentives pays dividends, i.e. realized profit, unless they are paid from the part of profit that is higher than the amount received in the name of incentives.

**For any additional consultations or legal assistance, you can contact the Tasić & Partners team by email at [office@tasiclaw.com](mailto:office@tasiclaw.com) or by phone at +381116302233.**