

NEWSLETTER

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Rulebook on the Form, Content and Manner of Keeping Records of Value-added Tax and the Form and Content of the Review of Value-added tax Calculation (“Official Gazette of RS”, No. 80/2016)



The Ministry of Economy of the Republic of Serbia adopted the Rulebook on the Form, Content and Manner of Keeping Records of Value-added Tax (VAT) and the Form and Content of the Review of Value-added tax Calculation which was published on September, 30, 2016 in the “Official Gazette of RS”, no. 80/2016 (hereinafter: „**Rulebook**“) and came into force on the eight day of publication. Rulebook will be applicable as of January 1, 2017, when the Rulebook on the Form, Content and Manner of Keeping Records of VAT (“Official Gazette of RS”, no. 120/12) ceases to be valid.

One of the major changes introduced by the Rulebook is prescribing the obligation to submit electronically calculated VAT on a new form POPDV-Review of VAT Calculation, which is an integral part of the Rulebook, with every tax return or an amended tax return. The form is very comprehensive, and it consists of 13 tables in which, among other things, taxpayers should also record information on the transfer of goods and services with/without right to deduct input tax, taxable transfer of goods and services, calculated VAT for third party turnover, compensation changes, i.e. tax base and calculated VAT, import of goods etc.

Unlike the previous Rulebook, the Article 2, paragraph 4, item 1) of the new Rulebook prescribes that it is necessary to provide and show data that have not been recorded before, which refer to goods or services in detail (name, category, model, type, quantity, scope, etc.). It is also necessary to provide information on the date of tax liability, fulfillment of the conditions for tax exemption, the date of the invoice, the applying tax rates of VAT, i.e. calculated VAT etc. This provision furthermore makes the keeping of records more complicated, especially considering that until now it was sufficient to deliver basic data on output and input invoices, such as the date and the elements necessary for calculation of VAT, but now goods and services must be shown in detail.

In addition, the records referred to in Article 2, paragraph 2, item 10) of the Rulebook, which refers to goods and services provided abroad and other activities, i.e. incomes that are not subject to VAT, include twenty new information that do not have a direct impact on the calculation of VAT. Thus, obligation to record providing of advertising material and other gifts of small value, earnings on the basis of damages etc. is prescribed by the Article 12 of the Rulebook.

The main purpose of prescribing more detailed and extensive recording is to prevent potential misuses and to enable an overall control of company activities, by the Tax Authority. However, this will also increase the recording expenses, partly due to the adjusting software to new way of keeping records, but also because of need to employ additional personnel for manual entry of information.

Finally, the Article 43 of the Rulebook stipulates the obligation for taxpayers to submit the review of calculation starting from tax reporting for the first tax period of 2017. **If a taxpayer does not deliver the review of the calculation alongside the periodic tax return (Form PPPDV), it would be considered as if the tax application has not been submitted.**