Law on the Central Record of Real Owners

(„Official Gazette RS“, no. 41/2018)

At the Fifth Session of the First Regular Session in 2018, the National Assembly of the Republic of Serbia adopted the Law on the Central Record of Real Owners published in the Official Gazette of the Republic of Serbia no. 41/2018 (hereinafter: the "Law") dated May 31, 2018. The law entered into force on the eighth day from the date of publication and is applicable as of June 8, 2018.

The main goal of the adoption of the Law is the introduction of a unique database of real owners of legal entities and other entities, in order of improving the existing system of detecting and preventing money laundering and financing of terrorism.

The real owner of the registered entity shall be:
• a natural person who is directly or indirectly the holder of 25% or more shares, stocks, voting rights or other rights, based on which he participates in the management of the registered entity, or participates in the capital of the registered entity with 25% or more shares;
• a natural person who directly or indirectly has a predominant influence on the business activities and decision-making;
• a natural person who indirectly provides or secures funds to the entity and, on that basis, significantly influences the decision-making of the managers of the registered entity when deciding on financing and operations;
• a natural person who is a founder, a trustee, a protector, a beneficiary, if any, and a person holding a dominant position in the management of a trust, or another entity of foreign law;
• a natural person registered for representation of cooperatives, associations, foundations, foundations and institutions, if the authorized person for representation did not register another natural person as the actual owner.

Exceptionally, if the actual owner cannot be determined as prescribed, **the actual owner of the natural person shall be the registered representative or registered as the member of the corporative bodies of such entity.**

The subject of Law is the establishment, content, the basis of recording and the manner of keeping the Central Record of real owners of legal entities and other entities registered in the Republic of Serbia, in accordance with the requirements laid down in Article 30 of the Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 on the Prevention of the Use of a Financial System for the Purpose of Money Laundering or Financing of Terrorism.

The Law applies to the following legal entities:

• companies, other than public joint stock companies;
• cooperatives;
• branches of foreign companies;
• business associations and associations, other than political parties, trade unions, sports organizations and associations, churches and religious communities;
• foundations and endowments;
• institutions;
• representative offices of foreign companies, associations, foundations and endowments.

The Law prescribes the data that will be available in the Central Record, whereas the Business Registers Agency shall obtain and registered some data, while other data about real owners of entities shall be registered by the authorized representatives of these entities.

Existing registered entities are obliged, **within 30 days from the date of entry into force of the Law, that is, until July 8, 2018, to determine the real owner of the registered**
entity, as well as to provide data and documents based on which the actual owner of the registered subject is determined.

The Business Registers Agency shall form the Central Record until December 31, 2018, while all existing registered entities and those established by December 31, 2018 will be obliged to register the prescribed data on real owners until January 31, 2018.

The law stipulates that a legal entity, who does not register the data within the prescribed deadline, as well as a legal entity that does not have and does not keep adequate and accurate data, will be fined for a misdemeanour with a fine ranging from RSD 500,000.00 to 2,000,000.00, while the authorized representative shall be fined in the range from RSD 50,000.00 to 150,000.00.

Additionally, the Law prescribes criminal responsibility of a person who planning to hide the real owner of the registered entity, does not register the data on real owner in the Central Record or registers a false data as true or deletes true data on real owner from the Central Record, shall be sentenced to prison in duration from three months to five years.