

Regulation on the Establishment of the Small Business Support Program for the Purchase of Equipment in 2024

The Government has adopted the Regulation on the Establishment of the Small Business Support Program for the Purchase of Equipment in 2024 (hereinafter: the "Regulation") that is implemented by the Ministry of Economy in cooperation with the Development Agency of Serbia and selected commercial banks and leasing companies.

The Regulation plans to distribute 800 million dinars, which funds are intended for the implementation of the Program and represent *de minimis* aid, i.e. dedicated grants, out of the total amount of 2 billion dinars, which is the amount set by the Law on the Budget of the Republic of Serbia for 2024 ("Official Gazette of the RS", No. 92/2023) planned for the implementation of the project support for the development of entrepreneurship.

The funds determined by the program are intended for co-financing the procurement of (1) new equipment directly involved in the production process and (2) new equipment for construction works.

One of the conditions for using these funds is that a business entity engaged in both construction and production activities can acquire equipment for one activity only, with the exception that, if the business entity simultaneously installs its own product (aluminum windows, metal structures, solar panels, electrical

installations) then it can also acquire construction machinery for the needs of installing its own product.

Business entities that meet the conditions of the Program and are approved for financing by the banks/leasing companies involved in the implementation of the Program, can exercise the right to co-financing up to 50% of the net value of the equipment purchase, i.e. in an amount that cannot be less than 500,000.00 dinars, nor more than 5,000,000.00 dinars.

In this regard, the business entity is obliged to ensure participation in the amount of 5% of the net value of the equipment it acquires, while the remaining 45% of the net value of the equipment is provided from loans from commercial banks or financial leasing.

Beneficiaries of grants who have the right to apply for the competition are entrepreneurs and legal entities registered with the Agency for Business Registers, either as companies or cooperatives, which are classified into micro and small legal entities in accordance with the Law on Accounting.

The conditions that all business entities that want to use dedicated grants must fulfill are to submit in electronic form through the banks or leasing companies involved in the implementation of the Program: a request for the allocation of funds, a pro-invoice related to the new equipment they are acquiring, a picture of the equipment from the pro-invoice, proof for performing the activity for which the equipment is procured.

When it comes to the acquisition of (1) new equipment directly included in the production process - all activity codes from the field of processing industry come

into consideration, except for the excluded activities: production of tobacco products, coke and oil derivatives, explosives, artificial fibers, pig iron, steel and ferroalloys, nuclear fuel, weapons and labor, combat military vehicles and duplication of recorded records. Additionally, in the field of waste management, only users registered for the reuse of sorted materials can participate, in the field of accommodation and food services, only users whose activity is "catering" can participate, while in the field of professional, scientific, innovative and technical activities, only registered for engineering activities and technical consulting.

When it comes to the acquisition of (2) new equipment for the execution of construction works - all activities except those registered for the development of construction projects come into consideration.

The last prerequisite that applies to all interested parties is that in the period from 2022 to the current year, together with related parties, they did not receive state aid and de minimis aid, the amount of which, together with the requested grants, would exceed the amount of 23 million dinars, then that they did not use grants under the Small Business Support Program for the purchase of equipment in 2023 and that they did not apply for the purchase or procure the same equipment under other financial support programs in the form of grants from the republic budget in 2024.

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