

ECONOMIC MEASURES ANNOUNCED IN SERBIA

Further to the press conference held on March 31, the following measures were announced by the Serbian Government's officials for the support of Serbian economy and decreasing negative impact due to COVID 19 pandemic. Support measures are classified as fiscal measures, employee income subsidies, liquidity measures and cash subsidies for each Serbian citizen.

It is emphasized that the program shall not be applicable to companies who decreased the number of employees for more than 10% as of the start of the state of emergency (not counting definite term employments which expire during the state of emergency).

Fiscal measures:

- Minimum 3-month tax deferral for the income taxes and social contributions for the private sector while repayment of deferred tax obligations is envisaged in 24 months starting as of January 2021.
- Deferral of the corporate income tax normally payable in the 2nd quarter of 2020.
- VAT exemption of donations.

Income subsidies for employees:

- Direct state cash subsidies in the amount of 3 minimum monthly wage (app EUR 750) payable to each employee engaged by entrepreneurs, micro, small and medium sized companies.
- Direct cash subsidies for large companies covering 50% of minimum wage (app EUR 125) pertinent to the employees sent on paid leave due to cessation of work.

Liquidity measures

Amounting to EUR 2.2 billion in credit guarantees and subsidized loans for the SMEs in the private sector, agriculture households and cooperatives.

Cash incentive

One off cash support in the amount of EUR 100 to each adult citizen of the Republic of Serbia.

Terms and conditions detailing implementation of so far only orally outlined economic measures will be subject to a special Government decree. The pay out of subsidies is expected in the next 2 months but no further details are given. So far, no sector specific measures are envisaged. Given the many uncertainties linked to specifics of some measures, we hope necessary clarification will be provided by the decree which is said to come in the next 10 days.