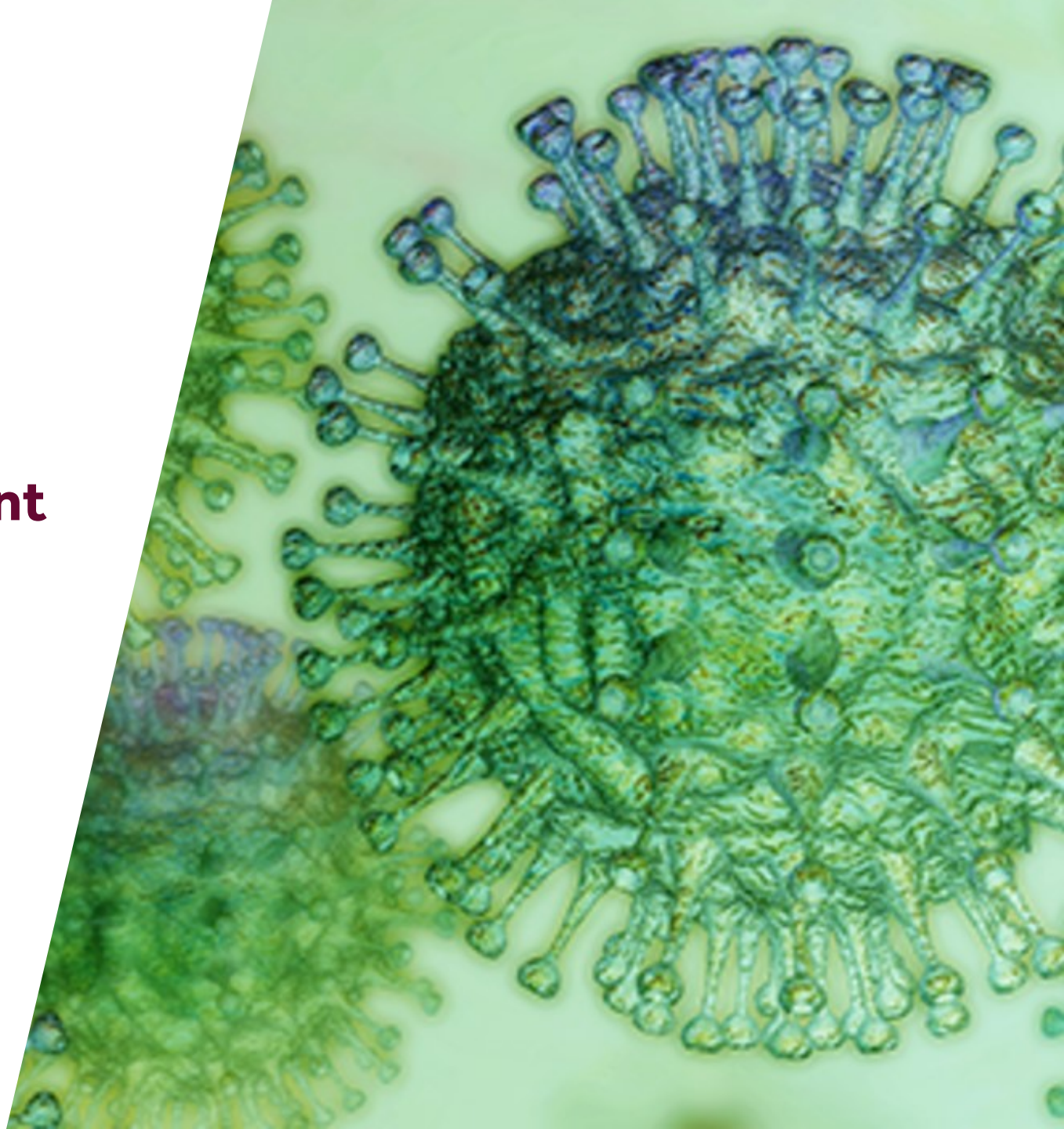


Measures of the Serbian Government

to support Serbian economy
during COVID-19 pandemic



Measures of the Serbian Government

As of 31 March 2020. Serbian Government published the Program of financial and fiscal measures to reduce negative effects caused by Covid-19 pandemic and support the Serbian economy. The overall estimated effect of the measures is 5.2 bn EUR.

Area	Implementation	Goal
Fiscal measures	<ul style="list-style-type: none"> ▪ Deferral of payment of salary taxes and contributions for the private companies during a state of emergency, with a subsequent repayment of incurred liability by monthly installments (up to 24 monthly installments) beginning at the earliest from January 2021. ▪ Deferral of corporate income tax advance payments in the second quarter of 2020. The conditions for implementing this measure are identical for all taxpayers, regardless of their economic strength. ▪ Exempting donors from the obligation to pay VAT. From VAT are exempted those donors who donate their products or merchandise to institutions that are directly involved in activities aimed at preventing further pandemic and treatment of citizens from the Covid-19. 	Preserve liquidity, maintain economic activity and employment.
Direct aid measures	<ul style="list-style-type: none"> ▪ Direct aid to sole proprietorships, micro, small and medium-sized enterprises in the private sector – payment of minimum wage during the state of emergency, meaning three net minimum wages. ▪ Direct aid to large companies in the private sector in the amount of 50% of net minimum wage during a state of emergency (50% of 3 net minimum wages) for companies which employees are sent on forced leave due to reduced business volume or complete suspension of operations. 	Maintain employment and support going-concern.

Measures of the Serbian Government (continued)

Area	Implementation	Goal
Preservation of liquidity measures	<ul style="list-style-type: none"> ▪ Program for granting loans via Development fund of the Republic of Serbia for liquidity and investment in current assets for entrepreneurs, micro, small and medium-sized legal entities, agricultural holdings and cooperatives, which are registered in the relevant register. ▪ Loan guarantee schemes to support the economy during crisis for loans for liquidity and investment in current assets via commercial banks operating in the Republic of Serbia, for entrepreneurs, micro, small and medium-sized legal entities, as well as agricultural holdings and cooperatives. 	Minimize external negative effects and shocks (decreased demand, illiquidity) in the Serbian economy.
Other measures	<ul style="list-style-type: none"> ▪ A moratorium on dividend payments by the end of 2020, except for state-owned enterprises. ▪ Direct payment in the amount of EUR 100 (RSD equivalent) to all adult citizens of the Republic of Serbia. 	Preserve liquidity and stimulate consumption and demand.

NOTE: Measures do NOT apply to legal entities which:

- **Reduced the number of employees by more than 10 percent during a state of emergency** (not counting part-time employees whose contract expires during a state of emergency).
- **Temporarily ceased operations** before the declaration of a state of emergency, that is, **before 15 March 2020**.

Measures of the National Bank of Serbia and other measures

The National Bank of Serbia (NBS) has adopted temporary measures in order to preserve stability of the financial system.

Temporary measures of the National Bank of Serbia and other measures

Postponement of both loan and lease payments/installments (a moratorium).

The debtors and lessees will not pay any reimbursement for the use of this measure, and such loans/leases will not be considered as restructured or non-performing loans.

In addition, Payments fee Decision stipulates **payment institutions cannot charge fees and other costs for the payment and transfer of funds to Covid-19-related donations.**

The deadlines in administrative proceedings are coordinated in such way that the **parties cannot bear the consequences of non-compliance** with the deadlines due to the state of emergency,

A number of measures have been taken that oblige the **employer to enable remote work, work from home, work in smaller shifts**, in order to protect employees.

Taxpayers who have an approved deferred tax payment will not be subject to cancellation of the agreement **nor the collection of unpaid tax debt** during the state of emergency.

Deadlines for preparation, compiling and submission of annual financial reports of direct users of the funds of the budget of the Republic of Serbia, as well as the consolidated report of the Republic of Serbia, are postponed.

A moratorium cannot be shorter than 90 days. Banks and lessors don't calculate default interest, nor initiate execution procedure and enforced collection, and shall not take other legal actions in order to collect claims against the debtors and lessees.

Applies to banks, electronic money institutions, payment institutions and the public postal operator, as well as NBS.

In court proceedings the deadlines cease to run during the state of emergency, and deadlines and terms shall be continued when the state of emergency is over.

Starting from the installment due in March 2020.

Also applies to autonomous provinces, local and municipal governments, and social security fund.

CONTACT

Zvezdan Božinović

Managing Partner, Certified auditor
M: +381 (63) 319 715
z.bozinovic@nexiastar.com

Ružica Majkić

Managing Director, Certified auditor
M: +381 (63) 290 695
r.majkic@nexiastar.com

Nexia Star d.o.o.

86/12 Južni bulevar (6th Floor)
11000 Belgrade, Serbia

Phone:

+381 (11) 4409-880
+381 (11) 4409-881
+381 (11) 7448-918

Fax: +381 (11) 7839-117

Web: <http://www.nexiastar.com>