

**Guide for submitting tax application and
payment of taxes via web portal
www.frilenseri.purs.gov.rs**

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INTRODUCTION

Amendments to the Law on Personal Income Tax and the Law on Contributions for Mandatory Social Insurance from December 2022 regulated the matter of tax treatment of income and exercising the labor-related rights for freelancers. According to this legal solution, starting from 2023, freelancers in Serbia can opt to pay the income tax based on one of the two provided models, per their choice.

This Guide provides answers to the key questions, such as the matter of who can be considered a freelancer, who can be the payer, what rights the freelancers are entitled to, how to register for insurance, what are the self-taxation options etc.

The terms used in this Guide that may imply gender, expressed in grammatical masculine gender, imply the natural female and male gender of the persons they refer to.

FREELANCER

1. WHO IS A "FREELANCER", I.E. A NATURAL PERSON THAT GENERATES INCOME BASED ON AGREED FEE FOR COPYRIGHT AND RELATED RIGHTS AND THE AGREED FEE FOR PERFORMED WORK?

For the purpose of this Guide, the term freelancer will be used for three categories of persons:

- **domestic natural person** – resident of the Republic of Serbia, generating income by working in the Republic of Serbia, with income paid by a payer abroad (legal entity, entrepreneur or a natural person) or a domestic natural person, or another person that is not subject to calculation and payment of taxes and contributions in the Republic of Serbia when paying income;
- **domestic natural person** - resident of the Republic of Serbia, generating income by working in another country, from a payer from abroad (legal entity, entrepreneur or a natural person), or another person that is not subject to calculation and payment of taxes and contributions in the Republic of Serbia when paying income;
- **foreign natural person** – non-resident, generating income by working in the Republic of Serbia, with income paid by a payer abroad (legal entity, entrepreneur or a natural person) or a domestic natural person, or another person that is not subject to calculation and payment of taxes and contributions in the Republic of Serbia when paying income.
- We highlight that the term „freelancer“ is not a legally defined term, hence it will not be found in any official regulation.

For the purpose of creating this Guide, the term „freelancer“ is used in an informal sense, for natural persons generating income from persons that are not subject to calculation and payment of taxes and contributions in the Republic of Serbia when paying income.

Abroad, the term freelancers is colloquially used for natural persons who are not officially employed by an employer, but perform jobs and activities based on and in accordance with a written or oral engagement contract.

2. WHICH REGULATION IN THE REPUBLIC OF SERBIA REGULATES THE TAX TREATMENT OF FREELANCERS' INCOME?

On 9 December 2022, the National Parliament of Serbia **adopted the Law on amendments to the Law on Personal Income Tax** („Official Gazette of RS“ No. 138/22) that regulates the self-taxation of freelancers.

The Law on Personal Income Tax does not define the term freelancer, but prescribes the obligation of self-taxation, models of self-taxation and the manner of fulfilling the tax obligation.

Therefore, the Law on Personal Income Tax contains provisions that govern:

- **self-taxation obligation for freelancers** – Article 100a, Paragraph 1, Item 2) Sub-item (1) and Paragraph 2 of the Law on Personal Income Tax;
- **standardized deduction amount** the freelancer is entitled to, in RSD amount – Article 125 Paragraph 1 and 2 of the Law on Personal Income Tax, and;
- **the manner (models) of freelancers' self-taxation** – Article 55 Paragraph 2, Article 56 Paragraph 2, Article 58 Paragraph 2; Article 85 Paragraph 5 Item 2); Article 86 Paragraph 2 Item 2), Article 95 Paragraph 7, Article 100a Paragraph 7 and 8 of the Law on Personal Income Tax.

Additionally, Article 28 of the amendments to the Law on Contributions for Mandatory Social Insurance prescribes the basis for calculating and paying the contributions for mandatory pension and invalidity and healthcare insurance.

Download: [Law on Personal Income Tax](#)
Download: [Law on Mandatory Social Insurance Contributions](#)

3. BY REGISTERING ON THE WEB PORTAL www.frilenseri.purs.gov.rs, DO I ACQUIRE SOME FORM OF STATUS, OR RIGHTS AND LIABILITIES?

By registering on the web portal www.frilenseri.purs.gov.rs (hereinafter: web portal) you are not acquiring any status, but a possibility to:

1. **submit tax application** based on generated income that can be included in the freelancers' self-taxation regime;
2. **generate a payment slip** with pre-filled payment data and a QR code, that serves as a basis to settle your liabilities.

If you have not generated any income in one or more quarters, you are not obliged to submit a tax application or pay taxes and contributions.

4. WHO CAN REGISTER ON THE PORTAL IN ORDER TO SETTLE THE TAX LIABILITIES AS A FREELANCER?

Any adult natural person, resident and non-resident, can register on the portal, including:

- **unemployed persons**, regardless of whether or not they are registered with the National Employment Service records;
- **old-age pension beneficiaries (pensionable employment);**
- **students;**
- **employed persons** – for the part of income they are generating outside of their employment;
- **owners or co-owners of a business entity** – for the part of income they are generating as natural persons;
- **employees on maternity leave and child care leave** – for the part of income they are generating outside of employment;
- **entrepreneurs** – for the part of income that is not included in the income based on self-employment in accordance with Articles 37v and 40 Paragraph 5 of the Law on Personal Income Tax under the condition that the real payer of this income is a person that does not have the obligation of paying withholding taxes and contributions in the Republic of Serbia, and that the basis for such payment is direct work performed for a person that is not obliged to pay withholding taxes and contributions in the Republic of Serbia. It should be noted that, if a person directly or indirectly reimburses the paid expenses from a person obliged to pay taxes and contributions in the Republic of Serbia, it shall not be deemed a real payer of income that is not obliged to pay taxes and contributions in the Republic of Serbia

Please note that, in addition to your eligibility (as a natural person) for registering on the portal www.frilenseri.purs.gov.rs and reporting income, it is also important to check whether each individual income you intend to report meets the conditions to be subject to self-taxation according to this regime. For example, despite paying taxes and contributions for the income generated as a freelancer, you cannot report income earned through a youth or student cooperative on this basis.

5. I AM A FOREIGNER – CAN I REGISTER ON THE PORTAL IN ORDER TO SETTLE MY TAX LIABILITIES AS A FREELANCER?

Non-residents, i.e. foreigners who earn income in the Republic of Serbia, can submit a tax application for their income using this portal. The pre-requisite is that you have a foreigner's registration number or a tax identification number. Therefore, you don't need a work permit in order to register as a freelancer and report income under the self-taxation regime, for income generated in the Republic of Serbia from a foreign payer or a domestic natural person, or other person that does not calculate and pay the withholding taxes and contributions in the Republic of Serbia.

6. I AM A MINOR – CAN I REGISTER ON THIS PORTAL FOR THE PURPOSE OF SETTLING MY TAX LIABILITIES AS A FREELANCER?

If you are a minor, you can be registered as a freelancer on the portal by your parent, or adoptive parent or guardian, in the capacity of legal representative. This person shall also submit tax applications for self-taxation on your behalf.

You are also obliged to register for mandatory pension and invalidity insurance, if the amount of your generated income creates such obligation, and if you are older than the age of 15.

7. CAN I REGISTER ON THIS PORTAL FOR THE PURPOSE OF SETTLING MY TAX LIABILITIES AS A FREELANCER, IF I HAVE BEEN DEPRIVED OF BUSINESS CAPACITY?

Persons deprived of business capacity are also taxpayers if they are earning income, and in that sense, there is no obstacle to them submitting tax applications and reporting their income via portal for the purpose of self-taxation.

Submitting tax applications and reporting income for the purpose of self-taxation, in the case of persons deprived of business capacity is performed by:

- **the person themselves**, if they are partially deprived of business capacity (Article 147 of the Family Law), while there are no obstacles to this being performed by their guardian;
- **a guardian** appointed by a guardianship authority, if a court decision deems such person completely deprived of business capacity (Article 148 of the Family Law).

Please note that business capacity of an adult can be taken away or restored only by a court decision in a non-litigation procedure (Article 149 of the Family Law), and that a guardian of a person deprived of business capacity is appointed by a decision of a guardianship authority, i.e. the Social Care Center (Article 125 of the Family Law).

8. IS THE INCOME I EARN AS A FREELANCER SUBJECT TO THE INDEPENDENCE TEST WHICH IS USED FOR FLAT-RATE TAX ENTREPRENEURS?

The income one earns as a freelancer is not subject to the independence test.

9. CAN FAMILY PENSION BENEFICIARIES REPORT INCOME AS FREELANCERS, AND UNDER WHAT CONDITIONS?

If you are earning income as a freelancer, while being a beneficiary of family pension, you are obliged to report the income you earn in this manner. If the income generated based on freelance activities is higher than 35,025 RSD (the amount is valid for 2023 limit), the payment of family pension will be suspended.

The obligation to report income generated through freelance work also applies to beneficiaries of other types of pension, noting that the payment of pension is not suspended for these types of beneficiaries.

Additionally, we also point out that other persons who are already insured with pension and disability insurance on another ground (e.g. employees, company founders etc) are obliged to report the income generated as freelancers.

PAYER AND CONTRACTS

10. WHO CAN BE THE PAYER OF INCOME SUBJECT TO THIS REGIME OF SELF-TAXATION TO THE FREELANCER?

In accordance with Article 100a, Paragraph 1, Item 2) sub-item (1) and (3) and Paragraph 2 of the Law on Citizens' Income Tax through the portal www.frilenseri.purs.gov.rs, a freelancer can submit a tax return for income paid to them by:

- **a legal entity from abroad** (a company; non-government organization; international organization; foreign country; foreign local government body, diplomatic or consular representation of a foreign country and international organization, etc.);
- **an entrepreneur from abroad** (a natural person who has a registered activity abroad: e.g. programmer; translator; lawyer, etc.);
- **a natural person from abroad** (foreign citizen, regardless of whether or not they reside in the Republic of Serbia);
- **a domestic natural person;**
- **another person** who, when paying income, does not calculate and does not pay withholding tax and contribution obligations in the Republic of Serbia.

The portal www.frilenseri.purs.gov.rs should not be used to submit tax application for the income a freelancer receives from entities that, according to Article 99 of the Law on Citizens' Income Tax, have the obligation to calculate and pay withholding taxes and contributions. These include the following types of payer:

- **domestic legal entity** (company, citizens' association, public administration body, state body, etc.);
- **domestic entrepreneur** (a natural person who has a registered activity in the Republic of Serbia, that is, an entrepreneur or a flat-rate entrepreneur);
- **a branch or representative office of a foreign legal entity registered in the Republic of Serbia** (permanent business unit), because that entity has the obligation to calculate and submit a withholding tax application according to tax regulations.

11. DO I REPORT INCOME THROUGH THIS PORTAL IF I HAVE AN AGREEMENT WITH THE PAYER (ON SERVICE PROVISION, ON COPYRIGHT AND RELATED RIGHTS, ON TEMPORARY AND OCCASIONAL JOBS OR AN EMPLOYMENT CONTRACT)?

Regardless of the type of contract under which you generate income based on the fee for copyright and related rights or a fee for performed work, if the payer is not liable to pay withholding tax in the Republic of Serbia, you should report such income for taxation purposes via the portal www.frilenseri.purs.gov.rs.

This applies both to income generated from a domestic natural person, i.e. another person who, when paying income, does not calculate and does not pay withholding tax and contribution obligations in the Republic of Serbia, as well as to income generated from a foreign payer, regardless of whether it is a foreign legal or natural person.

The only exception is the income generated from a domestic natural person, if it is generated based on employment contract, concluded in accordance with the Labor

Law. Such income cannot be reported through this portal because this is the income you receive from employment, even though the payer is a natural person.

12. DO I NEED AN AGREEMENT SERVING AS A BASIS FOR REPORTING INCOME USING SELF-TAXATION THROUGH THE PORTAL?

Through the Portal, you can report income that was agreed upon in any of the following ways:

- oral contract;
- by accepting a written offer, which was personally delivered to you or received by mail or electronically (acceptance of the offer can be given in writing or by a conclusive action, i.e. by starting the work); or
- a written contract on performing a certain type of work or specific work, drawn up in paper or electronic form.

Therefore, it is not necessary to have a written contract as a basis for reporting income through this portal.

13. WHICH SPECIFIC ACTIVITIES I MAY AND MAY NOT PERFORM AND REGISTER THROUGH THE PORTAL?

The law does not impose limitations on the types of activities (which are permitted by law) that can be subject to self-taxation regime, so you are not obliged to declare in your tax application the type of activity that was the basis for the payment and the arising tax liability.

The mentioned activities can include both income from copyright and related rights, as well as income from service contracts or any other type of work engagement, provided that the payer belongs to the group of persons that can make payments to freelancers (foreign legal and natural persons and domestic natural persons, i.e. other persons that, when paying income, do not calculate and do not pay withholding tax and contribution obligations in the Republic of Serbia), as well as that they did not hire you in accordance with the Labor Law (an employment contract or a contract on temporary and occasional jobs concluded in accordance with that law). Also, it is irrelevant whether the payment is based on a written or oral contract with the payer.

Examples of income that a freelancer earns and that serve as the basis to considered them a freelancer:

Income based on cleaning and maintenance of buildings, repair and maintenance of various types of machines and devices (electrician, plumber...), various types of physical work (carpenter, painter...), making art paintings, busts, sculptures, sculptural and other works of art, photographic work, architectural projects, construction projects and technical drawings, design projects, audio-video recording, provided that the freelancers do not at the same time perform an independent activity (they are not registered as entrepreneurs, that is, they are not independent artists); or a physical person providing fitness services (e.g. individual fitness instructors providing training for certain sports); or a natural person who provides the service of translating or giving foreign language classes to another natural person; or a natural person engaged in making homemade cakes and pies for

another natural person; or a natural person engaged in the production of various types of souvenirs, crocheted products, home-made products for another natural person; or any activity or action that is provided by one natural person to another natural person and the recipient of the service does not have the obligation to calculate and pay withholding taxes and contributions.

14. SHOULD I USE THE PORTAL TO REPORT INCOME PAID IN CASH?

Through the portal, you report income paid in money, goods, services, deeds or otherwise.

15. SHOULD I USE THE PORTAL TO REPORT INCOME RECEIVED BY PAYERS FROM ALL COUNTRIES IN THE WORLD, OR ARE SOME COUNTRIES EXEMPT?

You can report income from payers from all countries in the world. It is only important that you convert the amount realized in foreign currency into the equivalent amount in dinars at the middle exchange rate of the National Bank of Serbia, valid on the day of payment. Alternatively, in accordance with the Law on Tax Procedure and Tax Administration, if the National Bank of Serbia does not have the middle exchange rate of that currency for the Serbian dinar, the amount realized in foreign currency is converted at the market rate based on published data on the ratio between the foreign currency and the US dollar, on the day of transaction. Therefore, in the tax application, you should enter the data on income expressed in dinar equivalents.

16. IS THERE A MAXIMUM NUMBER OF PAYERS WHOSE PAYMENTS I CAN REPORT THROUGH THIS PORTAL?

There is no maximum number of payers whose payments you report through the portal. The tax application is submitted for all income (payments) that you made as a freelancer in the previous quarter.

17. IF I WORK AS A SEASONAL WORKER IN AGRICULTURE, DOES THE EMPLOYER PAY OBLIGATIONS THROUGH THE SEASONAL WORKERS PORTAL OR DO I CALCULATE AND PAY THEM THROUGH THE FREELANCERS PORTAL??

The employer (legal entity, entrepreneur or natural person) has the obligation to calculate and pay the contributions through the portal www.sezonskiradnici.gov.rs, so you have no obligation to report the income generated on that basis.

SELF-TAXATION

18. WHAT IS SELF-TAXATION?

Self-taxation is a tax regime in which the Tax Administration does not issue a decision that serves as the basis of which you pay taxes and contributions, but you yourself calculate, report and pay tax on the income generated.

19. THE LAW PROVIDES TWO SELF-TAXATION OPTIONS - WHAT ARE THE DIFFERENCES BETWEEN THESE TWO OPTIONS?

You report and pay your obligations quarterly, with the possibility to choose one of the two methods of self-taxation within each accounting period, i.e. quarter, which are shown in more detail in the table below.

Option 1

Standardized expense deduction: 96,000 RSD in a quarter.

Tax: 20% - The tax base is made up of the gross income realized in the quarter minus the standardized expenses. This means that if you earn up to RSD 96,000 in a quarter, you will not have to pay taxes.

Contributions for pension and disability insurance (PIO) 24% - The basis for the payment of PIO contributions is the gross income realized in the quarter minus the standardized expenses. This means that if you earn up to RSD 96,000 per quarter, you will not have to pay contributions for pension insurance.

Health insurance contributions 10.3% - If you are not a primary holder of health insurance on some other basis (e.g. as an employee or according to an international agreement), you are obliged to pay health insurance.

The rate of 10.3% is applied to three times the base amount of 15% of the average monthly salary in the RS, which means that the minimum amount to be paid is RSD 4,789 for the quarter. If this base is lower than the taxable income, the taxable income will be calculated as the basis for payment of contributions.

Example 1: quarterly income RSD 60,000

Option 2

Standardized expense deduction: 57,900 RSD in a quarter, increased by **34% of gross income** generated in the quarter.

Tax 10% - Taxable income is equal to gross income minus standardized expenses. This means that if you generate less income in a quarter than the amount of taxable income, you will not have the obligation to pay tax.

Contributions for pension and disability insurance (PIO) 24%: If you opt for this option, the PIO contribution is mandatory. The basis for paying contributions for PIO is at least three times the amount of the lowest monthly contribution basis. This means that you will have to **pay at least RSD 25,218 for the PIO contribution on a quarterly basis.** If the basis is lower than the taxable income, the taxable income will be calculated as the basis for payment of contributions.

Health insurance contributions 10.3%. If you are not a primary holder of health insurance on some other basis (e.g. as an employee or according to an international agreement), you are obliged to pay health insurance.

The rate of 10.3% is applied to three times the base amount of 15% of the average monthly salary in the RS, which means that the minimum amount to be paid is RSD 4,789 for the quarter. If this base is lower than the taxable income, the taxable income will be calculated as the basis for payment of contributions.

Example 1: quarterly income RSD 60,000

Basis for payment of taxes and contributions
= 60,000 – 96,000 = RSD 0
TAX = RSD 0
PIO = RSD 0
Health = RSD 0 if you have health insurance
or RSD 4,789 if you don't have health
insurance.
Total: RSD 0 or 4,789

Example 2: quarterly income RSD 100,000

Basis for payment of taxes and contributions
= 100,000 – 96,000 = RSD 4,000
Tax = 4,000 x 20% = RSD 800
PIO = 4,000 x 24% = RSD 960
Health = RSD 0 if you have health insurance
or RSD 4,789 if you don't have health
insurance.
Total: RSD 1,760 or 6,549

Example 3: quarterly income RSD 180,000

Basis for payment of taxes and contributions
= 180,000 – 96,000 = RSD 84,000
Tax = 84,000 x 20% = RSD 16,800
PIO = 84,000 x 24% = RSD 20,160
Health = RSD 0 if you have health insurance
or RSD 8,652 if you don't have health
insurance.
Total: RSD 36,960 or 45,612

Example 4: quarterly income RSD 300,000

Basis for payment of taxes and contributions
= 300,000 – 96,000 = RSD 204,000
Tax = 204,000 x 20% = RSD 40,800
PIO = 204,000 x 24% = RSD 48,960
Health = RSD 0 if you have health insurance
or RSD 21,012 if you don't have health
insurance.
Total: RSD 89,760 or 110,772

Basis for payment of taxes and contributions
= RSD (60,000-(57,900+60,000*34%))
Tax = RSD 0
PIO = RSD 25,218
Health = RSD 0 if you have health insurance
or RSD 4,789 if you don't have health
insurance.
Total: RSD 25,218 or 30,007

Example 2: quarterly income RSD 100,000

Basis for payment of taxes and contributions
=(100,000-(57,900+100,000*34%))=RSD
8,100
Tax = 8,100 x 10% = RSD 810
PIO = RSD 25,218
Health = RSD 0 if you have health insurance
or RSD 4,789 if you don't have health
insurance.
Total: RSD 26,028 or 30,817

Example 3: quarterly income RSD 180,000

Basis for payment of taxes and contributions
= (180,000-(57,900+180,000*34%)) = RSD
60,900
Tax = 60,900 x 10% = RSD 6,090
PIO = RSD 25,218
Health = RSD 0 if you have health insurance
or RSD 6,273 if you don't have health
insurance.
Total: RSD 31,308 or 37.581

Example 4: quarterly income RSD 300,000

Basis for payment of taxes and contributions
= (300,000-(57,900+300,000*34%)) = RSD
140,100
Tax = 140,100 x 10% = RSD 14,010
PIO = 140,100 x 24% = RSD 33,624
Health = RSD 0 if you have health insurance
or RSD 14,430 if you don't have health
insurance.
Total: RSD 47,634 or 62,064

20. HOW OFTEN CAN I CHANGE TAXATION OPTIONS?

In each quarter, you have the right to opt for the taxation option that suits you better according to the amount of income and the social security rights you want to achieve.

21. HOW MUCH IS THE INCOME TAX BURDEN BASED ON THESE TWO OPTIONS?

Quarterly income	60,000 RSD	100,000 RSD	160,000 RSD	180,000 RSD	300,000 RSD	500,000 RSD
Option 1	8%	6.6%	21.7%	25.3%	36.9%	43.9%
Option 2	50%	30.8%	21.8%	20.9%	20.7%	24.1%

* The calculations were made on the assumption that you do not have health insurance, which means that the level of the tax burden may be lower.

22. WHAT ARE STANDARDIZED EXPENSES?

Standardized expenses are a prescribed amount that is deducted from total (gross) income, in order to reach the tax base.

Depending on the self-taxation option you select, the standardized expenses you can deduct from your tax base for the period of one quarter amount to RSD 96,000 (option 1) or RSD 57,900 (option 2). In addition, in option 2, the tax base is further reduced by 34% of the gross income.

The formulas are as follows:

Option 1:

Taxable income = total income - standardized expenses

$$4,000 \text{ RSD} = 100,000 \text{ RSD} - 96,000 \text{ RSD}$$

Option 2:

Taxable income = total income - (57,900 RSD + total income * 34%)

$$8,100 \text{ RSD} = 100,000 \text{ RSD} - (57,900 \text{ RSD} + 100,000 * 34\%)$$

23. WHAT IS A TAX CREDIT AND HOW IS IT CALCULATED?

If you have already paid tax on income earned abroad in the country of the source of income (the country from which the income was paid, i.e. in which that income was earned), you are entitled to a tax credit, i.e. a reduction in the amount of tax liability for the amount of tax paid abroad, up to the amount of tax you would have paid in Serbia.

A paid tax credit is recognized to a resident of the Republic of Serbia, regardless of whether Serbia has concluded an agreement on avoiding double taxation with the country where the tax was paid. The following link contains a list of countries Serbia has signed an agreement on avoiding double taxation with: <https://mfin.gov.rs/propisi/ugovori-o-izbegavanju-dvostrukog-oporezivanja>.

A tax credit is recognized only for the payment of taxes, while contributions for pension and disability and health insurance are paid for the full amount. The tax credit is calculated on realized income from abroad, on which tax has been paid abroad. There are two categories of income for which the tax credit is calculated separately - income of residents earned on the territory of the Republic of Serbia, from a domestic or foreign payer, and income of residents earned on the territory of another country. The right to a tax credit is recognized based on the tax paid on income generated in the territory of countries Serbia has concluded an agreement on avoiding double taxation with, as well as on the income

generated on the territory of the countries we do not have an agreement on avoiding double taxation with.

If you earned **200,000 dinars from abroad (on which tax was paid) and 500,000 dinars in the Republic of Serbia**, the amount of the tax credit is determined separately for income that was earned in the Republic of Serbia from foreign payers, and income that was earned abroad. A resident documents the amount of income on which tax was paid abroad, as well as the amount of tax paid on this income, with a corresponding certificate from the competent authority of another country.

(Option 1): Starting from the amount of 200,000 dinars (all income from abroad, regardless of the number of payments, the amount of tax rates), we deduct the amount of 96,000 dinars. The basis for tax payment is 104,000 dinars, to which a tax rate of 20% is applied. This brings us to the maximum amount of tax credit of 20,800 dinars. This is the amount of tax you would have paid if you had earned your income in the Republic of Serbia. If you paid a higher amount of tax abroad, a maximum of 20,800 dinars will be recognized as a tax credit.

Further on, the total income from abroad and from Serbia (700,000 dinars) is added together, and standardized expenses in the amount of 96,000 dinars are deducted. Thus, reach at a tax base of 604,000 dinars, to which a rate of 20% is applied, which means that the tax liability is 120,800 dinars. From the tax calculated in this way, you deduct the amount of the tax credit (20,800 dinars), thus reaching the amount of tax you need to pay based on all the income generated in the given quarter, which is 100,000 dinars.

In line with the above, if you earned 50,000 dinars from abroad, since the standardized expenses are higher (96,000 dinars) than the realized income, you are not entitled to a tax credit, even though you paid taxes abroad.

24. HOW DO I PROVE THAT I PAID TAX ABROAD?

You need a certificate of tax paid abroad, certified by the competent tax authority of the country where you paid the tax. The certificate should be translated and certified by a court interpreter for the Serbian language, after which you should enclose it with the tax application you submit through the portal www.frilenseri.purs.gov.rs.

25. WHAT OBLIGATIONS DO I HAVE BASED ON INCOME?

The obligations you will have based on mandatory social insurance depend on three factors:

- whether you are a resident or a non-resident;
- whether your place of work is in Serbia or abroad;
- whether you are insured on another basis.

In this regard, below is a tabular overview of the rights and obligations that you exercise, depending on the answers to the previous three questions.

Type of recipient/payer	Liability
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	Tax	Pension and disability insurance	Health insurance
A resident with a place of work in Serbia, who <u>is not health insured</u> on another basis, for income from domestic payers	Yes	Yes	Yes
A resident with a place of work in Serbia, who <u>is health insured</u> on another basis, for income from domestic payers	Yes	Yes	No
A resident with a place of work in Serbia, who is <u>not health insured</u> on another basis, for income from abroad	Yes	Yes	Yes
A resident with a place of work in Serbia, who <u>is health insured</u> on another basis, for income from abroad	Yes	Yes	No
A resident with a place of work abroad, who is <u>not health insured</u> on another basis ¹²	Yes	No	Yes
A resident with a place of work abroad, who <u>is health insured</u> on another basis	Yes	No	No
A non-resident with a place of work in Serbia, who <u>is not health insured</u> on another basis, for income from domestic payers	Yes	Yes	Yes
A non-resident with a place of work in Serbia, who <u>is health insured</u> on another basis, for income from domestic payers	Yes	Yes	No

26. IF I HAVE NO INCOME DURING THE QUARTER, IS IT POSSIBLE TO PAY CONTRIBUTIONS SO THAT I DON'T HAVE A DISCONTINUITY IN INSURANCE?

The basis for taxation is income, so if you did not generate income in the quarter, you have no basis for paying contributions.

¹The obligation to pay health insurance depends on whether Serbia has concluded an agreement on social insurance with that country. If there is no agreement with that country, you are obliged to pay health insurance contributions. If there is an agreement that also includes health insurance (since there are agreements that only include pension and disability insurance), you should submit proof that you have health insurance in that country, so as not to pay a contribution for health insurance in Serbia.

² The contribution for pension and disability insurance is not paid if the place of work is outside the territory of the Republic of Serbia and you do not exercise the right based on pension seniority.

INCOME DECLARATION

27. HOW DO I REPORT THE INCOME I MAKE AS A FREELANCER?

There are two ways to report income:

1. Electronically

- Through the portal www.frilenseri.purs.gov.rs or
- By submitting a tax return PP OPO - K, through the ePorezi (eTaxes) portal.

If you report income through the portal www.frilenseri.purs.gov.rs in electronic form, you need to have an account with the highest level of assurance on the eID system or a qualified digital certificate.

2. In paper form

- directly (in person), to the competent branch of the Tax Administration or
- by mail to the competent branch of the Tax Administration.

28. CAN I SUBMIT THE TAX APPLICATION IN PAPER FORM?

You can submit the PP OPO-K tax return in paper form to the competent branch of the Tax Administration according to the place of residence/stay of the natural person and according to the place of earned income. When submitting, you will receive information about the tax application number and BOP - payment authorization number, which you need to enter in the payment order. In addition, you can submit the tax application in paper form and by mail, and you will receive the return number and the BOP payment authorization number that is entered in the payment order from the Tax Administration.

29. WHICH TAX APPLICATION SHOULD I FILL IN?

You submit the tax application to the Tax Administration on form PP OPO-K (tax application for tax calculated through self-taxation and related contributions on income generated quarterly, by a natural person as a taxpayer).

30. HOW OFTEN SHOULD I REPORT INCOME?

You report the total sum of income earned during one quarter (e.g. January-March, April-June, July-September or October-December) within 30 days from the end date of the quarter (exceptionally, e.g. for the period April-June 2023, the application can be submitted from 1 to 31 July 2023, bearing in mind that 30 July 2023 is not a work day). During the year, tax applications are submitted within the four designated periods.

31. WHAT ARE THE DEADLINES FOR REPORTING INCOME?

The deadline for submitting a tax application is 30 days from the end of a quarter. This means that a tax application for the first quarter is submitted until 30 April, for the second quarter until 30 July, for the third quarter until 30 October and for the fourth quarter until 30 January. In case the last day of the deadline falls on a non-working day or a holiday that is observed as a non-working day, the submission deadline is extended to the first following working day.

32. HOW ARE TAXES AND CONTRIBUTIONS CALCULATED?

A calculator is available on the portal www.frilenseri.purs.gov.rs for calculating taxes and contributions for mandatory social security based on the income you report through this portal.

33. DOES THE TAX ADMINISTRATION ISSUE A DECISION UNDER WHICH I AM OBLIGED TO PAY OBLIGATIONS?

In accordance with the system of self-taxation, the Tax Administration does not issue a decision on taxes and contributions, but you calculate and pay them yourself by submitting an application PP OPO-K.

34. HOW DO I PAY TAXES AND CONTRIBUTIONS?

After submitting the tax application through the portal www.frilenseri.purs.gov.rsn, a payment slip will be generated with the filled-in data for the payment of the obligation and a QR code, based on which you settle your obligations.

35. WHAT ARE THE DEADLINES FOR PAYING TAXES AND CONTRIBUTIONS?

The calculated tax and contributions must be paid no later than the deadline for submitting the application for a specific quarter. The deadline for submitting the tax return for the first quarter is April 30, for the second quarter July 30, for the third quarter October 30 and for the fourth quarter January 30.

36. WHAT HAPPENS IF I HAVE NOT REPORTED INCOME ON TIME?

If you have not reported the realized income within the prescribed period, you need to submit an application, in accordance with the provisions of Article 182b of the Tax Procedure and Tax Administration Act (this is only possible if supervision procedure over the natural person has not started), calculate the interest starting from one day after the due date for obligation until the day of payment, and settle the tax obligation.

Please note that according to Article 180, paragraph 1, item 6) of the Tax Procedure and Tax Administration Act, an untimely submission of a tax return is considered a misdemeanor for which a fine of RSD 5,000-150,000 is provided.

37. ARE TAXES AND CONTRIBUTIONS CALCULATED FOR EACH INDIVIDUAL PAYMENT?

Taxes and contributions are not calculated for each payment; instead, a tax application is submitted consolidating all the income generated in the quarter, and taxes and contributions are calculated on that total amount.

38. IS IT NECESSARY TO DE-REGISTER FROM THE PORTAL IF I NO LONGER MAKE INCOME AS A FREELANCER?

If you no longer generate income as a freelancer, you do not have to sign out of the portal, because the obligations arise only when you submit a tax return.

RIGHTS FROM MANDATORY SOCIAL INSURANCE

39. CAN I INSURE MY FAMILY MEMBERS BASED ON THE INCOME I REPORT THROUGH THIS PORTAL?

If your family members don't have mandatory health insurance on another basis, they can be insured through you, based on the contributions paid, as family members.

40. AM I ENTITLED TO SALARY COMPENSATION DURING SICK LEAVE?

Since this is work outside the employment relationship, you are not entitled to salary compensation during sick leave from the Republic Health Insurance Fund. However, the payer (employer) can recognize this right if you foresee it in the contract, because your employment in that case is a pure contract-based relationship, and in that case, freedom of contract applies.

41. DO I HAVE THE RIGHT TO PREGNANCY AND MATERNITY LEAVE?

Since this is work outside the employment relationship, you are not entitled to the paid pregnancy sick and maternity leave. However, the payer (employer) can recognize this right if you foresee it in the contract, because your employment in that case is a pure contract-based relationship, and in that case freedom of contract applies.

42. DO I HAVE THE RIGHT TO PAID ANNUAL LEAVE?

The right to annual leave is a right based on employment, which is realized in accordance with the Labor Law and the ratified Convention 132 of the International Labor Organization on paid annual leave. Since freelancers work on the basis of contracts that establish an obligation relationship, and not an employment relationship, there is no place for the application of labor law institutes, that is, freelancers do not have the right to annual leave.

43. DO I HAVE THE RIGHT TO COMPENSATION IN CASE OF UNEMPLOYMENT?

Bearing in mind that as a freelancer you were not employed in accordance with the Labor Law, and you did not pay unemployment contributions, you do not have the right to ask the National Employment Service for compensation based on unemployment insurance.

44. IS INCOME REPORTED THROUGH THE PORTAL REGISTERED IN MY PENSION RECORD?

By paying contributions for pension and disability insurance, you acquire pension benefit, i.e. rights from mandatory pension and disability insurance.

If you are employed or mandatory pension and disability insurance payments are already made in your name on any other basis, the payments you additionally make as a freelancer increase your personal pension calculation coefficient, and therefore the amount of seniority or disability pension you will receive when the legal conditions are met, that is, when you reach the prescribed retirement conditions for old-age or disability pension.

SOCIAL INSURANCE REGISTRATION

45. WHERE AND HOW DO I REGISTER FOR MANDATORY SOCIAL INSURANCE?

You register for social insurance, which includes registration for pension and disability and health insurance, through the Central Register of Mandatory Social Insurance (CROSO).

You can choose one of the two options of registration:

- Electronic registration through the CROSO portal <https://portal.croso.gov.rs/criscr/faces/Login.jspx> or
- Registration in a mandatory social insurance organization (Pension and Disability Insurance Fund or Health Insurance Fund)

Therefore, by registering on the Portal and reporting income for the purpose of self-taxation, you do not automatically register for social insurance – instead, you need to register for insurance in one of the two stated ways.

46. WHAT DO I NEED TO REGISTER FOR SOCIAL SECURITY ELECTRONICLY?

To access and use the portal of the Central Register of Mandatory Social Insurance (CROSO), you must have an active user account and the corresponding qualified electronic certificate.

Issuance of qualified electronic certificates is not within the competence of CROSO, but within the competence of one of the five registered certification bodies in the Republic of Serbia (Post of Serbia, Serbian Chamber of Commerce, Ministry of Internal Affairs, Halkom and eSmart). This means that qualified electronic certificates cannot be obtained through CROSO, but directly from one of the registered certification bodies. Qualified electronic certificates are issued upon personal request.

Depending on the provider's offer and the nature of your business, you can use a qualified electronic certificate - a qualified electronic signature on a smart card, USB key or in the cloud, and it must be installed on the computer where you plan to use the certificate.

More details can be found on the portal www.frilenseri.purs.gov.rs in the section Useful documents.

47. HOW DO I REGISTER FOR INSURANCE?

Detailed instructions for applying for insurance can be found on the portal www.frilenseri.purs.gov.rs in the section Useful documents.

48. FROM WHICH MOMENT DOES MY HEALTH INSURANCE START?

For the performance of contracted work, the insurance start date is: the date of conclusion of the contract or the date specified in the contract as the start date of performing the contracted work, if the work is not performed during the duration of insurance on another basis. If the contracted work is performed during the period of insurance on another basis, the first subsequent day upon the termination of insurance based on employment, independent activities or farming activities.

In the event that the freelancer has a written contract and previous period of mandatory health insurance (at least three months continuously or six months with interruptions in the last 18 months before the start date of exercising rights from mandatory health insurance for which a contribution has been paid), the insurance document is certified for a period of six months from the submission of application for mandatory health insurance.

If a freelancer does not have previous record of mandatory health insurance coverage, the insurance certificate has to be certified every three months which can be used only for providing emergency medical assistance, until acquiring the record of health insurance coverage.

If the due contribution is not paid, the insurance document will not be certified. With an unverified insurance document, the insured person is only entitled to: emergency medical assistance, targeted preventive examinations – screenings according to appropriate national programs, mandatory immunization according to the regulations governing the health protection of the population against infectious diseases and palliative care.

If you have additional contracts and payments in the meantime, your health insurance will be automatically extended as long as you pay the obligations based on contributions.

49. WHAT IS THE DURATION OF HEALTH INSURANCE?

Mandatory health insurance of insured freelancers is valid until the termination day of contracted work, i.e. the day before acquiring other preferential basis of health insurance.

50. FROM WHICH MOMENT DOES MY PENSION AND DISABILITY INSURANCE APPLY AND UNTIL WHEN IT IS VALID?

Pension and disability insurance is calculated from the moment of acquiring the status of insured freelancer (that is, registering for insurance) and depends on the amount of contributions paid for pension and disability insurance.

51. IF I HAVE MORE PAYMENTS AND/OR CONTRACTS DURING THE QUARTER, DO I REPORT EACH CONTRACT?

If you have multiple generated items of income during the quarter, you submit an application to the Central Registry only based on the first contract you conclude, and it serves as a basis to acquire the right to insurance. This applies regardless of whether the payer is domestic or foreign.

52. IS REGISTERING FOR INSURANCE MANDATORY?

Registering for insurance is mandatory if you are not previously insured under priority insurance (based on employment or self-employment, e.g. entrepreneur).

53. HOW ARE CONTRIBUTIONS CALCULATED?

At the end of the quarter, within 30 days from the end of the quarter, a tax application is submitted that includes the data on generated income, serving as the basis to calculate taxes and contributions.

54. DO I HAVE AN OBLIGATION TO DE-REGISTER FROM MANDATORY SOCIAL INSURANCE AND WHEN?

You are obliged to de-register from mandatory social insurance within three days from the date of expiry of the contract or employment termination.

EXCHANGE RATES AND CURRENCIES

55. I RECEIVED INCOME FROM FOREIGN PAYERS, IN FOREIGN CURRENCY. HOW DO I REPORT AND CALCULATE THEM?

You report income from foreign payers in dinar equivalent according to the middle exchange rate of the National Bank of Serbia on the day of payment of the income.

If the payment is not recorded on the day of payment of the income, the exchange rate will be recalculated on the day when the payment is recorded on your account in the business bank.

56. WHAT IF I HAVE PAYMENTS IN DIFFERENT CURRENCIES IN ONE QUARTER?

You recalculate each payment in dinar equivalent at the middle exchange rate of the National Bank of Serbia valid on the day of payment. Then you add together all those amounts and enter the total amount in the PP OPO - K tax application.

57. IN WHICH CURRENCIES CAN I RECEIVE AND REGISTER PAYMENTS THROUGH THIS PORTAL?

There is no limit to the currencies in which you receive payouts. It is only important that you convert the amount realized in foreign currency into dinar equivalent at the middle exchange rate of the National Bank of Serbia valid on the day of payment. Therefore, in the tax application, you should enter the data on generated income in their dinar equivalent.

58. WHEN I CONVERT PAYMENTS FROM A FOREIGN CURRENCY INTO DINARS, DO I LOOK AT THE EXCHANGE RATE ON THE DAY THE INCOME WAS PAID OR WHEN IT WAS REGISTERED?

You perform the conversion into dinar equivalent at the middle exchange rate of the National Bank of Serbia valid on the day you receive the payment on your account. If the payment is not recorded on the day of payment, the exchange rate will be recalculated on the day when the payment is recorded on your account in the business bank.