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Monthly Newsletter

February, 2026.

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1.

FINANCIAL STATEMENTS FOR 2025: FILING PROCESS NOW OPEN

As of **30 January 2026**, the official process for preparing and submitting **financial statements and related documentation for the 2025 financial year** has been opened through the **Special Information System of the Serbian Business Registers Agency (APR)**.

The **Financial Statements Register** on the APR website provides comprehensive guidance on:

- Key changes in financial reporting for 2025
- Submission requirements and statutory deadlines
- Updated fees for public disclosure
- Classification rules for legal entities and entrepreneurs
- Obligations related to statements of inactivity and other reporting types

Entrepreneurs who **transitioned to double-entry bookkeeping during 2025** are required to register in the **Register of Reporting Entities**.

In addition, detailed user instructions are available to support:

- Updating entity data
- Signing documents using a qualified electronic signature or cloud-based certificate
- Proper submission of all types of financial reports

Timely preparation and familiarisation with the updated requirements are essential to ensure compliance with the 2025 reporting obligations.

2.

SERBIA INTRODUCES A LANDMARK LAW ON TRADING PRACTICES

Serbia is preparing to introduce a **new Law on Trading Practices**, aimed at restoring fairness, transparency, and balance in relationships between suppliers and retailers across the supply chain. The law addresses long-standing issues related to unequal bargaining power, delayed payments, and non-transparent contractual practices.

The proposed framework introduces a **clear classification of unfair practices**. Certain practices will be fully prohibited, including late payments (exceeding 30 days for perishable goods and 60 days for other products), unjustified unilateral contract changes, and the shifting of unfair costs onto suppliers. Other practices will be permitted only under strictly defined and transparent conditions.

A significant novelty is the explicit recognition of **commercial retaliation** as a serious unfair trading practice, subject to strict enforcement. Violations of the law may result in **substantial financial penalties**, with fines exceeding **€1 million** in the most severe cases.

The draft law is currently open for public consultation and is expected to be adopted by the **National Assembly in spring 2026**. Once the law enters into force, businesses will **have four months to align their contracts and commercial practices** with the new requirements.

This marks the first time Serbia will apply such a comprehensive regulatory framework to supplier–retailer relationships, introducing standards that in some areas go beyond the EU rules on unfair trading practices.



3.

AVOIDING DOUBLE VAT CHARGES DURING THE TRANSITIONAL PERIOD

During the transitional phase of Serbia's VAT framework, taxpayers may temporarily face **double VAT liability for the same transaction**, particularly when invoice errors are identified after the relevant tax period has closed.

A practical example from the end of 2025 highlights this risk. If an e-invoice is issued in December and an error is discovered only afterward, the corrected invoice may be issued in January 2026. However, under the VAT Law applicable until **31 March 2026**, the VAT liability arises at the moment the original invoice is issued—even if that invoice is later cancelled.

In such cases, the reduction of VAT is possible only when **both of the following conditions are met**:

- a new, valid invoice has been issued, and
- the buyer provides a statement confirming that input VAT from the original invoice was not deducted.

If these conditions are fulfilled in a subsequent tax period (e.g. January), the VAT from the original invoice can only be adjusted in that later period. This timing mismatch may result in **temporary double VAT taxation**, affecting cash flow and reporting accuracy.

From **1 April 2026**, amended VAT rules will significantly ease this issue. Taxpayers will be allowed to reduce both the taxable base and VAT **in the same tax period**, provided that the correction and all supporting documentation are completed before the VAT return is filed, or at the latest by the **10th day of the following month**.

During the transition period, careful invoice control and timely communication with customers are essential to minimise VAT risks and avoid unnecessary tax exposure.



4.

EXTENSION OF THE TAX BASE GROWTH CAP FOR LUMP-SUM TAXED ENTREPRENEURS IN SERBIA

The Government of the Republic of Serbia has adopted amendments to the Regulation on detailed conditions, criteria, and elements for lump-sum taxation, extending the **limit on the annual growth of the tax base for lump-sum taxed entrepreneurs** for an additional two years.

Under the amended rules, in **2026 and 2027**, the tax base for lump-sum entrepreneurs **may not increase by more than 10% compared to the previous year**.

Exceptions apply only in specific situations, such as a **change in business activity code, municipality, or place of registration**, which may trigger a reassessment of the tax base.

This measure provides greater **predictability and financial stability** for a large number of small businesses operating under the lump-sum taxation regime, particularly in an environment marked by inflation and ongoing market fluctuations.

The amended Regulation was published in the Official Gazette of the Republic of Serbia, No. 115/2025, and **entered into force on 19 December 2025**.

5.

THE INDEPENDENCE TEST: A KEY DISTINCTION BETWEEN ENTREPRENEURS AND DISGUISED EMPLOYMENT

The **independence test** has become a crucial legal tool for distinguishing genuinely self-employed entrepreneurs from cases of disguised employment. Its purpose is to assess whether an entrepreneur operates independently or, in practice, performs work under conditions comparable to an employment relationship, despite being formally registered as a sole trader.

WHAT IS ASSESSED?

The test is based on **nine criteria**, including the level of economic dependence on a single client, whether the client determines working hours, provides work equipment, organises training, or exercises operational control.

If **five or more** criteria are met, this indicates a lack of independence.

CONSEQUENCES OF FAILING THE TEST

If “non-independence” is established, income received from that client is **no longer treated as income from self-employment**, but as **other income**. This results in:

- **20% personal income tax**, and
- **full social security contributions** on the gross amount.

WHO IS EXEMPT?

Although the test generally applies to entrepreneurs, certain professional relationships **cannot be considered employment by their nature**, regardless of how many criteria are met.

A typical example is the **lawyer-client relationship**, which does not automatically qualify as employment even in long-term or closely connected engagements.

6.

UPDATED TAX-FREE AMOUNTS IN SERBIA – EFFECTIVE FROM 1 FEBRUARY 2026

As of **1 February 2026**, Serbia has introduced **increased tax-free thresholds** for a wide range of payments under the Personal Income Tax Law. The new amounts apply **until 31 January 2027** and are relevant for employers, employees, and other payers when structuring payroll and reimbursing expenses.

The changes cover key categories such as **commuting costs, business travel expenses, employee benefits, and social support payments**, directly impacting payroll calculations and internal expense policies.

Notable increases include tax-free reimbursements for transport to and from work, higher daily allowances and travel costs for domestic business trips, as well as higher limits for solidarity assistance, gifts for employees' children, jubilee awards, and support in the event of a family member's death. The updated rules also affect tax-free treatment of voluntary health insurance, pension fund contributions, and birth grants.

These revised thresholds provide greater flexibility in compensating employees while maintaining tax compliance. Employers are advised to review and align their payroll procedures and reimbursement policies with the new limits to ensure correct application throughout the 2026/2027 period.

7.

TAX ASSESSMENTS FOR LUMP-SUM ENTREPRENEURS FOR 2026 – ELECTRONIC DELIVERY

As of **19 January 2026**, the Serbian Tax Administration has begun issuing **tax assessment decisions for lump-sum taxed entrepreneurs** for the 2026 tax year. All decisions are delivered **exclusively in electronic form** via the **ePorezi portal**, through the taxpayer's electronic mailbox. The date on which the document is uploaded to the mailbox is considered the official date of delivery.

Along with the tax assessment decision, entrepreneurs will also receive:

- an **explanation of how the lump-sum taxable income was determined**, and
- **sample payment slips** for tax and mandatory social security contributions, including a QR code for easier payment processing.

PAYMENTS IN 2026

Monthly advance payments of tax and contributions must be made using a **new reference number**, which includes the **payment approval number (BOP) for 2026**.

The **first payment deadline**, covering January 2026, is **18 February 2026**, as the regular due date (15 February) falls on a public holiday.

Entrepreneurs are advised to **regularly check their ePorezi mailbox** and ensure that payment details are aligned with the newly issued tax decision to avoid delays or errors in settlement.

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