



**THE CITY OF BELGRADE  
AMENDS THE DECREE ON DETERMINING  
THE CONSTRUCTION LAND DEVELOPMENT  
CONTRIBUTION**

**JPM**

JANKOVIĆ POPOVIĆ MITIĆ

## **THE CITY OF BELGRADE AMENDS THE DECREE ON DETERMINING THE CONSTRUCTION LAND DEVELOPMENT CONTRIBUTION**

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Autors: Ivan Petrović

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The Assembly of the Serbian capital – City of Belgrade amended the latest version of the Decree on Determining the Construction Land Development Contribution (Infrastructure Contribution).

The amendments regulate the manner of the decrement of the Infrastructure Contribution in the cases of development in phases whereby the investor is participating in the construction of the infrastructure, collaterals for the Infrastructure Contribution and specify the types of warehouses which may be developed without paying the Infrastructure Contribution.

In the cases when the project consists of several phases and the investor reached the agreement with the public authority to develop some infrastructure itself, the Infrastructure Contribution may be decreased up to the amount of 60% of the Infrastructure Contribution for the whole project.

Subject to some other limitation, the Infrastructure Contribution deduction for the whole project may, even, be used in full as the deduction by the investors in the first phase of the project.

Such a structure encourages potential investors to participate in the development of the infrastructure for significant projects.

The Infrastructure Contribution for the initial phase of the project may be significantly decreased since the costs of development of the infrastructure for the entire project might be much higher than the costs of development of infrastructure for the initial phase of the project.

In such a manner the investors are relieved in the initial phase(s) when there is no revenue from the project.

On the other hand in such cases, the City of Belgrade faces the risk that the investor relieved from the significant part of the Infrastructure

Contribution in the first phase of the project abandons the project. In such a case, the decrement granted to such investors in the first phase would become groundless.

Moreover, in such a case the infrastructure that should be developed by abandoning investors for the benefit of the City and other citizens would not be completed.

Therefore, in the cases of the Infrastructure Contribution decrement due to the undertaking of the investor to develop the part of the infrastructure, the investor must provide adequate collateral for the amount of decrement.

These solutions in the amendments of the Decree are good and stimulative for the significant project.

However, the investors that intend to develop their project in one single-phase and participate in the development of the infrastructure may be surprised.

In single-phase projects, the investor must ensure that the infrastructure for his full project exists for obtaining the operating permit, otherwise it would not be able to utilize its project.

Consequently, in a single-phase project the investor agreeing to develop the part of the infrastructure for its project is bound by the project requirements and shall, certainly, develop the infrastructure in order to finalize its investment.



This fact provides sufficient certainty to the City of Belgrade that the investor shall develop the infrastructure it needs for its single-phase project.

Regardless of this, the investor with a single-phase project participating in the development of infrastructure has to provide the collaterals for the amount of the deduction of the Infrastructure Contribution.

The collaterals prescribed by the amendments of the Decree affect the creditability of the investor and may have an impact on the project financing.

Finally, the last novelty of the amendments of this Decree aims to differentiate storage facilities and warehouses which are used for production purposes from the ones that are used for commercial purposes.

The construction land development fee is now not calculated only for the storage facilities and warehouses which are used for production purposes, which is by provisions of Art. 97 of the Law on Spatial Planning and Construction, while in case of storage facilities and warehouses (and other facilities) which are used for commercial purposes the same fee may be reduced in different percentage depending on the surface of the facility.