



ANSWER

QUESTION

JPM

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## **THE MOST IMPORTANT FACTS EACH COMMERCIAL SUBJECT IN PRIVATE SECTOR SHOULD KNOW FOR EXERCISING ITS RIGHT TO DIRECT PAYMENTS**

Very similar to the Regulation on Fiscal Reliefs and Direct Payments and accompanying Conclusion from 2020 under which Serbian Government, among other forms of state aid, granted direct payments to commercial subjects in private sector (first for the trimester March-May 2020, and then additionally for the period June-July 2020), the new Regulation on Determining Programme of Direct Payments from the Budget of the Republic of Serbia to Commercial Subjects in Private Sector in order to Mitigate Economic Consequences caused by Epidemic of Covid 19 Disease caused by SARS COV-2 (the "Programme") that came into force on 13 February 2021, grants commercial subjects with the right to obtain another cluster of direct payments, now for the accounting period February-April 2021.

The overview of the most important facts that each commercial subject should now in order to timely exercise its right to direct payments are presented in the chart:

Q	A
Who is entitled to obtain direct payments?	<p>All commercial subjects in private sector, i.e. all commercial subjects that are not encompassed under the List of Users of Public Funds on the last day of the month that precedes the month in which the specific direct payment is to be made. This includes legal persons and entrepreneurs - Serbian residents, as well as Serbian branches and/or representation offices of foreign commercial subjects.</p> <p>Commercial subjects explicitly excluded in terms of right to direct payments under the Programme – banks, insurance (and reinsurance) companies, companies for managing pension funds and pension programmes, financial leasing providers, payment institutions and electronic currencies institutions.</p>
What are the conditions that qualify a specific commercial subject in private sector for direct payment?	<ol style="list-style-type: none"> <li data-bbox="677 659 1795 767">1. It has to be duly founded and registered with the competent public body (Serbian Business Registers Agency) at latest on the day of entrance of the Programme into force;</li> <li data-bbox="677 814 1795 921">2. Tax Identification Number of the commercial subject cannot be temporarily ceased until the last day of the month that precedes the month in which direct payment is to be executed; and</li> <li data-bbox="677 969 1795 1155">3. In case of entrepreneurs, entrepreneurs in agriculture, and/or entrepreneurs taxed on the basis of flat rate principle, provided that they fulfil all other conditions set down in the Programme, may qualify for direct payments even if they have registered temporary cessation of business activities at earliest on the day when the Programme came into force (on 13 February 2021).</li> </ol>

Q	A
<p>How is the monthly amount of direct payments calculated?</p>	<p>On the basis of <math>\frac{1}{2}</math> of the minimal net salary for the month of January 2021, in accordance with the following equation:</p> <p>(Number of full-time employees minus number of employees whose employment ended within the respective accounting period) X <math>\frac{1}{2}</math> of the minimal net salary for the month of January 2021</p> <p>Full-time employees represent the full-time employees for which the commercial subject filed the Individual Tax Application - PPP-PD form for the respective accounting period.</p> <p>In case of entrepreneurs who are not employees/users of retirement pension, the number of employees is increased for one employee.</p>
<p>For what period are direct payments granted?</p>	<p>For accounting period from February to April 2021, payable in the period from April until June 2021.</p>
<p>What is the purpose for which direct payments may be used?</p>	<p>For payment of salaries and/or salary compensations.</p>

Q	A
<p>What categories of employees are taken into account/not taken into account for the purpose of direct payments?</p>	<p>Besides the full-time employees, part-time employees are also taken into account – for each part-time employee the total number of employees (for the purpose of the above equation) is increased proportionally with agreed percentage of engagement of a part-time employee.</p> <p>However, the total number of employees (for the purpose of the above equation) is deducted for the number of employees whose salaries/salary compensations are consequentially borne by a third party completely, e.g. employee who is on sick leave longer than 30 days due to sickness or injury that is not work related.</p>
<p>Does commercial subject have to apply in order to obtain direct payments?</p>	<p>Yes. A commercial subject has to apply by manner of providing a separate statement available at the e-tax online platform (srb. portal Poreske Uprave ePorezi).</p> <p>Detailed information on how to submit this statement are provided by Tax Administration in its Notice on submitting the Statement when Opting for Direct Payment, available at the Tax Administration internet page at the following link:</p> <p><a href="https://www.purs.gov.rs/sr/ biro-za-informisanje/novosti/6968/-obavestjenje-u-vezi-primene-uredbe-o-utvrdjivanju-programa-direktnih-davanja-iz-budzeta-republike-srbije-privrednim-subjektima-u-privatnom-sektoru-u-cilju-ublazavanja-ekonomskih-posledica-prouzrokovanih-epidemijom-bolesti-covid-19-izazvane-virusom-sars-cov-2.html">https://www.purs.gov.rs/sr/ biro-za-informisanje/novosti/6968/-obavestjenje-u-vezi-primene-uredbe-o-utvrdjivanju-programa-direktnih-davanja-iz-budzeta-republike-srbije-privrednim-subjektima-u-privatnom-sektoru-u-cilju-ublazavanja-ekonomskih-posledica-prouzrokovanih-epidemijom-bolesti-covid-19-izazvane-virusom-sars-cov-2.html</a></p> <p><b>Only exception</b> – Commercial subject in private sector who do not submit the form PPP-PD, i.e. who do not have employees/are not entrepreneurs who opted for payment of personal salary. These subjects should receive direct payments without previously submitting any statement in that regard.</p>

Q	A
Is it enough to apply only once?	No. The commercial subjects that need to apply/submit the statement in order to use the direct payments have to do so each month, i.e. for each direct payment separately.
Until when must commercial subjects use up the direct payments they have acquired?	Until 30 July 2021. If not used until the end of this deadline (transferred to the accounts of employees), the funds are automatically transferred back to the account from which they were received.
To which bank account are direct payments executed?	<p>To a special purpose bank account automatically opened with the bank with which the commercial subject holds its regular bank accounts (so-called "Covid Account"). In case that a commercial subject holds accounts with multiple banks it is obliged to choose the bank with which its Covid Account shall be opened at latest until 25 March 2021.</p> <p>More details on how to make this choice are available at the Tax Administration internet page at the following link:</p> <p><a href="https://www.purs.gov.rs/sr/biro-za-informisanje/novosti/6968/-obavestjenje-u-vezi-primene-uredbe-o-utvrdjivanju-programa-direktnih-davanja-iz-budzeta-republike-srbije-privrednim-subjektima-u-privatnom-sektoru-u-cilju-ublazavanja-ekonomskih-posledica-prouzrokovanih-epidemijom-bolesti-covid-19-izazvane-virusom-sars-cov-2.html">https://www.purs.gov.rs/sr/biro-za-informisanje/novosti/6968/-obavestjenje-u-vezi-primene-uredbe-o-utvrdjivanju-programa-direktnih-davanja-iz-budzeta-republike-srbije-privrednim-subjektima-u-privatnom-sektoru-u-cilju-ublazavanja-ekonomskih-posledica-prouzrokovanih-epidemijom-bolesti-covid-19-izazvane-virusom-sars-cov-2.html</a></p>

Q	A
<p>Does special purpose Covid-19 bank account have any specific benefits?</p>	<p>Yes – Covid Account cannot be charged with usual bank charges - account maintenance costs, costs of services related to execution of payments transaction or other services related to this bank account.</p> <p>Additionally, the funds available on Covid Account cannot be subject of enforcement proceedings, unless in case of enforcement proceedings for charging obligations related to the loss of right to direct payments.</p>
<p>Is it possible to lose once granted right to direct payments?</p>	<p>Yes: (i) in case of payment of dividends in the period from entrance of the Programme into force until the end of the year 2021; or (ii) in case that number of employees is decreased for more than 10% in the period from entrance of the Programme into force until 3 months from the day of the last direct payment elapse (this does not include employees employed for a limited period of time that expired within this deadline).</p> <p>The Programme does not explicitly regulate the case of misuse of funds received through direct payments (use for purposes other than payment of salaries/salary compensation), but such misuse should lead to the loss of this right, as well.</p> <p>However, Programme explicitly allows correction of non-intentional mistakes for commercial subjects who transfer the funds to a wrong account(s) by mistake.</p>
<p>What consequences are suffered by a commercial subject that lost its right to direct payment?</p>	<p>Commercial subject at hand has to return received direct payments with interest calculated for delay in payment of tax obligations.</p>