



Serbia

WTS Global Country TP Guide

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1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	According to the Rulebook on transfer pricing, the following methods are applicable: 1) Comparable Uncontrolled Price Method (CUP) 2) Cost plus method 3) Resale minus method 4) Transactional net margin method (TNMM) 5) Profit Split method (PS) 6) All other appropriate methods based on reasonable assumptions
Are any TP methods preferred over others?	According to the Rulebook on transfer pricing, all methods are equal. However, in tax practice, CUP method, as the most direct method, is preferred. If CUP method is not preferred, then resale minus and cost plus method are considered. In case these methods are N/A, TNMM is considered and, ultimately, the PS method or any other appropriate method based on reasonable assumptions.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	No CbCR/MF/LF
Reference to documentation and statements of local-government or tax authorities regarding OECD BEPS implementation status	No documentation requirements of OECD BEPS Action 13 are implemented in Serbia.
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general.	1) Articles 59-62 of Corporate income tax law 2) Rulebook on transfer pricing and methods according to the "arm's length" which shall apply in determining the price of transactions between related parties 3) Guidelines OECD for the implementation of the rules on transfer pricing for multinational enterprises and tax administrations, translated and published by the Serbian Fiscal Society in July 2010.

2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	In Serbia there is no obligation to prepare a Master file.

3. Local File (LF)	
As from which year does this obligation exist?	From 2013.
When does the LF need to be available?	Documentation needs to be available when income tax return is filed, which is 180 days from the end of fiscal year (for most of taxpayers that is the end of June)
When does the LF need to be submitted?	The taxpayer actively files documentation before a deadline (180 days from the end of fiscal year)

How and where should the LF be filed?	Documentation is filed to local the Tax authorities branch in paper.
Does the LF have to be prepared in the relevant local language?	Yes
Or is documentation in English permissible?	No
What are the possible consequences of not having the LF available?	
Penalties?	Yes
Imprisonment?	Yes
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	According to Corporate Income tax law, article 61a, the Minister of finance regulates transfer pricing in detail, having in mind guidelines and other transfer pricing documentation published by OECD. The Minister of finance published the latest version of Rulebook on transfer pricing in 2014, which was primarily based on OECD Guidelines published in July 2010. Since then, Serbian regulation on transfer pricing has not been updated in order to be harmonised with new OECD documents.

4. Country-by-Country Reporting	Not implemented
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	No
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No

5. TP disclosure in tax return or transfer pricing specific returns	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	Yes
What would be the filing deadline?	180 days from the end of fiscal year (for most of Serbian companies that is the end of June).
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	For intention for avoidance of tax payment, if the tax amounts over RSD 500,000 (EUR 4,000), person responsible is to be punished by prison penalty of six months to 5 years according to the article 225 of Criminal Law.
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	If the taxpayer's tax balance sheet is prepared by an independent company, if the tax amounts over RSD 500.000 (€4,000), person responsible in an independent company is to be punished by prison penalty of six months to 5 years according to Article 225 of the Criminal Law.
Does a taxpayer need to file TP-specific returns?	No

6. Benchmarking	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	Yes. According to the Rulebook on transfer pricing and methods according to the "arm's length" which shall apply in determining the price of transactions between related parties, benchmark analysis should be prepared each year.
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No

Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	No
Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	No

7. Year-end adjustments

Are year-end adjustments permissible?	Yes
Does the taxpayer have to comply with any specific features or guidance?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms

What are currently the main TP areas of scrutiny by the tax authorities in your country?	Management fees and similar services.
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	No

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