

Republic of Serbia
Ministry of Finance and Economy

**LAW ON TAX PROCEDURE
AND TAX ADMINISTRATION**

Slujhbeni Glasnik Respublike Srbije, [Official Gazette of the Republic of Serbia], Nov.
26, 2002.

LAW ON TAX PROCEDURE AND TAX ADMINISTRATION

Part One GENERAL PROVISIONS

Chapter One BASIC PROVISIONS

Contents of the Law Article 1

This Law shall regulate the procedure of assessing, collecting and control of public revenue it applies to (hereinafter: *tax procedure*), the rights and obligations of taxpayers, registration of taxpayers, and tax offenses and violations.

This Law shall establish the Tax Administration as an administrative body within the Ministry of Finance and Economy, and regulate its competence and organization.

Forms of Public Revenues Article 2

This Law shall apply to all public revenues collected by the Tax Administration, unless it is otherwise provided for by another tax law (hereinafter: *tax*).

This Law shall also apply to fines, interest on the basis of due but unpaid tax and costs of the enforced collection (hereinafter: *secondary tax duties*).

Relation to Other Laws Article 3

If issues from the areas regulated by this Law are regulated in a different manner in other laws, the provisions of this Law shall be applied.

Unless this Law provides otherwise, the tax procedure shall be carried out under the principles and in accordance with the provisions of the law that regulates general administrative procedure.

Chapter Two PRINCIPLES OF TAX PROCEDURE

Principle of Legality Article 4

The Tax Administration shall be under the obligation to determine all rights and obligations from the tax-legal relation in accordance with the Law.

In cases when the Tax Administration is authorized to act on the basis of

discretionary authorities, it shall be obligated to act in accordance with the purpose of those authorities and within the framework of law.

The Tax Administration shall be under the obligation to determine all the facts relevant to the reaching of a legal and correct decision, paying equal attention to the facts that advantage and disadvantage a taxpayer.

Principle of Application of Tax Regulations in Time

Article 5

The tax liability shall be determined based on the regulations that were in effect at the time of its adoption, unless certain provisions of the Law provide for a retroactive effect, pursuant to the Constitution and the Law.

Actions in the tax procedure shall be governed by the regulations, which are in effect at the time these actions are taken.

Principle of Free Access to Facts

Article 6

Before the adoption of the Act determining the rights and obligations of a taxpayer, the Tax Administration shall be under obligation to make available to the taxpayer, at his request, the legal and factual basis for the adoption of the Act.

Principle of Confidentiality in Tax Procedure

Article 7

Officials and all other persons participating in the tax procedure shall be under obligation to consider as confidential the following:

- 1) any document, information, data or other fact about the taxpayer, which they have obtained during the tax procedures, offence or court proceedings;
- 2) information on technical inventions or patents, as well as all other information on technological processes used by the taxpayer, which they have obtained in the course of tax procedure.

The obligation of tax confidentiality shall also refer to the persons indicated in paragraph 1 of this Article when their employment, i.e. the capacity in which they have gained knowledge of the documents, facts, i.e. data, indicated in that paragraph, has ended.

The obligation of tax confidentiality shall be breached if the documents, facts or data indicated in paragraph 1 of this Article have been used or made public without authorization.

The obligation of tax confidentiality shall not be breached:

- 1) through an action to which the taxpayer has agreed in writing;
- 2) if a particular document, factor data cannot be linked to individual taxpayer;
- 3) if a particular document, fact of data is revealed during tax procedures, offence or court proceedings;
- 4) if the information in question is a name or tax identification number (hereinafter referred to as *TIN*) of the taxpayer, which are used in tax procedures, offence or court proceedings;

- 5) if a particular document, fact or datum is used in the process of detecting criminal offences or administrative violations;
- 6) if, pursuant to the provisions of Article 157 of this Law, a particular document, fact or datum is shared with an authorized person of the tax body of a foreign country in the process of sharing information and legal assistance;
- 7) if a tax warrantor is granted access to data on the taxpayer which are essential to his carrying out his obligations that issue from his relationship with the taxpayer;
- 8) if a particular document, fact or datum is related to the existence of a tax debt, when a lien has been applied as a measure of securing tax payment.

Principle of Acting in Good Faith
Article 8

Parties in the tax-legal relation shall be under the obligation to act in good faith.

The frequency and length of tax control shall be limited to a necessary degree.

Principle of Establishing Facts
Article 9

Tax facts shall be determined according to their economic essence.

If simulated legal business conceals some other legal business, the basis for assessing the tax liability shall be the dissimulated legal business.

When income is made, or property gained in a manner that is against the regulations, the Tax Authority shall assess the tax liability in accordance with the Law by which the appropriate kind of tax is regulated.

Chapter Three
PARTIES IN TAX PROCEDURE

Contents of the Tax Legal Relation
Article 10

The tax legal relation shall be a relation of public law, which includes the rights and obligations in the tax procedure of the Tax Administration, on one side, and individuals and legal entities respectively, on the other side, and it shall regulate the following:

- 1) the obligation of paying taxes, the obligation of securing tax liability and the obligation of paying secondary tax duties by an individual or legal entity and the corresponding right of the Tax Administration to require fulfillment of these obligations;
- 2) the obligation of an individual or legal entity, pursuant to the Law, to assess taxes or, if they are withheld, to collect taxes on behalf of the taxpayer, to keep accounting records in orderly manner, to file tax returns, to submit to the Tax Administration the requested documents and data, to make no payments in any other way than the one provided for in regulations, to allow an inspection of his business operation to an officer of the Tax Administration, and other obligations of acting, non-acting and tolerating, as provided by the law, for the

purposes of timely and correct payment of taxes, as well as the right of the Tax Administration to require fulfillment of these obligations.

In the tax legal relation stated in paragraph 1 of this Article, an individual or legal entity shall have the right to a refund of overpaid taxes or taxes collected in error, i.e. secondary tax duties, and to a tax deduction, which corresponds to the obligation of the Tax Administration to fulfill such a request without delay i.e. not later than 15 day upon the receipt of such request

The other rights of an individual i.e. legal entity and the obligations of the Tax Administration within the tax legal relation shall be regulated by this Law.

Tax Administration in Tax Procedure Article 11

The Tax Administration shall carry out the state administration business referring to conduct of first-level and second-level tax procedure, keeping of a unified register of taxpayers and tax accounting records, detection of tax criminal acts and tax violations and their perpetrators, initiation and conduct of the tax violation procedure, as well as the other business provided for by this Law.

The Tax Administration shall independently perform the tasks stated in paragraph 1 of this Article on the entire territory of the Republic of Serbia (hereinafter: *the Republic*) and shall be organized in such a way as to ensure the functional unity in enforcement of tax regulations.

Taxpayers and Other Tax Debtors Article 12

Tax debtor shall be an individual or legal entity that owes an action from the tax legal relation stated in Article 10 of this Law.

Taxpayer shall be a tax debtor who is under the obligation to pay taxes or secondary tax duties.

Other tax debtors shall be:

- 1) tax warrantor, who is legally responsible for paying the taxpayer's tax debt in the event that the taxpayer does not pay that debt when it is due;
- 2) payer of income to the taxpayer (hereinafter: *tax disburser*), who is under the obligation to assess, withhold and pay appropriate tax on that income, in the name and for the account of the taxpayer, to the appropriate payment account;
- 3) tax agent, who is under the obligation, to suspend, withhold and pay the assessed tax from the account of the tax debtor – the taxpayer or tax disburser – on the basis of their transfer order, in his name and for the account of the taxpayer i.e. tax disburser, to the appropriate payment account;
- 4) other individuals and legal entities that owe some action from the tax-legal relation stated in Article 10 of this Law.

The taxpayers and other tax debtors (hereinafter: *taxpayers*) shall be parties in the tax procedure.

General Provisions on Representation
Article 13

The taxpayer may participate in the tax legal relation through his authorized person or legal representative, unless this Law provides otherwise.

If the taxpayer personally participates in the tax legal relation, he shall not lose the right to have a representative, and if the representative participates in the tax legal relation on his behalf, he shall not lose the right of personal participation.

Tax Representative
Article 14

The taxpayer's tax representative (hereinafter: *tax representative*) shall be the person who, within the received power of attorney, on behalf of the taxpayer performs duties related to the taxpayer's tax liabilities (receives tax documents, files tax returns, pays tax etc.).

The taxpayer – non-resident of the Republic (hereinafter: *non-resident*) that does not have a permanent business unit on the territory of the Republic, that is who gains income or property on the territory of the Republic outside of the business activities of his permanent business unit, shall be under obligation, within ten days from the day he starts to gain income or taxable property on the territory of the Republic, to notify the headquarters of Tax Administration about the person who is his tax representative.

If the non-resident makes income that is taxed through withholding tax, for which there is no obligation of filing a tax return, the appointment of a tax representative shall not be mandatory.

*Legal Representative, Manager of a Partnership Enterprise
and Temporary Trustee of Inheritance*
Article 15

Legal representatives of individuals (parents of minors, caretaker of a work-incapacitated ward, etc.) and legal entities (an individual entered in the court register as such), as well as managers of partnership enterprise and temporary trustees of inheritance shall fulfill tax obligations of those whom they represent.

If a partnership enterprise has no manager or the inheritance has been appointed no temporary trustee, the tax liabilities stated in paragraph 1 of this Article shall be settled by partners or inheritors, respectively, as tax debtors with a common interest.

Officially Appointed Representative
Article 16

The Tax Administration shall appoint by official duty, from the ranks of tax counselors or solicitors, a representative:

- 1) to the taxpayer of unknown headquarters or residence;
- 2) to the non-resident taxpayer who did not, within the time indicated in Article 14 paragraph 2 of this Law, notify the Tax Administration of his tax representative;
- 3) to the unknown owner of property that is a subject of tax procedure;
- 4) to the taxpayer who is obviously avoiding participation in the tax procedure, when his participation is obligatory.

If the taxpayer is an individual who is incapable of conducting business, and has no legal representative, the Tax Administration shall appoint a representative ex officio from the persons indicated in paragraph 1 of this Article and notify of it the custodial body immediately.

The decision on appointment of a representative ex officio shall be delivered to the representative and placed on the bulletin board of the Tax Administration, in a manner that shall be more closely defined by the Director of the Tax Administration.

The remuneration and reimbursement of expenses of the representative ex officio shall be paid by the Tax Administration, according to a scale set forth by the Minister of Finance and Economy (hereinafter: the Minister).

The Tax Administration shall be entitled to have refunded the funds indicated in paragraph 4 of this Article from the taxpayer.

Tax Counselor
Article 17

Tax counselor shall be a person who performs the duties of tax counseling of the taxpayer in the tax procedure.

If the tax counselor also performs the role of tax representative of the taxpayer, he must have the power of attorney to perform the duties indicated in Article 14 of this Law.

Performance of the tax counseling duties shall be regulated by the law.

Chapter Four

TAX LIABILITY

Concept and Arising of Tax Liability

Article 18

The obligation to pay taxes stated in Article 10, paragraph 1, item 1) of this Law (hereinafter: tax liability) shall represent the duty of a taxpayer to pay assessed tax, under the terms set out in this Law or another tax law.

The taxpayer shall be responsible for the fulfillment of the tax liability from the moment when the facts arise that under the tax law constitute a tax liability.

Provisions pertaining to tax obligation shall be applied to the liability of paying secondary tax duties, unless otherwise provided for by this Law.

Fulfillment of Tax Liability

Article 19

The fulfillment of tax liability shall consist of payment of the amount of owed tax which has come due.

The tax liability shall be fulfilled directly by the taxpayer except in a case when this Law or another tax law provides that another person is responsible for the fulfillment of tax liability of the taxpayer.

Fulfillment of Tax Liability

in Cases of Liquidation and Bankruptcy

Article 20

The tax liability of a legal entity in liquidation shall be fulfilled by the liquidation administrator from the financial assets of legal entity, including revenue from the sold property.

The tax liability of a business unit of legal entity which is liquidated shall be fulfilled directly by the legal entity whose part this unit was, and if the legal entity is also being liquidated, the tax liability shall be fulfilled by the liquidation administrator.

If the legal entity in liquidation does not have sufficient financial assets, including revenue from the sold property, to fulfill its tax liability in full, the remainder of tax debt shall be paid by its founders, or members of the legal entity, if, pursuant to the law, statute or charter of the legal entity, they are jointly responsible for liabilities of the legal entity.

The fulfillment of the tax liability in case of liquidation of the taxpayer is prescribed by the law regulating the liquidation.

*Fulfillment of Tax Liability
In Case of Changes in Status
Article 21*

The tax liability of a legal entity, which goes out of existence in its change in status, shall be fulfilled by its legal successor, regardless of whether or not the successor knew before the completion of the change in status that the legal predecessor had not, in part or in full, fulfilled its tax liability.

The secondary tax duties relative to the unfulfilled tax liability of a legal entity which goes out of existence shall fall to its legal successor.

The deadline for fulfillment of tax liability of a legal entity shall not change in the change in status because of the fulfillment of tax liability being transferred to the legal successor.

In the change in status, the legal successor, to whom the tax liability of one or more legal entities which go out of existence was transferred, shall be as follows:

1. in case of integration – a legal entity created by the merger of two or more legal entities – taxpayers;
2. in case of merger - a legal entity which was joined by one or more legal entities – taxpayers;
3. in case of division - legal entities created by the division of the taxpayer.

If there are several legal successors, they shall all have unlimited joint responsibility for the tax liability of the legal successor.

A change in organizational or proprietary form of the legal entity shall have no impact on the fulfillment of tax liability.

*Fulfillment of Tax Liability In Case of Death of Individual,
Incapacity to Conduct Business and Declaration of Individual as Missing
Article 22*

The tax liability of a deceased person shall be fulfilled by the heirs, within the value of the inherited property and in proportion with the share of each individual heir at the time of the receipt of inheritance.

If the bequeather has no heirs or if no heir accepts the inheritance, the bequeather's tax liability shall be extinguished.

The tax liability of an individual incapable of conducting business and absent individual whose place of residence is not known shall be fulfilled by the representative from the taxpayer's property.

If the property of the person indicated in paragraph 3 of this Article is not sufficient to cover the debt based on tax liability and secondary tax duties, the unsettled portion of the debt shall be written off

If the reasons for the assignment of a representative set out in paragraph 3 of this Article cease to exist, the decision on writing-off of the tax debt shall be revoked, but the interest for the period from the day the unsettled tax debt of this person had come due to the day the reasons had ceased to exist shall not be computed.

Cessation of Tax Liability
Article 23

The tax liability shall cease in the following instances:

1. by collection of tax (payment, compensation or surrender in lieu of payment, in accordance with the law);
2. expiration of statutory limitation of the tax;
3. writing off of tax; and
4. in other ways prescribed by the law.

Chapter Five
RIGHTS AND OBLIGATIONS
OF TAXPAYERS

Rights of Taxpayers
Article 24

The taxpayer shall have the right, in accordance with this Law, to:

1. receive from the Tax Administration, free of charge, information on tax regulations, from which his tax liability stems, and if he is ignorant – basic legal assistance as well, which shall enable him to report and pay tax and calculate and pay secondary tax duties in accordance with regulations;
2. receive in writing a reply to the question he had put in the same form to the Tax Administration, which concerns his tax situation;
3. request that the Tax Administration and the officers thereof treat him with respect and consideration;
4. that the information about him gathered in the tax procedure by the Tax Administration are kept confidential and used, or made available to other persons, bodies or organizations only in the manner regulated by Article 7 of this Law;
5. have the Tax Administration respect his privacy;
6. gain insight into information on the assessment and collection of taxes that is kept on him by the Tax Administration and to request that the incomplete or incorrect data be amended;
7. represent his own interests in front of the Tax Administration, directly or through a legal representative;
8. use tax deductions in a manner provided for by the regulations;
9. in a manner and time limits provided for by the regulations receive a reduction, or a refund of overpaid tax or tax collected in error;
10. be present during office and field tax controls;
11. receive an explanation of the documents compiled in the process of tax control;
12. provide information to the tax authorities in the tax procedure;
13. use legal means in the tax procedure;

14. also use other rights provided for by this Law and other tax laws.

The taxpayer whose rights stated in paragraph 1 of this Article have been violated shall have the right to judicial protection.

If the court determines that the rights of the taxpayer have been violated, compensation for the sustained damage and court expenses shall fall to the burden of the Republic budget.

Obligations of Taxpayer
Article 25

The taxpayer shall have the obligation to do the following in accordance with this Law:

1. submit to the Tax Administration within a prescribed deadline an application for registration, as well as to report all subsequent changes of data in the application;
2. file a tax return to the Tax Administration on the prescribed form, in due time and in the manner stipulated by tax regulations;
3. submit documentation and give information required by the Tax Administration, in accordance with the tax regulations;
4. keep proper business books and records for the purpose of taxation;
5. correctly calculate taxes in the legally regulated term, when he is due by law to do so himself;
6. pay taxes in the manner, under the terms and within time frame regulated by the law;
7. not obstruct and prevent officers participating in the tax procedure in the performance of their duties provided for by law;
8. inform the Tax Administration of opening or closing an account with a bank, another financial institution, postal savings bank or any other organization which performs payment operations (hereinafter: *payment operations agent*) in the Autonomous Province of Kosovo and Metohija, the Republic of Montenegro or abroad – within 15 days of the day of opening or closing the account;
9. be present during tax control;
10. perform other duties determined by this Law and other tax laws.

Chapter Six
IDENTIFICATION AND REGISTRATION
OF TAXPAYERS

Tax Identification Number
Article 26

For the purpose of identification of taxpayers, the Tax Administration shall assign a TIN to all individuals and legal entities.

The TIN shall be a unique and only number of an individual or legal entity for all public revenues and shall be retained when changing the location of seat or residence of the taxpayer.

The TIN shall be used in the tax procedure and must be entered into each:

1. document that the taxpayer submits to the Tax Administration, organizations of obligatory social insurance, other government authorities and organizations and authorities of territorial autonomy and local self-management;
2. document that the Tax Administration delivers to the taxpayer;
3. document with which the taxpayer pays his taxes and secondary tax duties;
4. order with which the payment operations agent is instructed to perform any type of transaction within payment operations; and
5. document that the taxpayer submits to the authorities and organizations competent to keep registries and accounts, in the sense of Articles 29 and 30 of this Law.

Bodies and organizations which, in accordance with regulations, keep records on legal entities and individuals and, on the basis of these records, issue public documents, shall also be under the obligation to use the TIN.

The Minister shall be authorized to prescribe other acts as well, which are relevant for the tax procedure and in which the TIN shall be entered.

General Provisions on Registration Article 27

The registration of taxpayers shall be performed within the Tax Administration.

The following persons are under the obligation to have a TIN:

1. resident legal entity;
2. state body and organization, body and organization of territorial autonomy or local self-government, without the characteristic of a legal entity;
3. resident entrepreneur;
4. resident individual (except resident entrepreneur) who acquires income or possesses property that are taxable;
5. permanent business unit of a non-resident legal entity;
6. non-resident legal entity which appoints a representative pursuant to the provision of Article 14, paragraph 2 of this Law;
7. non-resident individual who appoints a representative pursuant to the provision of Article 14, paragraph 2 of this Law.

The procedure, manner and deadlines for the assignment of TIN, contents and manner of keeping the unique taxpayers register, as well as the contents and form of the application for registration and proof of registration shall be regulated by a decree issued by the Minister.

Place and Time of Registration Article 28

The resident legal entity or body and organization indicated in Article 27, paragraph 2, item 2), shall submit a registration application to the Tax Administration according to the location of their seat.

The permanent business unit of a non-resident legal entity shall submit a registration application to the Tax Administration according to the location of the seat of this permanent business unit.

Resident individuals and resident entrepreneurs shall submit a registration application to the Tax Administration according to their place of residence or seat of their enterprise, respectively.

Non-resident legal entities and non-resident individuals, according to Article 27, paragraph 2, items 6 and 7 of this Law, shall submit a registration application to the headquarters of the Tax Administration.

Legal entities that are, with regard to the volume of their tax liabilities, classified as large taxpayers (hereinafter: *large taxpayers*), shall submit a registration application to the organizational unit of the Tax Administration determined by the Director of the Tax Administration.

The criteria for determining large taxpayers, on the basis of which the Tax Administration performs identification and determines the status of large taxpayers, shall be at proposal of the Director of the Tax Administration regulated by the Minister.

Legal entities, permanent business units of non-resident legal entities and entrepreneurs shall submit registration applications within five days from the day of entry into a court or other register.

Individuals shall submit registration applications within five days from the day of the onset of taxable income gain, or taxable property gain, respectively.

Upon the completed registration, the Tax Administration shall issue proof of the completed registration to the taxpayer.

If the taxpayer does not submit a registration application, the Tax Administration shall by official duty assign him a TIN, on the basis of the data available, or factual circumstances.

*Obligations of Bodies and Organizations Responsible
for Entries into Appropriate Registries
Article 29*

The court competent for entries into the court registry shall be under the obligation to deliver to the Tax Administration, within five days from the day of completing the entry, all written decisions on entries into the court registry (founding, dividing, merging, joining, enforced settlement, liquidation, bankruptcy, etc.), as well as any other written decision regulating the change of founder, form of organization, name, business activity, amount of founding capital and location of headquarters, or regulating any other change significant to tax assessment.

The court, local self-government body, bar association, professional association, as well as any other body or organization competent for entries into the appropriate registry of persons performing certain business activity shall be under the obligation to deliver to the Tax Administration, within five days from the day of the completed entry,

written decisions on entries, cancellations of entries and removing from registries, as well as any other written decision regulating changes significant to tax assessment.

The body in charge of keeping the records on place of residence, birth or death of an Individual shall be under the obligation to inform the Tax Administration, within five days after the day of registration or cancellation of a residence, registration of a birth or death, or declaration of a missing person as dead, respectively, of the data relevant to the tax assessment.

The procedure, contents and manner of delivering written decisions indicated in paragraphs 1-3 of this Article, shall be more closely determined by the Minister.

*Obligations of Organizations Authorized to Perform Payment Services
Related to Account Opening
Article 30*

The payment operations agent may open an account for a legal entity, entrepreneur and individual, under the condition that they submit, along with a request for opening an account, evidence on completed registration.

No proof of registration shall be sought for the opening of a temporary account used in the process of establishment of a legal entity.

For the purposes of linking the temporary account with the subsequent account indicated in paragraph 1 of this Article, the payment operations agent shall be obliged to keep an electronic record of temporary accounts, which shall be prescribed by the Minister.

**Chapter Seven
OTHER GENERAL PROVISIONS**

*Secondary Tax Liability
Article 31*

The secondary tax liability shall arise when a person is responsible for a due tax liability of another taxpayer or for a due secondary tax liability of another taxpayer.

The secondary tax liability shall refer to the following:

1. legal representatives who had consciously or without proper attention failed to fulfill their obligation of effecting a payment of taxes by the taxpayer even though he was capable of doing so – at the amount of unpaid tax;
2. persons who contribute to or assist in avoiding the payment of taxes of other person – for the tax owed by this other person whose tax payment was avoided;
3. persons responsible for the calculation and payment of withheld tax - for the amount of this unpaid withheld tax;
4. individual, within the legal entity, responsible for the calculation and payment of withheld tax and who fails to make payment for the withheld tax - for the amount of this unpaid withheld tax;
5. person who has received monetary assets, objects or rights from the

taxpayer's property (hereinafter: *the property*) by transaction without a compensation or with a compensation below the value that could have been achieved on the market, in the period of three years before the unpaid tax liability of the taxpayer is due - for the amount of unpaid tax, at the amount not bigger than the value of received property deducted for the amount that this person had paid for it.

The provision stated in paragraph 2, item 5) of this Article shall be applied in cases when the person had received property from the taxpayer – legal entity – only if the direct or indirect share of this person in the capital of the taxpayer is or was at least 10%.

Unless otherwise provided, the secondary tax liability shall include the interest and the costs of enforced collection.

Conversion of Foreign Currency Amount in Dinars
Article 32

Transactions in foreign currency liable to taxation shall be converted in dinars as follows:

- 1) at the official exchange rate of the National Bank of Yugoslavia, on the day when the transaction was carried out;
- 2) at the market exchange rate based on the published data on relative values of foreign currency against the U.S. dollars on the day when the transaction was carried out, if the National Bank of Yugoslavia does not have available the exchange rate of that currency against dinar.

The Minister shall further regulate the method of establishing the market exchange rate indicated in paragraph 1, item 2) of this Article.

Part Two
GENERAL PROVISIONS ON TAX PROCEDURE AND FIRST LEVEL
PROCEDURE FOR ASSESSMENT AND COLLECTION OF TAXES

Chapter One
GENERAL PROVISIONS ON TAX PROCEDURE

Initiation of Tax Procedure
Article 33

The tax procedure shall be initiated by the Tax Administration by official duty, and exceptionally at the request of a party.

The tax procedure shall be considered as initiated at the moment the Tax Administration has taken any action for the purpose of conducting the procedure.

If in response to a request of a party the Tax Administration determines that pursuant to the law no grounds for the initiation of tax procedure exist, a written decision shall be issued to that effect, which may be appealed.

Tax Act and Tax Administrative Act
Article 34

Tax acts shall include a tax decision, resolution, order for tax control, report on tax control and other acts which initiate, supplement, amend or complete an action in the tax procedure.

Tax administrative acts by which the Tax Administration makes written decisions on individual rights and obligations of tax debtors from tax legal relations shall be the tax decision and resolution.

Tax decisions adopted in the first-level tax procedure may be appealed.

The resolution may be appealed unless it is otherwise regulated by this Law.

Form and Contents of Tax Act
Article 35

Tax administrative acts shall be issued in written form.

Other tax acts shall be issued in written form when it is so provided by this Law or at the request of a taxpayer.

As an exception, an authorized officer of the Tax Administration may give an oral tax act, which is otherwise adopted in a written form, and order its enforcement without delay, if the process of tax collection or inspection has been jeopardized.

The oral tax act indicated in paragraph 3 of this Article must be issued in written form no later than three days from the day of its adoption.

Delivering
Article 36

The tax acts in written form shall be delivered in the manner regulated by this Law.

The tax acts shall be considered as delivered when they are handed to the taxpayer, his legal representative, tax representative or representative by official duty.

If the taxpayer is an individual, or entrepreneur, the tax acts shall also be considered as delivered when they are handed to an adult household member, in the sense of the Law on Personal Income Tax, or to a person employed by the entrepreneur.

Delivering, in the sense of this Law, shall also be considered to have been properly performed when persons stated in paragraphs 2 and 3 of this Article refuse to accept or sign for the tax acts, if the person who had delivered the tax act has compiled an official note about it.

If the delivering described in paragraphs 2-4 of this Article could not be performed for any reason, it shall be considered performed when the tax acts have been sent by registered mail through the post office or electronically by e-mail, to the taxpayer's address indicated on the registration application or on the most recent tax return.

The delivering performed in the manner described in paragraph 5 of this Article shall be considered performed at the expiration of three days from the time the tax act was delivered to the post office, or on the date noted on the e-mail return receipt when the tax act was sent electronically.

Business Books and Records
Article 37

Taxpayers – legal entities, permanent business units of non-resident legal entities and entrepreneurs shall be obligated to keep business books and records for taxation purposes, in accordance with the tax law.

The obligation stated in paragraph 1 of this Article shall also include permanent business units of resident taxpayers in the Republic of Montenegro and abroad.

The taxpayer who is a legal entity shall be obligated, at the request of the Tax Administration and within the time period set by it, to produce business books and records which persons, over whom the taxpayer has control or influence, are keeping abroad, in the Autonomous Province of Kosovo and Metohija, or in the Republic of Montenegro, and who shall enable him to secure the production of these business books and records.

If the foreign regulations, regulations of the Autonomous Province of Kosovo and Metohija, or of the Republic of Montenegro do not permit production of business books and records indicated in paragraph 3 of this Article, the taxpayer indicated in paragraph 3 of this Article shall be obligated to produce their certified copies.

If the business books and records indicated in paragraph 3 of this Article have not been kept in the Serbian language, at the request of the Tax Administration a certified translation shall also be attached, the cost of which shall fall to the taxpayer.

The taxpayer who uses the automatic data processing to process his data shall be obligated, at the request of the Tax Administration, to provide a copy of the data in the form indicated by the Tax Administration, as well as to allow the Tax Administration complete access to the accounting system through documents, and when necessary also through access to hardware and software.

Chapter Two

TAX RETURN

Concept of Tax Return

Article 38

A tax return shall represent a report from the taxpayer to the Tax Administration on the acquired income, paid expenses, profit, property, turnover of goods and services and other transactions significant for the assessment of tax.

The tax return shall be filed on a form prescribed by the Minister, to which appropriate documents shall be attached.

The taxpayer shall be obligated to personally sign a tax return, unless it is otherwise provided by the tax regulation.

When the taxpayer is obligated to personally sign a tax return, a signature by a tax representative, legal representative or representative ex officio shall only be accepted if the taxpayer is unable to personally sign the tax return due to a physical or mental illness or to an extended absence.

If the reasons stated in paragraph 4 of this Article stop, the Tax Administration may demand taxpayer to personally sign a tax return.

If the tax return or a part of it was prepared by a tax counselor, he shall also sign the tax return and in addition include his TIN.

The tax return shall be filed, within the deadline prescribed by the law, to the Tax Administration at the location where the registration application was submitted, unless otherwise provided for by the tax law.

The tax return shall be filed in person or by mail, and it may also be sent electronically, in a manner prescribed by the Minister.

Extension of Time for Filing Tax Return

Article 39

At the written request of a taxpayer submitted before the expiration of deadline for filing a tax return, the Tax Administration may grant an extension of time for its filing if justified cause is shown (illness, absence from the country, accident, major disaster, etc.), until such cause ends, and no longer than for six months from the date of expiry of the legal deadline for filing of a tax return.

The request for an extension of time for filing a tax return shall be considered by the Tax Administration at the location where the tax return is filed, and a resolution on it adopted no later than five days from the day of receipt of the request.

If legal term for filing a tax return has elapsed and the request indicated in paragraph 1 of this Article has been rejected, tax return must be filed within 5 days for the day of delivering resolution on rejection.

The resolution from paragraph 2 of this article may not be appealed.

Amended Tax Return
Article 40

If within the deadline stated in Article 114, paragraph 1 of this Law, the taxpayer discovers that the tax return he had filed with the Tax Administration contains an error or omission, he shall be obligated to immediately, and not later than until the expiration of the statutory limitation, file an amended tax return, from which the error or omission have been removed.

The originally filed tax return shall not be returned to the taxpayer.

If the taxpayer submits an amended tax return within 30 days from the deadline for filing a tax return, the amended tax return shall be considered as original.

Under the terms stated in paragraph 3 of this Article, it shall be considered that no criminal act or violation, pursuant to this Law, has been committed by the error or omission in the original tax return stated in paragraph 2 of this Article.

Tax Return for Withholding Tax
Article 41

The tax return for withholding tax shall be a report which the tax disburser, or tax representative, files with the Tax Administration, containing information about the assessed and paid withholding tax, including the name and number of the public revenue payment account to which that tax has been paid.

The tax return for withholding tax shall be:

1. collective, when it contains information on the assessed and paid withholding tax by one tax disburser for all receivers of revenue, or by one tax representative for all taxpayers or tax disbursers, respectively, who have an account with him; and
2. individual, when it contains information on the assessed and paid withholding tax by one tax disburser for every receiver of revenue, or by one tax representative for every taxpayer or tax disburser, respectively, who has an account with him.

A collective tax return for withholding tax shall be filed with the Tax Administration on the same day when the payment was made, and no later than 24 hours from the moment the income, for which the tax was withheld, has been paid.

An individual tax return for withholding tax for every taxpayer or tax disburser, respectively, which has been marked with their TINs, shall be filed with the Tax Administration once a year, and no later than January 20 for the previous year.

The tax disburser or tax representative, respectively, indicated in paragraph 1 of this Article shall deliver to the person from whose income or assets the withholding tax was paid, upon the year end and not later than 31 January, a receipt on withholding tax payment which shall contain data on gross income, expenses, taxable income, tax relief and withholding public revenue.

The form for the tax return indicated in paragraph 2 of this Article shall be prescribed by the Minister.

The Minister may prescribe that the tax return indicated in paragraph 2 of this Article be filed in electronic form.

Information Tax Return
Article 42

An information tax return shall be a report by which are filed data of special importance to the fiscal interest of the Republic.

The data indicated in paragraph 1 of this Article, and the method and deadline for filing an information tax return shall be prescribed by the Minister.

Chapter Three
ESTABLISHING FACTS

Presentation and Evaluation of Evidence
Article 43

Facts in the tax procedure shall be established by evidence.

The following may be used as evidence in the tax procedure: tax returns, tax balance sheets, business books and records, bookkeeping statements, business documentation and other documents, information at the disposal of the Tax Administration, gathered from the taxpayer or third parties, witness' statements, expert findings, investigations and any other means by which the facts can be established.

Establishing facts in the process of tax control shall be regulated by the provisions of Articles 116-139 hereof.

Presentation of Personal Documents for Inspection and Verification
Article 44

The Tax Administration may request from the taxpayer and third parties, within the timeframe that it sets, to make available for inspection and verification business books and records, accounting statements, business documentation and other personal documents and evidence, for the purpose of establishing the state of facts.

The Tax Administration shall decide whether the documents stated in paragraph 1 of this Article shall be delivered for inspection and verification to the premises of the Tax

Administration, or by e-mail, or whether the inspection and verification shall take place at the location of the person under the obligation to make them available.

Providing Information
Article 45

At the request of the Tax Administration and within the term which it sets, the taxpayer and other persons shall be obligated to provide to this body all available information necessary for the establishment of facts relevant for taxation.

The request for providing of information shall state to whom and to what this information refers.

At the request of the taxpayer or another person indicated in paragraph 1 of this Article, the Tax Administration shall be obliged to submit the request for providing of information in written form.

As a matter of exception, the Tax Administration shall compel the person obliged to provide information indicated in paragraph 1 of this Article to do so orally, at official premises, if the information had not been provided when requested or if, when given in a written form, it had not clarified the state of facts.

A report shall be compiled on the oral information given at the official premises.

The report stated in paragraph 6 of this Article shall include the names of persons present, place, date and contents of the information, and it shall be signed by an officer of the Tax Administration and the person who provided the information.

A copy of the report shall be issued to the person who provided the oral information, at his request.

Withholding Information
Article 46

Information on facts relevant for taxation may be withheld by:

1. taxpayer's family members, pursuant to the Law on Personal Income Tax;
2. a priest, lawyer, tax counselor, inspector and physician – on what the taxpayer told them in confidence or what they learned in that capacity, and is related to the tax liability of the taxpayer.

Equal treatment to the persons indicated in paragraph 1, item 2) of this Article shall have their assistants and persons participating in their business activity during occupational training.

Decisions regarding the exercise of a right to withhold information shall be made by the persons indicated in paragraph 1, item 2) of this Article.

Withholding Provision of Expert Opinion and Disclosure of Documents
Article 47

The cases and terms under which the provision of information may be withheld as stipulated by this Law shall also apply to withholding of the expert opinions and production of documents or objects.

The person who keeps safe documents, business books, other records and other objects on behalf of the taxpayer may not fail to produce them if the taxpayer would have been obliged to produce them had he been keeping them himself.

Expert Opinions
Article 48

The Tax Administration shall decide on the need for expertise.

If there is no risk of delay, the Tax Administration shall inform the parties in the tax procedure about the person they intend to appoint as expert.

Experts shall be appointed from the rank of tax counselors, and, as needed, from the rank of court experts in the appropriate field of knowledge.

In certain tax procedure, a person who is related to the taxpayer, pursuant to Law on Personal Income Tax i.e. law regulating corporation profits tax, cannot be appointed as an expert.

Parties in the tax procedure may seek exemption of an expert if there is reasonable doubt in his bias or if his expert testimony could represent breach of business confidentiality or cause damage to the business activity of the party.

A reasoned request for exemption of an expert shall be submitted to the Tax Administration within three days from the day of receipt of the information on appointment of an expert.

The decision on exemption shall be made by the manager of the organizational unit within the Tax Administration which had appointed the expert.

A finding on the expert opinion shall be compiled in a written form.

The expert may be called to orally present his finding.

The expert finding shall be included in the file.

On Site Investigation
Article 49

An on site investigation shall be conducted when direct observations by an officer of the Tax Administration are necessary to establish or clarify the facts relevant for taxation.

The taxpayer or other tax debtor may be present at the on site investigation.

The on site investigation shall be conducted without the presence of a taxpayer or another tax debtor if a delay in the on site investigation could put at risk the establishment of facts or could have as a consequence the destruction of evidence relevant for taxation.

The investigation may also be conducted with the participation of an expert.

The findings established by an on site investigation shall be entered in the report on the on site investigation, which shall be signed by the participants.

The report indicated in paragraph 5 of this Article shall also include objections of the taxpayer or other tax debtor, as well as the reasons for their refusal to sign the record.

The report on the investigation shall be included in the file.

Entering Upon Property or Premises
Article 50

The owner or holder of objects, premises or land that is the subject of on site investigation, as well as the owner or holder of premises or land where the objects of on site investigation are located, or through or over which it is necessary to pass, shall be obligated to enable the on site investigation and other actions in the tax procedure to be carried out, pursuant to the provision of Article 125 of this law.

Proof in Tax Procedure
Article 51

In the tax procedure the burden of proof shall fall upon:

1. the Tax Administration – for the facts that form the basis of tax liability;
2. a taxpayer – for the facts that deduct or exempt tax.

The provision stated in paragraph 1, item 1) of this Article shall not apply to the procedure stipulated by Articles 58-60 of this Law.

Suspicion that arises due to withholding information, i.e. the fact that taxpayer did not give evidence which, pursuant to this Law, he had been obliged to give to the Tax Administration, may be unfavorable for the taxpayer in the procedure of tax assessment.

Proving the Ownership of an Item Held in the Capacity of Pledgee
Article 52

The person who claims that he owns or holds the rights declared under his name or the objects in his holding merely as a representative of another party, a pledgee or fiduciary, shall be obligated in the tax procedure to provide proof as to who is the owner of these rights or objects; otherwise they shall be considered his property.

Return to Status Quo Ante
Article 53

If for justified reasons, the taxpayer has failed to take an action within the time stipulated by the law or set by the Tax Administration and due to that failure he is suffering consequences, at his request he shall be granted a return to the status quo ante.

The failure of a tax representative to meet a deadline shall be a burden of the taxpayer.

A request for the return to the status quo ante shall be submitted no later than eight days from the day the reason that caused the failure has ceased, or from the day the taxpayer learned of the cause, respectively.

The reasons offered to justify the request indicated in paragraph 3 of this Article must be proven to be justified.

The Tax Administration shall rule on a request for return to the status quo ante by a resolution.

The resolution indicated in paragraph 5 of this Article may not be appealed, except if the request for return to the status quo ante was submitted because of a failure to meet the deadline for appeal of the tax decision.

After the expiry of three months period from the missed deadline, the taxpayer may not submit a request for return to the status quo ante.

As an exception to the provision stated in paragraph 7 of this Article, the taxpayer may submit a request for return to the status quo ante and take a missed action after the expiry of three months period from the missed deadline if he was unable to submit this request on time because of a force majeure.

Chapter Four
TAX ASSESSMENT

Concept of Tax Assessment
Article 54

Tax Assessment shall be the activity of the Tax Administration or the taxpayer, that consists of issuing administrative acts or following procedures provided by the law,

respectively, which establish the existence of tax liability of an individual taxpayer and define the taxpayer, tax base and amount of tax liability.

Tax assessment shall be carried out by:

1. the taxpayer himself (self-taxation);
2. Tax Administration, by issuing a tax decision, as follows:
 - (a) in the tax control procedure – if the taxpayer, contrary to the Law, does not carry out the assessment of his tax liability, or does it incorrectly or incompletely;
 - (b) in cases when the law stipulates that self-taxation is not carried out or when the law stipulates that, despite self-taxation, the tax decision must be issued.

The tax decision from paragraph 2 item 2 of this Article shall, besides the elements prescribed by the law, contain the order to the taxpayer to pay the tax within the given time frame.

The provisions pertaining to the tax assessment shall be applied to the assessment of secondary tax duties, unless otherwise provided for by this Law.

Method of Issuing a Tax Decision on Tax Assessment
Article 55

The tax decision on tax assessment indicated in 54, paragraph 2, item 2), sub item (a) of this Law shall be issued by the Tax Administration on the basis of data from taxpayer's business books and records, and state of facts determined during the process of control, in accordance with the provision stated in Article 122, paragraph 3 and Article 129 of this Law.

The tax assessment decision indicated in Article 54, paragraph 2, item 2), sub item (b) of this Law shall be issued by the Tax Administration on the basis of data from the records of competent authorities, data from the tax return or amended tax return, and, if necessary, on the basis of taxpayer's business books and records.

If the Tax Administration is unable to issue the tax assessment decision indicated in paragraphs 1 and 2 of this Article on the basis of data from business books and records, or from the tax return or, if the taxpayer has not filed a tax return, it shall be issued on the basis of an assessment of the tax base, in the manner provided for in Articles 58-60 of this Law.

Non-Issuing of a Decision on Tax Assessment
In Case of Revalorization of Tax Liability
Article 56

Exceptionally, at the proposal of the Government of Republic of Serbia (hereinafter: *the Government*), the Parliament of the Republic of Serbia may decide that for certain types of taxes the assessed amounts from the previous year shall remain at the same level for the current year or be revaluated upwards or downwards by applying an appropriate formula, in accordance with the regulation.

In the event stated in paragraph 1 of this Article, the Tax Administration shall not issue a tax decision, but shall inform the taxpayers by public announcement of a revalorization index and the day when the tax is due, in accordance to the law, and shall record the revaluated amounts, in accordance with the provision stated in Article 62 of this Law.

Case of Unprofitability of Issuing a Tax Decision
Article 57

In cases when the tax has been assessed incorrectly at a smaller amount, a new tax decision shall not be issued if the increased amount of tax would be disproportionate to the costs of the procedure to change the decision.

Estimation of the Tax Base in Control of a Taxpayer and by Method of Parification
/published list of taxpayers and non-taxpayers who are invited to give their views and potentially correct their assessed taxes – Translator’s Note/
Article 58

When assessing the tax base by estimation, the Tax Administration shall start from the following:

1. available proper business documents, if it exists, and has not been entered in the books;
2. available proper business documents on business activities in a certain period of time, shorter than the taxation period (daily, weekly or monthly), so that on the basis of the data on that period of business activities the tax base for the taxation period is estimated;
3. data and facts on realized turnover (daily, weekly or monthly), determined by on site investigation or control, so that on the basis of these data and facts the tax base for the taxation period is estimated;
4. comparison with data of other taxpayers, performing the same or similar business activity in the same or similar location, under approximately equal conditions;
5. other relevant data and facts.

Indirect Assessment of the Tax Base
Article 59

The personal income tax base may be assessed by estimation as a difference between the value of net property at the end and at the beginning of a calendar year increased for estimated expenditures for personal use on one hand, and the reported income on the other hand (hereinafter: *indirect assessment*).

If the taxpayer or other party should point out that certain property or assets were acquired by inheritance, gift or some other legal non-taxable manner, he shall be obligated to present appropriate material evidence in support of his claim.

The tax base assessed in the manner laid out in paragraph 1 of this Article (unreported income) shall be taxed as other income, in the sense of the Law on Personal Income Tax, with no recognition of standard expenses.

Selection of Method of Estimation of the Tax Base
Article 60

The Tax Administration shall use its own discretion in deciding which criterion or criteria indicated in Articles 58 and 59 of this Law it shall use for the estimation of the tax base.

The method of indirect assessment of the tax base may be used after the conditions stated in Article 186 of this Law have been met.

The Minister shall more closely regulate the manner and procedure of tax base estimation.

*Indiciary Method of Assessment of the Minimum
Personal Income Tax*
Article 61

The personal income tax may not be smaller than the amount calculated on the basis of a formula and according to which certain indices are applied to factors which represent the indication of a luxury lifestyle of a taxpayer.

At a proposal of the Minister, the Government shall further regulate the application of the method indicated in paragraph 1 of this Article.

Recording the Amount of Tax Liability
Article 62

When tax is assessed in the manner laid out in Article 54, paragraph 2 of this Law, the Tax Administration shall record the amount of tax liability in the records it keeps for each taxpayer.

The Tax Administration shall record the amount of assessed tax:

1. upon receiving the tax return, or amended tax return;
2. upon delivering the tax decision to the taxpayer in the following events:
 - a. after adjusting the amount of tax liability stated in an incompletely or incorrectly filled out tax return;
 - b. when the law prescribes not to perform self-taxation or when the law prescribes that, despite self-taxation, a tax decision must be issued.

Temporary Tax Assessment
Article 63

If the Tax Administration is unable to assess tax on the basis of fully established facts before the expiration of deadline for the issuance of tax decision, it shall issue a temporary tax decision on the basis of hitherto established facts.

The permanent tax decision shall cancel the written decision indicated in paragraph 1 of this Article.

The final deadline for issuing a permanent tax decision is three years from the day of issuance of a temporary decision.

Chapter Five TAX COLLECTION

Section One ***GENERAL PROVISIONS ON TAX COLLECTION***

Types of Tax Collection Article 64

Tax collection, in the sense of this Law, shall be regular or enforced.

The regular tax collection shall be performed when tax liability has become due.

The enforced tax collection shall be undertaken when the tax liability that has become due has not been settled prior to the expiration of deadline stated in paragraph 2 of this Article.

Provisions pertaining to the tax collections shall be applied to the collection of secondary tax duties, unless otherwise provided for by this law.

Due Date Article 65

Tax assessed in the manner laid out in Article 54, paragraph 2 of this Law shall become due at the time period stipulated by the Law through which it was introduced.

The obligation of paying a fine shall become due no later than 30 days from the day a written decision on the imposition of fine has come in effect.

The right of the tax debtor or another person to a refund of overpaid tax or tax paid in error and to a tax deduction shall become due upon the expiration of the time limit stated in Article 75, paragraphs 4 and 5 of this Law.

Temporary measures Article 66

In order to secure collection of tax which has not yet become due or has not yet been assessed, but for which the procedure of assessment or control has been initiated, and there is a risk that the taxpayer might obstruct, prevent or render ineffective its collection, the Tax Administration may, by a written decision, impose temporary measures to secure the collection.

The written decision indicated in paragraph 1 of this Article shall also contain an explanation as to why the Tax Administration considers that there is a risk that the taxpayer might obstruct or prevent the collection of tax that has not become due.

In the sense of this Law, temporary measures shall be the lien rights on movable property, real estate, financial assets and claims of the taxpayer.

The procedure for the determination and cessation of lien rights indicated in paragraph 3 of this Article shall be carried out in accordance with Articles 87 and 91 of this Law.

Temporary measures shall be in force until the tax they were imposed to secure has been collected, or until the taxpayer has provided an appropriate security for his tax liability, in the sense of Article 74, paragraph 2 of this Law.

The written decision indicated in paragraph 1 of this Article may be appealed by the taxpayer.

An appeal indicated in paragraph 6 of this Article shall not delay its execution.

Section Two ***REGULAR TAX COLLECTION***

Forms of Regular Tax Collection Article 67

Tax collection shall be performed, as a rule, by depositing the amount of due taxes in the appropriate public revenue payment accounts, within the deadlines provided by the law.

The Minister may prescribe that certain taxes may be paid to the tax treasuries.

Tax may also be paid by the purchase of a prescribed security instrument (payment stamps, supplemental postal stamps, fiscal excise stamps etc.), in the cases stipulated by the law.

As an exception to the provisions stated in paragraphs 1-3 of this Article, the tax liability may be settled:

1. by compensation, in the manner and under the terms prescribed in more details by the Minister, pursuant to the tax law;
2. by turning over property to the competent government body, in the manner and under the terms prescribed by the Government at a proposal of the Minister, pursuant to the tax law;
3. by conversion of tax-based claims into permanent shares of the Republic in the taxpayer's capital in the process of privatization, in the manner and under the terms prescribed by the Government;
4. in labor, goods or services, pursuant to the tax law and regulations based upon the tax law.

Day of Tax Payment
Article 68

The day of tax payment shall be the day when:

1. the taxpayer issued the payment operations agent a payment order (hereinafter: *tax payment order*) to transfer a certain amount of funds from his account into the prescribed public revenue payment account, provided there are sufficient funds in the account of the taxpayer;
2. the owed amount was paid to the payment operations agent, with the order to the agent to execute the payment to the prescribed public revenue payment account;
3. the owed amount was paid to the tax treasury;
4. the security instrument indicated in Article 67, paragraph 3 of this Law was properly cancelled or purchased.

If the tax has been paid in cash by other means (by check, credit card, etc.) the payment day shall be the day when the money was deposited in a public revenue payment account, unless it is otherwise prescribed by the minister of finance.

The day of the settlement of tax liability by compensation shall be considered the day when the Tax Administration has received the document on performed compensation, deposited with the payment operations agent and signed by all parties involved and legally stamped.

The day of the settlement of tax liability by turning over possessions to the competent government body shall be considered the day when the Republic has acquired the property right on those possessions.

The day of the settlement of tax liability by conversion of the tax claim into permanent shares of the Republic in the taxpayer's capital shall be considered the day when the Government adopted the act on conversion.

The day of the settlement of tax liability in labor, goods or services shall be considered the day when the taxpayer has fulfilled his obligation in accordance with regulations.

Execution of Tax Payment Order
Article 69

The taxpayer who makes a payment by tax payment order shall be obligated to secure on his account sufficient funds for due taxes and secondary tax duties.

Funds from all the taxpayer's accounts opened with payment operations agents shall be used to execute the tax payment order, provided the funds are not exempt because of a special lien regime, pursuant to this Law, i.e. due to the reasons prescribed in the Law on Payment Operations ("Official Gazette of SR Y", no. 3/2002).

When there are sufficient funds on the taxpayer's account, the payment operations agent shall execute the tax payment order by the end of the working day, and no later than 24 hours from the moment of receipt of the order.

If temporarily there are no sufficient funds on the taxpayer's account, the payment operations agent shall execute the tax payment order in sequence, based on the assets available on the account, until the order has been executed in full and no later than within five days.

If the payment operations agent does not make a payment to the proper public revenue payment account within the deadline stated in paragraphs 3 and 4 of this Article, when there were sufficient funds on the taxpayer's account, he shall bear the resulting consequences of failure to pay taxes that have become due.

Order of Settlement Article 70

The taxpayer and other tax debtor, respectively, shall indicate at the time of payment which type of due taxes he is paying.

The distribution of the paid amount shall be carried out according to the following order:

1. collection expenses;
2. fines;
3. interest;
4. amount of principal tax liability.

If the taxpayer owes several types of taxes, and the paid amount is insufficient to cover the entire tax debt, the certain types of taxes shall be collected in the order of their coming due for payment.

For taxes indicated in paragraph 3 of this Article that are coming due at the same time, the collection shall be made in accordance with the share of each particular tax in the total due tax debt.

If the payment amount based on tax is greater than the amount owed, the amount of overpayment shall be used to settle the liabilities on the same basis that are coming due later on.

In case indicated in paragraph 5 of this Article, at a request of the taxpayer a refund shall be made or liabilities due on another basis shall be settled.

Tax Payment Notice Article 71

The Tax Administration shall send a payment notice to the taxpayer who, in whole or in part, did not pay tax, i.e. secondary tax duties, in due time, informing him of the kind and amount of tax, i.e. secondary tax duties, due for payment and instructing him to pay the due tax immediately, and no later than ten days after the receipt of the notice.

The notice indicated in paragraph 1 of this Article shall be delivered in the manner defined in Article 36 of this Law, and, for the purpose of efficiency, when possible it shall also be sent by e-mail, fax, telephone or by courier.

If the notice pertaining to tax payment is sent by telephone, an officer of the Tax Administration shall make an official report, which shall be enclosed to the file.

Establishment of Lien before Enforced Tax Collection
Article 72

The Tax Administration may, immediately after the taxes have become due, enter the lien right in the lien right registries indicated in Article 87, paragraph 5 of this Law.

Deferred Collection of Tax Debt
Article 73

At a request of the taxpayer, the Tax Administration may, in whole or in part, defer the payment of tax debt, provided that the payment of tax debt on the due date:

1. represents an inappropriately large burden for the taxpayer; or
2. causes significant financial damage to the taxpayer.

Conditions stated in paragraph 1 of this Article shall be regulated in more details by the Government.

The Minister or a person authorized by him, shall make the decision on the deferment of payment of tax debt indicated in paragraph 1 of this Article, when conditions indicated in paragraphs 1 and 2 of this Article have been met and on the basis of a written and substantiated request from the taxpayer and a written recommendation from the manager of organizational unit of the Tax Administration, according to the location of the taxpayer's seat of business, or place of residence, as the case may be.

The written decision indicated in paragraph 3 of this Article may approve a one-time deferment or payment of tax debt in installments, but for no longer than 12 months.

The written decision indicated in paragraph 3 of this Article must include the well-founded reasons for the approval of deferment.

The deferment of payment of tax debt shall be effected by signing an agreement between the Tax Administration and the taxpayer or by a written decision of the Tax Administration, respectively.

Security for Collection of Tax Debt
Article 74

In the procedure of deciding upon the deferment of payment of the tax debt laid out in Article 73, paragraph 2 of this Law, the taxpayer shall be required to provide assets for securing the collection of debt, which cannot be lower than the amount of tax debt whose payment is being deferred.

Assets for securing the payment indicated in paragraph 1 of this Article shall be as follows:

1. real estate mortgage of the taxpayer;
2. lien on movable property of the taxpayer;
3. irrevocable bank guarantee;
4. guaranty of another person who owns property the value of which may be no less than 150 percent of the amount of tax debt whose payment is being deferred;
5. a draft, endorsed by two warrantors, from whose earnings, upon which an administrative restraining order is placed, the tax debt can be collected.

If the taxpayer is unable to provide security for the entire amount of tax debt, he shall be obligated, by procedure stated in Article 73, paragraph 2 of this Law, to provide it to the level allowed by his financial situation.

In case referred to in paragraph 3 of this Article, the taxpayer shall provide the available security funds and proof of the future earnings sufficient to cover the payment of tax debt.

Should the taxpayer not comply with the terms stated in agreement or decision on the deferment of payment of the tax debt, respectively, the Tax Administration shall officially cancel the agreement or revoke the decision, respectively, and collect due but unpaid tax debt, taking into account the effectiveness of collection, in the following manner:

1. from the security assets; or
2. in a procedure of enforced collection from the taxpayer.

Section Three ***INTEREST***

General Provisions on Interest *Article 75*

Interest on sums of underpaid or overpaid taxes and secondary tax duties shall be calculated and paid at a rate greater by 15 percentage points than the annual discount rate of the National Bank, by the application of the convenient calculation method.

Interest on owed taxes and secondary tax duties shall be calculated from the following day when these taxes and duties become due.

If during control a difference in the tax liability is determined, interest shall be calculated from the day when the taxpayer was due to pay that tax liability.

Interest on overpaid tax and secondary tax duties shall be calculated upon the expiry of the term of 30 days from the day of receiving a request for a refund.

If the basis for the refund is an annulled, amended or cancelled written decision or some other act regulating liability, interest shall be calculated from the day of payment of the tax.

Interest on Tax Debts Collection of which Has Been Deferred
Article 76

If, in accordance with the provisions stated in Article 73 of this Law, the collection of a tax debt is deferred, as well as if the collecting of a tax debt is temporarily deferred due to the suspension of enforcement of the permanent tax act (during administrative proceedings etc.), interest shall also be calculated during the period of deferral, or suspension, at the rate stated in Article 75, paragraph 1 of this Law.

Section Four
ENFORCED TAX COLLECTION

I. GENERAL PROVISIONS

Commencement of Enforced Collection Procedure
Article 77

The Tax Administration shall begin with the enforced collection procedure by issuing a written decision on enforced tax collection if the taxpayer did not pay his taxes, i.e. secondary tax duties, within the time frame indicated in Article 71 paragraph 1 of this Law.

The base of the tax debt and the remaining amount shall be stated in the written decision from paragraph 1 of this Article, as well as the notice for tax payment indicated in Article 71 of this Law, delivered to the taxpayer, and the taxpayer shall be notified of his rights in the enforced collection procedure.

The decision on enforced tax collection shall come into force the day after it has been delivered.

The decision on enforced tax collection shall be subject to appeal within eight days from the day of delivering the decision.

The Tax Administration shall not issue the decision on enforced tax collection: if the request for the deferral of tax payment indicated in Article 73 of this Law was submitted within the term indicated in Article 71 of this Law – until the decision pertaining to such request has been adopted..

Legal Consequences of Commencement of Enforced Collection Procedure
Article 78

Commencing the enforced collection procedure shall have as a consequence the following:

1. collection from the entire assets of the taxpayer, except from the part regulated by Article 82 of this Law;
2. the costs according to Article 83 of this Law.

Cessation of Enforced Collection Procedure
Article 79

The enforced collection procedure shall be ceased:

1. if the Tax Administration commences a bankruptcy procedure against the taxpayer in the sense of Article 112 of this Law;
2. if the Tax Administration approves deferred payment of tax indicated in Article 73 of this Law;
3. if an error in the assessment of the tax liability is detected, that has as a result significantly lower tax, until a correction of the assessment is made;
4. in the event indicated in Article 147, paragraph 1 of this Law.

The enforced collection procedure may be ceased if, upon the expiry of the term stated in Article 71 of this Law, the taxpayer submits a request for deferred payment, under the conditions stated in Articles 73 and 74 of this Law.

In the events indicated in paragraphs 1 and 2 of this Article, the Tax Administration shall issue a conclusion on the ceasing of the enforced collection procedure, to be delivered to the organization effecting the enforced collection.

The cease indicated in paragraphs 1 and 2 does not affect the lien rights or the special duty indicated in Article 83, paragraph 1 of this Law.

Suspension of Enforced Collection Procedure
Article 80

The enforced collection procedure shall be suspended:

1. if the tax liability is abolished;
2. if the taxpayer subsequently pays the owed liability, including arisen costs and the special duty indicated in Article 83, paragraph 1 of this Law.

In the events indicated in paragraph 1 of this Article, the lien right shall cease in accordance with this Law, all realization methods shall be abolished and the property shall be returned to the taxpayer.

In the events indicated in paragraph 1 of this Article, the Tax Administration shall issue a decision on the suspension of the enforced collection procedure, which shall be also delivered to the institution effecting the enforced collection against the taxpayer's account.

Principles of the Enforced Collection Procedure
Article 81

In the enforced collection procedure, the Tax Administration shall apply the actions regulated by this Law, taking into account the financial worth of the procedure.

The enforced collection procedure shall not be commenced if it is obvious that the taxpayer has no property from which the enforced collection could be effected. This

provision shall not affect the possibility of enforced collection from other taxpayers or tax debtors.

Collection shall not be effected from the objects of enforced collection if the said objects of enforced collection exceed their value.

Enforced collection shall be effected only at the rate in which it covers the costs of enforced collection and the tax debt.

When performing the enforced collection, the Tax Administration shall be under obligation to respect the dignity of the taxpayer.

Exemptions from Enforced Collection
Article 82

Those objects and income that are exempted from enforced collection according to the Law on Executive Procedure may not be the subject of enforced collection from individuals.

Costs of Enforced Collection Procedure
Article 83

The tax liability shall be increased by a special lump-sum duty on enforced collection at the amount of 5% of the due but unpaid taxes that shall be calculated and attributed to the main debt on the day of the commencement of the enforced collection procedure.

The costs of enforced collection shall be borne by the taxpayer.

The amount of the costs of enforced collection indicated in paragraph 2 of this Article shall be regulated by the Government, at a proposal from the Minister.

Payment of the tax liability upon initiation of enforced collection procedure shall not be basis for release from the payment of the costs arising out of enforced collection indicated in paragraphs 1 and 2 of this Article.

The costs in the sense of paragraph 2 of this Article shall not include costs arising from an error of the Tax Administration.

Objects of Enforced Collection
Article 84

During the enforced collection procedure, the collection shall be effected on the following items:

1. financial assets of the taxpayer;
2. financial claims of the taxpayer;
3. non-financial claims and other rights of the taxpayer;
4. cash and securities;
5. movable property;
6. real estate.

Enforced collection, depending upon the particular circumstances, may be effected on one or more items at the same time.

The objects of enforced collection shall be determined by a decision.

Third Person Rights
Article 85

Third person claiming to have the right to the item that is the subject of the enforced collection procedure, that would prevent the sale of the property, may submit an action for partition to the competent court.

The court may order the suspension or ceasing of the implementation of a particular measure during the enforced collection procedure upon the item indicated in paragraph 1 of this Article.

If the person indicated in paragraph 1 of this Article provides evidence of the right to the item that is the subject of enforced collection, the Tax Administration may suspend or cease the implementation of the measure of enforced collection upon this item.

II. LIEN

Securing Tax Claims in Enforced Collection
Article 86

In order to ensure the tax claim in enforced collection, legal right of lien shall be imposed upon the possessions, that is possession rights of the taxpayer, in favor of the tax creditor.

The tax creditor is, in the sense of this Law, the Republic.

A lien shall last until the settlement of the tax debt or the annulment of the tax decision.

Procedure for Establishing a Lien
Article 87

The Tax Administration shall also instruct the following by written decision:

1. inventory of movable property;
2. inventory of real estate;
3. ban of the transfer of assets through the taxpayer's accounts opened with the payment operations agent, and entry of the said ban into the register of blocked accounts;
4. ban of the payment of cash debts to the taxpayer by taxpayer's debtors, and entry of the said ban into the appropriate register;
5. ban for the fulfillment of other obligations towards the taxpayer by debtors of the taxpayer and entry of the said ban into the register of movable property.

The decision indicated in paragraph 1 of this Article shall be delivered to the taxpayer and appropriate registers, to debtors or the payment operations agent.

Upon the completed inventory of movable property or real estate, the Tax Administration shall order, by a decision, the competent authority to enter the right of lien into the register of movable property, or real estate, as the case may be.

Along with the decision indicated in paragraph 3 of this Article, the Tax Administration shall deliver a report on the completed inventory of movable property or real estate according to Articles 89 and 90 of this Law.

The decision indicated in paragraph 1, items 3-5 of this Article shall be entered, immediately upon delivery, with the competent authority into the register of liens on movable property, the register of real estate, or the register of blocked accounts, as the case may be, under the date and exact time of receipt.

If the taxpayer is not entered as the owner of real estate into the public register, the Tax Administration shall, upon submitting the request for the entry of mortgage, request of the competent authority to first enter the ownership right of the taxpayer to that real estate, on the basis of proof of the acquisition of the real estate, in accordance with regulations, and then enter the mortgage on that real estate.

Legal right of lien in favor of the Republic is established by entry into the appropriate register.

Legal Effects of Lien Article 88

After the delivery of the decision indicated in Article 87, paragraph 1, items 3-5 of this Law, the taxpayer shall not be permitted to use the items of enforced collection upon which lien is established, except real estate.

By the decision on enforced collection from financial assets of the taxpayer, all financial transactions through the accounts of the taxpayer shall be ceased, apart from those transactions pertaining to the settlement of tax.

By the decision indicated in Article 87, paragraph 1, items 4 and 5 of this Law, debtors shall also be forbidden to settle their debts towards the taxpayer, when this decision is delivered to him.

The Republic shall gain right of lien upon objects, which shall also secure claims pertaining to secondary tax duties, the priority of which shall be determined in accordance with the time of entry into the register or the time of informing the debtor.

Inventory of Movable Property Article 89

In order to complete the inventory, the officers of the Tax Administration authorized to implement enforced collection (hereinafter referred to as: *executors*) shall have the right to enter onto the land and into the premises in which the taxpayer performs his business activities and, with a court order, into the living quarters of the taxpayer.

Before the commencement of the inventory, the tax executors shall show papers proving their authorization and the decision on enforced collection and call upon the taxpayer to pay the amount owed.

The inventory of movable property indicated in paragraph 1 of this Article shall be performed in the presence of two adult witnesses.

If during the inventory the taxpayer points out that right of lien has been imposed upon a particular movable item and this has been entered into the registry of rights of lien in favor of a private-right creditor, the tax executer shall take this into consideration when determining the assets that could be realized on the basis of this item and whether or not it should be included in the inventory.

Tax executers shall have the authorization to remove from the premises persons hindering the execution of enforced collection, as well as to seek the assistance of the police if the hindrance continues or if the person possessing the items refuses to make them available for the needs of executing the enforced collection.

Priority during inventory shall be given to those items that can most easily be cashed.

Tax executers may order the person hindering the enforced collection procedure to distance himself from the place where the enforced collection is being executed and ask the assistance of the police if he continues the said hindrance, or for refusing to place possessions at the disposal of the competent officer for the needs of executing enforced collection.

Inventory of Real Estate Article 90

The Tax Administration shall acquire, by official duty, evidence (statements from public records) on real estate that are in the possession of the taxpayer, and they shall request of the authority encharged with keeping the register of real estate whether or not, and upon which, a mortgage of another creditor of the taxpayer has been entered upon some real estate.

The Minister shall prescribe the form for the report indicated in paragraph 1 of this Article, and may prescribe that it shall be delivered in electronic form.

The authority encharged with keeping the register of real estate shall be under the obligation to, within three days from the day of receiving the request indicated in paragraph 1 of this Article, deliver the requested evidence and report to the Tax Administration.

In order to complete the inventory, the tax executers shall have the right to enter onto the land and into the premises in which the taxpayer performs his business activities and, with a court order, into the living quarters of the taxpayer.

Cessation of Lien Article 91

The Tax Administration shall, within two days from the day of settling the tax liability, erase the lien, or mortgage, that is inform the payment operations agent and the debtors of the taxpayer of the cease of validity of the decision indicated in Article 87, paragraph 1, items 3-5, and paragraph 3 of this Law.

Within the term stated in paragraph 1 of this Article, the Tax Administration shall also inform the taxpayer of the cessation of validity of the decision on enforced collection.

Exceptionally from the provision stated in paragraph 1 of this Article, with periodical tax, which is due one or more times per year, the once established right of lien of the Republic shall be erased from the register not later than ten days after the end of the year in which it was established, if the liability on the basis of this tax and related secondary tax duties was settled as of December 31st.

III REALIZATION

Means of Enforced Collection Article 92

Enforced collection shall be executed upon:

1. financial assets of the taxpayer – by transferring of assets from the accounts of the taxpayer, including assets on foreign currency accounts, to the public revenues payment account;
2. financial claims of the taxpayer – by transferring claims to the public revenues payment account;
3. non-financial claims of the taxpayer – by banning, transferring claims and inventory with evaluation, seizure and sale of the claimed items;
4. cash and securities – by inventory and seizure;
5. movable property – by seizure and sale;
6. real estate – by seizure, initial value assessment and sale.

The Tax Administration may, on the basis of a decision, apply the means of enforced collection indicated in paragraph 1 of this Article in any order, and also several of them simultaneously.

The decision indicated in paragraph 2 of this Article shall be delivered to the taxpayer and his debtors, i.e. the payment operations agent, as the case may be.

Income from Realization Article 93

Seized cash and income from the sale of items shall be deposited onto the account of the Tax Administration, from which payment to the appropriate public revenues payment account shall be effected on the following workday at the latest.

If a greater price than the amount of tax liability is reached by the sale, the difference between the amounts shall be refunded to the taxpayer within 30 days, and the interest shall be calculated for the benefit of taxpayer upon the expiry of the mentioned term in compliance to Article 75 of this Law.

If, within the terms indicated in paragraph 2 of this Article, a new tax liability became due and it is not paid, the difference realized by the sale of movable item or real estate at higher price shall be used for settlement of the liability.

Income from Items Transferred to the Property of the Republic
Article 94

In the event that the sale is realized in the manner regulated by Article 104, paragraph 12 and Article 110, paragraph 5 of this Law, the selling price shall be considered to be the one paid into the appropriate public revenues payment account.

If upon the realized item there is a priority right of lien held by another creditor, which must be settled, that creditor shall be reimbursed first from the amount indicated in paragraph 1 of this Article.

Enforced Collection from Financial Assets
Article 95

Enforced collection of tax and secondary tax duties from financial assets of the taxpayer, on the basis of the decision indicated in Article 92, paragraph 2 of this Law, is the transfer of assets from the account of the taxpayer opened with a payment operations agent to the appropriate public revenues payment account, on the basis of the decision on enforced collection.

The decision indicated in paragraph 1 of this Article shall be implemented in the manner regulated by the Law on Payment Operations from Article 69, paragraph 2 of this Law.

If the payment operations agent does not proceed in the manner regulated by paragraph 2 of this Article, the collection of the owed amount of tax and secondary tax duties shall be executed directly from the assets on the account of the payment operations agent.

The decision on enforced collection from the financial assets of the taxpayer shall be in force from the day of delivery to the payment operations agent to the day of settlement of liabilities, or the day of annulment of the decision, as the case may be.

Enforced Collection from Financial Claims
Article 96

Enforced collection from financial claims of the taxpayer shall be executed by the decision indicated in Article 92, paragraph 2 of this Law, by which the seizure of the claim is executed.

By the decision indicated in paragraph 1 of this Article, the debtor of the taxpayer shall be instructed to pay his debt to the appropriate public revenues payment account when the claim becomes due.

If the debtor does not effect the payment, upon the maturity of the debt, the Tax Administration shall initiate a lawsuit with the appropriate court.

Enforced Collection from Non-Financial Claims
Article 97

Enforced collection from non-financial claims of the taxpayer, when the claim is for turning over items or transfer of ownership to the taxpayer, shall be executed by the decision indicated in Article 92, paragraph 2 of this Law.

By the decision indicated in paragraph 1 of this Article, the debtor of the taxpayer shall be instructed to, upon the maturity of the debt, turn over the owed movable property or real estate and, when the claim pertains to the transfer of ownership, to transfer the right of ownership to the Republic.

If the debtor does not fulfill his liability, upon the maturity of the debt, the Tax Administration shall initiate a lawsuit with the appropriate court.

When the Republic comes into possession of items, or, in the case of transferal of ownership rights, becomes the owner of an item, the sale of property shall be executed in accordance with the regulations stated in Articles 99-104, or 105-111 of this Law, as the case may be.

Enforced collection from other non-financial claims shall be executed by way of the appropriate application of the regulations stated in paragraphs 2 and 3 of this Article.

Enforced Collection from Cash and Securities
Article 98

Enforced collection of tax and secondary tax duties from cash shall be executed by inventory and seizure in accordance with the decision stated in Articles 92 paragraph 2 and provisions of Articles 89 and 99 and 101-103 of this Law.

The decision on enforced collection from securities shall be delivered by the Tax Administration to the bank or other legal entity with which the securities are kept, as well as to the taxpayer.

The bank or other legal entity shall deliver to the Tax Administration data on the securities, including an estimate of their worth, within five days from the day of receiving the decision.

Within the subsequent eight days the bank or other legal entity indicated in paragraph 3 of this Article shall be under the obligation to sell the security under the best market conditions available.

The price reached, from which the commission and costs of sale are deducted, shall be paid into the appropriate account of the Tax Administration, from which payment

shall be effected, the next workday at the latest, to the appropriate public revenues account.

Enforced Collection from Movable Property:
Inventory of Movable Property
Article 99

Movable property shall be inventoried, valuated, seized and sold by tax executers on the basis of the decision on enforced collection indicated in Article 92, paragraph 2 of this Law.

Valuation of Movable Property
Article 100

The valuation of inventoried items shall be performed by tax executers during the inventory.

In the event that such a need arises, the Tax Administration shall appoint another expert person to perform the valuation or acquire a report on the price of the item from expert institutions or organizations.

A report shall be made up of the executed inventory and valuation.

A copy of the report from paragraph 3 shall be delivered to the taxpayer in the manner regulated by Article 36 of this Law.

The taxpayer may state an objection to the valuation of the inventoried items, contained in the report, within three days from the day of receiving the report.

The procedure of enforced collection shall be ceased until a conclusion on the objection is reached.

The conclusion to the objection indicated in paragraph 6 of this Article cannot be overridden by legal remedy.

Seizure of Movable Property
Article 101

An inventoried movable item upon which lien in favor of the Republic has been entered into the lien registry, shall not, by rule, be seized from the taxpayer at the time of inventory, but it shall be clearly marked as taken into inventory and that the Republic has right of lien over it.

The manner of the marking laid out in paragraph 1 of this Article shall be more closely regulated by the Minister.

Inventoried movable property shall be seized from the taxpayer upon the expiry of the term prescribed in Article 104, paragraphs 4 and 5 of this Law.

Exceptionally, if there are grounds for doubt that the taxpayer will prevent the sale of the movable possession upon which right of lien in favor of the Republic has been imposed, this item shall be seized at the time of inventory.

The tax executer shall be under the obligation to substantiate the grounds doubt indicated in paragraph 4 of this Article.

A report shall be made on the executed seizure of movable property.

Notification of Potential Owners
Article 102

Tax executers shall be under the obligation to notify of the performed inventory all persons, apart from household members of the taxpayer, for whom it has been pointed out that the inventoried items belong to them, and to instruct them that they may file action for partition with the competent court within eight days from the day of receiving the said notification.

The notification indicated in paragraph 1 of this Article shall be given verbally, if those persons are present during the inventory, and this shall be entered into the report on the inventory and valuation of movable property, a copy of which shall be delivered to those persons, and absent persons shall be notified in writing.

In the event indicated in Article 85, paragraph 3 of this Law, the item may be left for safekeeping with the taxpayer or a third person.

The taxpayer or third person shall be under the obligation to keep the item indicated in paragraph 3 of this Article intact until the conclusion of the procedure following the action for partition.

The enforced collection shall not be suspended if the item is perishable; the assets received from the sale shall be deposited to the court deposit until the conclusion of the procedure following the action for partition.

If upon the action for partition it is determined that the appellant is not the owner of the inventoried item, and the taxpayer sells, destroys or damages it, the Tax Administration shall be under the obligation to file criminal charges with the Public Attorney within five days from the day of learning of such an action of the taxpayer, and the enforced collection shall be completed without delay by the application of measures and with regard to the objects of execution indicated in Article 92, paragraph 1 of this Law.

Enforced Collection of Property in Possession of Another Person
Article 103

If some possession of the taxpayer is located with another person, that person shall be under the obligation to, at the request of tax executers, turn it over for the purpose of enforced collection or to pay the tax liability to the tax executers.

It shall be considered, in the sense of determining liabilities towards the person indicated in paragraph 1 of this Article, that by the actions indicated in paragraph 1 of this Article the said person acted in accordance with a request from the taxpayer.

Tax executers shall be under the obligation to issue to the person indicated in paragraph 1 of this Article a receipt for the item turned over, or for the payment of the owed tax, as the case may be.

Sale of Movable Property
Article 104

The sale of movable items shall be performed by a public auction or by a direct agreement between the buyer on one hand and the Tax Administration, or organization performing sale on commission, authorized by the Tax Administration, on the other hand.

The manner of sale shall be determined by the Tax Administration.

Sale by public auction shall be determined when the items in question are of greater value, and when it can be expected to fetch a price greater than the amount that might be achieved by sale through direct agreement.

The sale of seized movable item shall be commenced upon the expiry of 15 days from the day of the inventory.

The sale can be made in a shorter term if the taxpayer agrees to this, if the item in question is a very perishable one, or if there is danger of the significant drop of the price of this item.

The Tax Administration shall, within five days from the day of seizure, advertise in a daily newspaper that covers the entire territory of the Republic and on the notice board of its organizational unit that the confiscated items are to be sold.

The taxpayer, persons employed at the Tax Administration, and persons related to them may not be the buyers of items from paragraph 1 of this Article.

The prohibition for persons indicated in paragraph 7 of this Article shall also pertain to the re-sale of purchased items, their leasing, giving as presents or giving to those persons to use in some other manner – for the period of one year from the completed sale.

The movable property cannot be sold for less than 75% of the determined initial value at the first public auction or within the time frame set for sale by public auction.

If the movable property is not sold on the first public auction, a conclusion shall be issued to determine and set the date for a second auction, within eight days from the day of holding the first public auction.

The movable property can be sold at the second public auction for at least 50% of the determined initial value.

If the movable property is not sold at the second public auction either, public auctions shall be repeated under the conditions indicated in paragraph 10 of this Article until the selling of the real estate, or the expiry of the time frame of three months, with the lowest price set at one third of the initial value.

The movable property that are not sold by direct negotiations within the term indicated in paragraph 9 of this Article shall be sold according to the rules prevailing from the second and further auctions.

The movable property can be sold for less than the determined initial value, or less than 50% of the determined initial value, respectively, if the taxpayer consents to this in writing.

When the seized items have been sold, the Tax Administration shall issue a document on the sale of property, confirming to the buyer that the right of ownership has passed to him and that the legal base for receiving that right is the purchase of items in the procedure of enforced collection.

The procedure of selling seized items shall be ceased as soon as the achieved price reaches the amount of owed tax and secondary tax duties, and the remaining items shall be returned to the taxpayer.

If the sale of seized items did not succeed at the first public auction, nor at subsequent public auctions, they shall be considered to have been sold to the Republic at the price that shall be determined by the subsequent valuation of the said items, and they shall be transferred to the property of the Republic.

There shall be no reclamation right on items sold by public auction or in some other manner.

A report shall be made of the completed sale of movable items.

Enforced Collection from Real Estate:
Inventory of Real Estate
Article 105

Real estates shall be inventoried, their initial value shall be estimated and they shall be sold by tax executors in the enforced collection procedure on the basis of the decision on enforced collection indicated in Article 92, paragraph 2 of this Law.

Seizure of Real Estate
Article 106

The seizure of real estate shall be executed by tax executors within the term indicated in Article 108, paragraph 1 of this Law.

Before executing the seizure, the tax executers shall show documents proving their authorizations and the decision on enforced collection, and call upon the taxpayer to pay the owed amount.

The seizure of real estate indicated in paragraph 1 of this Article shall be executed in the presence of two adult witnesses.

Tax executers shall be authorized to remove from the premises persons hindering the execution of enforced collection, as well as to seek assistance from the police if the hindrance continues or if the person possessing the real estate refuses to make it available for the needs of executing enforced collection.

The seized real estate shall be visibly marked to show that the Republic has right of lien over it.

The manner of marking indicated in paragraph 5 of this Article shall be more closely regulated by the Minister.

A report shall be made of the executed seizure of real estate.

Evaluation of Real Estate Article 107

Within three days from the day the decision on enforced collection has become final, the Tax Administration shall perform the procedure of evaluation of the real estate indicated in Article 106, paragraph 1 of this Law.

The procedure indicated in paragraph 1 of this Article shall be more closely regulated by the Minister.

The initial value of the real estate indicated in paragraph 1 of this Article shall be determined by a decision.

When performing the evaluation of real estate, the fact that the real estate is less valuable because of certain rights and burdens remaining on it after sale shall be taken into consideration.

The taxpayer may file an appeal against the decision on the evaluation of real estate within three days of receiving the said decision.

The decision on the appeal shall not be subject to appeal.

General Provisions on Sale of Real Estate Article 108

The sale of seized real estate shall commence upon the expiry of 15 days from the day of the inventory, and the sale may be made within a shorter term, if the taxpayer agrees to that.

On day following the expiry of the term indicated in paragraph 1 of this Article, the Tax Administration shall issue a conclusion determining the sale of the real estate on public auction.

Notification on the sale of real estate for the settlement of tax liability shall be placed the same day on the notice board of the organizational unit of the Tax Administration on the territory of which the real estate is located, and it shall be simultaneously delivered for publication to a daily newspaper distributed on the entire territory of the Republic, as well as to the taxpayer, lien creditors and persons that have an entered legal right of first buyer on that real estate.

The notification on the determined sale of real estate shall contain in particular the following:

1. description and address of the seized real estate being sold;
2. its estimated initial value;
3. note of the official duties and burden to be taken on by the buyer;
4. manner, place, date and time of sale;
5. amount of deposit to be placed as security by the persons taking part in the public auction;
6. term within which the buyer of the real estate is under the obligation to pay the amount for which the real estate has been sold to him.

There shall be no reclamation right on real estate sold on public auction or in some other manner.

Sale of Real Estate on Public Auction
Article 109

The summons for the sale of real estate shall take place in the headquarters of the organizational unit of the Tax Administration executing the sale of the real estate.

Only those persons that have placed a deposit may participate in the public auction.

The deposit indicated in paragraph 2 of this Article shall be placed with the account of Tax Administration at the amount of 5% of the determined initial value of the real estate.

Those participants whose offer has not been accepted shall receive their deposit back immediately upon the conclusion of the public auction.

Interested participants shall have the right to view the real estate that is the subject of the public auction, until the beginning of the auction day at the latest.

The real estate cannot be sold for less than 75% of the determined initial value at the first public auction.

If the real estate is not sold on the first public auction, a conclusion shall be issued to determine and set the date for a second auction, within eight days from the day of the first public auction.

The real estate can be sold at the second public auction for at least 50% of the determined initial value.

If the real estate is not sold at the second public auction either, public auctions shall be repeated under the conditions indicated in paragraph 7 of this Article until the selling of the real estate, or the expiry of the term laid out in Article 110, paragraph 1 of this Law, with the lowest price set at one third of the initial value.

The real estate can be sold for less than the determined initial value, or less than 50% of the determined initial value, respectively, if the taxpayer consents to this in writing.

A report shall be made on the course of the public auction.

Upon the sale of real estate by public auction, the Tax Administration shall adopt the decision on sale of real estate.

Sale of Real Estate by Direct Agreement Article 110

The Director of the Tax Administration may determine by a conclusion the sale of the real estate by direct agreement, if the real estate is not sold under the regulations on public auction within three months from the day of bringing the conclusion on public sale on public auction.

In the event indicated in paragraph 1 of this Article, the real estate cannot be sold for an amount less than one third of the determined initial value.

A report shall be made of the course of the direct agreement.

Upon the sale of real estate by direct agreement, the Tax Administration shall adopt the decision on sale of real estate.

If the real estate cannot be sold by way of direct agreement either, within six months of the day of issuing the conclusion indicated in Article 108, paragraph 2 of this Law, Tax Administration shall issue a decision on the basis of which the real estate shall be considered to have been sold to the Republic at the value equal to one third of the determined initial value, and the real estate shall be turned over to the Republic.

The decision indicated in paragraph 5 of this Article shall be delivered to the taxpayer and the authority charged with the register of real estates.

The Tax Administration shall settle priority mortgage claims up to one third of the estimated initial value of the real estate.

Upon the settlement of claims of priority creditors, the Tax Administration shall deliver proof of the said settlement to the authority charged with the register, with the order to erase the mortgage.

The taxpayer and persons employed in the Tax Administration, as well as persons related to them, cannot be the buyers, neither on public auction nor by direct agreement.

The prohibition for persons indicated in paragraph 9 of this Article shall also pertain to the resale of the purchased real estate, its leasing, giving as a gift or giving to these persons to use in any other manner – for a period of one year from the completed sale.

Procedure with Revenue from the Sale of Real Estates
Article 111

The buyer of the real estate shall be under the obligation to pay the sum for which the real estate has been sold to him within eight days from the day of concluding the public auction, upon decrease of this amount for the amount of deposit placed, which shall become part of the paid price.

In the event that the buyer does not pay the amount for which the real estate was sold to him within the said term, the sale shall by a decision be pronounced null and void, and the buyer shall forfeit his right to a refund of the placed deposit.

In the event of the existence of a priority mortgage of another creditor on the sold real estate, from the amount laid out in paragraph 1 of this Article, the claim of that creditor shall be settled first in accordance with Article 110, paragraph 7 of this Law.

After the effected payment of the amount for which the real estate has been sold on public auction, or the effected payment of the amount for which the real estate has been sold by direct agreement and the finality of the decision on the sale of the real estate indicated in Article 109, paragraph 12 and Article 110 paragraph 4 of this Law, as the case may be, the Tax Administration shall issue a decision on turning over of the real estate to the buyer.

The decision on the sale of the real estate to the buyer indicated in Article 109, paragraph 12 and Article 110 paragraph 4 of this Law shall be delivered to the taxpayer and the authority charged with the register of real estates.

Upon the finality of the decision for settlement of the claims of priority mortgage creditors stated in Article 110 paragraph 7 of this Law, the Tax Administration shall deliver that decision, along with proof of the effected payment, to the authority charged with the register of real estates, with the order that the mortgage on the real estate registered as property of the Republic be erased.

To the protection of the buyer and his rights, as well as to all other matters not specially regulated by this Law regarding the sale of real estate, the provisions of the Law regulating executive procedures shall duly be applied.

Declaration of Insolvency
Article 112

When it has been determined during the process of enforced collection that the taxpayer has no property from which the tax debt could be settled by enforced collection, or if his property that is being turned over to the Republic is by value smaller than the tax debt, the Tax Administration shall, by a decision, declare his temporary insolvency and initiate bankruptcy proceedings, in the capacity of creditor, in accordance with the Law.

If the taxpayer again becomes solvent, the Tax Administration shall revoke the decision on declared insolvency and continue the enforced collection procedure.

Chapter Six

**PROCEDURE OF TAX COLLECTION
FROM SECONDARY TAX DUTIES**

Procedure with Secondary Tax Duties
Article 113

The Tax Administration shall by a decision assess the amount of tax on the basis of secondary tax duties.

The decision indicated in paragraph 1 of this Article shall not be issued in the event that the tax liability has ceased in the manner prescribed by Article 23 of this Law.

Unless otherwise provided for by Law, the decision indicated in paragraph 1 of this Article shall be issued only if the measures of enforced collection undertaken towards the taxpayer have been unsuccessful, or if it is obvious that the undertaking of such measures will be unsuccessful.

The limitations stated in paragraph 3 of this Article shall not be applied in the cases of the existence of secondary liability indicated in Article 31, paragraph 2, items 3-5 of this Law.

The tax collection from secondary tax duties shall be realized by applying the provisions of this Law regulating the tax collection.

Chapter Seven

OTHER FORMS OF TAX DEBT EXTINCTION

Tax Limitation Period
Article 114

The right of the Tax Administration to assess tax liabilities and interest, start a violations procedure, as well as the right of the taxpayer to the refund of tax and

secondary tax duties shall be limited to five years from the day when the period of limitation has commenced.

The period of limitation of the right of the Tax Administration to collect tax and secondary tax duties shall be five years from the day when the period of limitation has started.

In the event that the taxpayer does not file a tax return, which he was under the obligation to file, as well as in the events of tax evasion and avoidance, the period of limitation to the right to assess tax liabilities and interest and the right to initiate violations procedures shall be five years from the day when the period of limitation has commenced.

The period of limitation of the right to assess tax liabilities and interest shall commence on the first day of the year following the year in which the tax liability or interest should have been determined.

The period of limitation of the right to start a violations procedure shall commence on the first day of the year following the year in which the violation was committed.

The period of limitation of the right to collect tax and secondary tax duties shall commence on the first day of the year following the year in which the tax liability was assessed, or the liability to pay secondary tax duties, as the case may be.

The period of limitation of a right to refund of tax and secondary tax duties shall commence on the first day of the year following the year in which the taxpayer had the right to refund.

Provisions of paragraphs 1-7 of this Article shall not be applied to the contributions for pension and disability insurance.

Tax Write-Off
Article 115

The Government may, at a proposal from the Minister, adopt a decision on the partial or complete write-off of the tax and secondary tax duties of a taxpayer whose assets are being sold in the process of tender or auction privatization, or who is undertaking restructuring.

The Tax Administration shall, by a decision, write off the debt on the basis of tax and secondary tax duties if requirements indicated in Article 22, paragraph 4 of this Law have been met.

Part Three
TAX CONTROL

Chapter One
GENERAL PROVISIONS ON TAX CONTROL

Concept of Tax Control
Article 116

The tax control is a process of check and verification of the legality and correctness of fulfilling the tax liability, which shall be undertaken by the Tax Administration.

If omissions or irregularities in the fulfillment of liabilities from the tax-legal relation are determined during the tax control, the taxpayer shall be instructed to remove them.

Tax Control Methods
Article 117

In the procedure of tax control the Tax Administration shall, in accordance with the law:

1. perform office controls;
2. perform field controls; and
3. undertake activities with a view of discovering tax criminal acts.

Tax Control Plan
Article 118

Tax controls shall be undertaken, by rule, on the basis of an annual plan, adopted by the Director of the Tax Administration, which is primarily based on the evaluation of tax significance and tax risk of the taxpayer.

When adopting the plan of operations indicated in paragraph 1 of this Article, the evaluation of the effect of tax control on the efficiency of tax collection in certain business activities in the future period shall also be taken into consideration.

Chapter Two
OFFICE CONTROL

Concept of Office Control
Article 119

Office control is a set of actions by means of which the Tax Administration verifies the accuracy, completeness and legal base of data shown in tax returns, as well as in tax balances, accounting statements and other statements (hereinafter referred to as *other statements*) of the taxpayer, comparing the said data to data from tax accounting records and other official records kept by, or at the disposal of, the Tax Administration.

Office controls shall be undertaken in the premises of the Tax Administration by tax inspector, apart from the actions of receiving and processing tax returns and other statements, which are performed by officers of the Tax Administration assigned to those duties.

Processing of Tax Returns and other Statements of the Taxpayer
Article 120

During the procedure of office controls of receipt and processing, the verification of the mathematical accuracy, formal accuracy and completeness of the tax return and other statements filed by the taxpayer, in accordance to the Law, to the Tax Administration is performed.

If during the processing of tax return and other statements a mathematical error is detected, the Tax Administration shall adopt a decision instructing the taxpayer to pay the difference, or determining the amount of tax refund.

If during the processing of the tax return and other statements it is determined that they are formally incorrect, incorrectly filled out or incomplete, the tax inspector shall by a written conclusion instruct the taxpayer to remove the error or complete the tax return and other statements within three days.

If the taxpayer does not proceed in accordance with the conclusion indicated in paragraph 3 of this Article, it shall be considered that the tax return or other statements, as the case may be, were not filed to the Tax Administration.

Participation of Taxpayer in Office Control Procedure
Article 121

The taxpayer shall be under the obligation to participate, directly or through a tax representative, in the further office control procedure, at a request from the Tax Administration, and to give the requested explanations and documentation within the ordered term.

Non-responding to the request of the Tax Administration shall not suspend the office control procedure.

Change of Tax Liability upon Findings of Office Control
Article 122

If a change of the amount of tax liability were to be detected during the procedure of office control, the tax inspector shall be under the obligation to fill out a report on the control.

The taxpayer shall have the right to, within three days from the day of receiving the report on office control, state an objection to the report, which the tax inspector shall be under the obligation to review within three days from the day of receiving the objection, and to fill out an amendment to the report.

On the basis of the reports indicated in paragraphs 1 and 2 of this Article, the Tax Administration shall issue a decision on tax assessment indicated in Article 54, paragraph 2, item 2), sub item (a) of this Law.

Chapter Three **FIELD CONTROL**

Concept of Field Control Article 123

Field control shall be undertaken in the premises of the taxpayer or on another location determined by manager of the organizational unit of the Tax Administration where the taxpayer is registered.

Field control shall be undertaken by a tax inspector, on the basis of an control order.

During the field control, the tax inspector shall also use data collected in the manners set out in Article 120, paragraph 1 of this Law.

Field control of large taxpayers shall be undertaken in accordance with their fiscal significance, in the manner more closely regulated by the Minister.

Initiating Field Control Article 124

The Tax Administration shall deliver control order for undertaking field control to the taxpayer immediately before the beginning of the control.

Before the beginning of field control, the tax inspector must identify himself to the taxpayer by showing his official identity card.

The Tax Administration may postpone the beginning of field control if the taxpayer submits a verbal complaint immediately upon receipt of the control order indicated in paragraph 1 of this Article, and lists reasons that show the tax control to be contrary to the Law, and the taxpayer shall be under the obligation to deliver the said complaint in writing to the Tax Administration within the next 24 hours.

If the tax inspector judges the verbal complaint to have been submitted in order to endanger the purpose of the field control, he shall start the control procedure and state in the report the reasons on the basis of which he reached such a decision.

The decision on the complaint indicated in paragraph 3 of this Article shall be issued in the form of a written conclusion, which is not subject to appeal

Location of Field Control Article 125

The taxpayer shall be under the obligation, if the field control is conducted in his business premises, to place an appropriate working area at the disposal of the tax inspectors.

If there is no appropriate business area for conducting field control, it can, with the consent of the taxpayer, be performed in his living quarters, or in some other location determined by the Tax Administration, in accordance with Article 123, paragraph 1 of this Law.

If the field control is not conducted in the business premises of the taxpayer, the tax inspector shall be under the obligation to inspect these premises and make a note of this, which shall be entered into the report indicated in Article 128 of this Law.

The tax inspector shall have the right to enter onto the land and premises where the taxpayer conducts his business, and, upon approval by the Court, into the apartment of the taxpayer, and to perform control of the said locations.

The taxpayer or person with power of attorney, or representative, must be given the opportunity to attend the inspection of the land, premises or apartment indicated in paragraph 4 of this Article.

If the persons indicated in paragraph 5 of this Article do not use the opportunity granted them to attend the control of land, premises or apartment, and the tax inspector judges that the conducting of tax control is prevented or delayed by this, he shall conduct the inspection indicated in paragraph 4 of this Article without their presence, previously ensuring the presence of two adult witnesses.

The tax inspector shall enter into the record the facts indicated in paragraph 6 of this Article.

Time of Field Control Article 126

Field control shall be conducted during the working hours of the taxpayer, and exceptionally after working hours as well, if the purpose of control requires this, or if the taxpayer consents to this, as the case may be.

In case of need, the tax inspector may temporarily seal the business or storage premises upon the end of the working hours of the taxpayer.

The measure of temporary sealing indicated in paragraph 2 of this Article may last until the beginning of the working hours of the taxpayer on the next workday, at the latest.

A conclusion shall be adopted on the measure indicated in paragraph 2 of this Law, which is not subject to appeal.

Obligation of Participation of Taxpayer in the Process of Field Control Article 127

The taxpayer shall be under the obligation to participate in the establishing of the factual state relevant to taxation in such a manner as to give information and statements at the verbal request of the tax inspector.

The taxpayer shall be under the obligation to enable the tax inspector a control of the state of raw material, reproduction material, semi-finished products, finished products and goods (hereinafter referred to as: *goods*) and equipment, as well as to show him business books, records and other documentation or papers.

If he is unable to attend the field control, the taxpayer shall delegate a person who will, in his name, fulfill the obligations indicated in paragraphs 1 and 2 of this Article.

The failure of the taxpayer to fulfill the obligations indicated in paragraphs 1-3 of this Article shall not delay the conducting of field control.

The tax inspector may request data, or control of documentation from employees of the taxpayers as well as from other persons.

The tax inspector shall verbally state his request indicated in paragraph 5 of this Article to employees and other persons.

Employees and other persons indicated in paragraph 5 of this Article shall be under the obligation to make the information or documentation at their disposal available to the taxpayer.

Report Article 128

The tax inspector shall prepare a report on the field control.

Every page of the report must be marked by serial number and signed.

The report on the field control shall be delivered to the Tax Administration, as well as to the taxpayer, within three days of the day of completing the control.

The taxpayer shall have the right to submit a complaint to the report on the field control, within five days from the day of receiving the report.

If the objection is submitted in a foreign language within the term indicated in paragraph 4 of this Article, it shall be considered to have been submitted in time if a translation of the complaint into the Serbian language is submitted within the following two days.

If new evidence and facts are laid out in the complaint, due to which the factual state determined in the report should be changed or the earlier legal evaluation altered, the tax inspector shall prepare an additional report on such evidence and facts or of new legal evaluations.

The additional report indicated in paragraph 6 of this Article shall not be subject to appeal.

If it is determined on the basis of the report or additional report on field control that there is no basis for the amending of the tax liability, the taxpayer shall be informed of this in writing, within 30 days from the day of delivering the report, or additional report.

Tax Decision Issued in Field Control
Article 129

If it is determined during the control procedure that the taxpayer did not apply, or did not correctly apply regulations during tax assessment performed by the taxpayer himself, on the basis of the report or additional report on the field control, a decision indicated Article 54, item 2, sub item 1 of this Law shall be adopted.

The Tax Administration shall adopt the tax decision indicated in paragraph 1 of this Article within 60 days from the day of submitting the report or additional report on field control.

Chapter Four
MEASURES FOR ELIMINATING IDENTIFIED
VIOLATIONS OF LAW AND IRREGULARITIES
IN IMPLEMENTATION OF REGULATIONS

Measures of Seizure of Goods in the Course of Tax Control
Article 130

During a tax control, the tax inspector shall seize goods in the following cases:

1. when there is doubt that the goods or raw material, or reproduction material, used for the purpose of producing goods, were acquired without tax payment or in some other manner contrary to regulations, and the taxpayer has no proof of acquisition in accordance with regulations and of paid taxes, if this payment is required;
2. when the goods are put into circulation by a person not registered or authorized to do that;
3. when the production of goods for circulation is performed, or when goods are put into circulation without being regularly entered into business books and other required records;
4. when the transport of goods is conducted without the appropriate documentation (bill of lading, waybill, invoice, etc.);
5. when the goods are sold outside of the registered business premises or other location appointed for sale by the competent authority.

In the events indicated in paragraph 1 of this Article, the tax inspector shall also seize the vehicle and other means by which the goods are transported, or put into circulation, if the value of the goods is greater than one third of the value of these means.

The vehicle or other means shall also be seized when the value of the goods is not greater than one third of the value of these means, if it was, after original production, additionally equipped with special areas for hiding or secret transportation of goods.

Measures of Temporary Ban on Business Activities During Tax Control
Article 131

During the tax control, the tax inspector may, by a written decision, pronounce a ban on business activities for the duration of 30 days in the event that he establishes the following:

1. that the business activity is performed so that goods and services are not accompanied by valid documentation significant for taxation (bill of lading, invoice, buyer's declaration, etc.);
2. that the assessment and paying of tax is being evaded by the daily earnings not being paid into the account in accordance with regulations;
3. that the assessment and payment of taxes is being evaded by employing persons without a concluded employment contract or other act on employment adopted in accordance with the regulations on work relations, as well as when these persons are not registered for obligatory social insurance in accordance with regulations;
4. that the turnover from the sale of goods or rendering of services is not registered through the fiscal treasury or in some other manner in accordance with regulations.

Measures following Tax Control
Article 132

If it is determined during the procedure of tax control that there are some indications of tax violation, the Tax Administration shall, on the basis of the report and additional report indicated in Article 128 of this Law, shall adopt a written decision indicated in Article 129.

By the decision indicated in paragraph 1 of this Article, the taxpayer shall be instructed to remove the determined violations of the law or irregularities in the application of regulations within the term stated in the decision.

If the taxpayer does not act according to the decision indicated in paragraph 1 of this Article within the term granted him, the Tax Administration shall undertake the following measures:

1. ban of using assets on accounts, except for the purpose of settling tax liabilities;
2. ban of performing business activities;
3. ban of performing certain operations;
4. temporary seizing of documents; or
5. temporary ban of disposal of possessions, in case of the founded suspicion that the taxpayer will hinder or prevent the settlement of the tax debt.

In the events indicated in Article 130 paragraph 1 of this Law, the tax inspector may order the measures indicated in paragraph 3 of this Article during or immediately after the conclusion of the tax control.

The measures indicated in paragraph 3 of this Article shall last until the taxpayer removes the determined violations of Law, or irregularities in the application of regulations.

Decision on Measures
Article 133

The measures indicated in Articles 130 and 131 and Article 132 paragraph 4 of this Law, tax inspector shall ordered by a decision.

The tax inspector may order the measures indicated in Article 130 of this Law by verbal decision, when he judges that tax collection is endangered.

A statement on the adopted verbal decision shall be entered into the report on tax control.

The measures indicated in Articles 132 paragraph 3 of this Law shall be adopted by decision reached by the Tax Administration.

Procedure with Property Seized in Control Procedure
Article 134

When a tax inspector orders the measure of seizing items indicated in Article 130 of this Law, he shall be under the obligation to store them in the location determined by the Act issued by Minister indicated in paragraph 5 of this Article.

If the seized item is perishable or if the safekeeping of this item entails great expenses, the Tax Administration may order the item to be sold without delay.

Upon the adoption of the decision indicated in Article 133 paragraph 1 of this Law and upon the conclusion of the procedure initiated in accordance with the provisions of Article 138 of this Law, the seized items, except for the items indicated in paragraph 2 of this Article, shall be sold on public auction, or through the trade network, and seized cigarettes without control duty labels shall be destroyed by a committee

The procedure with items indicated in paragraphs 2-4 of this Article shall be more closely regulated by the Minister.

The assets gained by the sale of the seized items, upon deduction of expenses, shall be paid into the budget of the Republic.

Chapter Five

DETECTION OF TAX- RELATED CRIMINAL OFFENCES

Tax Police Article 135

Detection of tax-related criminal offences and the perpetrators thereof shall be performed by the Tax Police.

Tax-related criminal offences are criminal offences regulated by this Law.

In the interest of detecting tax-related criminal offences and the perpetrators thereof, the Tax Police may act during the preliminary proceedings as authorities of internal affairs and, pertaining to this, the Tax Police shall have the authorization to, in accordance with the Law and in cooperation with these authorities, undertake the appropriate actions, apart from limitation of freedom of movement, as well as to summon and hear the suspect, without the right to bring suspects in forcefully.

The forms and manner of achieving the cooperation indicated in paragraph 3 of this Article shall be regulated by a joint act adopted by the Minister of Finance and Economy and the Minister of Internal Affairs.

Delivering Reports to Tax Police Article 136

If a tax inspector determines during the procedure of tax control that facts and circumstances suggest the existence of founded suspicion that a tax-related criminal offence has been committed, he shall be under the obligation to complete a report on this and, together with gathered evidence, deliver it immediately to the competent authority in the Tax Administration.

The competent authority in the Tax Administration indicated in paragraph 1 of this Article shall be under the obligation, within 24 hours from the moment of receiving the report indicated in paragraph 1 of this Article, to further this report and evidence to the Chief of the Tax Police.

If a tax inspector determines during the control procedure that facts and circumstances suggest the existence of founded suspicion that a criminal offence from other fields has been committed, or a violation not within the jurisdiction of the Tax Administration, the Tax Administration shall file a criminal or violations charges with the competent governmental body.

Submission of Criminal Charges Article 137

On the basis of gathered information, the Tax Police shall fill out a criminal charges, listing evidence arrived at during the gathering of information and shall submit these charges to the State Prosecutor.

Along with the criminal charges documentation, acquired reports, statements and other material relevant to the successful leading of the procedure shall be delivered.

If the Tax Police, after submitting criminal charges, learns of new facts, evidence or traces of a criminal offence, it shall be under the obligation to gather the necessary information and submit a report on this to the State Prosecutor, as an amendment to the criminal charges.

The Tax Police shall be under the obligation to cooperate with the Court and State Prosecutor's Office during the further legal proceedings.

Procedure after Criminal Charges
Article 138

The State Prosecutor shall be under the obligation to take the criminal charges indicated in Article 137, paragraph 1 of this Law into advisement within three days from the day of receiving the said charges.

The State Prosecutor shall be under the obligation to inform the Chief of the Tax Police of his decision regarding the criminal charges within eight days from the day that the decision was adopted.

Reporting to the Competent Authority
Article 139

If it is determined during the procedure indicated in Article 135, paragraph 3 of this Law that there are no elements of criminal offences, but that they represent other punishable actions, the inspector of the Tax Police shall submit the appropriate request to the competent authority.

The competent authority indicated in paragraph 1 of this Article shall be under the obligation to take the said request under advisement within three days from the day of receiving it.

The competent authority to whom the request indicated in paragraph 1 of this Article is submitted shall be under the obligation to inform the Chief of the Tax Police of the outcome of the procedure within eight days from the day when a decision pertaining to the request was adopted.

Facts and evidence of significance to the amount of tax liability, determined in the procedure indicated in Article 135, paragraph 3 of this Law, shall be delivered by the inspector of the Tax Police to the organizational unit of the Tax Administration where the taxpayer is registered.

Part Four
APPEAL PROCEDURE

Admissibility of Appeal
Article 140

An appeal may be submitted against the tax administrative act regulating individual rights and obligations from the tax-legal relation.

An appeal may also be submitted when the appellant stresses that a decision on his request for bringing a tax administrative act was not reached within the regulated term.

An administrative proceedings may be initiated against the final tax administrative act, unless otherwise provided for by the law.

A complaint against the decision upon the appeal may be filed with the competent Court. A complaint may also be filed when the plaintiff stresses that a decision upon his appeal was not reached within the regulated term.

A complaint filed shall not delay the enforcement of the tax administrative act.

Right to File an Appeal
Article 141

An appeal against the tax administrative act may be submitted by any person whose rights or obligations were ruled upon in the first-level tax procedure and any person with legal interest to do so.

Term for Appeal
Article 142

An appeal shall be submitted within 15 days from the day of receiving the tax administrative act.

Submission of Appeal
Article 143

Appeals shall be submitted to the competent second-level tax authority, and this shall be done in person or by means of registered mail, or stated for the record at the first-level authority.

Appeals submitted within term, but to a non-competent authority, cannot be dismissed as untimely.

The appeal shall state the tax administrative act being appealed and the appeal reasons for which the annulment, amendment or abolishment of this tax administrative act is requested, as well as evidence supporting the appeal.

In the appeal procedure the burden of providing evidence shall lie upon the appellant.

The appellant shall be under the obligation to sign the appeal.

Action of First-Level Authority in Appeal Procedure
Article 144

If the appeal is not permitted, was not submitted by an authorized person or was not submitted within term, the first-level authority shall dismiss it.

The decision on dismissing the appeal indicated in paragraph 1 of this Article may be appealed within eight days from the day of receiving the decision.

In the procedure upon appeal, the first-level authority shall accept the appeal and amend the appealed tax administrative act in the following instances:

1. if it is judged that the appeal is justified and that it is not necessary to conduct a new determination of facts;
2. if it is judged that the conducted procedure was incomplete, and that this could have been of influence to the decision;
3. if the appellant states in the appeal such facts and evidence that might be result in a different decision concerning the affair in question;
4. if the appellant was not, and should have been, enabled to participate in the procedure;
5. if the appellant failed to participate in the procedure, but justified this failure in the appeal.

In the event indicated in paragraph 3, item 1 of this Article, no additional procedure shall be conducted, whereas an additional procedure shall be conducted in the events indicated in paragraph 3, items 2-5 of this Article.

The new tax administrative act indicated in paragraph 3 of this Article shall be subject to appeal.

The first-level authority may amend the new tax administrative act indicated in paragraph 3 of this Article until the appeal is put to the second-level authority to rule upon.

In the events indicated in paragraph 3 of this Article the first-level authority shall rule within 30 days from the day of receiving the appeal.

Authority Competent to Decide on Appeal
Article 145

The appeal against the tax administrative act adopted by the first-level tax authority shall be ruled upon by the competent second-level tax authority regulated by Law.

Parties in Appeals Procedure
Article 146

The parties in the appeals procedure are as follows:

1. appellant; and
2. the person having the legal interest

Legal Effect of Appeal
Article 147

The appeal shall not delay the execution of the appealed tax administrative act.

Exceptionally, the second-level tax authority may delay the execution of the appealed tax administrative act, if the taxpayer substantiates that by the payment of tax or secondary tax duties before the finality of the appealed tax administrative act he would suffer substantial financial damage.

The conclusion on the suspending of execution, which shall not be subject to appeal, shall be adopted by the second-level tax authority by urgent procedure.

The appeals procedure must be concluded within 50 days from the day of submitting the appeal.

If the appeals procedure is concluded in the manner laid out in Article 152, paragraph 3 of this Law, the first-level authority shall be under the obligation to act upon the order of the second-level tax authority within 20 days from the day of receiving the second-level ruling.

When the procedure of enforced collection has been initiated on the basis of the appealed tax administrative act, and the procedure indicated in paragraphs 4 and 5 of this Article is not concluded within the terms laid out in these paragraphs, the enforced collection shall be interrupted until the taxpayer receives a ruling upon his appeal, or until the first-level tax authority proceeds according to the order of the second-level tax authority, as the case may be.

Withdrawal of Appeal
Article 148

The appellant may withdraw his submitted appeal until the moment of reaching a ruling upon the appeal.

A conclusion shall be adopted on the suspension of the procedure due to the withdrawal of the appeal.

The withdrawal of an appeal shall not cause the loss of right to re-appeal if the term for appeal has not yet passed.

Temporary Suspension of Procedure
Article 149

If the ruling upon an appeal completely or partially depends upon a preceding matter that is the subject of legal proceedings or is within the jurisdiction of another administrative authority, the competent second-level tax authority shall, by a conclusion, temporarily suspend the appeals procedure until the conclusion of the legal proceedings or the ruling of the competent administrative authority, as the case may be.

Decision of Second-Level Tax Authority on Appeal
Article 150

If the appeal is not permitted, is untimely submitted or submitted by an unauthorized person, and the first-level tax authority omitted to reject it on those grounds, the tax authority competent to rule upon the appeal shall reject it.

If it does not reject the appeal, the second-level tax authority shall settle it.

The second-level tax authority may:

1. reject the appeal;
2. annul the tax administrative act entirely or in part; or
3. amend the tax administrative act.

Rejection of Appeal
Article 151

The second-level tax authority shall reject the appeal when it is determined that the first-level procedure was conducted in accordance to regulations and that the tax administrative act is accurate and based on the law, and the appeal unfounded.

The second-level authority shall also reject the appeal when it is found that there were flaws in the first-level procedure, but that they were such that they could not influence the ruling.

When the second-level tax authority finds that the first-level tax administrative act is based on the law, but due to other reasons, and not those stated in the act, these reasons shall be stated in the ruling, and the appeal shall be rejected.

Acceptance of Appeal
Article 152

When the second-level tax authority determines that the facts in the first-level procedure were determined incompletely or inaccurately, that attention was not paid in the procedure to regulations of the procedure that would be of influence to the ruling, or that the disposition of the appealed tax administrative act was unclear or contradictory to the argumentation thereof, the second-level tax authority shall complete the procedure and eliminate the disclosed omissions, itself or through the first-level tax authority or some other authority requested to do so.

If the second-level tax authority finds, on the basis of the facts determined in the completed procedure, that the matter must be ruled upon differently than in the first-level tax administrative act, the second-level tax authority shall by ruling annul the first-level tax administrative act and rule upon the matter.

If the second-level tax authority finds that the omissions of the first-level tax authority will be more quickly and more efficiently eliminated by the first-level tax authority, it shall by ruling annul the first-level tax administrative act and return the matter to the first-level tax authority for a renewed procedure. In that case the second-level tax authority shall be under the obligation to point out by ruling to the first-level tax authority in which regard the procedure needs to be completed, and the first-level tax authority shall be under the obligation to act in all matters according to the second-level ruling and without delay, within 20 days from the day of receiving the second-level ruling to reach a new decision, at the latest.

The new ruling indicated in paragraph 3 of this Article shall be subject to appeal.

If the second-level tax authority finds in the first-level tax administrative act the evidence to be erroneously evaluated, the wrong conclusion regarding the factual state to have been drawn from the established facts, the legal regulation on the basis of which the act was ruled upon to have been incorrectly applied, or if it is found that, on the basis of free judgment, a different ruling should have been brought, the second-level tax authority shall by ruling annul the first-level tax administrative act and rule upon the matter itself.

If the second-level tax authority finds that the tax administrative act is correct regarding the facts established and regarding the application of the law, but that the end to which the ruling was brought could also be achieved by other means more favorable to the taxpayer, the second-level tax authority shall amend the first-level tax administrative act in that regard.

Declaration of Tax Administrative Act as Null and Void
Article 153

If the second-level tax authority finds that an irregularity was committed in the first-level procedure making the tax administrative act null and void, such an act shall be pronounced null and void, as shall that part of the procedure undertaken after the said irregularity took place.

If the second-level tax authority finds the first-level tax administrative act to have been brought by a non-competent authority, he shall by official duty annul such an act and submit the matter to the competent authority to settle.

*Cancellation and Amendment of Tax Decision With Respect
to the Administrative Suit*
Article 154

The tax authority against whose decision a complaint was filed in a timely manner with the competent court may, until the conclusion of the procedure, annul or amend its decision for those reasons for which the court might annul the decision.

The annulment or amendment of the decision indicated in paragraph 1 of this Article may be committed only if in this manner the illegality of the decision is remedied, and if the taxpayer is not placed in a less favorable position by the so doing.

The tax administrative act indicated in paragraph 1 of this Article shall be delivered to the taxpayer and to the competent court.

Part Five
LEGAL ASSISTANCE IN TAX ISSUES

General Provisions
Article 155

Legal assistance in the sense of this Law is the assistance given by governmental bodies and organizations, bodies of territorial autonomy and local self-management to the Tax Administration in the form of the delivery of information or application of certain measures, necessary for the conducting of the tax procedure, on the basis of a request from the Tax Administration.

Conditions for Providing Legal Assistance
Article 156

The Tax Administration may request legal assistance particularly:

1. if it cannot, according to regulations, perform an official activity itself;
2. if it does not have at its disposal the necessary equipment or means necessary to perform an official activity;
3. if it could only perform the official activity with significantly higher expenses than the authority, or organization, whose assistance is requested.

If the authority or organization whose assistance is requested refuses to give the requested legal assistance or does not respond to the request of the Tax Administration within the appropriate term, the Tax Administration shall inform the Minister thereof.

International Legal Assistance
Article 157

International legal assistance, in the sense of this Law, is considered to be the right of the Tax Administration to request the assistance from a foreign tax authority in the settlement of a tax issue and the liability of the Tax Administration to give such assistance to a foreign tax authority.

The providing of international legal assistance shall be based on international agreements.

If an international agreement has not been concluded, legal assistance shall be given under the following conditions:

1. if there is reciprocity;
2. if the country receiving the legal assistance commits to the condition only to use the received information and documents for the needs of a tax, violations or criminal procedure, as well as to make the said information and documents available only to those persons, administration authorities

- or jurisdiction authorities competent for that particular tax issue or conducting of the violations or criminal procedure pertaining to that issue;
3. if the country receiving legal assistance expresses willingness to avoid possible double taxation with income tax, profits tax and property tax by the appropriate differentiating of tax jurisdiction;
 4. if fulfilling the request does not endanger the public system or other interests vital to the Republic; and
 5. if there is no danger that fulfilling the request would cause the disclosure of official or professional secrets or that the resident taxpayer could be caused greater harm.

*Obligations of State Bodies and Organizations and
of Territorial Autonomy and Local Self-Management Bodies*

Article 158

Governmental bodies and organizations, bodies of territorial autonomy and local self-management shall be under the obligation to deliver to the Tax Administration such facts as they discovered during the performing their business activities, which point to the possibility that a tax obligation has not been fulfilled.

Legal Assistance in Relation to the Republic of Montenegro

Article 159

Giving of legal assistance in relations with the Republic of Montenegro shall be based on the agreement of the competent governmental bodies of the Republic and the Republic of Montenegro.

The legal assistance indicated in paragraph 1 of this Article shall be given if there is reciprocity.

The Government may adopt a conclusion on the non-existence of reciprocity, at the substantiated proposal of the Minister.

**Part Six
COMPETENCES AND ORGANIZATION OF
TAX ADMINISTRATION**

Competence of the Tax Administration

Article 160

The Tax Administration shall:

1. perform the registration of taxpayers by assigning TIN numbers and keep a unified registry of taxpayers;
2. perform tax assessment in accordance with the Law;
3. perform tax control in accordance with the Law;
4. perform regular and enforced collection of taxes and secondary tax duties;
5. detect tax-related criminal offences and the perpetrators thereof and undertake the legally regulated measures concerning this;
6. institute and lead the first-level and second-level violations procedure and pronounce sentences and precautionary measures for tax violations;
7. rule upon appeals against decisions brought in the tax procedure;
8. pay attention to the application of international agreements to avoid double taxation (tax treaties);
9. develop a unified tax information system;
10. keep tax accounting records;
11. plan and undertake employee training;
12. give expert assistance to taxpayers regarding the application of tax regulations, in accordance with the code of conduct for employees of the Tax Administration;
13. ensure publicity of operations;
14. perform other duties in accordance with this Law.

Tax Police
Article 161

A Tax Police shall be formed for the performing of duties of detecting and reporting tax-related criminal offences and the perpetrators thereof, as a special organizational unit of the Tax Administration.

The Tax Police shall plan, organize and perform the duties indicated in paragraph 1 of this Article, in accordance with the Law.

The Tax Police shall be managed by the chief inspector of the Tax Police, who shall be appointed by the Government at a proposal by the Minister.

Official Identity Card, Badge and Official Weapon
Article 162

Inspectors of the Tax Police shall be issued official badges and identity cards of authorized officers for the proving of capacity.

Inspectors of the Tax Police must have official badges and identity cards during the performance of their duties.

The act on the official identity cards of tax police inspectors, tax inspectors and tax executors, as well as on the official badge of tax police inspectors, shall be issued by the Minister.

Tax Accounting Records

Article 163

The Tax Administration shall keep tax accounting records.

Tax accounting records shall be kept in the manner regulated by an act issued by the Minister.

Documents issued on the basis of data from tax accounting records shall be considered to be public documents.

Tax Information System

Article 164

The information system of the Tax Administration shall be unified.

The development program of the Tax Administration information system shall be adopted by the Minister, at a proposal of the Director of the Tax Administration.

The program indicated in paragraph 2 of this Article shall in particular contain the following:

1. creating of technical presumptions for the development of a unified information system of the Tax Administration;
2. directions of development, time schedule of construction and equipping;
3. the necessary means and the manner of providing the said means.

Within its information system, the Tax Administration shall regulate and provide standards, definitions, classifications and nomenclatures, encoding of data, processing techniques, transfer and manner of expressing data.

Powers of Tax Administration in Tax Procedure and Proceedings for Minor Offences

Article 165

The appeals stated against first-level rulings brought in the tax procedure shall be ruled upon by the Minister or a person authorized by him.

The procedures for sentencing of fines and precautionary measures for tax violations shall be conducted by the Tax Administration according to the Law by which the violations procedure is regulated, if not otherwise regulated by this Law.

The Tax Administration shall conduct second-level procedures upon appeals stated against the sentencing of fines for tax violations.

Exemptions from Payment of Costs in the Tax Procedure

Article 166

In the tax procedure the Tax Administration shall be freed from paying duties, compensations and other expenses for operations and services rendered during that procedure by governmental bodies, authorities charged with the keeping of registries, payment operations agents and other authorities and organizations.

Management
Article 167

The Tax Administration shall be managed by the Director thereof.

The Director shall be appointed by the Government, at the proposal of the Minister.

The Director of the Tax Administration shall ensure the coordination of work and the unified application of tax regulations on the entire territory of the Republic, through appropriate acts (rulebooks, orders, directions, obligatory instructions) issued by Minister and by direct issuing of labor instructions.

At the proposal of the Director of the Tax Administration, Minister shall regulate the following:

1. the internal organization and systematization of positions in the Tax Administration, regulating the particular knowledge and skills for a particular position;
2. the labor-relations rights and obligations of employees of the Tax Administration (vocations, salaries, compensated salaries, criteria for bonuses, commendations, leading of disciplinary procedures and sentencing of disciplinary measures, as well as authorizations for the leading of disciplinary procedures and the transfer of the said authorizations from officers to one or more employees of the Tax Administration);
3. vocational education, training and additional training for employees of the Tax Administration;
4. code of conduct for employees of the Tax Administration;
5. activities incompatible with official duty;
6. other issues in accordance with this Law.

Organizational Units
Article 168

Organizational units shall be formed in the Tax Administration for performing activities within its jurisdiction.

The manner of forming, number, structure, network and scope of the organizational units indicated in paragraph 1 of this Article shall be regulated by an act adopted by the Minister, at a proposal of the Director of the Tax Administration.

Certain operations of the Tax Administration may be performed outside of the headquarters of the organizational unit, to be decided upon by the Director of the Tax Administration.

Regulations on state administration, labor relations and salaries in state agencies, as well as regulations from the areas of health and pension-disability insurance and education shall be applied to the employees of the Tax Administration, if not otherwise regulated by this Law.

Persons that were employed for up to five years in another body, organization or legal entity, and are starting employment with the Tax Administration in the position of tax inspector or tax police inspector, shall be under the obligation to take, within six months from the start of employment, an additional expert exam in the manner and according to the program adopted by the Minister.

Trainees at the Tax administration shall take an expert exam in the manner and according to the procedure indicated in paragraph 2 of this Article.

Employees in the Tax Administration shall be under the obligation to perform all orders from the Director, or their immediate superior, given in the interest of performing duties, apart from those that order the performing of an operation that constitutes a criminal offence.

Employees in the Tax Administration shall be under the obligation to perform the duties within their competence after work hours as well, on Saturdays, Sundays and state holidays, when the need for this arises.

Employees in the Tax Administration may not perform duties that are inconsistent with their official duty, and during the performing of the duties within their competence they shall be under the obligation to respect the code of conduct for employees in the Tax Administration.

Employees shall be under the obligation to undertake vocational education, training, and additional training according to the program of the Tax Administration.

Increased time of insurance shall be attributed to inspectors of the Tax Police, so that for every 12 months of effective work, 16 months of insurance time are attributed.

The labor relation of those inspectors of the Tax Police that suffer changes in their psychophysical state or general state of health, rendering them incapable to perform the duties of inspectors of the Tax Police, shall be terminated, if there is no possibility to distribute them to other workplaces at the Tax Administration.

Changes in psychophysical state or general state of health indicated in paragraph 9 of this Article are considered to be the loss of work capability in the sense of the regulations on pension-disability insurance, and those inspectors of the Tax Police whose labor relations are terminated on those grounds shall have the right to disability pension.

Assets for labor of the Tax Administration shall be provided from the budget of the Republic.

For the vocational education, training and additional education of employees, design and construction of the information system, acquisition of work equipment, construction and purchase of office premises and bonuses for employees, the Tax Administration shall be entitled to:

1. 1% of collected secondary tax duties;
2. 10% of the taxation of unreported income;

The distribution of the assets indicated in paragraph 2 of this Article shall be performed according to the financial plan of the Tax Administration.

Political Neutrality
Article 171

In the performance of the duties within their competence, officers of the Tax Administration shall be under the obligation to perform these duties in accordance with the law, and may not be lead by their personal political convictions.

Part Seven
PENAL PROVISIONS

Chapter One
TAX-RELATED CRIMINAL OFFENCES

Tax Evasion
Article 172

Persons who, with the intent to entirely or partially evade payment of tax, give false information on facts of influence to tax assessment or do not report such facts, or persons that do not assess tax or that assess tax at an amount smaller than the one in accordance with regulations, and the amount of tax the payment of which was in such a manner evaded exceeds 100.000 dinars, shall be sentenced to maximum three years imprisonment and a fine.

If the amount of the liability stated in paragraph 1 of this Article the payment of which was evaded exceeds 1.000.000 dinars, the perpetrator shall be sentenced to six months to five years imprisonment and a fine.

If the amount of the liability stated in paragraph 1 of this Article the payment of which was evaded exceeds 3.000.000 dinars, the perpetrator shall be sentenced to one to ten years imprisonment and a fine.

The entrepreneur and responsible person of the taxpayer shall, for the criminal offence indicated in paragraphs 1-3 of this Article, also be sentenced to the precautionary measure of ban of performing self-employment activities, vocations, business activities or duties for the duration of one to five years.

Non-Payment of Withholding Tax

Article 173

The responsible person of a legal person – taxpayer, as well as the entrepreneur – taxpayer that, with the intent to evade tax, do not pay to the appropriate public revenues payment account the amount that they calculated for withholding tax, shall be sentenced to up to three years imprisonment and a fine.

If the amount of unpaid tax indicated in paragraph 1 of this Article exceeds 1,000,000 dinars, the perpetrator shall be sentenced to six months to five years imprisonment and a fine.

If the amount of unpaid tax indicated in paragraph 1 of this Article exceeds 3,000,000 dinars, the perpetrator shall be sentenced to one to ten years imprisonment and a fine.

The entrepreneur and responsible person of the taxpayer shall, for the criminal offence indicated in paragraphs 1-3 of this Article, also be sentenced to the precautionary measure of ban of performing self-employment activities, vocations, business activities or duties for the duration of one to five years.

*Production or Submission of Counterfeit Documents
of Significance to Taxation*

Article 174

The person who creates or submit a forged document of significance to taxation to another person or the Tax Administration with the intent to evade or decrease the tax liability shall be sentenced to three months to five years imprisonment and a fine.

Endangering Tax Collection

Article 175

The person who, with the intent to endanger the collection of tax assessed for himself or another person, hides, estranges, destroys or renders unusable an item that is the subject of enforced collection, or who gives false information on facts of significance to the execution of enforced collection, shall be sentence to up to one year imprisonment and a fine.

Illegal Trade in Excise Goods

Article 176

The person who places into circulation, or sells, goods that, contrary to the law, are not specially marked by proper control duty labels, shall be sentenced to six months to five years imprisonment.

The entrepreneur or responsible person of a legal entity who produces or imports products that by law must specially be marked with control duty labels and does not undertake the measures necessary to mark these goods with control duty labels before placing into circulation shall be sentenced to six months to three years imprisonment.

The entrepreneur perpetrating the offences indicated in paragraphs 1 and 2 of this Article shall also be sentenced to the precautionary measure of ban of performing his vocation, business activity or duty for one to five years.

The responsible person of a legal entity perpetrating the offences indicated in paragraphs 1 and 2 of this Article shall also be sentenced to the precautionary measure of ban of performing his vocation or duty for one to five years.

The assets gained by the perpetration of the said offence shall be seized.

Chapter Two TAX VIOLATIONS

Untimely Filing of Tax Return Article 177

The taxpayer, who does not file a tax return within the regulated term, shall be sentenced to a fine in the amount of 5% of the amount that he should have paid, had he, in accordance with the law, assessed tax in his tax return, or on the basis of the decision that, on the basis of the tax return, the Tax Administration would have brought, and not less than 2.000 dinars.

The fine stated in paragraph 1 of this Article shall be imposed for every started month of the delay in filing the tax return.

Reporting Smaller Amounts of Tax Article 178

If the amount of tax assessed in the tax return is smaller than the amount that should have been assessed in accordance with the Law, the taxpayer shall be sentenced to a fine at the amount of 10% of the difference between these two amounts.

If the difference indicated in paragraph 1 of this Article is greater than 25% of the amount that should have been assessed in the tax return, the taxpayer shall be sentenced to a fine in the amount of 50% of the difference.

If the difference indicated in paragraph 1 of this Article does not exceed 25% of the amount that should have been assessed in the tax return, but is greater than 500.000 dinars, the taxpayer shall be sentenced to a fine in the amount of 50% of the difference, but not more than 400.000 dinars.

Tax Violations of Taxpayers – Legal Entities and Entrepreneurs Article 179

Legal entities shall be sentenced to a fine of 100.000 to 400.000 dinars for the following violations:

1. for not submitting to the Tax Administration, or not submitting within the appropriate term, a request for registration (Article 25, item 1, Articles 27 and 28, paragraph 7);
2. for not, at the request of the Tax Administration, submitting, or not submitting within the appropriate term, business books and records that non-resident persons related to him keep abroad, in the Autonomous Province of Kosovo and Metohija or in the Republic of Montenegro, as well as certified transcripts or certified translations of these books and records (Article 37, paragraphs 3-5);
3. for not filing in the regulated circumstances, and within the regulated terms, an informative tax return, or for stating incorrect data in the said tax return (Article 42);
4. for not, at the request of the Tax Administration, submitting, or not submitting to the appropriate place, business books and records, business documentation and other documents for review and inspection (Articles 25, item 3 and Article 44);
5. for not permitting an investigation to be performed on an object, premises or land, or for not permitting passage through or over them for investigation purposes (Articles 49 and 50);
6. for hindering the enforced collection procedure, or for not distancing himself from the place where the enforced collection is being executed and continues the said hindrance, or for refusing to place possessions at the disposal of the competent officer for the needs of executing enforced collection (Article 89 paragraph 7 and Article 90 paragraph 4);
7. for not, at the request of tax executors, turning over the item of the taxpayer that is in his possession or not paying the tax liability of the taxpayer instead of turning over the said item (Article 103, paragraph 1);
8. for not enabling the tax inspector to enter land and premises where he performs business activities and, upon approval from the Court, to enter his apartment for control i.e. execution of enforced collection (Article 25, paragraph 7 and Article 125, paragraph 4);
9. if a person employed by him hinders the authorized officer of the Tax Administration – tax inspector in the temporary sealing of business or storage premises in the procedure of field control, in executing enforced collection or some other duty regulated by Law (Article 126, paragraph 2);
10. for not, at the request of the Tax Administration or tax inspector, delivering documentation, or not giving information and explanations, or not giving statements of influence to the determining of the factual state relevant for taxation (Articles 25, item 3, Article 121, paragraph 1 and Article 127, paragraph 1);
11. for not showing to the tax inspector during the procedure of field control his business books, records and other documentation or papers, or if the person appointed by him, or employed by him, or some other person does not do this in his name (Article 127, paragraphs 2, 3 and 7);
12. if a person employed by him prevents the tax inspector from executing measures of seizure of items or documentation in the control procedure (Article 130 and Article 132, paragraph 3, item 4);
13. for disposing items for which the tax inspector has pronounced the measure of temporary ban of disposal (Article 132, paragraph 3, item 5);

14. for not proceeding in the procedure of gathering information according to the request of the Tax Police (Article 135, paragraphs 3).

For violations indicated in paragraph 1 of this Article, the responsible persons of the legal entities shall be sentenced to a fine from 5.000 to 20.000 dinars.

For violations indicated in paragraph 1 of this Article, entrepreneurs shall be sentenced to a fine from 50.000 to 200.000 dinars.

Legal entities shall be sentenced to a fine of 50.000 to 200.000 dinars for the following violations:

1. for not informing, or not informing within the appropriate terms, the Tax Administration of the person that this legal entity, as a non-resident, gave power of attorney to for the performing of duties regarding tax liabilities (Article 14, paragraph 2);
2. for not informing, or not informing within the appropriate terms, the Tax Administration of opening or closing an account with a payment operations agent in the Autonomous Province of Kosovo and Metohija, the Republic of Montenegro or abroad (Article 25, item 8);
3. for not providing, at the request of the Tax Administration, data processed by means of computer, a statement of the said data on the media stated by the Tax Administration, complete insight into the accounting system through documentation, and when necessary through access to hardware and software as well (Article 37, paragraph 6);
4. for not, at the request of the Tax Administration, responding to summons for clarification, or for not giving data and information necessary for determining the factual state significant to taxation (Article 45 and Article 47, paragraph 2);
5. for not proceeding according to the decision on enforced collection from non-financial claims of the taxpayer and not turning items over to the Tax Administration items that he owes to the taxpayer (Article 97, paragraph 2);
6. with whom securities of the taxpayer are kept, for not submitting to the Tax Administration or not submitting within the appropriate term information on the said securities with an evaluation of their value, or for not selling the said securities within the appropriate terms under the best market conditions, or for not paying the assets gained upon deduction of the regulated provision and expenses to the account of the Tax Administration (Article 98, paragraphs 3-5);
7. for not guarding in intact condition the item covered by an action for partition until the conclusion of the procedure upon the action for partition (Article 102, paragraph 4).
8. for not executing or not executing within the appropriate terms the decision on enforced collection from wages and other regular financial earnings of the

taxpayer and for not executing the decision on the settling of tax liability of the taxpayer from his own assets in accordance with the Law (Article 189, paragraphs 8 and 9);

For violations indicated in paragraph 4 of this Article, the responsible persons of the legal entity shall be sentenced to a fine from 2.500 to 10.000 dinars.

For violations indicated in paragraph 4 of this Article, entrepreneurs shall be sentenced to a fine from 25.000 to 100.000 dinars.

Legal entities shall be sentenced to a fine of 25.000 to 100.000 dinars for the following violations:

1. for not reporting to the Tax Administration all subsequent changes in the data in the registration request, or for reporting incorrect changes of data (Articles 25 items 1);
2. for not entering their TIN in the appropriate place when filing a tax return or other regulated act (Article 26, paragraph 3);
3. for not entering the TIN number of the tax counselor in the tax return, or for filing it unsigned by that person, if that person prepared the tax return or some part of it (Article 38, paragraph 6);
4. for not proceeding according to the order of the Tax Administration to participate in the procedure of office control or give the requested information (Articles 25, item 9 and Article 121, paragraph 1);
5. for not placing at the disposal of tax inspectors an appropriate place for work during field control (Article 125, paragraphs 1 and 2).
6. for not being present during or for rejecting to participate during field control in accordance with this Law (Articles 25, item 9 and Article 127);

For violations indicated in paragraph 7 of this Article, the responsible persons of the legal entities shall be sentenced to a fine from 1.250 to 5.000 dinars.

For violations indicated in paragraph 7 of this Article, entrepreneurs shall be sentenced to a fine from 12.500 to 50.000 dinars.

Tax Violations of Taxpayers – Individuals
Article 180

Individuals that are not entrepreneurs shall be sentenced to a fine of 5.000 to 20.000 dinars for the following violations:

1. for not informing, or not informing within the appropriate terms, the Tax Administration of the person that this individual, as a non-resident, gave power of attorney to for the performing of duties regarding tax liabilities (Article 14, paragraph 2);
2. for not submitting to the Tax Administration, or not submitting within the appropriate term, a request for registration, for stating incorrect data in the registration, for not reporting all subsequent changes of the information in the said registration, as well as for reporting incorrect changes in the said registration (Article 25, item 1);
3. for hindering the authorized officer of the Tax Administration in the performance of enforced collection and other legally regulated duties (Article 25, item 7);
4. for not informing, or not informing within the appropriate terms, the Tax Administration of opening or closing an account with a payment operations agent in the Autonomous Province of Kosovo and Metohija, the Republic of Montenegro or abroad (Article 25, item 8);

5. for not entering their TIN in the appropriate place when filing a tax return or other regulated act (Article 26, paragraph 3);
6. for not filing to the Tax Administration, or not filing within the legal or extended term a tax return, or for filing it unsigned, or for entering inaccurate information in the tax return, and not correcting this in the appropriate term, or for filing it without the necessary documentation and evidence of importance to tax assessment (Articles 25, item 2, Article 38, paragraphs 2, 3 and 5 and Article 40, paragraph 1);
7. for not, at the request of the Tax Administration or tax inspector, delivering, or not delivering to the appropriate place. papers of significance for taxation for review and verification (Article 44);
8. for not, at the request of the Tax Administration, responding to summons for clarification, or for not giving data and information necessary for determining the factual state significant to taxation (Article 45 and Article 46, paragraph 2);
9. for not permitting an investigation to be performed on an object, premises or land, or for not permitting passage through or over them for investigation purposes (Articles 49 and 50);
10. for hindering the enforced collection procedure, or for not distancing himself from the place where the enforced collection is being executed and continues the said hindrance, or for refusing to place possessions at the disposal of the competent officer for the needs of executing enforced collection (Article 89, paragraph 7 and Article 90, paragraph 4);
11. for not proceeding according to the decision on enforced collection from non-financial claims of the taxpayer and not turning items over to the Tax Administration items that he owes to the taxpayer (Article 97, paragraph 2);
12. for not guarding in intact condition the item covered by an action for partition until the conclusion of the procedure upon the action for partition (Article 102, paragraph 4);
13. for not, at the request of tax executors, turning over the item of the taxpayer that is in his possession or not paying the tax liability of the taxpayer instead of turning over the said item (Article 103, paragraph 1);
14. for not proceeding according to the order of the Tax Administration to participate in the procedure of office control or for not giving the requested information (Articles 25, item 9 and Article 121, paragraph 1);
15. for not placing at the disposal of tax inspectors an appropriate place for work during field control (Article 125, paragraphs 1 and 2);
16. for not enabling the tax inspector to enter land and premises where he performs business activities, and upon approval by the Court to enter his apartment for control (Article 125, paragraph 4);
17. for not being present during or for rejecting to participate at the field control in accordance with this Law (Article 25, item 9 and Article 127);

18. for not, at the request of the Tax Administration or tax inspector, delivering documentation, or not giving information and explanations, or not giving statements of influence to the determining of the factual state relevant for taxation (Article 25, item 3, Article 121, paragraph 1 and Article 127, paragraph 1);
19. for not showing to the tax inspector during the procedure of field control documentation or papers, and not appoint a person to do this in his name (Article 127, paragraphs 2 and 3);

20. for preventing the tax inspector from executing the measure of seizing items or documentation during the procedure of tax control (Article 130 and Article 132, paragraph 3, item 4);
21. for not proceeding in the procedure of gathering information according to the request of the Tax Police (Article 135, paragraphs 2, 5 and 9).

Tax Violations of Tax Intermediaries and Other Tax Debtors
Article 181

The sentence of a fine of 5.000 to 20.000 dinars shall be pronounced to the following responsible person:

1. of a court, local self-management body, bar association, professional association as well as of another body or organization competent for entries into appropriate registries, for not delivering to the Tax Administration, or not delivering within the legally regulated term, the notification prescribed (Article 29, paragraphs 1 and 2 and Article 184);
2. of an administrative or court authority, that keeps records or adopts decisions on the place of residence, birth or death of an individual, or pronouncing a missing person dead, for not advising the Tax Administration, or not advising within the legally regulated term, of information significant to tax assessment (Articles 29, paragraph 3);
3. of a payment operations agent, for opening an account for a legal entity, entrepreneur or individual without submitted evidence on performed registration (Article 30, paragraph 1);
4. of the Tax Administration, i.e. of a payment operations agent for not refunding, or not refunding within the appropriate terms the tax debtor or another person of overpaid tax or tax paid in error i.e. tax reduction (Article 65 paragraph 3);
5. of a payment operations agent, for not proceeding upon the order of a taxpayer to transfer assets to the public revenues payment account within the legally regulated term or in the legally regulated manner (successively – according to the inflow of assets) or by order of priority over other payment orders of that person (Article 69, paragraphs 2- 4);
6. of the authority charged with keeping the registry of movable property, or real estate, or blocked accounts, as the case may be, for not entering the right of lien of the tax creditor within the appropriate terms (Article 87 paragraph 5 and Article 88 paragraphs 2 and 4)
7. of the authority charged with keeping the registry of real estate, for not delivering, or not delivering within the appropriate term, to the Tax Administration the requested statement from public records on real estate that are the property of the taxpayer and a report on whether a mortgage of another creditor has been entered (Article 90, paragraph 3);
8. of a payment operations agent, for not executing the enforced collection from the financial assets of a taxpayer in compliance to the Law, or for not executing the decision of enforced collection of tax debt by collecting from the assets of the said payment operations agent in accordance with the Law (Article 96, paragraphs 2 and 3);
9. of a bank or other legal entity, with whom securities of the taxpayer are kept, for not delivering to the Tax Administration or not delivering within the legally

- regulated term information on these securities with an estimate of their value, or for not selling these securities within the legally regulated term or not selling them under the best market conditions, or for not paying the realized assets, upon deduction of the regulated fee and expenses, to the account of the Tax Administration (Article 98, paragraphs 3-5);
10. of a payment operations agent, for not proceeding upon the decision of a tax inspector on the temporary ban of using assets on the account of the taxpayer (Article 132, paragraph 3, item 1);
 11. of a governmental body or organization, body of territorial autonomy and local self-management, for not delivering to the Tax Administration facts learned during the performance of regular business activities, which point to the possibility that the tax liability was not fulfilled (Article 158);
 12. of a payment operations agent, for not requesting from a legal entity, entrepreneur or individual that have an open account with the payment operations agent on the day of the coming into force of this Law, or not requesting within the legally regulated term, to deliver evidence on performed registration (Article 185, paragraph 2);
 13. of the payment operations agent, for not proceeding according to the decision on enforced collection from the financial claims of the taxpayer and not executing the transfer of assets from the account of his debtor to the appropriate public revenues payment account, or for not executing the decision on enforced collection of the owed amount directly from the assets of the said payment operations agent in accordance with the Law (Article 189);

Violations of Responsible Persons in the Tax Administration
Article 182

The responsible person in the organizational unit of the Tax Administration shall be sentenced to a fine of 5.000 to 20.000 dinars for the following violations:

1. for withholding from the taxpayer free information on tax regulations or basic legal assistance, if the taxpayer is ignorant (Article 24, paragraph 1, item 1);
2. for withholding from the taxpayer insight into the data on tax assessment and collection that is kept on the said taxpayer by the Tax Administration or for not, at the request of the taxpayer, correcting incomplete or inaccurate information on the taxpayer (Article 24, paragraph 1, item 6);

The officer of the Tax Administration shall be sentenced to the fine stated in paragraph 1 of this Article if:

1. he does not treat the taxpayer with respect and reverie during the tax procedure (Article 24, paragraph 1, item 3);
2. he prevents the taxpayer from being present during the tax control, in accordance with this Law (Article 24, paragraph 1, item 10).

Part Eight
TRANSITIONAL AND FINAL PROVISIONS

Taxpayers Registration
Article 183

The Tax Administration shall perform the registration of taxpayers within a term not longer than one year from the day of the beginning of the application of this Law.

Delivering Decisions on Registration of Previously Registered Persons to the Tax Administration
Article 184

The court, authority or organization indicated in Article 29, paragraphs 1-3 of this Law shall be under the obligation to deliver, within the term regulated by the act indicated in Article 29, paragraph 4 of this Law, to the Tax Administration notification on the entry of persons already entered into the registries, and notification on data significant for taxation, existing on the day of the coming into force of this Law.

*Obligations of Payment Operations Agents
With Regard to Holders of Accounts*
Article 185

Payment operations agents shall be under the obligation to request of legal entities, entrepreneurs and individuals, that have open accounts with the said agent on the day of the beginning of the application of this Law, to deliver evidence on performed registration 15 days after obtaining TIN.

If the legal entity, entrepreneur or individual indicated in paragraph 1 of this Article does not deliver evidence on performed registration within the term indicated in paragraph 1 of this Article, the payment operations agent shall be under the obligation, from the following day after the end of the said term, to stop all transactions through the account of the said persons and inform the Tax Administration of this immediately.

If on the day of the beginning of the application of this Law the account of the taxpayer was blocked because of due but unpaid taxes and secondary tax duties, the blockage shall be applied to all accounts that this taxpayer holds in accordance with the Law on Payment Operations indicated in Article 69, paragraph 2 of this Law.

Request for Registry of Property
Article 186

The taxpayer – individual or entrepreneur – shall be under the obligation to, within six months from the beginning of the application of this Law, submit to the Tax Administration a request for the registration of property, if the value of the said property is bigger than 20.000.000 dinars.

Property, in the sense of paragraph 1 of this Article, is:

1. real estate (apartment, house, business premises, garage, land, etc.);
2. stock or shares in a legal entity;
3. equipment for the performing of self-employed business activities;
4. motor vehicles, boats and aircrafts;

5. works of art;
6. deposited savings;
7. other property rights.

Information on the property of related persons shall also be entered into the request for property registration.

The taxpayer– individual or entrepreneur – whose property indicated in paragraphs 1 and 2 of this Article exceeds 20.000.000 dinars, may submit a request for the registration of such property.

The Tax Administration shall, in compliance with Article 60 paragraph 3 of this Law, evaluate the value of the property stated in the registration request and, within three months from the expiry of the term indicated in paragraph 1 of this Article, deliver to the taxpayer an evaluation decision.

The request for property registration shall serve solely for the performing of cross-evaluation of the tax base indicated in Article 59 of this Law for the period upon the expiry of the term indicated in paragraph 5 of this Article.

The cross-evaluation shall be applied to the difference between the value of the property evaluated during control and the value determined in the manner indicated in paragraph 6 of this Article.

If the taxpayer, indicated in paragraph 1 of this Article does not submit a request for property registration, the cross-evaluation shall be applied to his entire property.

The manner of submitting and the form for registration request shall be regulated by the Minister.

Lien in the Period before the Law Regulating Lien Rights over Movable Property Entered into Registry Comes into Effect
Article 187

Before the beginning of application of the Law regulating lien rights over movable property entered into the registry, enforced collection of taxes and secondary tax duties shall have priority over other liabilities of the taxpayer and claims of other persons.

The lien right of the Republic over real estates and claims of the taxpayer shall be established by entry into the registry of real estates, or blocked accounts, as the case may be, and over movable property – by inventory.

The inventoried movable property, over which the lien right of the Republic has been established, shall be seized at the moment of inventory.

The inventoried movable property indicated in paragraph 3 of this Article may, in extreme circumstances, be remanded to the safekeeping of the taxpayer until the day of sale, if the demands of an economic enforced collection procedure so require, and the possession shall be visibly marked as being taken into inventory and that the Republic has right of lien over it.

Transitional Regime on Establishment of Lien Right of the Republic
Article 188

From the day of the beginning of the application of the Law regulating lien rights over movable property entered into the register till December 31, 2003, the Republic shall have the priority in settlement from movable property and financial claims of the taxpayer, regardless the entry.

Lien rights over movable property and financial claims of the taxpayer, established from the day of the beginning of the application of this Law in the manner regulated in Article 187, paragraph 2 of this Law, shall be entered into appropriate registry of lien rights by priority under the first day of functioning of that registry.

In order to acquire priority, the Tax Administration shall be under the obligation to submit request for entering lien rights indicated in paragraph 2 of this Article till June 30, 2003.

Lien rights indicated in paragraph 2 of this Article, established in the manner indicated in Article 187, paragraph 2 of this Law during the year 2003, shall be entered into appropriate lien registry with priority under the first day functioning of that registry.

In order to acquire priority, the Tax Administration shall be under the obligation to submit request for entering lien rights indicated in paragraph 2 of this Article till December 31, 2003.

The Republic shall have the priority in settlement from financial assets on the taxpayer's account, regardless the entry, until December 31, 2004.

Transitional Regime for Forced Collection from Financial Claims
Article 189

Until December 31, 2003, the lien right of the Republic over financial claims of the taxpayer shall come into force on the day of delivering the decision indicated in Article 92, paragraph 2 of this Law to a debtor of the taxpayer.

Enforced collection of tax and secondary tax duties may be executed from seized financial claims of the taxpayer, when the Tax Administration determines in the procedure that the said claim is not dubious and that it is due for payment.

By the decision on enforced collection from financial claims, the claim indicated in paragraph 1 of this Article shall be seized and the debtor of the taxpayer shall be instructed to pay his debt to the appropriate public revenues payment account, up to the amount that the taxpayer owes on the basis of tax and secondary tax duties.

The debtor of the taxpayer may state and objection to the decision indicated in paragraph 2 of this Article within three days from the day of the delivery of the said decision.

The debtor of the taxpayer shall be under the obligation to, within three days from the expiry of the term for objection, if he stated no objection, or of the day of receiving the decision upon the objection if the Tax Administration rejected it, effect the payment on the basis of the seized claim indicated in paragraph 2 of this Article.

If the debtor of the taxpayer does not proceed in the manner laid out in paragraph 4 of this Article, enforced collection from the financial assets on his account shall be executed, in accordance with the regulations of Article 95 of this Law.

If the claim of the taxpayer towards the debtor has not yet become due, the Tax Administration shall instruct payment in the sense of paragraph 3 of this Article until maturity of the claim.

Enforced collection from wages and other regular financial income of the taxpayer shall be executed on the basis of the decision indicated in Article 92 paragraph 2 of this Law, by which a ban is imposed onto a certain part of the said income and the payer is instructed to transfer the owed amount to the appropriate public revenues payment account at the time of the first payment.

If the payer does not proceed according to the decision indicated in paragraph 8 of this Law, the collection of the owed amount of tax and secondary tax duties shall be effected directly from the assets on the account of the payer, in accordance with the regulations of Article 95 of this Law.

Transitional Regime for Enforced Collection from Non-Financial Claims
Article 190

Until December 31, 2003, lien right of the Republic to non-financial claims of the taxpayer shall come into force on the day of delivering the decision indicated in Article 92, paragraph 2 of this Law to a debtor of the taxpayer.

Enforced collection may be executed from non-financial claims of the taxpayer, when the Tax Administration determines in the procedure that the said claim is not dubious and that it is due for payment.

By the decision on enforced collection indicated in Article 92 paragraph 2 of this Law, a ban is imposed upon the non-financial claim of the taxpayer, by which his debtor is instructed to turn the owed items over to the Tax Administration, which shall then inventory, evaluate, seize and sell them in accordance to the regulations of Articles 89 and 99-104 of this Law.

If the seized claim pertains to the turning over of real estates, the enforced collection shall be executed in accordance with the regulations of Articles 105-111 of this Law.

Taking over Appointed Persons, Objects, Archive, Equipment and Means for Work of Public Revenue Agency
Article 191

Ministry of Finance and Economy shall take over the employees and appointed persons, who performed activities from the jurisdiction of this Ministry in the Public Revenue Agency, appropriate files and archive, as well as appropriate equipment and means for work.

Cessation of Validity of Regulations of Certain Laws
Article 192

On the day of the beginning of application of this Law, the following regulations cease to be valid:

1. Law on Control, Assessment and Collection of Public Revenues (“Official Gazette of RS”, No. 76/91, 20/93, 37/93, 39/93, 53/93, 67/93, 45/94, 52/96, 42/98, 18/99, 33/99, 52/00, 34/01);
2. Articles 125g, 136 and 138-144 of the Law on Pension and Disability Insurance (»Official Gazette of RS«, No. 52/96, 46/98, 29/01);
3. Articles 108u, 108w-108z of the Law on Health Insurance (“Official Register of RS”, No. 18/92, 26/93, 53/93, 67/93, 48/94, 25/96, 46/98, 54/99, 29/01, 18/02);
4. Articles 27k, 27k-l, 27l, 27m-27t of the Law on Employment and Rights of Unemployed Persons (“Official Gazette of RS”, No. 22/92, 73/92, 82/92, 56/93, 67/93, 34/94, 52/96, 46/98, 29/01);
5. Articles 90, Article 108 paragraph 1, Article 117 paragraph 2, Articles 120-156, 163-165, 166, paragraph 1, items 3 and 4, Article 167, paragraph 1, items 13 and 14, Article 168, paragraph 1, items 4-6, Article 170, items 3 and 4 and Article 172 of the Law on Personal Income Tax (“Official Gazette of RS”, No. 24/01);
6. Articles 72, 73, 77-110 and 114 of the Law on Corporation Profits Tax (“Official Gazette of RS”, No. 25/01);
7. Articles 27, 28, 35, 36, 38 and 46 of Law on Excise Tax (“Official Gazette of RS”, No. 22/01, 73/01);
8. Articles 29-31, 40, 41, 43 and 55 of the Law on Sales Tax (“Official Gazette of RS”, No. 22/01, 73/01);
9. Article 41 of the Law on Property Tax (“Official Gazette of RS”, No. 26/01);
10. in Article 53, paragraph 1, item 3 and Article 54 of Law on Conditions for Selling Goods, Providing Services and Inspection Control (“Official Gazette of RS”, No. 39/96, 20/97, 46/98, 34/01) when it refers to a fine for entrepreneur for violation indicated in Article 7a and article 53 paragraph 1, item 3 of that Law;
11. Articles 23, item 2 and 25 of the Law on Ministries (“Official Gazette of RS”, No. 27/02);
12. Articles 139, paragraph 1, item 3 of the Criminal Law of the Republic of Serbia (“Official Gazette of RS”, No. 26/77, 28/77, 43/77, 20/79, 24/84, 39/86, 51/87, 6/89, 42/89 and “Official Gazette of RS”, No. 16/90, 26/91, 75/91, 9/92, 49/92, 51/92, 23/93, 67/93, 47/94, 17/95, 44/98, 10/2002 and 11/2002) in the part that prescribes the fine for criminal act of misusing authorization for a competent person of an enterprise or other organization performing business activity, who, in relation to fulfillment of tax liability or to payment of other contributions, fails to

pay the funds that are considered to be public revenue) and Article 154 of the Criminal Law of the Republic of Serbia

Entry into Force of the Law
Article 193

This Law shall come into force on the eighth day from the day of pronouncement in the “Official Gazette of the Republic of Serbia”, and shall be applied as of January 1st 2003.