

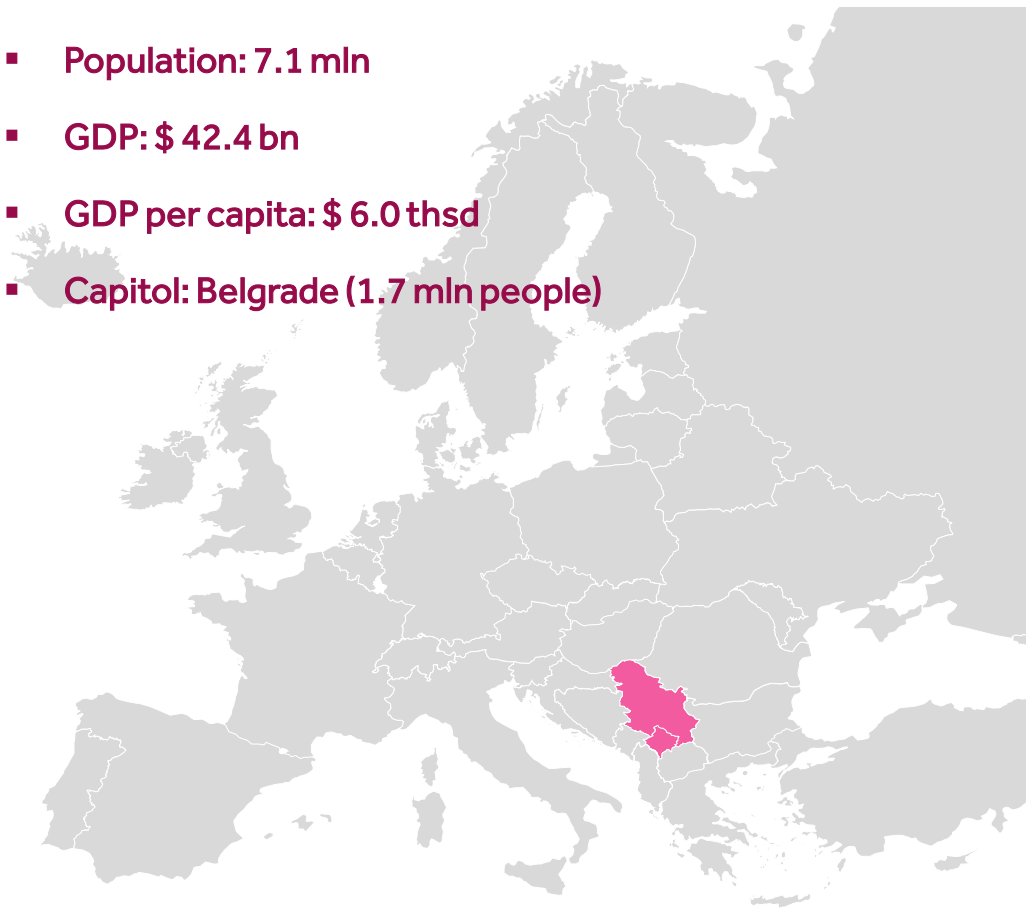
Invest in Serbia

Benefits and financial incentives
(subsidies)

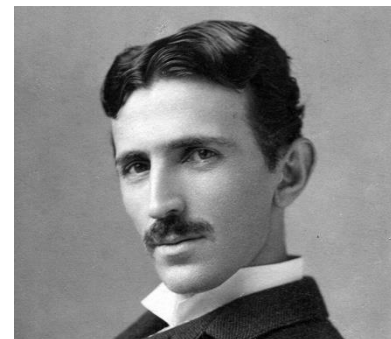


Serbia – Key facts

- Population: 7.1 mln
- GDP: \$ 42.4 bn
- GDP per capita: \$ 6.0 thsd
- Capitol: Belgrade (1.7 mln people)



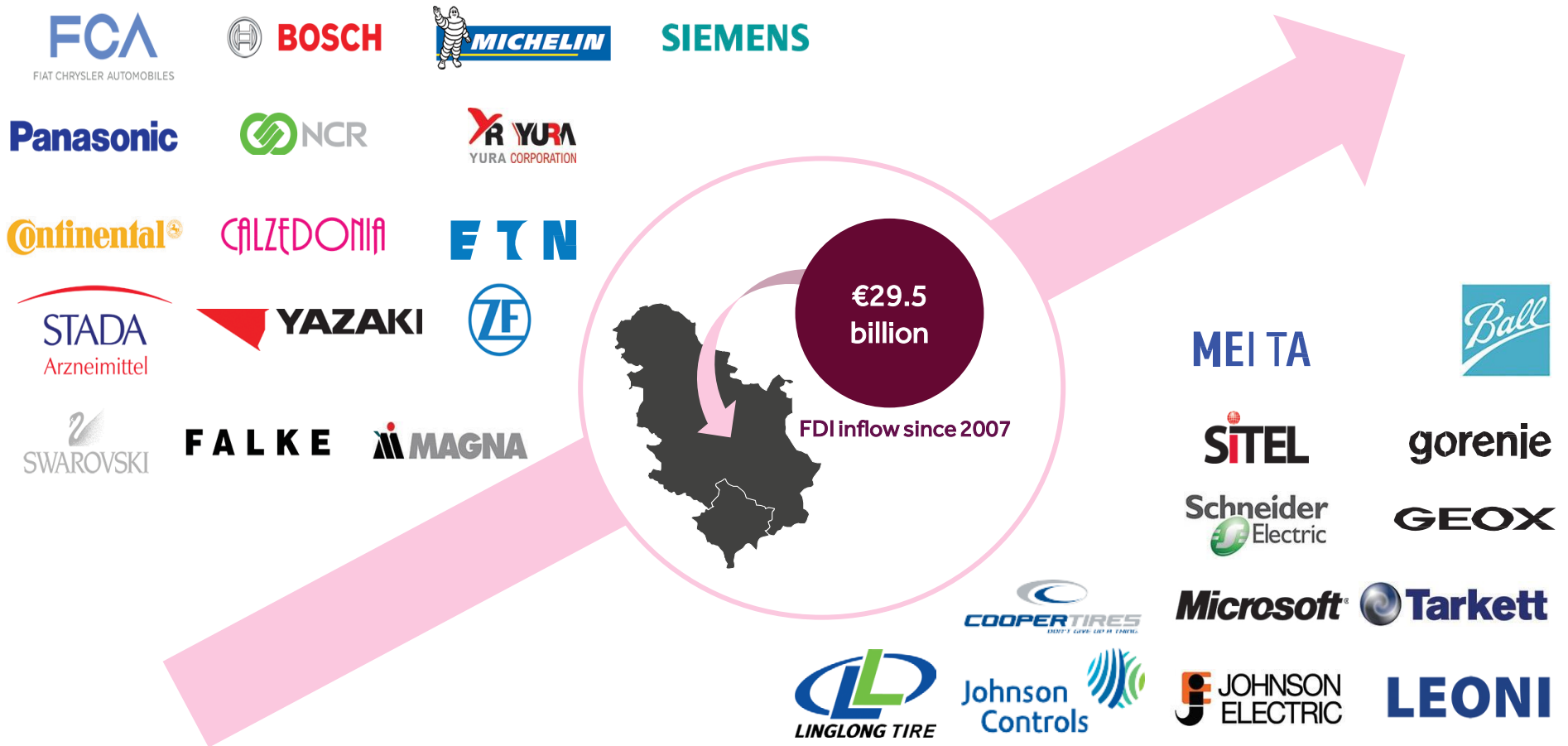
Nikola Tesla



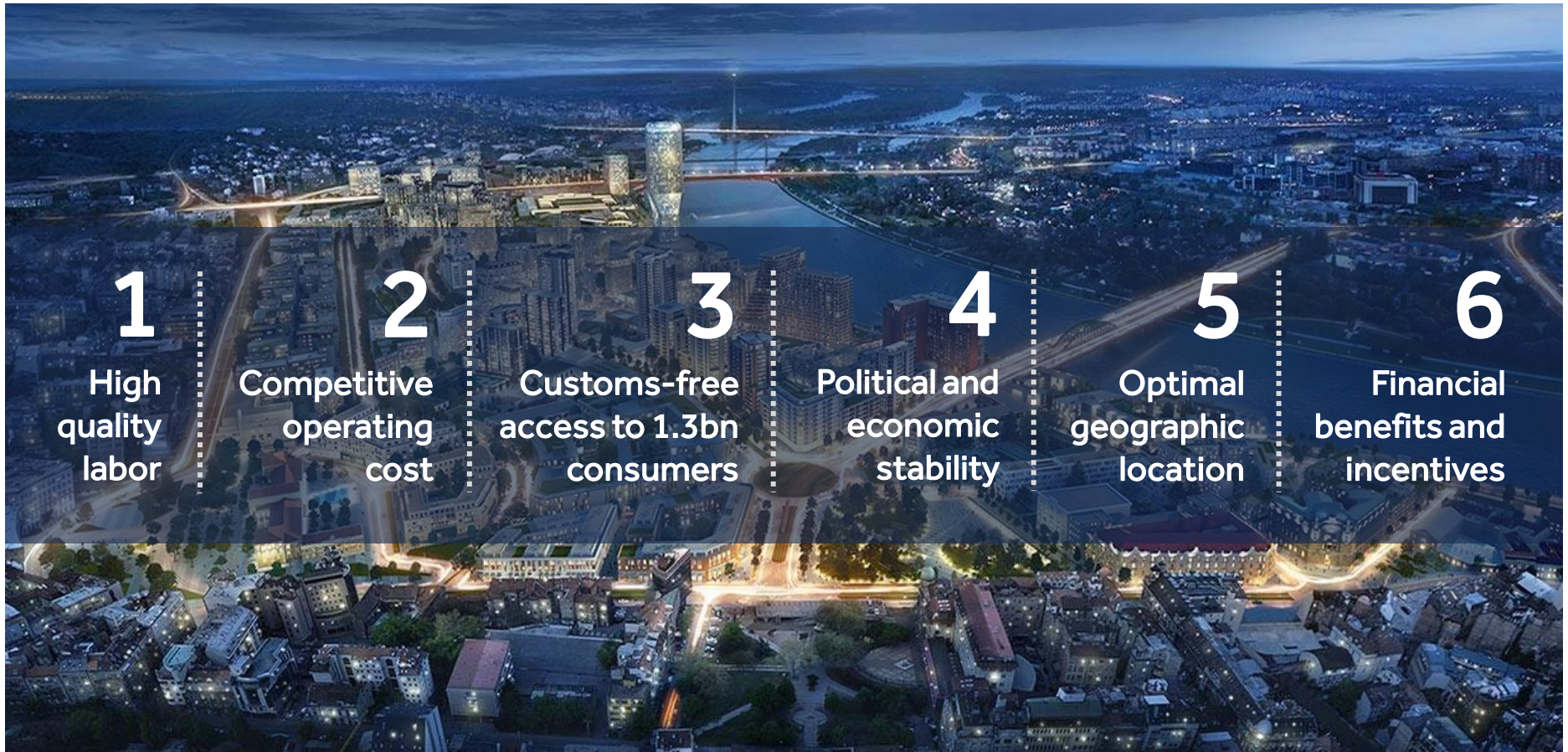
Novak Djokovic



Key investors

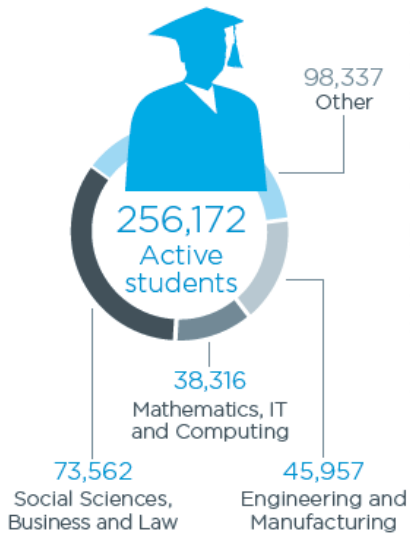


Why invest in Serbia?

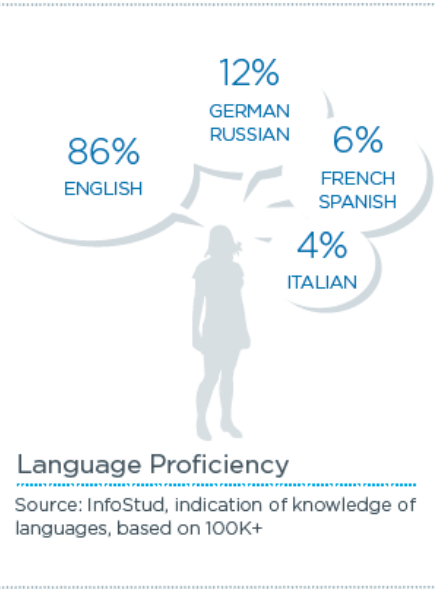


1. High quality labor

5 University Centers across the Country

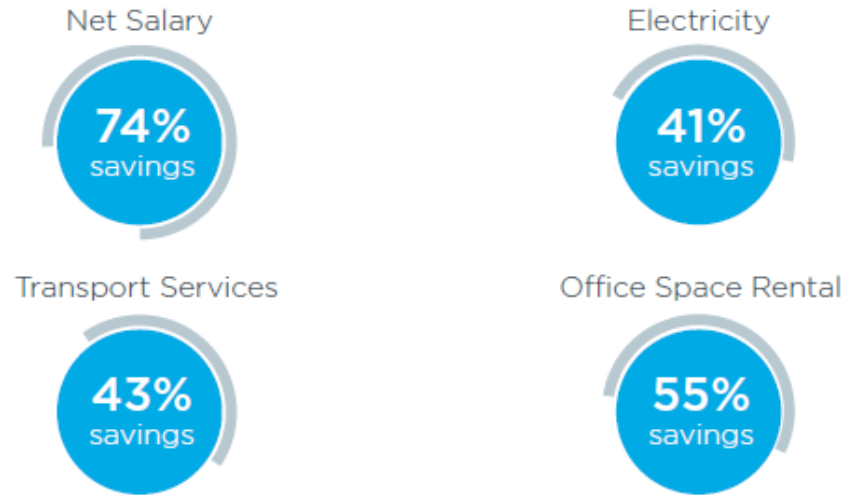


Source: *Statistical Office of the Republic of Serbia, 2017/18



2. Competitive operating cost

Cost Savings vs EU-28 Average

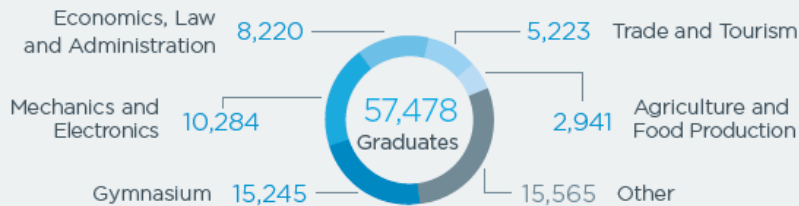


Source: EUROSTAT, 2018



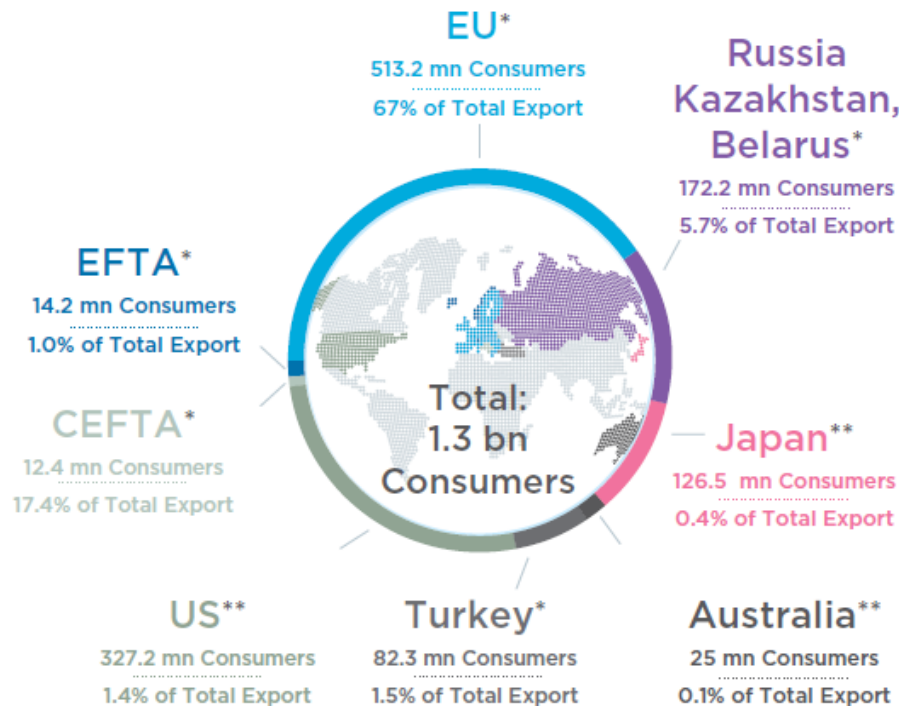
Source: RAS

510 High Schools across the Country



3. Customs-free access to 1.3bn consumers

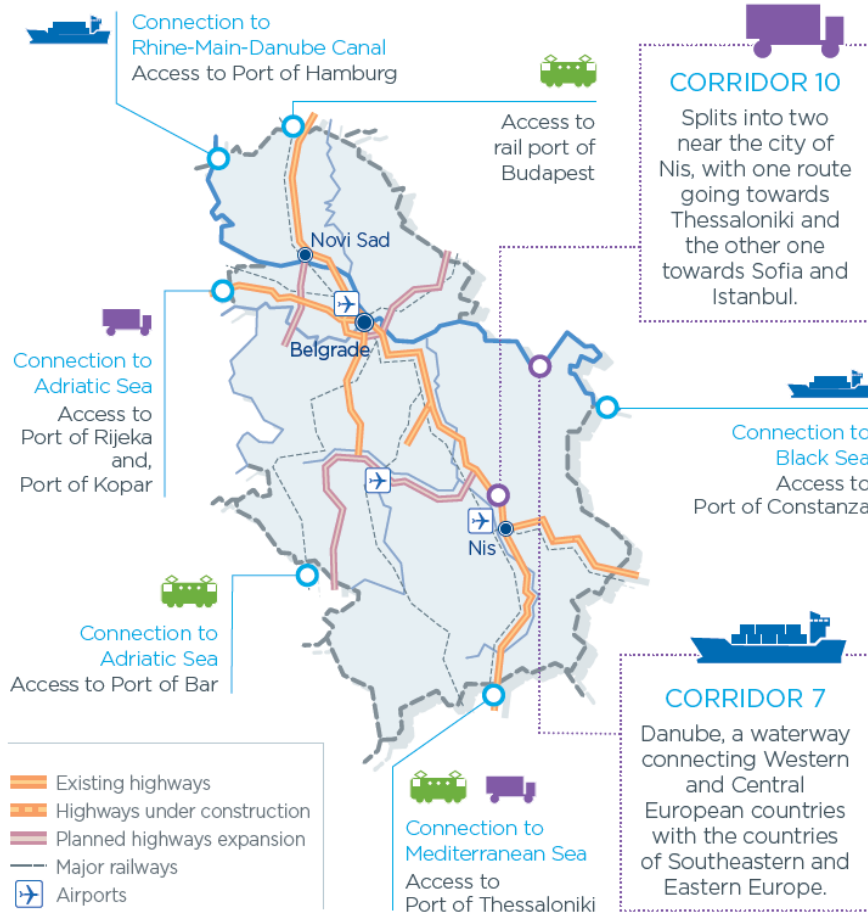
4. Political and economic stability



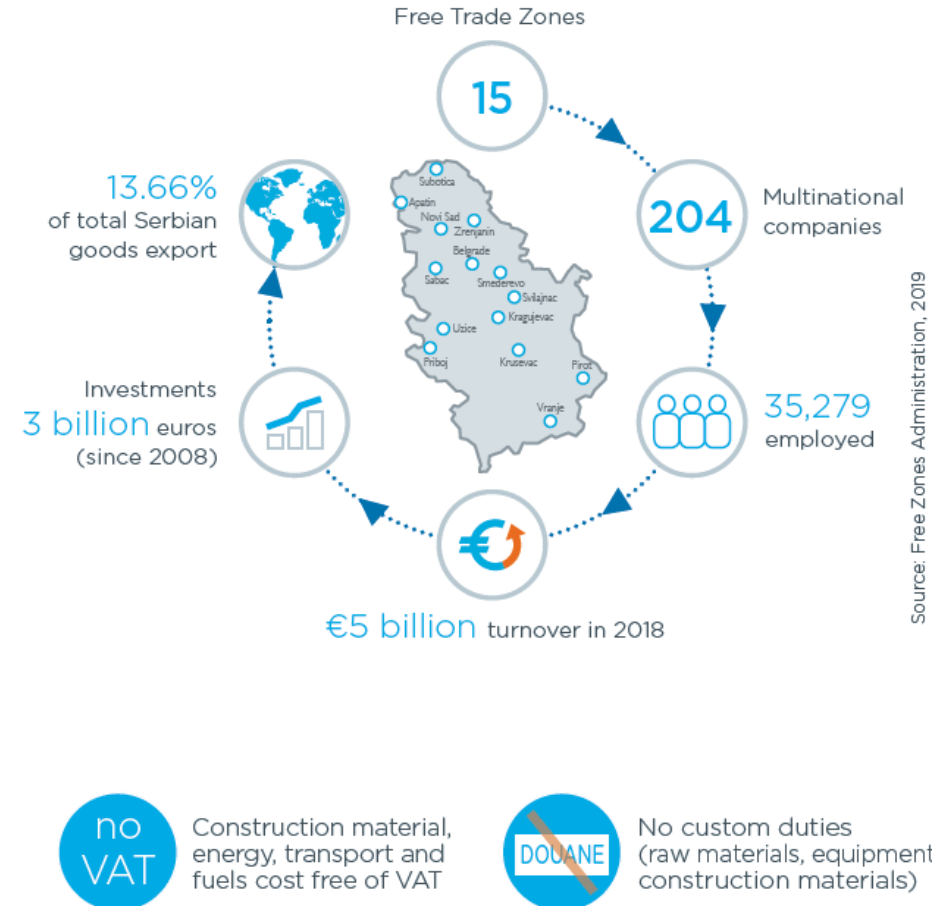
*FTA - Free Trade Agreements
**GSP - Generalized System of Preferences

- Global financial crisis of 2008 exposed the structural weaknesses in Serbia's economic, consumption led service based, growth model
- A new, strong majority government was formed in December 2014 and launched bold economic and structural reforms, including fiscal consolidation, improvement of the regulatory framework to promote investment climate and business environment:
 - Consolidated budget deficit was reduced from alarming 6.2 % of GDP in 2014 to surplus of 0.6% GDP in 2018, while accelerating growth of public debt has been reversed bringing it from its peak at 71.2% of GDP in 2015 to 54.5% of GDP in 2018
 - With growth of 4.3% in 2018, the highest in a decade, GDP is on the sustainable growth path
 - Export of goods is registering constant growth reflecting rise in competitiveness of local economy and positive global environment
 - Unemployment rate has been almost cut in half from its post crisis peak at 23.9% in 2012 to 12.5% in 2018
 - Serbia moved up by 43 places over the past 4 years on the World Bank Doing Business List and is now ranked 48th globally

5. Optimal geographic location



6. Financial benefits and incentives



INCENTIVES FOR ATTRACTING DIRECT INVESTMENTS

GRANTED BY DEVELOPMENT AGENCY OF SERBIA
("RAS" OR "AGENCY")

Who can and who cannot apply?

- In line with the Regulation governing grants of incentives for direct investments (“Regulation”), funds **CAN BE GRANTED** for realization of investment project in:
 - **PRODUCTION SECTOR**
 - Projects relating to **SERVICES PROVIDED BY SERVICE CENTERS (shared services, outsourcing centers, etc.)**, in compliance with the Regulation. Services provided by service centers and support to business operations are **services provided by means of information and communications technologies primarily to the users outside of the territory of the Republic of Serbia**.
- **Direct investments**, within the meaning of this Regulation, are the investments in material and non-material assets of companies, in compliance with this Regulation, with the aim of initiating a new business activity, expanding the existing capacities or expanding the production to include new products and manufacturing processes, as well as with the aim of acquiring assets which are directly related to the company which has terminated its operations or would terminate its operations if a third person hadn’t bought it under market conditions, and whereby new employment is ensured.
- **Acquisition of stakes or shares in a company shall not be considered to be a direct investment** within the meaning of this Regulation.
- The funds **CANNOT BE GRANTED** for the realization of investment projects in the sectors of:
 - Traffic
 - Software development, except where these projects are aimed at improvements of production process or provision of services of a service center
 - Hospitality industry (separate regulation governing hospitality industry incentives is being prepared)
 - Games of chance
 - Trade
 - Production of synthetic fibers
 - Coal and steel and mining
 - Tobacco and manufactured tobacco
 - Firearms and ammunition
 - Shipbuilding of self-propelled sea-going commercial vessels with more than 100 gross registered tonnage
 - Airports
 - Utility business activities
 - Energy sector
 - Broadband network sector
 - Fisheries and aquaculture sector.

Requirements for incentives

Minimum investment and minimum number of new employees required to be eligible for financial incentives in the **PRODUCTION SECTOR**, depend on the development of the municipality where the proposed investment project shall be located (a summary is given in the table below).

Minimum investment and minimum number of new employees required to be eligible for financial incentives in the **SERVICE CENTERS INDUSTRY (shared services, outsourcing centers, etc.)**, DO NOT depend on the development of the municipality.

REQUIREMENTS FOR INCENTIVES - PRODUCTION SECTOR

Development level of Municipality	Minimum number of new employees	Minimum investment required
I (most developed regions)	50	€ 500.000
II	40	€ 400.000
III	30	€ 300.000
IV	20	€ 200.000
V (devasated regions)	10	€ 100.000

REQUIREMENTS FOR INCENTIVES - SERVICE CENTERS

Development level of Municipality	Minimum number of new employees	Minimum investment required
Not applicable	15	€ 150.000

Eligible costs and level of incentives

Eligible costs:

1) **Investments in material and non-material assets** starting from the submission date of the application for incentive granting until the expiration date of the period for realization of investment project (**eligible investment costs**)

2) **Gross salaries** for the newly employed persons **OVER THE PERIOD OF TWO YEARS** after the achievement of full employment (**eligible costs of gross salaries**).

- Note: Base salary of the newly employed persons must be at least 20% higher than the minimum wage in compliance with the regulations governing employment

LEVEL OF INCENTIVES

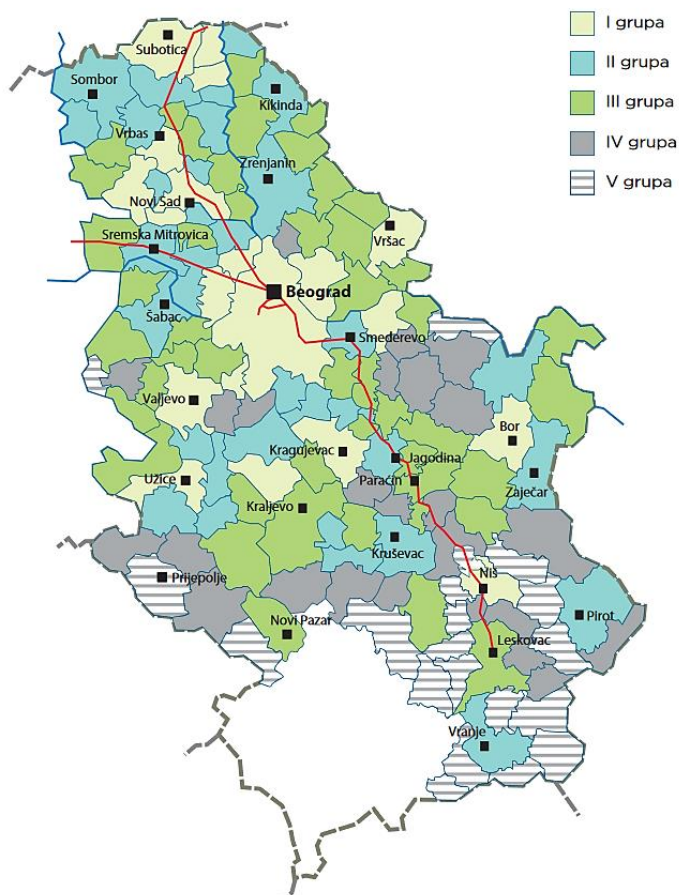
Development level of Municipality	% of eligible costs of gross salaries*	Maximum per employee (limit)**	% of eligible investment costs
I (most developed regions)	20%	€ 3.000	10%
II	25%	€ 4.000	15%
III	30%	€ 5.000	20%
IV	35%	€ 6.000	25%
V (devasated regions)	40%	€ 7.000	30%

*Gross salaries for the newly employed persons OVER THE PERIOD OF TWO YEARS after the achievement of full employment

**This is only the adjustment criteria which limits the maximum level of incentives calculated as percentage of eligible gross salaries over the two-year period

Note: The incentives shown in the table can be additionally increased for labor-intensive investment projects, with a minimum of 200 new jobs related to the investment project are opened.

Level of development of municipalities



Group I: Bačka Palanka, Beograd, Beočin, Bor, Valjevo, Vrbas, Vršac, Kanjiža, Kragujevac, Lajkovac, Niš, Novi Sad, Pančevo, Pećinci, Požarevac, Senta, Stara Pazova, Subotica, Užice, Čačak.

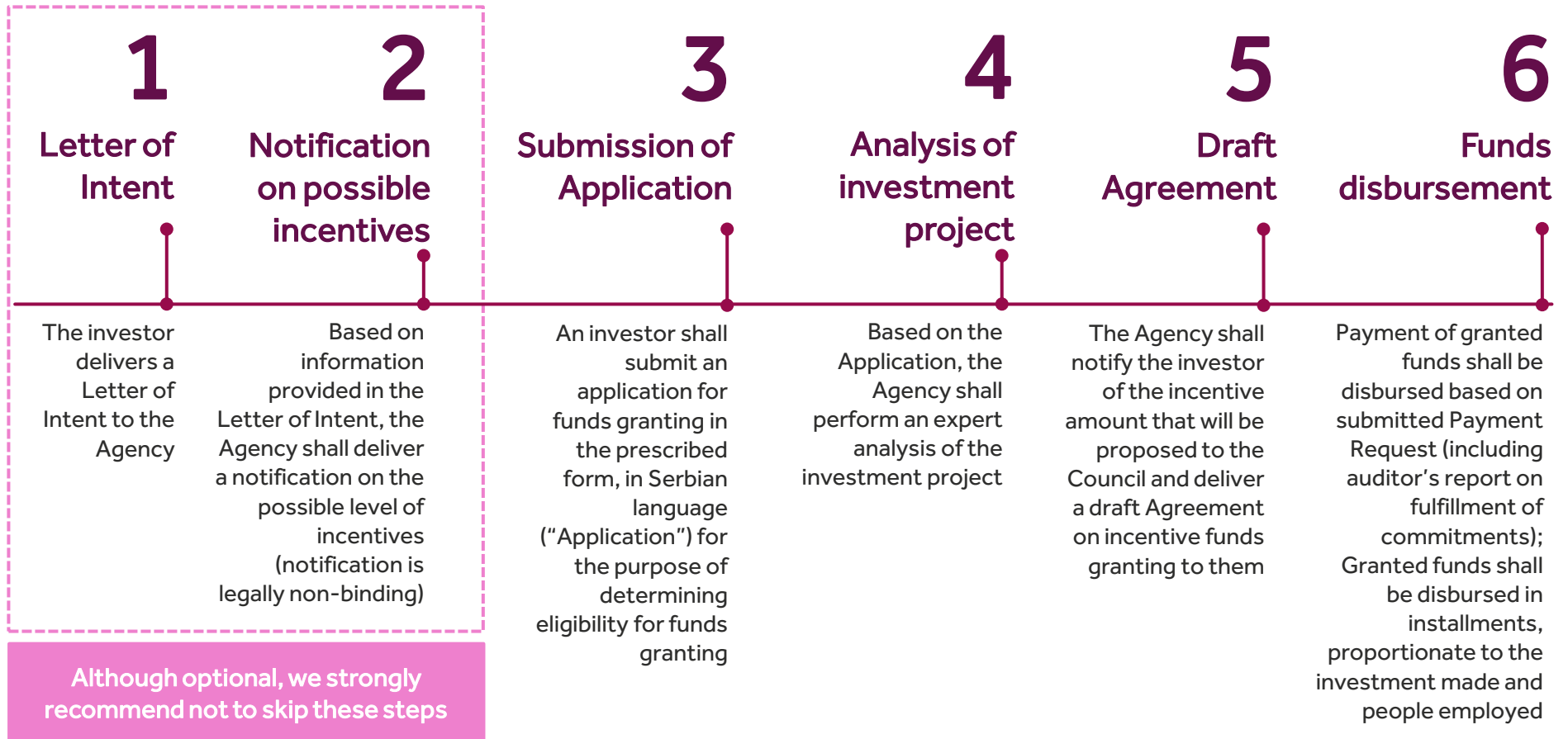
Group II: Ada, Aleksandrovac, Apatin, Arandelovac, Arilje, Bačka Topola, Bački Petrovac, Bečej, Vranje, Vrnjačka Banja, Gornji Milanovac, Zaječar, Zrenjanin, Indija, Jagodina, Kikinda, Kosjerić, Kruševac, Kula, Lapovo, Majdanpek, Novi Kneževac, Pirot, Požega, Rača, Ruma, Smederevo, Sombor, Sremska Mitrovica, Sremski Karlovci, Temerin, Topola, Čajetina, Šabac.

Group III: Alibunar, Bajina Bašta, Batočina, Bač, Bela Crkva, Bogatić, Boljevac, Velika Plana, Veliko Gradište, Vladimirci, Despotovac, Žabalj, Žitište, Ivanjica, Irig, Kladovo, Knić, Kovačica, Kovin, Koceljeva, Kraljevo, Leskovac, Loznica, Lučani, Ljubovija, Mali Idoš, Negotin, Nova Crnja, Novi Bečej, Novi Pazar, Osečina, Odžaci, Paraćin, Plandište, Prokuplje, Svilajnac, Sečanj, Smederevska Palanka, Sokobanja, Srbobran, Titel, Trstenik, Čičevac, Čuprija, Ub, Čoka, Šid.

Group IV: Aleksinac, Babušnica, Bela Palanka, Blace, Bojnik, Bosilegrad, Brus, Bujanovac, Varvarin, Vladičin Han, Vlasotince, Gadžin Han, Golubac, Dimitrovgrad, Doljevac, Žabari, Žagubica, Žitorađa, Knjaževac, Krupanj, Kuršumlja, Kučevo, Lebane, Ljig, Mali Zvornik, Malo Crniće, Medveđa, Merošina, Mionica, Nova Varoš, Opovo, Petrovac na Mlavi, Preševo, Priboj, Prijepolje, Ražanj, Raška, Rekovac, Svrljig, Sjenica, Surdulica, Trgovište, Tutin, Crna Trava.

Group V encompass devastated regions included in Group IV, which development level is below 50% of average development level in the Republic of Serbia.

Application process



Nexia Star – A full-scale advisor

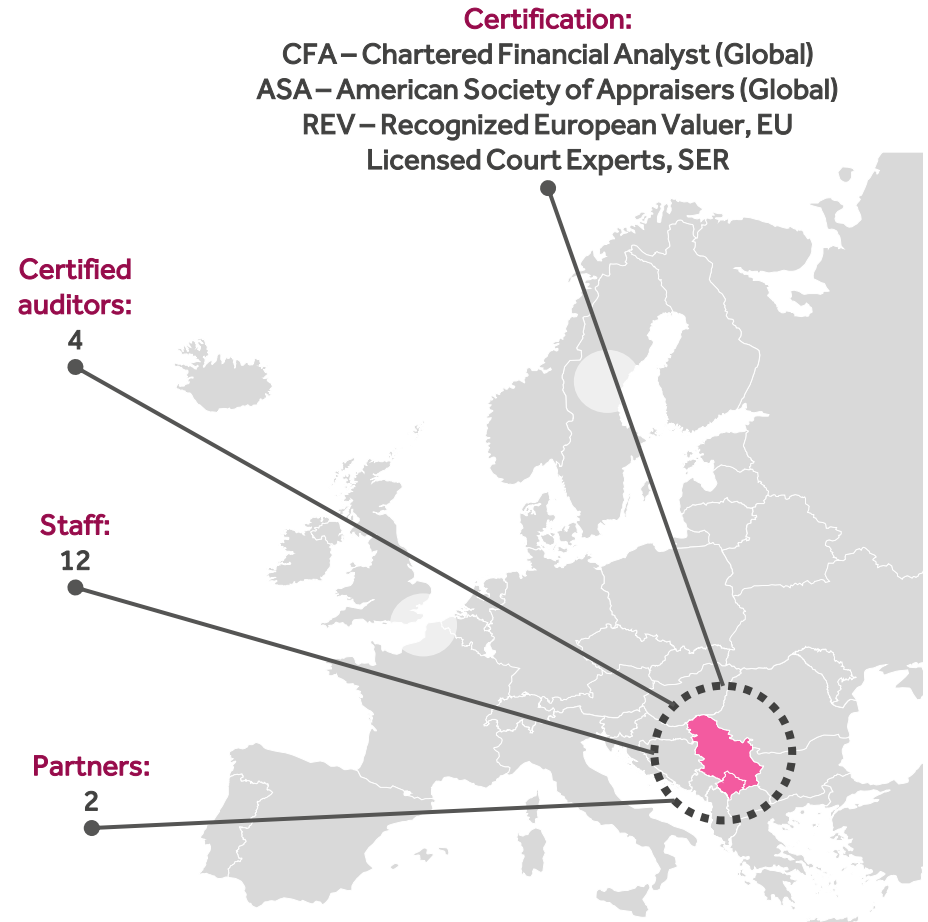
Nexia Star comprises a team of leading financial advisors, auditors, accountants, tax experts, law offices, and other experts. As project leaders, we act as a key link between our clients and the Agency.

Nexia Star d.o.o. Belgrade, Serbia, a member firm of Nexia International – the 8th largest accounting network in the world, is the audit, accounting, and strategy consulting company backed by the two-decade experience, reputation and expertise of partners and employees, and a number of successful engagements and satisfied clients.

Nexia Star is a reliable business partner and a **full-scale advisor** providing **top-notch professional services** and **creating additional value for a client**, beyond the purely contractual obligations.

Our **relationship with the clients** is way more than just a business relationship – **understanding** the people, and **building long-term relationships** based on **mutual respect and trust** is a key value of Nexia Star philosophy.

Nexia Star strive to provision of **tailor-made personalized client solutions** and direct and **active participation of partners and senior management** in each particular engagement. Open lines of communication, ethical standards, integrity, independence, and technical excellence are considered essential values in our approach.



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