

VAT refund Serbia, Croatia, Montenegro, BiH and FYR Macedonia

OVAT refund to foreign taxable persons is the current 'hot topic' in South East Europe, taking into account the fact that the deadline for submission of the **2014 VAT refund applications is June 30, 2015** in the majority of the countries in the Region.

In brief, every foreign taxable person, who has paid VAT in **Serbia, Croatia, Montenegro, BiH and FYR Macedonia** during 2014, has the right to VAT refund subject to certain conditions. The VAT refund ensures avoidance of double taxation.

Below, we have outlined the main features of the VAT refund in these countries

Serbia: Serbia refunds VAT to taxable persons, which have established their business in the following countries: the **Netherlands, Slovakia, Croatia** (partially- only on movable goods and services purchased in connection with fairs), **Denmark, Austria, Bosnia and Herzegovina, Belgium, Montenegro, FYR Macedonia, Slovenia, Germany, and the UK**. It is highly recommendable to appoint a local tax consultant to assist in the VAT refund procedure in Serbia. Once the VAT refund is granted by the Serbian tax Administration, the VAT is refunded in the currency of residence of the applicant to a bank account either in Serbia or abroad. The deadline for the submission of the 2014 VAT refund request is June 30, 2015. Foreign taxable persons are encouraged to submit their requests even earlier in order to avoid delays in the refund usually experienced when the requests are submitted close to the expiration of the deadline.

Croatia: Ever since the EU accession, Croatia applies the EU VAT Directive when refunding VAT to foreign taxable persons. The refund naturally does not apply to taxable persons from other EU member state. Croatia has yet not published the list of countries eligible for VAT refund, therefore it is highly recommendable to inquire with a Croatian tax advisor whether the refund is possible on a case by case basis. The request for the refund of 2014 VAT has to be submitted until June 30, 2015.

Montenegro: The 2014 VAT refund requests in Montenegro have to be submitted until June 30, 2015. The particularity of the Montenegrin VAT system is that **Montenegro refunds VAT to all foreign taxable persons** regardless of their residence (no reciprocity principle is in place in Montenegro). Another fact that has to be kept in mind concerning the refund of the Montenegrin VAT is the excessive delay in the refund procedure. Namely, although the Montenegrin tax Administration has to refund the VAT within 45 days from the submission of the request, foreign taxable persons experience delays of one year or more. Once the refund is granted, the funds are paid to the non-resident account of the foreign taxable person opened with one of the Montenegrin banks.

BiH: Bosnian VAT rules regulate that a foreign taxable person can submit a VAT refund request within 14 months from the date of the invoice. The VAT refund request cover normally a trimester or a year the most. The Bosnian Tax Administration grants the refund within 6 months from the submission of the request. Once granted, the refund is performed to bank account of the tax representative of the foreign

taxable person. **Foreign taxable person must have a tax representative** when applying for the VAT refund. In addition, currently, foreign taxable persons from all over the world are eligible for a VAT refund in BiH.

FYR Macedonia: Foreign taxable persons from following countries can apply for a VAT refund in FYR Macedonia: **Austria, Azerbaijan, Albania, Belarus, Bulgaria, the UK, Germany, Denmark, Estonia, Iran, Ireland, Italy, Qatar, China, Kosovo, Montenegro, Latvia, Lithuania, Luxemburg, Morocco, Moldova, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Serbia, Taiwan, Turkey, Ukraine, Hungary, Finland, France, the Netherlands, Croatia, Czech Republic, Switzerland, Sweden, Spain.** The 2014 VAT refund request must be submitted until June 30, 2015. The Macedonian tax Administration decides on the refund within 6 months from the submission of the request. Once granted, the VAT is refunded to the bank account indicated by the foreign taxable person in the currency of its home country.