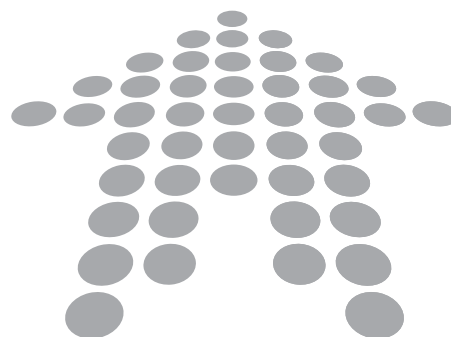




# GREY BOOK 17

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*Recommendations for removing administrative  
obstacles to doing business in Serbia 2025/2026 - summary*





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# FOREWORD



**Dejan Đokić**  
President of the Executive Board  
NALED



*Dear members and partners,*

*We present to you the new, 17<sup>th</sup> edition of Grey Book, which traditionally includes 100 concrete proposals for reducing unnecessary bureaucracy and improving the predictability and transparency of business conditions in Serbia. Since the previous edition, institutions have managed to partially resolve only two recommendations, which is one of the weakest results since the first Grey Book was published in 2008. This indicates a significant slowdown in the pace of reforms, which in previous years reached as many as 12 fully or partially implemented recommendations.*

*In 2024, partial progress was made on the recommendations for reducing administrative and financial obligations for beekeepers, and for the digitalization and centralization of procedures related to connecting prosumers to the electricity distribution grid, including the introduction of the concept of the "active customer" - a step toward alignment with the EU. Considering the complexity of some reforms, which require more than a year to be fully implemented (the time frame of a single Grey Book edition), we began tracking ongoing reforms last year, with 11 featured in this edition.*

*For example, a long-standing Grey Book recommendation to regulate non-tax charges became relevant again in 2024, with the aim of ensuring full transparency through electronic payments of all fees and charges. This will enable further systemic improvements in this area and the elimination of parafiscal levies. The importance of this recommendation for citizens, the economy, and Serbia's EU integration has been recognized by both the Government of Serbia and the EU Delegation, and the reform of non-tax and parafiscal charges has found its place in the official Reform Agenda of Serbia.*

*Digitalization continues to be a catalyst for change, through ongoing reforms such as the introduction of eBills of lading for transported goods, eSick Leave certificates, and a unified electronic health record and resource database. Accordingly, digitAlization was particularly highlighted last year as a strategic focus of NALED's activities.*

*Grey Book 17 contains 9 new and 91 previous recommendations, of which 21 were revised and improved. This year, we continue the practice of tagging certain recommendations with the "EU Badge" - 23 in total - to emphasize their contribution to Serbia's faster EU integration. Additionally, 11 recommendations retain the "Cashless Payments" label due to their importance for countering the shadow economy and further developing eGovernment and eBusiness. Furthermore, we have highlighted 35 recommendations focused on digitalization.*

*Over the past 17 years, our regulatory Bible has presented nearly 330 unique recommendations, more than half of which have been partially or fully implemented. Behind each proposal and successfully implemented reform lies dialogue and cooperation between the private, public, and civil sectors - embedded in NALED's very DNA. Therefore, I would like to thank all NALED members and fellow Executive Board members for their trust and contributions, our international partners - especially the Government of the Kingdom of Sweden for its valuable support - and our expert team who push the boundaries every year in preparing this important publication.*

*I also invite competent institutions to stay on the reform path and, in cooperation with NALED, achieve better results in implementing Grey Book recommendations for the benefit of all who live, work, and invest in Serbia. Because only together can we make a difference.*

GREY BOOK 17: TEN PRIORITY RECOMMENDATIONS

N°	RECOMMENDATION	LINE INSTITUTION
1.8	Enable electronic payment of all non-tax charges	Ministry of Finance
3.2	Establish a unique electronic health record and material resources record in healthcare	Ministry of Health
3.7	Introduce an eSick leave system	Ministry of Health
4.3	Regulate flexible and seasonal forms of engagement	Ministry of Labor, Employment, Veteran and Social Affairs
5.1	Speed up and digitalize the legislation process	Ministry of Construction, Transport and Infrastructure
5.6	Establish an effective mechanism for determining property rights	Ministry of Construction, Transport and Infrastructure
8.2	Improve primary waste sorting and introduce a deposit system for the return of beverage packaging	Ministry of Environmental Protection
8.8	Introduce a national carbon taxation mechanism complementary to the EU'S CBAM	Ministry of Environmental Protection
9.1	Enable simultaneous change of residence in both ID cards and other personal documents	Ministry of the Interior
16.2	Improve and liberalize regulations on foreign exchange operations	National Bank of Serbia

# OVERVIEW OF IMPLEMENTED REFORMS IN 2024

*One of the preconditions for economic growth is a stimulating regulatory framework within which economic activity takes place. This is further confirmed by the 2024 Nobel Prize in Economics awarded to Daron Acemoglu, James Robinson, and Simon Johnson for their research on the institutional foundations of growth.*

*Regulatory activity does not only mean adopting new regulations that create additional costs for businesses but also adopting regulations that reduce administrative and fiscal burdens, eliminate unpredictability in business operations, and enable the smooth functioning of economic life. Moreover, an essential aspect of the regulatory process is the amendment of existing regulations, as new problems may arise during implementation or better solutions may be found for existing ones.*

*That is precisely the purpose of Grey Book – to improve business conditions in Serbia in order to support faster economic development. This is especially important given that the main channels of growth are largely exhausted - public investments were already above 7% of GDP in 2024, and foreign direct investments were estimated at over 6% of GDP. Real GDP growth in the previous year amounted to a respectable 4%, and estimates from international financial institutions point to a temporary slight slowdown this year, with recovery expected in the medium term. Improving the regulatory environment for business would unlock higher growth rates and make the economy more resilient to external shocks, particularly considering growing uncertainties caused by unexpected changes in U.S. trade policy.*

*On the other hand, according to NALED's quarterly reports on the status of regulatory reform, legislative activity slowed during 2024, with 192 laws, bylaws, and strategic documents adopted - 37 fewer (or 16% less) than in 2023. This was undoubtedly influenced by domestic political developments - following the December 2023 elections, the new government was not formed until May 2024, and its mandate lasted only nine months. After the tragedy in Novi Sad, subsequent protests and clashes, the Prime Minister resigned in January 2025, and a new government was elected in mid-April this year.*

*Turbulent events at both domestic and international levels shifted the focus away from economic reforms toward addressing other pressing issues, which is also reflected in this year's Grey Book, which was released somewhat later than usual. Of the 100 recommendations for better business conditions, only two were partially implemented, thanks to the efforts of the ministries responsible for energy and agriculture. Eleven recommendations were initiated, with the most involvement from the Ministry of Health, followed by the Ministry of Finance and the Ministry of Information and Telecommunications. Below are some of the key regulatory activities from the past year:*

## **Improved Framework for Electricity Prosumers**

*By digitalizing 27 services under the jurisdiction of the Ministry of Mining and Energy - primarily related to renewable energy - a recommendation to fully digitalize and centralize procedures and standardize the behavior of Elektro distribucija Srbije (EDS) branches in the process of connecting prosumer energy facilities to the distribution grid was partially implemented. Additionally, amendments to the Energy Law adopted last year's proposal to define the term "active buyer," distinguishing it from "prosumer," and harmonizing Serbia's regulations with EU Directive 2019/944.*

## **Reduced Administrative and Financial Burden on Beekeepers**

*The adoption of a new rulebook regulating conditions for placing animals on the market will reduce financial and administrative burdens on beekeepers. This partially fulfilled a Grey Book recommendation by the Ministry of Agriculture, Forestry, and Water Management. To fully implement it, the fee for issuing and renewing health certificates for bee colonies must be abolished.*

## **Simultaneous Issuance of Residence and Work Permits for Foreigners**

*With the adoption of a new Rulebook on the issuance of a unified permit for temporary residence and work for foreigners, two previously separate procedures have been merged into one. This has simplified and accelerated the process and brought Serbia's legislation into alignment with EU regulations.*

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### **Improved Conditions for Telecommunications Development**

According to instructions for applying Articles 8–10 of the Environmental Impact Assessment Law, mobile operators submit a request to local government bodies for installing radio base stations along with a professional environmental load assessment, eliminating the need for a separate environmental impact study. The aim is to simplify, accelerate, and reduce the cost of the procedure. Further instructions related to Article 33(9) and standalone Article 81 of the Law on Planning and Construction regulate the work of local government officials and emphasize that planning and urban documents may not impose additional requirements beyond those defined by specific laws governing the installation of cable or wireless electronic communication infrastructure.

### **Implementation of the eExcise System**

Although not part of Grey Book, it is worth highlighting the Ministry of Finance's efforts in introducing the eExcise System. Amendments to the Excise Law require all excise product traders to use a centralized information system to track excise goods from producer/importer to final consumer, aiming to reduce illegal sales and unfair competition. The eExcise System has been operational since October 1, 2024, and as of early 2025, the process includes marking and scanning control excise stamps with QR codes.

### **Adoption of the Reform Agenda**

The Reform Agenda of the Republic of Serbia, as part of the EU's Reform and Growth Instrument for the Western Balkans, defines a list of priority reforms aligned with the European Union. These reforms fall into four categories: business environment, green and digital transition, human capital, and the rule of law. Implementation of the reforms will unlock €1.58 billion in funding for Serbia. One of the key reforms - enabling electronic payment of all non-tax charges - also happens to be a long-standing Grey Book recommendation. It's also worth noting that in October last year, Serbia adopted its fifth revised National Program for the Adoption of the EU Acquis (NPAA), covering the period from July 2024 to October 2027, and aligned with the adopted Reform Agenda.

### **Abolition of the POPDV Form Starting in 2026**

Amendments to the Electronic Invoicing Law at the end of 2024 introduced a preliminary VAT return that will be automatically generated based on data from the Electronic Invoicing System (SEF). Amendments to the VAT Law also prescribe that this preliminary return will be submitted alongside the standard VAT return (PPPDV), while the obligation to draft and submit the POPDV form is abolished. However, the automated preliminary VAT returns will be generated only from January 2026 (i.e., Q1 2026). Abolishing the POPDV form will significantly reduce administrative costs for businesses starting next year.

### **Digitalization of Transport Documentation**

The adoption of the Law on Electronic bills of lading introduces a dedicated eBill of lading system for the receipt, processing, recording, dispatch, and storage of electronic dispatch notes and receipts. This applies to both public and private sector entities. Implementation is planned from early 2026 and October 1, 2027, depending on the sector and product types listed on the bills of lading.

### **Continued Digitalization of Healthcare**

Activities on drafting secondary legislation for the implementation of digital services continued, primarily the eHealth Record and eSick Leave system, as mandated by the Law on Health Documentation and Records. The establishment and operation of these two services will significantly contribute to implementing long-standing NALED Grey Book recommendations and will simplify administration for both businesses and citizens.

### **Ratification of the Minamata Convention**

The Law on Ratification of the Minamata Convention on Mercury, adopted in November 2024, aims to protect human health and the environment from harmful mercury emissions and discharges. This harmonizes Serbian legislation with EU rules that restrict the use of certain hazardous substances in electrical and electronic equipment. Implementation of this law is expected to accelerate lighting system reconstruction, particularly since it enables the disposal of mercury-containing waste.

## STATUS OF IMPLEMENTING RECOMMENDATIONS FROM GREY BOOK 16

N°	LINE INSTITUTION*	NUMBER OF RECOMMENDATIONS	PARTIALLY RESOLVED	UNRESOLVED	IN PROGRESS*
1	Ministry of Finance	19	0	19	20
2	Ministry of Economy	6	0	6	6
3	Ministry of Health	10	0	10	7
4	Ministry of Labor, Employment, Veteran and Social Affairs	9	0	9	7
5	Ministry of Construction, Transport and Infrastructure	7	0	7	5
6	Ministry of Justice	5	0	5	6
7	Ministry of Agriculture, Forestry and Water Economy	5	1	4	5
8	Ministry of Environmental Protection	7	0	7	8
9	Ministry of the Interior	1	0	1	1
10	Ministry of Culture	1	0	1	1
11	Ministry of Information and Telecommunications	3	0	3	2
12	Ministry of Domestic and Foreign Trade	1	0	1	1
13	Ministry of Public Administration and Local Self-Government	3	0	3	1
14	Ministry of Mining and Energy	2	1	1	1
15	Recommendations shared between several competent authorities	19	0	19	14
16	National Bank of Serbia	1	0	1	1
17	Local Government Units	1	0	1	2
TOTAL		100	2	98	11

\*Recommendation with the status In Progress are a part of unresolved recommendations.

# SCIENTIFIC COUNCIL'S OVERVIEW



**Dušan Vujović<sup>†</sup>**  
President of  
Scientific Council  
NALED



**Goran Pitić**  
Member of  
Scientific Council  
NALED



**Branko Radulović**  
Member of  
Scientific Council  
NALED

*Dear members and partners,*

*It is our pleasure, in our capacity as NALED's Scientific Council, to support the seventeenth annual edition of Grey Book - a publication that, based on proposals from the business community and other sectors of society, articulates concrete recommendations to the competent state authorities with the aim of improving the business environment.*

*The methodology for developing Grey Book is primarily based on the practical experiences of economic entities that face administrative obstacles and excessive bureaucracy in their daily operations. In addition to businesses, the recommendations are also grounded in the experiences of the public administration, which identifies limitations and deficiencies during the implementation of regulations. A significant contribution is also made by professions such as accountants and lawyers, as well as by citizens who point to the everyday administrative challenges they encounter.*

*Given that Grey Book is limited to the 100 most important recommendations for improving the business climate, it is necessary to conduct an extensive consultative process to select the priorities that will be included in the final text. This ensures a balanced reform list that reflects the various perspectives and priorities of the private, public, and civil sectors.*

*So far, no edition of Grey Book has been identical - even when recommendations are repeated across several editions, their content is not the same, as the descriptions of problems and proposed solutions evolve in line with changes in the regulatory framework, the economy, public administration, and the broader societal context. Therefore, the recommendations must necessarily change to remain relevant in a rapidly shifting environment.*

*Each identified problem is, where possible, supported by data from officially available sources, external analyses and research, as well as studies conducted by NALED itself. Where data permits, the recommendations also include estimated effects on the economy and citizens. A special source of inspiration comes from examples of comparative practice in neighboring countries or EU member states, further supporting the European integration process through the adoption of the EU acquis. As in previous years, all recommendations can be grouped into four categories:*

- 1. Recommendations ready for immediate implementation, which are precisely formulated, based on empirical and theoretical foundations, with thoroughly assessed impacts, and supported by all key stakeholders.*
- 2. Recommendations with varying effects on different groups of economic entities, requiring further discussion and reconciliation of diverse interests.*
- 3. Recommendations requiring more detailed elaboration and preparatory activities, such as training and capacity building of the public administration and affected businesses.*
- 4. General recommendations assessed to have high potential to improve the business climate and stimulate economic development, but which require additional analysis before full implementation.*

*In addition to the nine proposals featured for the first time in this publication, 91 "older" recommendations were re-evaluated, of which 21 were significantly improved, taking into account new or changed circumstances in their respective areas.*



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*We believe that implementing the recommendations from the 17<sup>th</sup> edition of Grey Book would have a significant positive impact on Serbia's economy, particularly in the following areas:*

- Reducing the shadow economy (e.g. measures promoting cashless payments);*
- Reducing tax burdens (e.g. in the area of labor);*
- Lowering administrative and financial burdens on businesses (e.g. abolishing the requirement to submit the POPDV form);*
- Fostering legal employment (e.g. regulating flexible and non-standard work arrangements);*
- Enhancing the investment climate (e.g. concluding the legalization process);*
- Encouraging entrepreneurship and innovation (e.g. automating pension registration for entrepreneurs);*
- Improving conditions for farmers (e.g. promoting organic and regenerative agriculture);*
- Implementing the circular economy concept (e.g. introducing a deposit-return system);*
- Strengthening the healthcare system (e.g. introducing eSick leave and eHealth records);*
- Increasing transparency of non-tax charges and reducing parafiscal burdens (e.g., enabling electronic payment of all non-tax levies).*

*The value of the Grey Book lies in its consultative process - through which the knowledge and experiences of numerous stakeholders are gathered to identify problems and develop appropriate solutions. This approach avoids what William Easterly described in his book *The Tyranny of Experts* - where proposed solutions may address a problem in theory but fail in practice.*

*We hope that the adoption of the recommendations - and the resolution of the underlying problems - will produce tangible results to the benefit of Serbia's economy and its citizens.*

GREY BOOK 17: OVERVIEW OF RECOMMENDATIONS

N°	COMPETENT INSTITUTION	NUMBER OF RECOMMENDATIONS	NEW	OLD	EU BADGE	CASHLESS PAYMENT	NO.
1	Ministry of Finance	20	3	17	3	8	7
2	Ministry of Economy	5	0	5	0	1	0
3	Ministry of Health	10	1	9	2	4	0
4	Ministry of Labor, Employment, Veteran and Social Affairs	9	0	9	1	2	0
5	Ministry of Construction, Transport and Infrastructure	6	0	6	0	3	0
6	Ministry of Justice	6	1	5	1	3	1
7	Ministry of Agriculture, Forestry and Water Management	7	1	6	2	1	0
8	Ministry of Environmental Protection	9	2	7	3	1	0
9	Ministry of the Interior	2	0	2	1	2	1
10	Ministry of Culture	1	0	1	0	0	0
11	Ministry of Information and Telecommunication	3	0	3	2	2	0
12	Ministry of Internal and Foreign Trade	1	0	1	0	1	0
13	Ministry of Public Administration and Local Government	3	0	3	0	1	0
14	Ministry of Mining and Energy	2	0	2	2	1	0
15	Multiple Institutions	12	1	11	5	4	1
16	National Bank of Serbia	3	0	3	1	0	0
17	Local Governments	1	0	1	0	1	1
TOTAL		100	9	91	23	35	11

*When preparing the recommendations, special focus was placed on successful examples of implemented solutions in other countries, especially in Europe, as well as on harmonization with EU regulations with the aim of Serbia's faster EU integration, which is why the Grey Book, the same as in previous years, marked these recommendations with an „EU badge“.*

#### GREY BOOK 17: RECOMMENDATIONS WITH AN EU BADGE

N°	RECOMMENDATION	LINE INSTITUTION
1.1	Reduce the fiscal burden over under-average salaries	Ministry of Finance
1.3	Introduce unified payment of taxes and contributions for entrepreneurs and automate the pension registration	Ministry of Finance
1.8	Enable electronic payment of all non-tax charges	Ministry of Finance
3.4	Improve the procedure of making amendments (variations) to a medicine permit	Ministry of Health
3.9	Enable the conduct of clinical trials for advanced therapies in Serbia	Ministry of Health
4.3	Regulate flexible and seasonal work engagement	Ministry of Labor, Employment, Veteran and Social Affairs
6.4	Prescribe a regime in which a natural person's debts are deemed written off	Ministry of Justice
7.1	Digitalize the management of agricultural field records and the subsidy registry	Ministry of Agriculture, Forestry and Water Economy
7.7	Reduce the carbon footprint in agricultural production and support the concept of regenerative agriculture	Ministry of Agriculture, Forestry and Water Economy
8.1	Establish a functional green fund as an independent business entity	Ministry of Environmental Protection
8.5	Regulate procedures for managing biodegradable kitchen waste	Ministry of Environmental Protection
8.8	Introduce a national carbon taxation mechanism complementary to the EU CBAM	Ministry of Environmental Protection
9.1	Enable simultaneous change of residence in both ID cards and other personal documents	Ministry of the Interior
11.2	Enable the use of qualified electronic certificates issued abroad and in Serbia	Ministry of Information and Telecommunications
11.3	Reduce the cost of setting up broadband infrastructure	Ministry of Information and Telecommunications
14.1	Support prosumers and active customers in the energy transition to green energy sources	Ministry of Mining and Energy
14.2	Introduce a ban on the use of fluorescent light sources	Ministry of Mining and Energy
15.1	Improve conditions for donations of food with expired "best before" date and abolish VAT on food donations	Multiple Institutions
15.2	Simplify the procedures regarding dietetic products	Multiple Institutions
15.3	Improve the system for wastewater treatment and control	Multiple Institutions
15.4	Harmonize regulations regarding the declaration of the country of origin of food	Multiple Institutions
15.6	Change the system of mobile telephony base stations' environmental impact assessment	Multiple Institutions
16.2	Improve and liberalize regulations on foreign currency operations	National Bank of Serbia

*In preparing the recommendations for this edition of the Grey Book, special emphasis was placed for the first time on the use of digital tools, which reduce the administrative burden on businesses and citizens, conserve public administration resources, and limit the scope for discretionary decision-making by state authorities - thereby reducing the potential for unequal treatment and corrupt practices. These recommendations are marked with the Digitalization badge.*

#### GREY BOOK 17: RECOMMENDATIONS WITH DIGITALIZATION DESIGNATION

N°	RECOMMENDATION	LINE INSTITUTION
1.3	Introduce unified payment of taxes and contributions for entrepreneurs and automate the pension registration	Ministry of Finance
1.8	Enable electronic payment of all non-tax charges	Ministry of Finance
1.11	Ease the administration related to electronic invoices	Ministry of Finance
1.13	Ease and lower the costs for electronic payment of real estate rent tax	Ministry of Finance
1.14	Optimize thresholds and procedures related to flat-rate taxation	Ministry of Finance
1.16	Enable issuance of a consolidated certificate of paid taxes and establish an electronic calculator for default interest calculation	Ministry of Finance
1.18	Improve tax procedures for digital asset transfer transactions	Ministry of Finance
1.19	Enable issuance of fiscal receipts exclusively in electronic form	Ministry of Finance
2.3	Centralize records within the serbian business registers agency	Ministry of Economy
3.2	Establish a unique electronic health record and material resources record in healthcare	Ministry of Health
3.3	Enable the use of eReferrals by specialist doctors	Ministry of Health
3.5	Facilitate and accelerate the import of unregistered medications	Ministry of Health
3.7	Introduce an eSick leave system	Ministry of Health
4.6	Enable electronic storage and delivery of employment-related documents	Ministry of Labor, Employment, Veteran and Social Affairs
4.9	Enable automatic notification of the labor inspectorate on the commencement of business operations and branches of a business entity	Ministry of Labor, Employment, Veteran and Social Affairs
5.1	Speed up and digitalize the legislation process	Ministry of Construction, Transport and Infrastructure
5.3	Establish a digital platform for the creation and publication of planning documents (eSpace)	Ministry of Construction, Transport and Infrastructure
5.4	Enable more efficient issuance of permits for freight vehicle movement	Ministry of Construction, Transport and Infrastructure
6.2	Enable electronic proceedings in court procedures	Ministry of Justice
6.5	Ensure a unified registry of contracts on the disposal of movable property	Ministry of Justice
6.6	Mandate delivery to a unified electronic mailbox for acts and correspondence in misdemeanor and other court proceedings	Ministry of Justice
7.1	Digitalize the management of agricultural field records and the subsidy registry	Ministry of Agriculture, Forestry and Water Economy
8.7	Facilitate and digitalize the procedure for preparing environmental impact assessments	Ministry of Environmental Protection
9.1	Enable simultaneous change of residence in both id cards and other personal documents	Ministry of the Interior

N°	RECOMMENDATION	LINE INSTITUTION
9.2	Introduce cashless payment of monetary fines for traffic offenses	Ministry of the Interior
11.1	Enable remote electronic identification for qualified trust services	Ministry of Information and Telecommunications
11.2	Enable the use of qualified electronic certificates issued abroad and in serbia	Ministry of Information and Telecommunications
12.1	Regulate the use of electronic bills of lading for goods in transport	Ministry of Domestic and Foreign Trade
13.2	Strengthen inspection capacities and mandate the use of the elnspector system	Ministry of Public Administration and Local Self-Government
14.1	Support prosumers and active customers in the energy transition to green energy sources	Ministry of Mining and Energy
15.9	Enable secure and sustainable storage of citizens' data by local self-government units	Multiple institutions
15.10	Improve the electronic identification system through integrating mobile banking with eID	Multiple Institutions
15.11	Enable the implementation of smart contracts within the legal system of the Republic of Serbia	Multiple Institutions
15.12	Facilitate and accelerate foreign trade procedures	Multiple Institutions
17.1	Improve the process of prescribing and collecting local administrative fees	Local Government Units

*In preparing the recommendations, attention was also directed toward promoting the use of cashless payments as one of the measures to reduce the shadow economy and establish fair competition among businesses. Accordingly, these recommendations, as in previous years, have been marked with the Cashless Payments label.*

#### GREY BOOK 17: RECOMMENDATIONS WITH CASHLESS PAYMENT DESIGNATION

BROJ PREPORUKE	NAZIV PREPORUKE	NADLEŽNA INSTITUCIJA
1.5	Prescribe a shorter deadline for VAT refunds and a longer deadline for submitting tax returns	Ministry of Finance
1.8	Enable electronic payment of all non-tax charges	Ministry of Finance
1.11	Ease the administration related to electronic invoices	Ministry of Finance
1.13	Ease and lower the costs for electronic payment of real estate rent tax	Ministry of Finance
1.15	Introduce incentives for the development of cashless payments	Ministry of Finance
1.16	Enable issuance of a unified certificate of paid taxes and establish an electronic calculator for default interest calculation	Ministry of Finance
1.19	Enable issuance of fiscal receipts exclusively in electronic form	Ministry of Finance
6.1	Lower high and abolish unnecessary court fees	Ministry of Justice
9.2	Introduce cashless payment of monetary fines for traffic offenses	Ministry of the Interior
15.10	Improve the electronic identification system through integrating mobile banking with eID	Multiple Institutions
17.1	Improve the process of prescribing and collecting local administrative fees	Local Government Units

# 1. MINISTRY OF FINANCE



## 1.8 ENABLE ELECTRONIC PAYMENT OF ALL NON-TAX CHARGES



### PROBLEM DESCRIPTION

In the past decade, the main issue raised by the business community has been the lack of transparency and predictability of non-tax charges, primarily fees and charges levied by national, provincial, and local authorities, as well as public enterprises.

In 2020, an analysis revealed over 1,200 non-tax charges were being collected at the national level, prescribed by approximately 500 different laws and by-laws, while around 400 decisions introducing non-tax charges were in force at the local level.

A significant step forward in improving the transparency of non-tax charges was made in 2018 with the drafting and adoption of the Law on Fees for the Use of Public Goods, which consolidated all fees previously regulated by 18 different laws. However, this only partially addressed the issue, given that fees - which make up the largest share of non-tax revenues - remain governed by numerous sectoral laws.

The current method of collecting non-tax charges also does not allow competent authorities to efficiently determine, through their document management systems, whether all required payments for submitted requests have been made. As a result, citizens and businesses are required to obtain and submit proof of payment for fees or charges, which is contrary to Articles 9 and 103 of the Law on General Administrative Procedure, and opens up opportunities for abuse (e.g., adding extra zeros on payment slips).

Additionally, the Treasury Administration faces difficulties in refunding mistakenly paid funds, as it often cannot identify the payer or determine whether the service for which a refund is requested was actually provided. This is primarily because there is no payment reference number that allows for clear identification of who made the payment, for which service, and to which authority.

Steps toward solving this problem were taken in 2021, when the ePlati system was developed for fees related to procedures conducted by the Ministry of the Interior (MUP). The system allows electronic generation of payment slips with a unique reference number for each initiated procedure. Since 2022, this system has also been used for payment of the tax on the transfer of absolute rights when purchasing used motor vehicles. However, for the remaining 1,500+ non-tax charges, the issue remains unresolved.

### PROPOSED SOLUTION

We propose amending the Law on the Budgetary System to mandate that all public fund beneficiaries enable the electronic calculation and payment of non-tax charges. End users — citizens or businesses — would retain the option to pay electronically or at payment institution counters, using standardized payment slip parameters.

From a technical standpoint, we propose the following:

Upgrading existing systems of the Office for IT and eGovernment (e.g., "Plati") to serve as default platforms for generating payment slips for all procedures in Serbia. These systems should enable authorities to verify payments independently, without requiring the payer to provide proof of payment.

Establishing an up-to-date list of all non-tax levies, including prescribed amounts and calculation formulas (a so-called "fee amount generator"). Linking the listed levies for procedures, which will enable citizens and businesses to get acquainted with the amount before paying the levy.

Introducing a unique payment reference number for each transaction, enabling identification of the fee, payer, service, and recipient authority. This would allow the authorities to verify payments via the ePlati system and would also facilitate the Treasury Administration's reimbursement process for incorrectly paid non-tax charges.

Estonia serves as a good example - institutions publicly publish complete fee lists with all necessary data for generating payment slips (e.g., the Medicines Agency).

Finally, to further encourage electronic payments, we propose a 10% reduction for procedures submitted electronically and paid using cashless methods.



INITIATED

*The European Commission's 2024 report identifies para-fiscal charges and hidden taxes as one of the key issues fueling the shadow economy, despite ongoing efforts to reduce it. Furthermore, Serbia's Reform Agenda - as part of the EU Growth Plan for the Western Balkans - includes the reform activity: "Enabling electronic payment of all public revenues (tax and non-tax)."*



*Based on NALED's initiative, the Ministry of Finance, within the first Reform Agenda of Serbia for the period 2024–2027 - one of the four pillars of the EU Growth Plan for the Western Balkans - has included a reform measure titled: "Enabling electronic payment of all public revenues (both tax and non-tax)."*

*Initial steps toward implementing this reform activity have been taken by involving the Office for Information Technology and eGovernment, with which a future software solution is being developed to support electronic payment of all non-tax charges.*

### REGULATIONS

· Law on the Budgetary System (Official Gazette of the Republic of Serbia, No. 54/2009...94/2024)

· Rulebook on the Conditions and Manner of Managing Accounts for the Payment of Public Revenues and the Allocation of Funds from Those Accounts (Official Gazette of the Republic of Serbia, No. 16/2016...105/2024)

### 3. MINISTRY OF HEALTH

#### 3.2 ESTABLISH A UNIQUE ELECTRONIC HEALTH RECORD AND MATERIAL RESOURCES RECORD IN HEALTHCARE



##### PROBLEM DESCRIPTION

The new Law on Health Documentation and Records in the Field of Healthcare, adopted in 2023, provides the foundation for further digitalization of the healthcare system and establishes the eHealth Record as a unique and centralized registry of data for each patient. Under this law, the Ministry of Health is responsible for establishing and managing the Republic Integrated Health Information System (RIZIS), which encompasses all electronic services for patients and public healthcare institutions, including the electronic health record.

Currently, the electronic patient record does not include data from private practices, including private laboratories, resulting in incomplete records and making it more difficult to track a patient's medical history. Additionally, it remains problematic that some physicians continue to keep part of the documentation on paper rather than in the information system, which means that only partial information about a patient's health status is available in the system.

Furthermore, the law also mandates the establishment of a central registry of healthcare resources, through which real-time data would be accessible to the institution's management, the Ministry of Health, and the Government of the Republic of Serbia, in order to enable effective health policy planning. The central resource registry is intended to cover data on human resources as well as material resources (equipment, medicines, ICT assets, etc.) and infrastructure, ensuring that all relevant information about the healthcare system is available to decision-makers and public policy makers.

The first phase of the Health System Resources platform, which includes human and material resources, has been completed and is ready for use. In future phases, the system could be expanded to include a registry of buildings, IT infrastructure, medicines, and medical devices.

##### PROPOSED SOLUTION

To fully implement the Law on Health Documentation and Records in the Field of Healthcare, it is necessary to:

- Adopt accompanying by-laws that define in more detail the content of the eHealth Record and registers, the method of accessing data from RIZIS (National Health Information System), and other areas prescribed by the law;
- Define technological solutions for maintaining the health record that will allow for integration of data from all healthcare institutions (both private and public), enabling tracking of the patient's medical history regardless of the place of treatment;
- Enable physicians at all levels of healthcare to access a patient's medical record via their local systems, ensuring they have comprehensive information on prior examinations, diagnoses, and prescribed therapies that could affect treatment decisions;
- Train all personnel responsible for maintaining basic medical documentation, in accordance with the legal obligation to keep such records in electronic form, as defined in Article 10 of the Law on Health Documentation and Records in the Field of Healthcare.

In order to enable effective healthcare resource management, it is also necessary to implement and further develop a technological solution for a central, real-time updated register of all material resources in primary, secondary, and tertiary healthcare. (In the first phase, a subsystem covering material and human resources was developed; it is necessary to further upgrade it to include a register of buildings, IT infrastructure, medicines, and medical devices.)



INITIATED

*In January 2021, following years of advocacy by NALED, the Government of the Republic of Serbia established a Coordination Body for the Digitalization of the Healthcare System, with the aim of adopting a strategic approach to the development of eHealth. Based on the work of the Coordination Body and the working groups formed, the Program for the Digitalization of the Healthcare System in the Republic of Serbia, along with its accompanying Action Plan, was adopted in 2022. Ultimately, in line with this Program, a new Law on Health Documentation and Records in the Field of Healthcare was adopted in October 2023. Among other provisions, the law stipulates the establishment of an electronic patient health record (eHealth Record) and provides the legal foundation for further digitalization in healthcare.*

*However, the application of these provisions did not enter into force in January 2025, as the necessary by-laws regulating and prescribing the implementation of the eHealth Record had not yet been adopted, despite the drafting process having begun. Additionally, the first phase of the Health System Resources platform, covering material and human resources, has been completed and is ready for use.*

##### REGULATIONS

- Law on Health Documentation and Records in the Field of Healthcare (Official Gazette of the Republic of Serbia, No. 92/2023)



### 3. MINISTRY OF HEALTH



#### 3.7 INTRODUCE AN eSICK LEAVE SYSTEM



#### PROBLEM DESCRIPTION

The sick leave system in Serbia faces a range of challenges that affect the rights of insured persons, the efficiency of healthcare institutions and employers, as well as the financial sustainability of the system. According to the Law on Health Insurance, insured persons are entitled to wage compensation during temporary incapacity for work, with the employer covering the first 30 days and the Republic Health Insurance Fund (RFZO) assuming responsibility from the 31st day onward (Article 101 of the Law). However, inefficient coordination between employers, the RFZO, and healthcare institutions results in delays in the calculation and payment of wage compensation, causing dissatisfaction and additional costs.

In smaller towns, the limited operations of RFZO medical commissions pose a major problem. These commissions often meet only a few times a month, so patients seeking extended sick leave or an opinion from the commission must travel to other cities or RFZO branches. This complicates access to rights, as the commissions do not have access to the electronic health records of insured individuals from other branches. Patients then return to their home branch with a paper-based medical opinion for further processing, which delays and increases the cost of the procedure.

At the same time, the system is burdened by abuse of sick leave, commonly referred to as "false sick leave." Article 73 of the Law on Health Insurance prohibits issuing sick leave without medical justification, yet in practice, the right to sick leave is frequently misused. Such situations cause financial losses for employers, reduce productivity, and negatively impact operations – especially in workplaces with a high incidence of abuse.

The law allows employers to request a reassessment of an employee's medical condition (Article 156 of the Law on Health Insurance and Article 103 of the Labour Law), but the current legal framework does not prescribe any deadlines for carrying out these procedures or for submitting reports to employers. This legal gap further complicates the resolution of disputed cases and delays the return of employees to their jobs.

These issues highlight the need for a comprehensive reform that includes improvements to information systems, better institutional coordination, and clearly defined responsibilities and deadlines for all actors in the process. A more efficient system would not only facilitate the realization of insured persons' rights but also reduce administrative and financial burdens for employers and healthcare institutions.

#### PROPOSED SOLUTION

To improve the efficiency of the sick leave system and reduce opportunities for abuse, we propose an integrated approach that includes the following measures:

1. Introduction of the "eSick Leave" Electronic System
  - Develop an information system enabling the electronic submission and processing of sick leave-related documents.
  - The system would allow selected physicians, medical commissions, and the Republic Health Insurance Fund (RFZO) to access the insured person's health record, thereby reducing the need for physical document transfers.
  - Employers would receive notifications through the system regarding their employees' temporary incapacity for work, eliminating the obligation for employees to personally submit medical certificates and forms.
  - The electronic calculation of wage compensation, to be carried out by the RFZO, would relieve employers of administrative procedures and accelerate payments.
2. Optimization of the Work of Medical Commissions
  - Enable medical commissions in smaller towns to access electronic health records of insured individuals from other RFZO branches, in order to prevent patients from being sent back to their primary branch just to verify documentation.
  - As an interim solution, simplify the procedure for electronically delivering opinions of medical commissions outside the insured person's home branch.
3. Clarifying Obligations and Deadlines for Reassessment Procedures
  - Amend the Law on Health Insurance to introduce a maximum five-day deadline for completing the reassessment of temporary incapacity for work upon the employer's request.
  - Introduce an obligation for healthcare institutions to deliver a report on the employee's fitness for work to the employer within five days after the assessment process is completed.
4. Strengthening Control and Reducing Abuse
  - Clearly define criteria and procedures for approving sick leave, including the obligation to follow the physician's instructions and prescribed therapy.
  - Strengthen oversight of physicians and medical commissions, and introduce strict sanctions for issuing "false sick leaves" without valid medical grounds.
5. Adoption of a By-law to Support the Electronic System
  - Adopt or amend the relevant rulebook to regulate in detail the conditions, methods, and procedures for exercising the right to wage compensation through the electronic system.
  - This includes obtaining documentation officially from healthcare institutions and the Tax Administration.

*With the amendments to the Law on Health Insurance adopted in October 2023, the first step toward implementing this recommendation was taken. The amendment stipulates that the Republic Health Insurance Fund (RFZO) will take over the process of calculating wage compensation for temporary incapacity to work, which will significantly speed up the procedure. However, the amendments did not include some of NALED's key recommendations necessary for the full implementation of the measure - such as defining the method of communication between primary care physicians, employers, and the RFZO within the system.*

*Additionally, parts of the electronic system intended to connect healthcare institutions, the RFZO, and employers were developed in 2024, and the system is currently being finalized. Nevertheless, considering that the system has not yet been fully implemented, and that neither the law was amended further nor the proposed by-law (i.e. rulebook) was adopted in 2024, this recommendation cannot be considered even partially resolved.*

#### REGULATIONS

- Law on Health Insurance (Official Gazette of the Republic of Serbia, No. 25/2019 and 92/2023)
- Rulebook on the Manner and Procedure for Exercising Rights from Mandatory Health Insurance (Official Gazette of the Republic of Serbia, No. 10/2010...4/2024 – consolidated rulebook)



# 4. MINISTRY OF LABOR, EMPLOYMENT, VETERAN AND SOCIAL AFFAIRS



## 4.3 REGULATE FLEXIBLE AND SEASONAL FORMS OF EMPLOYMENT

### PROBLEM DESCRIPTION

According to the study “The Shadow Economy in Serbia – Estimates and Determinants” conducted by NALED in 2024, a significant portion of the shadow economy is caused by undeclared work (nearly two-thirds of the shadow economy stems from the payment of unregistered wages, and slightly more than one-third from undeclared profits). In addition to agriculture, sectors with a notable share of informal employment include trade, hospitality, construction, as well as domestic and auxiliary work.

According to the results of a public opinion survey conducted by NALED in 2020, 55.877 households in Serbia annually employ workers for domestic and auxiliary tasks, most of whom are not formally registered. One of the main reasons for this level of informality is the temporary or seasonal nature of the work, where workers are engaged for short periods and at higher intensity. Hiring workers for such jobs is often even more administratively complex than employing full-time staff (particularly regarding insurance coverage), and the reality is that these workers are often employed for just a few days. In addition, the tax and contribution burden for hiring temporary or occasional workers is disproportionately high.

The Labour Law, which was substantially amended in 2014, did not adequately anticipate labor market changes and has failed to properly regulate certain forms of employment – particularly non-standard forms of work. The law allows for the contracting of temporary and occasional jobs, which are considered employment outside of a formal labor relationship, limited to a maximum of 120 working days (approximately half a calendar year). However, this type of engagement is often abused by repeatedly rehiring the same worker after the legal period expires and is not fully aligned with relevant EU Directives.

Forms of work such as part-time work (two to four hours per day), gig or platform work, job sharing, domestic and auxiliary services, collection of secondary raw materials, and supplementary jobs in insurance and real estate brokerage, are not adequately regulated by law. As a result, workers’ rights and employers’ obligations in these forms of employment remain undefined. For example, according to Eurostat data from 2023, part-time work, which is particularly suitable for pregnant women, new mothers, or women with small children (who might work two hours a day or one day a week), is widely practiced in the EU (40% in the Netherlands, about 30% in Germany and Austria), while in Serbia it accounted for less than 9%.

### PROPOSED SOLUTION

Given the positive effects of introducing a simplified electronic registration system for seasonal workers in the agriculture sector, we propose expanding this system to cover other jobs of a temporary, occasional, or seasonal nature, particularly in the construction, tourism, and hospitality sectors, as well as domestic and auxiliary work.

We also propose that similar forms of engagement be considered for social enterprises, artisans, and associations involved in delivery services.

To prevent abuse of the system, additional safeguards should be introduced compared to the existing model. First and foremost, employers should be prohibited from reengaging, through this system, a worker they previously dismissed from the same position. Furthermore, the occasional nature of the work should be more clearly defined by introducing a limit of no more than 15 working days per month in construction, tourism, and hospitality sectors. In these industries, quotas should also be introduced for the number of such workers that may be engaged, relative to the number of permanently employed staff. Lastly, the legal text should be aligned with Directive 2019/1152 on transparent and predictable working conditions.

We also propose that, in addition to extending the scope of the Law regulating seasonal work, the Labour Law be amended – or new regulations adopted – in accordance with labor market needs. These changes should allow for new forms of contracting, both in terms of non-standard employment and alternative work arrangements, including part-time work, job sharing, and remote work.

It is also necessary to revise the regulations on temporary and occasional work, copyright contracts, and other types of service contracts in order to prevent the misuse of rights of engaged workers. These amendments should enable flexible employment while ensuring compliance with workers’ rights and obligations, in line with the relevant EU Directives on workers’ rights. Amendments to the Labour Law or the adoption of new legislation should be accompanied by changes to the relevant tax laws, specifically the Law on Personal Income Tax and the Law on Contributions for Mandatory Social Insurance, in order to ensure appropriate tax treatment of new forms of employment and enable workers to exercise their rights in accordance with the form and nature of their engagement.

*In its recommendations from the Serbia 2024 Progress Report (October 2024), the European Commission, under Chapter 19 – Social Policy and Employment, emphasizes that Serbia must ensure adequate financial and institutional resources for employment and social policy, which should be more systematically targeted toward youth, women, and the long-term unemployed in the coming period.*

*The European Commission also recommends amending the Labour Law, including provisions concerning posted foreign workers in Serbia, in alignment with the EU acquis.*



### REGULATIONS

- Law on Simplified Employment for Seasonal Work in Certain Industries (Official Gazette of the Republic of Serbia, No. 50/2018)
- Labour Law (Official Gazette of the Republic of Serbia, No. 24/2005 and 95/2018 – authentic interpretation)
- Law on Personal Income Tax (Official Gazette of the Republic of Serbia, No. 24/2001...19/2025)
- Law on Contributions for Mandatory Social Insurance (Official Gazette of the Republic of Serbia, No. 84/2004...8/2025 – harmonized RSD amounts)

# 5. MINISTRY OF CONSTRUCTION, TRANSPORT AND INFRASTRUCTURE

## 5.1 SPEED UP AND DIGITALIZE THE LEGALIZATION PROCESS

### PROBLEM DESCRIPTION

With the amendments to the Law on Planning and Construction from 2009, the legislator opted for a solution whereby illegal buildings would be legalized whenever possible, rather than demolished. However, in practice, little progress has been made with legalization. Amendments to the Law on Legalization of Buildings in 2018 introduced a ban on the sale of buildings undergoing the legalization process, which caused additional complications, particularly by making it impossible to finalize bankruptcy and enforcement proceedings where part of the debtor's property remained unlegalized. Specifically, Article 25, paragraph 7 of the previously applicable law stipulated that individual units in residential buildings could not be legalized if the building itself had not been issued a construction permit. In practice, this has resulted in a situation where unscrupulous investors are able to legalize "wild" or illegal construction, while law-abiding buyers of individual units in buildings that deviate from the approved construction permit are denied that same opportunity. Amendments to the law in 2020 and 2023 failed to take steps toward resolving these issues. We particularly emphasize that the legalization procedure is neither automated, digitalized, nor transparent, and that local governments lack sufficient capacity to carry out the legalization process. According to a 2020 NALED analysis, under unchanged conditions, it would take over 40 years for local governments to legalize all currently unregistered buildings. Moreover, the law does not establish an effective mechanism to prevent further illegal construction.

### PROPOSED SOLUTION

We propose amending the Law on Legalization of Buildings or adopting a new law to implement a mass or universal legalization approach by taking the following measures:

- Establish a unified electronic Register (eRegister) of buildings undergoing legalization, containing all relevant documentation for each case. This registry should allow citizens to access and track the status of their applications, and serve as a problem-solving tool for the state.
- Enhance institutional capacity for processing cases by establishing a specialized procedure for determining property rights, granting jurisdiction to judicial and other relevant professional bodies to participate in the resolution of cases, and by creating a dedicated contact center to support the legalization process.
- Separate property registration from urban planning conditions, so that all existing buildings are first registered with their physical dimensions and ownership details, and urban planning issues are addressed later. Urban planning deficiencies should be recorded as encumbrances in the property register at the time of ownership entry, to inform third parties.
- Define priorities for legalization cases based on the type of object (e.g., infrastructure as top priority), location (areas where demand from citizens and businesses is highest and documentation is most complete), case complexity (starting with the least contentious, such as buildings on the owner's land).

We consider it justified to allow registered buildings to be transferred and connected to infrastructure networks, provided that technical conditions are met. Given the nature of registering rights to buildings without a use permit, we recommend establishing a one to two-year period during which interested parties may challenge the registration. We emphasize that these measures must be introduced alongside a substantial improvement of the framework for combating illegal construction. The establishment of an eRegister of buildings in the legalization process would be a key step forward in this regard, enabling simple identification and evidence of new illegal construction. Additionally, further measures should be considered, such as empowering national authorities to take over procedures and demolish illegal structures if local governments fail to act. Importantly, citizens must be enabled to report and monitor illegal construction cases through a digital platform that ensures visibility and accountability in enforcement.

### REGULATIONS

· Law on the Legalization of Buildings (Official Gazette of the Republic of Serbia, No. 96/2015...62/2023)

# 5. MINISTRY OF CONSTRUCTION, TRANSPORT AND INFRASTRUCTURE

## 5.6 ESTABLISH AN EFFECTIVE MECHANISM FOR DETERMINING PROPERTY RIGHTS

### PROBLEM DESCRIPTION

With the adoption of the Law on the Procedure for Registration in the Real Estate and Utility Cadastre in 2018, a legal framework was established for the introduction of a one-stop-shop electronic system for registering property rights in the cadastre. The success of this comprehensive and complex reform depends on coordinated cooperation among all public authority holders (IJO) involved in the acquisition of real property rights – primarily the Republic Geodetic Authority (RGZ), courts, public notaries, bailiffs, and authorities responsible for issuing occupancy permits, which serve as the basis for registering buildings in the cadastre.

Significant progress has been made in determining and registering property rights. However, there is still considerable room for improvement of the system.

The most significant challenge in implementing this reform lies in the large number of properties with incomplete documentation, or documents containing deficiencies that prevent the registration of rights in accordance with current regulations. The legal status of such properties often becomes even more complicated over time, due to the submission of new requests concerning the same property.

The available documentation is often decades old and lacks essential elements required for the registration of rights – such as property area, accurate property designation, or personal data of the transferor and acquirer of rights, among others.

In practice, citizens and businesses are unable to correct deficiencies in documentation through contract annexes or amendments to acts, because the transferors of rights are unavailable (e.g., deceased, company liquidation). On the other hand, they are often unable to obtain a substitute court decision, because court proceedings are lengthy, costly, and based on strict evidentiary rules. Additionally, court proceedings related to adverse possession take too long to conclude.

The inability of citizens to have their property rights determined and registered within a reasonable timeframe results in outdated records in the cadastre and legal uncertainty in terms of acquiring property rights. Consequently, this leads to inability to dispose of real estate and prevents creditors from realizing their claims against the debtor's property.

### PROPOSED SOLUTION

Given the evident lack of capacity within our public administration to conduct procedures for determining and registering property rights in accordance with current regulations—particularly in cases of incomplete documentation—and the fact that most such documentation was submitted to courts during probate proceedings or involves property transfer contracts lacking essential elements (such as property area, personal details of the contracting parties, etc.), we believe it is necessary to enable so-called "convalidation", i.e., review and verification of available documentation by authorized professionals, in order to allow individuals with a probable right to the property to initiate a document verification procedure for registration in the cadastre.

A legal framework should be established for "convalidation" of cases through an efficient procedure for determining property rights based on incomplete documentation, for the purpose of registering such rights in the cadastre, as well as a statutory authorization to define the status of a "probable/presumed rights holder."

The convalidation procedure could follow two parallel "tracks":

- A track through administrative/non-contentious proceedings before commissions formed based on territorial jurisdiction at local governments or courts, composed of members from the legal profession (with bar exams) and licensed technical professionals (e.g., civil engineers).
- A track through non-contentious proceedings before public notaries, to whom cases would be assigned upon fulfillment of criteria prescribed by law, and who would act upon requests submitted by parties, under delegated authority.

"Convalidation" should represent a special mechanism allowing for the final verification of legacy documentation, and could also serve as a basis for reviewing the conditions under which property may be acquired by adverse possession.

### REGULATIONS

· Law on the Procedure for Registration in the Real Estate Cadastre and the Cadastre of Infrastructure (Official Gazette of the Republic of Serbia, No. 41/2018...92/2023)

## 8. MINISTRY OF ENVIRONMENTAL PROTECTION



### 8.2 IMPROVE PRIMARY WASTE SORTING AND INTRODUCE A DEPOSIT SYSTEM FOR THE RETURN OF BEVERAGE PACKAGING

#### PROBLEM DESCRIPTION

The collected beverage packaging that has so far been retrieved and submitted for recycling has come primarily from businesses. However, to meet the EU-specific targets by material type, more intensive collection of packaging from citizens, i.e. end consumers, is required. It is also necessary to establish a mechanism to make the existing Extended Producer Responsibility (EPR) system more effective.

In EU countries, a target has been set for 70% of packaging waste to be recycled by 2030. Without improvements to the current system, Serbia would need more than 10 years to reach that goal. In 2024, the EU adopted a new Regulation on Packaging and Packaging Waste, which introduces additional obligations — such as requiring that by 2030, at least 10% of alcoholic and non-alcoholic beverages placed on the market by end distributors must be in reusable packaging. Furthermore, packaging will need to comply with design-for-recycling criteria, which the European Commission will define in by-laws by January 1, 2028, including criteria for assessing recyclability.

This Regulation also introduces minimum targets for recycled content in plastic packaging that is in contact with products, excluding PET — requiring 10% recycled content by 2030 and 25% by 2040. This confirms that without reforming the current system, Serbia will fall more than a decade behind the EU in meeting these targets.

Specifically, under Article 16, Paragraph 4 of the Law on Packaging and Packaging Waste, the Packaging Waste Reduction Plan is adopted by the Government upon the proposal of the Ministry responsible for environmental protection for a five-year period. According to the Regulation establishing the Packaging Waste Reduction Plan for the period 2025–2029, which sets national targets for collection, reuse, and recycling of packaging waste, national operators are, as of 2024, obligated to report targets by material type, including from municipal packaging waste.

The key goals of the Regulation focus on increasing reuse of packaging waste from 67% in 2025 to 72% in 2029, and raising the recycling rate from 60% in 2025 to 65% in 2029.

The Regulation also mandates a gradual increase in recycling rates by material type. Starting in 2027, specific targets are defined, with particular emphasis on the recycling of PET beverage bottles, increasing from 40% in 2027 to 90% in 2029.

According to the plan set by the Regulation, the average recycling rate across all material types in 2029 would still be below 60%, with individual targets such as:

- Glass and metal: 54%
- Wood: 29%
- Plastic: 50%
- Polyethylene: 20%
- Other plastics: 6%
- Multilayer beverage cartons: 4%

Except for the mentioned PET bottles, other material categories remain significantly below target, indicating the urgency of systemic improvement.

#### PROPOSED SOLUTION

We propose that amendments to the Law on Packaging and Packaging Waste introduce a deposit return system (DRS) for beverage packaging, and provide for the establishment of a Deposit Organization led by the responsible industry (including producers, importers, packers/fillers, and distributors), under appropriate state oversight through participation in the governing and supervisory bodies.

It should be stipulated that the minimum period required for establishing the system must be three years from the adoption of the complete legislative framework. Furthermore, by-laws should provide that products placed on the market prior to the start of the DRS may remain on the market until the end of their shelf life, which may exceed three years (provided they are within date). Additionally, we propose that it be legally defined that deposits not returned to consumers remain the property of the Deposit Organization and may be used to operate and improve the system. We believe it is crucial to involve industry representatives in the process of drafting by-laws, following the same principle as during the lawmaking phase. Consideration should also be given to the digitalization of processes and the application of Best Available Technologies (BAT), such as the use of a widely accessible infrastructure network where packaging waste can be returned.

According to an analysis conducted by NALED, the introduction of a Deposit Return Scheme (DRS) in the Republic of Serbia is estimated to have a positive impact on both society and the environment, including at least twice the amount of packaging recycled and a 20% volume reduction of landfill waste.

Alongside the introduction of the deposit system, it is also necessary to work on improving primary waste separation. The primary selection system must be supported through the collection of additional separated waste fractions that are not covered by the deposit system. This approach will create the conditions for obtaining higher-quality raw materials and achieving the legally prescribed specific targets for each material type. The costs of separate collection are justified by the reduced sorting costs and the higher value of sorted material for reuse, which represents a direct benefit for environmental protection.

*The Ministry has announced the introduction of a deposit return system for plastic packaging and cans starting in 2027. The establishment of an official Working Group for the improvement of the packaging waste management system and the introduction of the deposit system is expected during 2025, with NALED anticipated to be a formal member of this body.*

#### REGULATIONS

- Law on Packaging and Packaging Waste (Official Gazette of the Republic of Serbia, No. 36/2009 and 95/2018 – consolidated law)
- Regulation on the Adoption of the Packaging Waste Reduction Plan for the Period 2025–2029 (Official Gazette of the Republic of Serbia, No. 21/2025)

## 8. MINISTRY OF ENVIRONMENTAL PROTECTION

### 8.8 INTRODUCE A NATIONAL CARBON TAXATION MECHANISM COMPLEMENTARY TO THE EU'S CBAM

#### PROBLEM DESCRIPTION

The EU Emissions Trading System (EU ETS) was established in 2005 as the first market-based system for trading greenhouse gas (GHG) emission allowances in the European Union. Since the EU imports products from non-member states, and in line with its obligations under the European Green Deal and the Fit for 55 initiative, the Carbon Border Adjustment Mechanism (CBAM) was introduced. This mechanism currently applies to energy-intensive industry products in the sectors of aluminum, cement, iron, steel, fertilizers, and electricity, with plans to expand it to cover the entire EU ETS in the coming years (noting that, for instance, the fertilizer industry is not recognized as an ETS facility in Serbia).

The European Union is Serbia's key export market, accounting for approximately 70% of total exports. According to the World Bank's Western Balkans Regular Economic Report No. 23, domestic industry in the sectors covered by CBAM has GHG emission levels approximately 10 times higher than EU industry, which annually reduces its emissions intensity to reach full climate neutrality by 2050. This emissions gap directly impacts the competitiveness of Serbian products. With the implementation of CBAM, Serbian companies will be obligated to pay additional levies when exporting to the EU, thereby increasing total costs and product prices. This will threaten their competitiveness on the EU market and could lead to an export halt, which in 2023 was valued at €1.5 billion.

Conversely, Serbia imports CBAM-covered products from non-EU countries worth around €1.4 billion, typically with very high carbon footprints, thereby undermining the efforts of domestic producers to reduce GHG emissions. With the introduction of CBAM fees, a sudden increase in imports from energy-intensive industries in third countries is expected, posing a direct threat to the competitiveness of Serbian producers unless a national carbon pricing mechanism is introduced that also applies to CBAM goods imported into Serbia.

This national mechanism must be complementary to CBAM and approved by the European Commission to avoid duplication of administrative costs.

#### PROPOSED SOLUTION

We propose the establishment of a national carbon taxation mechanism, which represents an important step toward mitigating the impact of the EU Carbon Border Adjustment Mechanism (CBAM) on the domestic economy. To ensure a level playing field, it is essential that the national carbon taxation mechanism also cover CBAM goods imported into Serbia from third countries.

Although the mandatory application of CBAM obligations is scheduled to begin on January 1, 2026, the existing Climate Change Law already provides a regulatory framework for its implementation. The national carbon pricing mechanism can be implemented through the existing MRV (Monitoring, Reporting, and Verification) IT system.

In parallel with the introduction of the national carbon taxation mechanism, it is necessary to adopt a regulatory package of measures as soon as possible to provide energy-intensive industries operating in Serbia with the tools to reduce their CO<sub>2</sub> emissions, including the creation of a more favorable national energy mix.

To further support the decarbonization of energy-intensive industries, and to meet the Republic of Serbia's commitment to reduce its GHG emissions by 33.3% by 2030, the following actions are required:

- Through a regulatory package of measures — specifically amendments to national legislation — enable energy-intensive industries to import alternative fuels from waste and access alternative raw materials (by-products from other industries and construction/demolition waste) from domestic and foreign markets. This would reduce GHG emissions caused by the use of fossil fuels and natural raw materials;
- Allocate revenues from the national carbon tax toward further decarbonization, respecting principles of fair distribution, through the Green Fund, which should be reestablished in line with Recommendation 8.1 of the Grey Book;
- Establish a national verification and certification system for carbon emissions that is recognized by the EU within the CBAM framework, ensuring compliance with European standards and making the process more accessible and cost-effective;
- Integrate a local standard for green bonds into Serbia's legal framework, following guidelines defined by ICMA (International Capital Market Association) for the issuance of green bonds;
- Introduce incentives for green investments as an additional stimulus for energy-intensive companies.



NEW

*According to the Progress Report from late October 2024, Serbia is taking steps to introduce a carbon tax by 2027, as a step toward alignment with the EU Emissions Trading System (EU ETS). The country is expected to update its Low-Carbon Development Strategy to align with the EU climate neutrality target and adopt an accompanying Action Plan for the strategy.*

*To meet these requirements, NALED, with support from the energy-intensive industry (EII), has developed a CBAM analysis that outlines the implications of introducing a carbon tax on the Serbian market and provides recommendations to support EII decarbonization, as well as the potential benefits this approach may offer for the state.*



#### REGULATIONS

· Legal void



## 9. MINISTRY OF THE INTERIOR



### 9.1 ENABLE SIMULTANEOUS CHANGE OF RESIDENCE IN BOTH ID CARDS AND OTHER PERSONAL DOCUMENTS



#### PROBLEM DESCRIPTION

A large number of citizens do not report changes of permanent residence or temporary residence, primarily because the procedure requires a physical visit to a Ministry of the Interior (MUP) office in their place of residence and the submission of documentation proving that they have rented or purchased a property in another city or municipality.

In 2023 alone, more than 146,000 citizens of Serbia went through the process of changing their residence, which creates great time and financial costs.

In order to change the address of residence, citizens must first submit an application and pay an administrative fee. After that, they need to submit a request for entering a new address on the ID card, pay another fee again, and if the ID card lacks a chip, it is necessary to come live to the counter once again to pick up the document. After changing the address in the ID card, citizens are obliged to submit requests for the change of other personal documents (passports, driver's licenses and traffic licenses), which also requires waiting in lines, paying taxes and visiting the counter to pick up documents. Citizens go through the same procedure in the case of replacing other documents such as the health card, and this information must be reported to other authorities (RGZ, LPA).

This procedure also involves significant financial costs. According to the latest data, the price of issuing an ID card without a chip was 380 dinars, with a chip 1,200 dinars, for a passport was 3,600 dinars, for a driver's license 3,000 dinars, and about 5,000 dinars for vehicle registration (including new plates and registration sticker). High fines, and in some cases imprisonment, for non-compliance with these provisions are also prescribed.

As the result,, many citizens avoid reporting a change of residence, or only update certain documents, which leads in incomplete and inconsistent data in government databases. Consequently, the state does not have reliable information on how many citizens live permanently or temporarily in a particular city or municipality. Moreover, all personal documents in Serbia are still issued in plastic or paper format, and a model for a digital wallet for storing, sharing, and using personal documents in electronic form has not yet been developed.

#### PROPOSED SOLUTION

The Law on General Administrative Procedure stipulates that the authority is obliged to ex officio inspect the data contained in the official records. With this in mind, it is necessary to enable a single change of residence to be simultaneously updated across all relevant databases.

One part of the solution is to allow for electronic submission of residence change requests, following the example of Slovenia. We also propose the establishment of unified administrative service points within police stations/offices, where citizens could submit a request for all new personal documents under the jurisdiction of the Ministry of the Interior (MUP). Moreover, it is necessary to ensure that other institutions are automatically notified via the Central Population Register about the residence change. What must be avoided is duplicating steps, where citizens are expected to physically submit a residence change request to each authority separately.

We also propose the removal of the obligation to display the residence address on personal documents where such information is not essential. For example, in Germany, Switzerland, Finland, Croatia, and Montenegro, the residence address is not printed on driver's licenses or passports. Another partial solution could be the establishment of a national Digital Identity Wallet for Serbia, modeled after the EU Digital Identity Wallet, which would store electronic copies of citizens' personal documents. This solution would enable easy identification both in person and online, easier data updates, and greater control over data sharing.

Several EU Member States are already implementing Digital Identity Wallets. For example, in Greece (Gov.gr Wallet) and in France (France Identité), the wallet contains ID cards and driver's licenses, in Portugal (Id.gov.pt) it also stores an electronic health insurance card. Similar apps have also been developed in Switzerland (Swiyu) and Belgium (Mygov.be).

*The Ministry of Information and Telecommunications has formed a Working Group for the drafting of the Law on Amendments to the Law on Electronic Document with the aim of harmonizing the existing law with the new EU Regulation (2024/1183), amending the Regulation regarding the establishment of the European Digital Identity Framework - eIDAS 2.0, which prescribes the establishment of a Digital Identity Wallet.*



#### REGULATIONS

- Law on the Central Population Register (Official Gazette of the Republic of Serbia, No. 17/2019)
- Law on Permanent and Temporary Residence of Citizens (Official Gazette of the Republic of Serbia, No. 87/2011)
- Law on Identity Cards (Official Gazette of the Republic of Serbia, Nos. 62/2006, 36/2011, and 53/2021)
- Law on Travel Documents (Official Gazette of the Republic of Serbia, Nos. 90/2007...81/2019)
- Law on Health Insurance (Official Gazette of the Republic of Serbia, Nos. 25/2019 and 92/2023)
- Law on Electronic Document, Electronic Identification and Trust Services in Electronic Business (Official Gazette of the Republic of Serbia, Nos. 94/2017 and 52/2021)
- Rulebook on the Insurance Document (Official Gazette of the Republic of Serbia, No. 1/2021)
- Rulebook on the Registration of Motor Vehicles and Trailers (Official Gazette of the Republic of Serbia, Nos. 69/2010...21/2024)

## 16. NATIONAL BANK OF SERBIA



### 16.2 IMPROVE AND LIBERALIZE REGULATIONS ON FOREIGN EXCHANGE OPERATIONS

#### PROBLEM DESCRIPTION

The Law on Foreign Exchange Operations is based on a positivist approach, meaning that only what is explicitly prescribed is permitted, while anything not prescribed is prohibited.

This method of regulating the field places a burden on Serbian businesses, primarily because companies have difficulty determining whether specific transactions are considered permissible under foreign exchange regulations, and also because many restrictions are imposed through by-laws.

Among the issues stemming from these regulations, which domestic businesses face, are the following:

- A very short deadline for reporting residents' foreign direct investments (FDI) abroad. Obligated entities must submit reports to the National Bank of Serbia (NBS) within 10 days after the end of the quarter, which is a major challenge for companies with numerous foreign subsidiaries, requiring complex consolidation. While it is understood that the NBS must compile relevant statistical reports within a given timeframe, especially considering that DI-2 forms are submitted electronically and suitable for automated processing, the NBS should do everything within its capacity to streamline its procedures, thereby enabling companies to meet their reporting obligations within a more adequate timeframe.
- Companies are not allowed to borrow foreign currency from domestic banks to repay previously used foreign loans.
- Banks frequently refuse to execute international payments if the underlying transaction is not explicitly listed in the codebook of collection/payment/transfer purposes, even if the transaction does not violate any domestic regulation.
- The grounds under which companies may hold foreign currency in accounts with banks abroad are highly restricted.

#### PROPOSED SOLUTION

We propose conducting an analysis of the implementation of the Law on Foreign Exchange Operations and issuing recommendations for amending the Law or adopting a new one, with the aim of gradually liberalizing foreign exchange operations and moving away from a positivist legal approach. As solutions to specific problems faced by domestic businesses, we recommend the following:

- Extending the deadlines for submitting the DI-2 reports.
- Allowing companies to borrow in foreign currency from domestic banks for the purpose of refinancing previously used foreign loans.
- Providing clear and transparent guidance to banks and the business sector stating that the basis for executing a foreign transaction should be the legality of the underlying business, and that if a transaction is not explicitly listed in the codebook of payment/payout/transfer purposes, it should be classified under the closest corresponding code. It is essential that this principle be applied consistently in practice, rather than rejecting international payments merely because the transaction is not explicitly named in the codebook. Additionally, if needed, the NBS (National Bank of Serbia), together with banks and the business sector, should consider introducing new codes or amending existing ones for transaction types that have previously caused practical uncertainty.
- Gradual liberalization of residents' deposit operations abroad. This liberalization could be implemented annually, with careful monitoring of the effects of such a measure.

There appears to be a widespread perception among businesses that foreign exchange regulations significantly hinder business operations in Serbia. In this context, the general recommendation is to facilitate open dialogue between businesses, business associations, and the NBS to find ways to improve foreign exchange regulations and their implementation, aiming to eliminate ambiguities and inconsistencies in regulatory practice as much as possible.

*The European Commission's October 2024 Progress Report states that the current Law on Foreign Exchange Operations is overly restrictive and not applied consistently.*



#### REGULATIONS

- Law on Foreign Exchange Operations (Official Gazette of the Republic of Serbia, Nos. 62/2006...19/2025)
- Decision on the Obligation to Report in Transactions with Foreign Countries (Official Gazette of the Republic of Serbia, Nos. 87/2009, 40/2015 – consolidated decision)
- Decision on the Conditions and Manner of Conducting Payment Transactions with Foreign Countries (Official Gazette of the Republic of Serbia, Nos. 24/2007...111/2015)
- Decision on the Conditions Under Which and the Manner in Which Residents May Hold Foreign Currency in Accounts with Banks Abroad (Official Gazette of the Republic of Serbia, Nos. 31/2012...67/2023)

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