



CHAMBER OF
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GUIDE FOR ESTABLISHING A COMPANY IN SERBIA

Legal Framework – Sectoral Licenses – Procedure

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Legal Framework
Sectoral Licenses
Procedure

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INTRODUCTION

Dear users,

In the process of joining the European Union, the Republic of Serbia implements changes to the laws and regulations that will significantly influence the business community. These changes are necessary for Serbian companies to meet the European standards and become competitive both on the European market and global market.

The Guide for Establishing a Company provides to future domestic and foreign investors information, guidance and support to start a business under specified conditions.

Foreign legal and physical persons may establish companies and other forms of business, in accordance with the Companies Law and the law governing foreign investment.

A foreign investor may:

- establish his own company (up to 100% ownership)
- purchase shares of the existing company
- obtain a license (concession) for exploitation of natural resources, goods in public use or perform activities of general interest, in accordance with the Law
- obtain the approval to build, operate and transfer (BOT – Build, Operate and Transfer) a facility, plant or unit, as well as infrastructure and communication facilities
- acquire any other foreign investor's property right by which he realizes his business interests

We sincerely hope that you will find useful information in this publication.

Chamber of Commerce and Industry of Serbia is always at disposal to all domestic and foreign entities to furnish them with business information, services and contacts.

Chamber of Commerce and Industry of Serbia

I GENERAL PRINCIPLES

The establishment, organization and registration of companies and other forms of organization are governed by the Companies Law (“Official Gazette of the RS” no. 36/11 and 99/11), by the Law on Procedure of Registration with the Serbian Business Registers Agency (“Official Gazette of the RS” No. . 99/11), Regulation on Content of the Business Entities Register and documents necessary for registration (“Official Gazette of RS” no. 6/12) and Decision on Determination of Fees for Registration and other services provided by the Business Registers Agency (“Official Gazette of RS“ no. 119/13). The provisions of the Companies Law shall also apply to forms of business that are established and operating in accordance with special laws.

These regulations and their solutions are adapted to the standards in the European Union and other developed market economies.

LEGAL ENTITIES

- Company
- Entrepreneur
- A branch of a company
- Representative of a foreign company
- Business Association
- Other forms of organization

COMPANY ASSOCIATION

- A company is a legal entity which carries on business for profit, and it acquires the title of legal person in accordance with the Law on Registration.

LEGAL FORMS OF COMPANIES

- General partnership
- Limited partnership

- Limited Liability
- Joint–Stock Company

COMPANY ITS MEMBERS BY FOREIGN PERSONS

- Foreign legal and physical persons may establish a company in accordance with this Law and the law governing foreign investments.
- Foreign investors regarding their shares enjoy equal status, rights and obligations as domestic natural and legal persons, unless otherwise stipulated by the Law on Foreign Investments.

PERFORMANCE OF ACTIVITY

- A company is established for an indefinite or definite period of time. It is deemed that a company is established for indefinite period of time if it is not defined by its Articles of Association or Statute.
- A company is conducting core business, and it can perform other activities which are not prohibited by the law, regardless of whether they are defined by the Articles of Association or Statute.
- Registration or conduct of specific activities can be conditioned by prior approval, consent or other relevant act of the competent authority as stipulated by a special law.

ARTICLES OF INCORPORATION

- Articles of Incorporation of a company is a constitutive act of the company that takes the form of a decision on the establishment, if the company is founded by one person, or Memorandum of Association, if the company is established by a number of persons.
- Contents of the Articles of Incorporation are defined for each form separately.
- In addition to the Articles of Incorporation, the company may have a company's contract regulating the relations between the founders in connection with the company. The contract is not binding on third parties.

- Memorandum of Association of a joint stock company shall not be changed, and in addition to Memorandum of Association, a joint stock company has its Articles of Association stipulating the company's management and other matters in accordance with the Law.

REGISTRATION

- Company acquires the status of legal entity by registration, that is by entering data of the concerned company in the Register in a manner prescribed by the procedure of registration of the Business Registers Agency.

RESPONSIBILITY OF FOUNDERS

- Members of the company are responsible for the company in accordance with the provisions of the law governing a particular legal form of company, as well as in cases referred to in Article 18 of the Company Law (abuse of the rules on the limited liability, or "piercing the veil").

SEAT AND BUSINESS NAME

- Seat of a company is a place on the territory of the Republic of Serbia from which the business is conducted, and which is defined as such by the Articles of Association or by the decision of the General Meeting.
- Company operates and participates in legal transactions under its business name that is registered in accordance with the Law on Procedure of Registration. Business name shall contain the name, legal form and the place where the head office of a company is located.

Legal form to indicate the business name is marked as follows:

- "Partnership", "o.d" or "od";
- "Limited Partnership", "k.d." or "kd";
- "Limited Liability Company", "d.o.o." or "doo";
- "Joint Stock Company", "a.d." or "ad";

In addition to the business name, in its business operations

the company may use abbreviated business name under the same conditions under which it uses its business name.

- The entrepreneur also operates under the business name that contains the name and surname of the entrepreneur, a description of the core business, the entrepreneur's mark, or "pr" and seat.

REPRESENTATIVES AND PROCURA

- A company shall assume the rights and obligations in legal transactions through a representative which may be legal (statutory) company representatives, empowered attorneys on employment basis and procurators.
- Legal representatives are persons that are defined by the law for each individual form of company. The legal representative may be an individual or a company registered in Serbia. The company shall have at least one legal representative who is a physical person. Besides them, representatives of a company are persons that are authorized to represent the company by an enactment or decision of the competent bodies of the company and registered as such in accordance with the Law on Registration.
- Persons who work as employees and whose duties in everyday course of business include signing of certain contracts or taking of other legal actions, are authorized as legal representatives of company to conclude contracts within the scope of their work, without specific authorization.
- Procurators represent the company on the basis of business power of attorney by which the company authorizes one or more physical persons to conclude on its behalf and on its account legal affairs and take other legal action. Procura is not transferable and procurators cannot transfer their power of attorney to another person.
- Procura restriction (requires special authorization) refers to the disposition of the company assets or the acquisition, deprivation or encumbrance of real estate, stocks and shares, taking over bond liabilities and ob-

ligations of guarantee, conclusion of contracts on loan and credit and representation in court proceedings and arbitration.

COMPANY ASSETS

- Company's assets are assets and rights owned by a company, and other rights of a company.
- The shares into the company may be in cash or in kind and they are expressed in local currency. Contributions in kind include property and rights, if not otherwise specified by the law for certain forms of companies.

REORGANIZATION OF COMPANY

- Reorganization of a company includes:
 - Change of a legal form, ie. transition from one legal form to another;
 - Status change: acquisition, merger, division and separation, where the company is reorganized so that the other company has transferred its assets and liabilities, while the members in that company acquire shares;
 - Change of status in liquidation.

COMPANY ASSOCIATION

- Associated companies consist of two or more entities that are mutually associated:
 - Through participation in basic capital or partner's share, companies associated by capital;
 - By agreement, companies associated by agreement;
 - Through share in capital and through contracts, combined associated ventures.
- Associated companies are organized as concern, holding company and company with mutual participation in capital.
- Companies shall not be associated in a manner contrary to the Law on Competition Protection.

II LEGAL FORMS, FOUNDATION AND OPERATION

GENERAL PARTNERSHIP

- General Partnership is a company founded by two or more partners, physical and/or legal persons who are responsible for all company's liabilities with all their property.
- In case that a Memorandum of Association on company foundation or other contracts concluded between partners contains a provision on limited liability of partners towards third parties, this provision shall not have legal effect.

CONTENTS OF MEMORANDUM OF ASSOCIATION

- Name, identification number and place of residence for a national physical person, or name, passport number or other identification number and place of residence for foreign physical person; business name, registration number and seat for a domestic legal entity or business name, registration number or other identification number and address of a seat for foreign legal entity.
- Business name and address of company's seat.
- Core activity of a company.
- Specified type and value of each partner's contribution.
- It may also contain other elements of importance for company and partners.

PARTNERSHIP AGREEMENT

- Partnership Company, in addition to Memorandum of Association, may have a partnership agreement, which stipulates their mutual relationship in the company.
- Partnership agreement shall become effective only among company's members who have concluded it and shall not be submitted with the application for registration.

CONTRIBUTIONS

- Partner may make contributions to a company in the form of money, assets, rights, labor or services.
- Partners contributions in the company are equal, unless otherwise stipulated by the Memorandum of Association.

DISPOSAL WITH CONTRIBUTIONS

- Company's partner shall not be obliged to increase its contribution above the amount established in the Memorandum of Association, unless otherwise stipulated by the Memorandum of Association.
- Transfer of contributions among partners is free, unless the Memorandum of Association provides otherwise.
- In case of death of a partner, the partner's share cannot be inherited, but it is allocated to the remaining partners proportionally, unless the Memorandum of Association stipulate that the company continues to operate with the heirs of the deceased partner.

DECISION – MAKING

- Partners decisions are brought unanimously, unless the Articles of Association specify otherwise.
- Memorandum of Association may determine that some or all decisions are brought by majority vote, as well as the number of votes each partner shall have.
- Decisions on matters outside the ordinary activities, as well as decisions on admission of new partners, require approval of all partners.

DISTRIBUTION OF PROFITS AND LOSSES

- Profits and losses of the company are distributed in equal parts between the partners, except if otherwise stipulated by Memorandum of Association.

MANAGEMENT

- Each partner is authorized to perform actions in the ordinary operations of the company (management).
- Actions that do not belong to the regular business of the company are not covered by the authorization and need the consent of all partners, unless otherwise defined by the Memorandum of Association.
- If Memorandum of Association and Partnership Agreement provided that one or more partners are authorized for management, other partners are not authorized for management.

Required documentation and registration fees:

1. Single application for registration of establishment of legal persons and other entities, and for entry into the single register of taxpayers.
2. Memorandum of Association with verified signatures of members of a company.
3. Proof of members identity – Photocopy of ID card or passport or a certificate from the birth registry, if the founder is a legal entity that is not registered with the Agency for Business Registers.
4. Decision to appoint a representative, unless he was appointed in the Articles of Association.
5. Signature of representative certified by the competent authority body for certification.
6. Bank receipt of payment of cash deposits, or the agreement of members on the valuation of contributions in kind, or the valuation of contributions in money if the contribution is paid / entered into the company until its has been founded.
7. Proof of payment of the fees for registration of establishment and proof of payment of the fees for registration and publication of Memorandum of Association.

The fee for registration of establishment is 4.900,00 RSD, and when the application for establishment is submitted, the fees

for registration and publication of Memorandum of Association in the amount of 1,000.00 RSD shall also be paid.

LIMITED PARTNERSHIP

- A limited Partnership is a company that has at least two members, of whom at least one person is liable for unlimited joint liability (general partner), and at least one person is liable to the limited extent of its agreed contribution (limited).
- General partners have the status of partners of a partnership.

APPLICATION OF PROVISIONS ON GENERAL PARTNERSHIP

- Provisions of general partnership are applied to a limited partnership, unless otherwise stipulated by the Law.
- Memorandum of Association of the Limited Partnership, in addition to the prescribed elements of a partnership, must contain an indication which member of the company is a general partner, and which one is a limited partner.
- Provisions of the general partnership are applied to contributions and shares of general partner, and limited partner is free to transfer his share to other limited partner or third party.
- Members of a limited partnership participate in sharing of profits and covering of losses in proportion to their shares in the company, unless otherwise defined in the articles of association.
- General partners are managing the company and representing it.

Required documentation and registration fees:

1. Single application for registration of establishment of legal persons and other entities and for entry into the single register of taxpayers.
2. Memorandum of Association with verified signatures of members of a company.

3. Proof of members identity – Photocopy of ID card or passport or a certificate from.
4. Decision to appoint a representative, unless he was appointed in the Articles of Association.
5. Signature of representative certified by the competent authority body for certification.
6. Bank receipt of payment of cash deposits, or the agreement of members on the valuation of contributions in kind, or the valuation of contributions in money if the contribution is paid / entered into the company until its has been founded.
7. Proof of payment of the fees for registration of establishment and proof of payment of the fees for registration and publication of memorandum of association.

The fee for registration of establishment is 4.900,00 RSD, and when the application for establishment is submitted, the fees for registration and publication of Memorandum of Association in the amount of 1,000.00 RSD shall also be paid.

LIMITED LIABILITY COMPANY

- A limited liability company is a company in which one or more members (physical and / or legal entities) have shares in the capital. Members of company are not responsible with their property for company's liability, except in case of abuse of the rules on limited liability.
- Members of the limited liability company are regulating their mutual relations in the company and relations with the company itself freely, unless otherwise provided by the Law.

CONTENTS OF MEMORANDUM OF ASSOCIATION

1. Personal name and place of residence or business name and address and seat of the company member.
2. Business name and address of company's seat.
3. Core activity of the company.

4. Total amount of the company's basic capital.
5. Amount of pecuniary contribution, or pecuniary value and description of non-pecuniary contribution of each member.
6. Time of payment, i.e. entry of the contribution into the company's basic capital.
7. The share of each company's member in the total basic capital expressed in percentage.
8. Determination of company's bodies and their responsibilities; if the Memorandum of Association do not contain these provisions, the company's members undertake the responsibilities envisaged by the Law.

COMPANY'S MEMBERS CONTRACT

- Limited liability company, in addition to Memorandum of Association, may have a Company's members contract governing their mutual relations in connection with the company.
- Company's members contract shall be effective only among members of the company who have concluded it and submitted with the application for registration.

BASIC CAPITAL AND CONTRIBUTIONS

- Contributions into a limited liability company shall be pecuniary or in kind, and they are expressed in RSD. Contributions in kind shall be in property and rights.
- Basic capital of a limited liability company amounts to at least 100 RSD, unless a special law provided for a larger amount of basic capital for companies that perform certain activities.
- Contributions in a limited liability company need not to be of equal value.

PAYMENT AND INTRODUCTION OF CONTRIBUTION

- Pecuniary and contribution in-kind at the moment of

the company's establishment must be paid, or entered within a time limit envisaged in the Memorandum of Association, and this time limit shall not exceed five years.

SHARES

- Shares in the company are not securities.
- The transfer of shares is free, unless the law or the Memorandum of Association otherwise provided.
- Members of the company have the preemptive right to shares, subject to transfer to a third party, unless this right is excluded by the Memorandum of Association or the Law.

DISTRIBUTION OF PROFITS

- Members of the company are entitled to share in the profits based on the annual report on business, unless the Memorandum of Association or contract specify otherwise.
- Profits are distributed among members of the company in proportion to their contributions, unless otherwise provided by the Memorandum of Association.

BODIES OF THE COMPANY

- Management of the company may be established as unicameral or bicameral, which is determined by the Memorandum of Association.
- In the case of a unicameral management, bodies of the company are:
 - Shareholders Meeting,
 - One or more directors.
- In the case of bicameral management, bodies of the company are:
 - Shareholders Meeting,
 - Supervisory Board,
 - One or more directors.

COMPOSITION AND SCOPE OF WORK OF GENERAL MEETING

- General Meeting comprises all members of company, and in the sole member company the work of the General Meeting is performed by a sole company member.
- If the Memorandum of Association does not provide otherwise, the General Meeting shall:
 - Make changes to the Memorandum of Association;
 - Adopt financial statements and auditors' reports;
 - Supervise the work of the director and adopt director's reports, if the company management is unicameral;
 - Adopt the report of supervisory board, if the company management is bicameral;
 - Decide on increase and decrease of basic company's capital;
 - Decide on distribution of profits and how to cover losses;
 - Appoint and dismiss directors and determines remuneration for his work and the principles for determining such compensation, if the company management is unicameral;
 - Appoint and dismiss members of the supervisory board, if the company management is bicameral;
 - Appoint auditors and determine compensation for his work;
 - Decide on the initiation of liquidation proceedings;
 - Perform other duties in accordance with the Law and Memorandum of Association.

DIRECTORS AND SUPERVISORY BOARD

- The company has one or more directors who are legal representatives of the company. Number of directors shall be determined by the Memorandum of Association or by the General Meeting's decision. If the number is not determined by the Memorandum of Association or

by the General Meeting's decision, it is considered that the company has one director.

- The director is appointed and dismissed by the General Meeting or Supervisory Board, if the company management is bicameral.
- The director represents the company in accordance with the Memorandum of Association, decisions of the General Meeting and instructions of the Supervisory Board, if the company management is bicameral.
- The Director is responsible for regular bookkeeping and accuracy of financial statements of the company. The Director is required to keep records of all decisions of the General Meeting in which every company member can have an insight.
- If the management of company is bicameral, the company has a Supervisory Board that oversees the work of directors.
- Member of the Supervisory Board must meet the requirements prescribed by law for a director of shareholders company and must not be employed in the company. President and members of the Supervisory Board are appointed and dismissed by the General Meeting of the company.
- Supervisory Board:
 - Defines the business strategy of the company;
 - Appoints and dismisses director and determines compensation for his work and the principles for determining this compensation;
 - Supervises the work and adopts the reports of Directors;
 - Performs internal supervision of the company;
 - Supervises the legality of company operations;
 - Establishes accounting policy and risk management policy;
 - Proposes to the General Meeting the selection of auditors and the compensation for their work;
 - Performs other duties specified by the Articles of Association and General Meeting's decision.

Required documentation and registration fees

1. Single application for registration of establishment of legal persons and other entities and for entry into the single register of taxpayers.
2. Memorandum of Association with verified signatures of members of a company.
3. Proof of members identity – Photocopy of ID card or passport of a physical person and/or an excerpts from a register in which legal person is registered.
4. Decision to appoint a representative, unless he was appointed by the Memorandum of Association.
5. Signature of the representative certified by the competent authority body for certification.
6. Bank receipt of payment of pecuniary deposits, or the agreement of members on the valuation of contributions in kind, or the valuation of contributions in kind if contribution is paid / entered into the company until it has been founded.
7. Decision on the appointment of President and Supervisory Board members, if the company management is bicameral, and the president and members of the Supervisory Board have not been appointed by the Memorandum of Association.
8. Proof of payment of the fees for registration of establishment and proof of payment of the fees for registration and publication of Memorandum of Association.

The fee for establishment registration is 4.900,00 RSD, and when the application for establishment is submitted, the fees for registration and publication of Memorandum of Association in the amount of 1,000.00 RSD shall also be paid.

JOINT STOCK COMPANY

- A joint stock company is founded by one or more physical/ legal persons, shareholders, and the company's basic capital is divided into stocks. Shareholders are not

liable for obligations of the company, except in case of abuse of the rules on limited liability. Joint-stock company is liable for its obligations with all property.

- A joint stock company may be public (one that has issued securities) and non-public company.
- Shareholders who have founded the company shall sign the Memorandum of Association and first Articles of Association of the company.
- Memorandum of Association of the joint stock company shall not be changed.
- The Articles of Association is stipulating the management of the company and other matters in accordance with the Law. The Articles of Association and amendments thereto are adopted by the General Meeting by a simple majority vote of all shareholders with voting rights, unless the Articles of Association envisages greater majority.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION

- The name, identification number and place of residence of a shareholder who is a physical person, or name, passport number or other identification number and place of residence of a shareholder who is a foreign natural person; business name, registration number and address of the shareholder that is a domestic legal entity or business name, registration number or other identification number and address of the seat of a shareholder that is a foreign legal entity.
- Business name and address of company's seat.
- Core activity of the company.
- Total amount of a pecuniary contribution, or monetary value and description of non-pecuniary contribution of each shareholder that have founded the company, and the deadline for payment or entering of contribution.
- Data on stocks entered into register by each shareholder who has founded the company as follows: number of stocks, their type and class, their par value, or for stocks without par value, a share in basic capital for which they are issued.

- The statement of founders on establishing the joint-stock company and undertaking the payment, or entry on the basis of registered stocks.

CONTENTS OF THE ARTICLES OF ASSOCIATION

- Business name and address of the company' seat.
- Core activities of the company.
- Data on the amount of subscribed and paid basic capital, as well as data on the number and total nominal value of authorized stocks, if any.
- The essential elements of issued stocks of all types and classes, in accordance of the Law on Capital Market ("Official Gazette of the RS" no. 31/11); with stocks which do not have nominal value and the share in basic capital for which they are issued, or the book value including any possible obligation, limitations and privileges associated with each class of stocks.
- Types and classes of stocks and other securities that the company is authorized to issue.
- Special conditions for transfer of stocks, if any.
- Procedure to call the General Meeting.
- Determination of the bodies of the company and their competences, the number of their members, closer regulation of the appointment and revocation of members and decision-making of these bodies.
- Other issues which by this or other specific legislation are defined to be included into the Articles of Association of a joint stock company.

SHARES

- Shareholders contributions may be in cash, goods and rights, expressed in RSD.
- Shareholders contributions cannot be expressed in working or providing services to the joint stock company.

SHARE CAPITAL

- The minimum capital for establishing a joint stock company is 3,000,000.00 RSD, unless a special law provided for a higher amount.
- Nominal value per stock shall not be less than 100 RSD.
- Stocks can be common (give the shareholder the right to participate and vote at general meeting, payment of dividends, share in the distribution of the remaining part after the liquidation or bankruptcy, pre-emptive acquisition of ordinary shares, etc, in accordance with the Law and company Articles of Association) and preference stocks (give to a shareholder one or more preferential rights established by Articles of Association and the decision on the stocks issue, give the shareholder the right to participate in the work of the General Meeting without voting rights, except in cases specified by the Law).
- The total nominal value of issued and authorized preferred stocks shall not exceed 50% of the basic capital.
- Stocks are freely transferable, unless the transfer of stocks is limited by the pre-emption right of other shareholders or by the other prior agreement of the company as defined in the Articles of Association.

PAYMENT / ENTRANCE OF SHARES

- Prior to the registration of the company, the shareholders are obliged to make payment, ie to enter their shares representing at least 25% of the capital, where the amount paid portion of initial capital in cash may be lower than the amount of minimum capital.
- Registered stocks that are in accordance with the Memorandum of Association shall be paid in cash and prior to the founding of a company into a temporary account with a commercial bank in the Republic of Serbia.
- Cash and in-kind contribution for the establishment or increase of capital of the company shall be paid, or entered, within a deadline established in the Memorandum of Association, or in the decision on capital increase,

and the deadline for a public stock company shall not be longer than two years.

RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

- Equal treatment of shareholders – all shareholders under the same circumstances are treated equally.

DISTRIBUTION OF PROFITS

- The shareholder is entitled to a share in annual profit defined by the General Meeting for distribution (dividend).
- Dividends can be paid in cash or in stocks of the company, in accordance with the decision on dividend payment adopted by the shareholders General Meeting.
- If not otherwise provided by the Articles of Association, the company may pay interim dividends (interim dividends) at any time between regular sessions of the Meeting, under the conditions specified by the Law.

BODIES OF THE COMPANY

- Management may be established as a unicameral or bicameral, which is determined by the Articles of Association.
- In the case of a unicameral management, bodies of the company are:
 - General Meeting of shareholders,
 - One or more Directors or Board of Directors.
- In the case of bicameral management, bodies of the company are:
 - General Meeting of shareholders,
 - Supervisory Board,
 - One or more executive directors or executive committee.
- General Meeting consists of all shareholders of the company, and sole member company the function of the General Meeting is performed by the sole shareholder of the company.

- The General Meeting shall decide on:
 - Amendments to the Articles of Association;
 - Increase or decrease in capital;
 - The number of authorized shares;
 - Change to the entitled rights or privileges of any class of stocks;
 - Status changes and changes of legal form;
 - Acquisition and disposal of major assets;
 - Distribution of profits and losses coverage;
 - Adoption of financial statements;
 - Adoption of the report the board of directors / supervisory board;
 - The remuneration of directors / supervisory board members;
 - Appointment and removal of directors / supervisory board members;
 - Initiation of liquidation proceedings;
 - Selection of auditor and remuneration for his work;
 - Other issues in accordance with the Law;
- The director can be any person capable to perform the work, and the Articles of Association may establish other requirements that a person must meet for the position of director.
- The director shall not be:
 - A person who is a director or member a supervisory board in more than five companies;
 - A person sentenced for a commercial crime to punishment exceeding the period of five years from the date of the entering into force the court decision, and this period of time shall not include the time spent in prison;
 - A person banned by court decision to perform the activity which is the core activities of the company, during the period of the ban duration.

Required documentation and registration fees

1. Single application for registration of establishment of

legal persons and other entities and for entry into the single register of taxpayers.

2. Memorandum of Association with the certified signatures of members of the company.
3. Company's Articles of Association signed by the members of company.
4. Confirmation of credit institutions on paid stocks in cash or certified appraiser estimated value of contribution in kind or a certificate of the authority body on the evaluation of contributions in kind in accordance with the Law.
5. Decision on appointment of the director, if it is not defined in the Articles of Association.
6. Decision on the appointment of supervisory board members, if the management is bicameral and not specified by the Articles of Association.
7. Decision on appointment of the executive committee, if the management is bicameral.
8. Decision on the appointment of the company's representative, if not specified by the Articles of Association.
9. Signature of the representative certified by the competent authority body for certification.
10. Proof of payment of the fees for registration of establishment and proof of payment of the fees for registration and publication of memorandum of association, and proof of payment of the fee for registration and publication of articles of association.

The fee for registration of establishment is 4.900,00 RSD and when the application for establishment is submitted, the fees for registration and publication of Memorandum of Association in the amount of 1,000.00 RSD shall also be paid.

ENTREPRENEUR

- An entrepreneur is an economically active natural person that performs activities in order to generate income,

who is registered as such in conformity with the law.

- An entrepreneur is liable with the entirety of his assets for the obligations incurred during the performance of his activities, and the assets include the assets generated in connection with the performance of his activities.
- An entrepreneur may authorize in writing an economically active physical person, a manager, to manage his business.
- An entrepreneur may make a decision on continuation of his activities in the form of a company. Upon losing the status of an entrepreneur, by deletion from the Entrepreneur Registry, and registration of the company incorporation, this physical person shall remain liable with the entirety of his assets for the liabilities incurred in connection with the performance of his activities as an entrepreneur until the moment of the deletion from the Entrepreneur Register.

Required documents and registration fee

Along with the registration application form, the entrepreneur shall submit a proof of his identity, i.e. a photocopy of an ID card for a domestic natural person, a photocopy of a passport for a foreign person, or a photocopy of an ID card, if it has been issued to the foreign person and proof of payment of the fee for registration of entrepreneur.

Registration fee amounts to 1,500.00 RSD.

BRANCH OFFICE

- Branch office of a company is a separate organizational unit, through which the company conducts business pursuant to the law.
- Branch office does not have the status of a legal entity, and in legal transactions it acts on behalf and for the account of the company, which has unlimited liability for its obligations to third parties that may be incurred in business operations of its branch office.
- Branch office may be registered in conformity with the

Law of Registration. However, it is obligatory to register both a branch office of the domestic company, if its representative is different from the company's representative, or if that is stipulated in a special law as a condition for its business operations, and a branch office of a foreign company.

Required documents and registration fee

The application to register a branch office shall be submitted with the following documents:

1. Decision on setting up the branch office.
2. Signature of the representative of the branch office authenticated by the competent authentication body, if such a person is not the registered representative.
3. Proof of payment of the fee.

Foreign legal entity setting up a branch office shall submit:

1. Decision on setting up a branch office.
2. Excerpt from the Register in which the company was registered, with a certified translation by a sworn-in-court interpreter.
3. Proof of accounts used for the company's business transactions.
4. Signature of the branch office representative authenticated by the competent authentication body.
5. Affidavit of the of the authorized person of the foreign company testifying to the undertaken responsibility for all obligations arising from the business operations performed by the branch office, with the certified translation by a sworn-in-court interpreter.
6. Proof of payment of the fee for registration of establishment.

The registration fee for a domestic company branch office amounts to 2,800.00 RSD, and for a foreign company branch office 4,900.00 RSD.

FOREIGN COMPANY REPRESENTATIVE OFFICE

- Foreign company representative office is its separate organizational unit, conducting preliminary and preparatory operations aimed at concluding legal transaction of the company.
- Representative office does have the status of a legal person and it may conclude only the legal transactions relating to its current business operations. Foreign company is liable for the obligations to third parties incurred during the performance of its representative office.

Along with the application to register a representative office, a foreign company shall submit:

1. Decision on setting up a representative office.
2. Excerpt from the Register in which the foreign company was registered, with a certified translation by a sworn-in-court interpreter.
3. Proof of accounts used for the foreign company's business transactions.
4. Signature of the representative office agent authenticated by the competent authentication body.
5. Affidavit of the authorized person of the foreign company testifying to the undertaken responsibility for all obligations arising from the business operations performed by the representative office, verified by the competent verification body, with the certified translation by a sworn-in-court interpreter.
6. Proof of payment of the fee for registration of establishment.

Fee to the account of the Agency, in the amount of 4,900.00 RSD.

BUSINESS ASSOCIATION

- Business association is a legal person established by two or more companies or entrepreneurs, in order to materialize their common interests.
- Business association may not conduct business activities in order to gain profit.
- Regulations providing for the position of business associations shall apply to the business association accordingly.
- Business association may not change its legal form to the form of a company.
- Business association registration fee amounts to 4,900.00 RSD.

III SPECIAL PERMITS

Work permits are governed by the special laws for specific activities.

The economic entity registering with the Agency Register the activity that may be performed only against the previous approval/permit or agreement of the competent body, shall submit such an approval against registration (e.g. manufacturing and sale of extremely dangerous chemicals, banking transactions, insurance company transactions). The registration is possible only after obtaining the approval.

BANKS

Bank is a joint-stock company seated in the Republic of Serbia, granted a work permit by the National Bank of Serbia. The bank's activities include taking deposits and granting loans, and it can perform other operations in conformity with the law – foreign exchange operations, foreign currency operations and exchange operations, payment transactions, payment card issuance, etc. The procedure for establishing a bank is two-phase. In the first phase, the founders are granted a preliminary permit, whereas the work permit is issued in the second phase. Banks may be established by domestic and foreign legal and physical persons.

Capital stock

The capital stock of the bank may not be lower than 10 million EUR in RSD equivalent, as per the official mean exchange rate on the date of payment.

Branch

Branch is an organizational unit of the bank which does not have a status of a legal person, and conducts the same business as the bank, in conformity with the law.

Representative office

Representative office is an organizational unit of the bank abroad, or of the foreign bank in the Republic of Serbia. Representative office does not have a status of a legal person and it does not conduct business performed by the bank, but it carries out market research and represents the bank, or the foreign bank whose part it is.

The bank opening a branch or a representative office abroad (founder bank), submits to the National Bank of Serbia a written application for approval with the supporting documents.

- Law of Banks (“Official Gazette of the RS”, No. 107/05, 91/10)

INSURANCE

An insurance company is established as a stock company or a mutual insurance company.

Insurance activities are performed by an insurance company licensed for such activities by the competent authority, and by a branch of a foreign insurance company licensed by the competent authority for such activity. An insurance company can only engage in insurance activities.

The National Bank of Serbia deals with the requests for issuing the license for conducting insurance activities by passing a decision, which specifies the types of insurance for which it is issued.

Capital stock

Pecuniary share in the capital stock of the stock company for insurance may not be lower than the RSD equivalent of the EUR amounts calculated at the mean exchange rate of the National Bank of Serbia on the payment day, as follows:

1. Life insurances:	EUR
(1) Life insurance, other than the voluntary pension insurance	2,000,000

(2) Voluntary pension insurance	3,000,000
(3) All kinds of life insurance	4,000,000
2. Non-life insurances:	
(1) Accident insurance and voluntary health insurance	1,000,000
(2) Casco insurance of motor vehicles, casco insurance of railway vehicles and mandatory liability insurance in transportation	2,500,000
(3) Other property insurances, other liability insurances and other kinds of non-life insurance	2,000,000
(4) All kinds of non-life insurances	4,500,000
3. Reinsurance	4,500,000

In the conduct of its business operations, the stock company for insurance is obliged to secure that its capital stock is always on the level which is not lower than the above amounts.

- Insurance Law (“Official Gazette of the RS”, Nos. 55/04, 70/04 – correction, 61/05 – other low, 61/05, 85/05 – other low, 101/07, 63/09 – US, 107/09, 99/11, 119/12, 116/13)

REPRESENTATION IN THE CUSTOMS PROCEDURE

To perform the activities of an authorized representative in the process of presenting customs declarations on customs approved treatment of goods, the companies or individuals have to meet the conditions set forth in the Customs Law and obtain the license issued by the Customs Administration.

- Customs Law (“Official Gazette of RS”, Nos. 18/10, 111/12)
- Decree on customs approved treatment of goods (“Official gazette of RS”, Nos. 93/10, 63/13)

ROAD TRANSPORT

A license is required for the start of activities: in domestic road transport for regular and occasional passenger transport, transport of goods and taxicab services; in international road transport for regular and occasional passenger transport, transport of goods; station services; forwarding and agency services in road transport.

The license is issued by the line Ministry, or a competent local self-government body for taxicab services.

- Road Transport Law (“Official Gazette of RS”, Nos. 46/95, 66/01, 61/05, 91/05, 62/06, 31/11)
- International Road Transport Law (“Official Gazette of SRY”, Nos. 60/98, 5/99, 44/99, 74/99, 4/00; “Official Gazette of RS”, Nos. 101/05, 18/10)

TESTING OF PRODUCTS

Assessment of conformity of products, processes and services with the technical regulations and standards is made by the conformity assessment bodies, whose competency is established by accreditation for the following processes: testing; type approval; control; product certification; management system certification; certification of persons, laboratories. Along with establishing the competencies for performance of the above procedures, the accreditation also establishes competences for accomplishment of other conformity assessment procedures, according to the law.

The accreditation procedure is initiated by filing an accreditation application to the Accreditation Body of Serbia. If, after the accreditation procedure, it is established that the applicant fulfils the requirements of the relevant Serbian, i.e. international and European standards where applicable, the Accreditation Body of Serbia passes a decision on accreditation and issues the accreditation certificate.

The accreditation certificate is issued for a definite period of time, in conformity with the accreditation rules.

- Law on Accreditation (“Official Gazette of RS”, No. 73/10)

ENERGY LICENSE

Energy-related activity may be performed by a public company, corporation, or other legal person or entrepreneur entered in the appropriate register, holding a licence for performing energy-related activity, unless otherwise stipulated by the law.

The license is issued by the decision brought by the Energy Agency of the Republic of Serbia, at the request of the energy entity. The license is issued for each individual energy-related activity.

- Energy Law (“Official Gazette of RS”, Nos. 57/11, 80/11, 93/12, 124/12)

PRODUCTION AND TRADE IN MEDICINES AND MEDICAL DEVICES

The license for production of medicines, and the license for wholesale trade in medicines are issued by the line ministry to a legal person that meets the requirements in terms of space, equipment, personnel and other requirements stipulated in the law and the regulations adopted for the implementation of the law.

The holder of the license for wholesale trade in medicines is entitled to import and export medicines in conformity with the law.

- Law on medicines and medical devices (“Official Gazette of RS”, Nos. 30/10, 107/12)

TRADE AND USE OF PARTICULARLY HAZARDOUS CHEMICALS

Placing on the market of particularly hazardous chemicals may be performed only by legal persons or entrepreneurs holding a license for performing the activity of trade in such chemicals. Physical persons using particularly hazardous chemicals are required to have a license to use these chemicals.

The license for performing the activity of trade in particularly hazardous chemicals is issued to an importer, producer, or further user by the ministry in charge of environmental protection.

The license for performing the activity of trade in particularly hazardous chemicals to a distributor that is not an importer, producer or further user, as well as the license for use of particularly hazardous chemicals is issued by the competent body of a local self-government unit.

- Law on chemicals (“Official Gazette of RS”, Nos. 36/09, 88/10, 92/11, 93/12)

ACTIVITY OF PRODUCTION AND PROCESSING OF TOBACCO

Production and processing of tobacco may be performed by an economic entity fulfilling the requirements stipulated in the law. A physical person – tobacco producer, may also engage in tobacco production, subject to the conclusion of a manufacturing contract with tobacco producers, or tobacco processors.

The Tobacco Directorate issues a license for production of tobacco and a license for processing of tobacco.

- Law on Tobacco (“Official Gazette of RS”, Nos. 101/05, 90/7, 95/10, 36/11, 93/12, 108/13)

PRODUCTION AND TRADE IN ARMAMENT AND MILITARY EQUIPMENT

The license for production of armament and military equipment is issued by the competent body for defense affairs.

The record is kept of the companies engaged in trade in armament and military equipment.

International payments and credit transactions in the area of foreign trade in armament and military equipment are performed by an authorized bank nominated by the Government.

- Law on production and trade in armament and military equipment (“Official Gazette of SRY”, No. 41/96 and “Official Gazette of Serbia and Montenegro”, No. 07/05 – other laws, “Official Gazette of RS”, No. 85/05-other law)

THE ACTIVITY OF GEOLOGICAL RESEARCH AND COAL MINING

Geological research may be performed by a company, or other legal person and entrepreneur, who is registered in the register of companies engaged in such activities.

To perform applicable geological research, it is necessary to obtain a decision on approval to perform geological research. This decision is issued by a competent body, i.e. Ministry or a competent body of the Autonomous Province, if the research is performed in its territory.

- Law on coal mining and geological research (“Official Gazette of RS”, No. 88/11)

PROFESSIONAL WORK ON LAND DEVELOPMENT AND URBAN PLANNING

The professional work of urban planning is understood to mean the elaboration of spatial plans and activities on their implementation.

Urban design is elaborated when provided for in the urban plan, spatial plan of the local self-government unit, or a spatial plan of the area of specific use, for the needs of urban-architectural modeling of the area of public use, and urban-architectural development of the location.

Urban design may be elaborated by a company, or other legal person or entrepreneur, registered in a relevant register for urban plan elaboration and technical documentation elaboration.

Elaboration of the urban design is managed by a responsible urban planning engineer –architect holding an appropriate license, issued by the Chamber of Engineers of Serbia.

- Law on planning and construction (“Official Gazette of RS”, Nos. 72/09, 81/09 – corrected, and 64/10 – US Decision, 24/11, 121/12, 42/13 - US, 50/13 - US, 98/13 - US)

THE ACTIVITY OF ELECTRONIC COMMUNICATIONS

The activity of electronic communications is performed by the general authorization regime, i.e. in conformity with the general terms and conditions as may be prescribed for all or specific types of electronic communications networks and services, in accordance with the provisions of the law.

A person that performs some other economic activity, along with the activity of electronic communications, shall perform the activity of electronic communications through an associated legal person or through a branch established in accordance with the law governing the legal status of companies.

- Law on Electronic Communications (“Official Gazette of RS”, Nos. 44/10, 60/13-US)

AUDITING

An audit licence, based on which an auditing company, or an independent auditor, is registered for conducting audit, is issued by the decision of the ministry of finance.

The application for an audit licence is submitted by the auditing company founder, or an independent auditor, to the ministry of finance, after the incorporation and registration in the appropriate register kept by the Business Registers Agency.

- Law on Auditing (“Official Gazette of RS”, No. 62/13)

ENVIRONMENTAL PROTECTION

The integral environmental protection system, among other things, ensures the balanced relationship between the economic development and the environment in the Republic of Serbia. The regulations in this area stipulate the cases in which the assessment of the project impact

on the environment is obligatory (plants for oil processing, gasification, nuclear plants, ferrous metallurgy foundries, etc.) and the procedure to obtain licenses for waste management.

- Law on environmental protection (“Official Gazette of RS”, No. 135/04 36/09, 36/09 - other law, 72/09 - other law, 43/11-US)
- Law on strategic assessment of environmental impact (“Official Gazette of RS”, No. 135/04 and 88/10)
- Law on waste management (“Official Gazette of RS”, No. 36/09 and 88/10)
- Rules on the application form for issue of permits for waste storage, treatment and depositing (“Official Gazette of RS”, No. 72/09)

EMPLOYMENT OF FOREIGN CITIZENS

Foreign citizens can be employed in the Republic of Serbia if they obtain a work permit or an employment permit. It is stipulated that a foreign citizen can establish a work contract if he has a permit for permanent or temporary residence in Serbia issued by the Ministry of Interior, and if he obtains an approval to establish a work contract from the National Employment Office.

However, the approval to establish a work contract is not necessary when the work contract is concluded for performance of professional activities stipulated in the Agreement on Business–Technical Cooperation, long–term production cooperation, technology transfer and foreign investments.

A foreign citizen may be a founder or a member of a company in the Republic of Serbia, and he is entitled to establish a work contract in his company. Based on the decision on registration, a foreign citizen submits an application to the Border Police Administration of the Ministry of Interior of the Republic of Serbia for issue of the employment permit. It should be noted that the employment permit is issued to a foreign citizen or a person without citizenship,

who has the status of an entrepreneur or a founder, for the purpose of managerial activities, or performing other activities. According to the above said, foreign citizens or persons without citizenship, who appear as entrepreneurs, founders or members of the company, will not be issued work permits by the National Employment Service, but instead they will be issued the employment permits by the Ministry of Interior of the Republic of Serbia.

The National Employment Service issues only an approval to establish a work contract.

- Law on conditions for employment of foreign citizens (“Official Gazette of SFRY”, No. 11/78 and 64/89, “Official Gazette of SRY”, No. 42/92, 16/93 - other law, 31/93 - other law, 41/93 - other law, 50/93 - other law, 24/94 - other law, 28/96 – other law and “Official gazette of RS”, No. 101/05 – other law)
- Labour Law (“Official Gazette of RS”, No. 24/05, 61/05, 54/09, 32/13)
- Law on Foreigners (“Official Gazette of RS”, No. 97/08)

IV START OF BUSINESS ACTIVITIES

To start business activities in Serbia, the companies are required: to register with the Serbian Business Registers Agency, to submit the single employee registration form for mandatory social insurance and to open an account with a commercial bank.

Business premises

A company and other legal persons must have an official address in Serbia in order to be eligible for registration. Legal power of attorney may temporarily use its own business address as an address of the company in the process of being founded.

Authentication of documents

All legal documents must be authenticated in court or the municipal authority. Authentication fee depends on the value of the initial capital.

Certified translations

If a document is written in a foreign language, it must be translated into Serbian and certified by the sworn interpreter.

Opening a bank account

Initial capital must be deposited to the bank account, while payment receipt serves as a proof of payment when registering a company.

Registration application form

Application for a legal entity registration is submitted on a proper form to the Business Registers Agency (Single Registration Form for establishment of legal persons and other entities and registration into a single taxpayer register). Along with the filled out application form, it is required to enclose the documentation specifically prescribed for each type of company and a proof of payment of the fee.

Single window registration system

When the legal entities are registered with the Business Registers Agency, at the same time they will obtain the registration/company code issued by the Statistical Office of the Republic of Serbia, and the tax identification number (TIN) issued by the Tax Administration.

Single application for compulsory social insurance of employees

Single application for compulsory social insurance of employees is done electronically through the Central Registry of Compulsory Social Insurance. When the Central Registry receives the single application form and makes registration in its database, it issues a single application receipt – M-A Form to the applicant. The applicant is obliged to forward a copy of the single application receipt - M-A Form to the insured person, i.e. its employee within three days.

V SHORT GUIDE TO STARTING A COMPANY

Where to search for assistance?

- Chambers of Commerce and Industry
- Ministry of Economy
- Serbian Business Registers Agency
- National Agency for Regional Development – NARR
- Serbian Investment and Export Promotion Agency – SIEPA
- Professional and Branch Associations
- Development Fund
- Banks
- Local self government bodies
- National Employment Office
- Inspections services

VI USEFUL ADDRESSES

Serbian Business Registers Agency

Brankova 25
11000 Belgrade, Serbia
tel: +381 11 2023 350
www.apr.gov.rs

National Bank of Serbia

Kralja Petra 12
tel: +381 11 3027 100
Nemanjina 17
tel: +381 11 3338 000
11000 Belgrade, Serbia
www.nbs.rs

Customs Administration

Bul. Zorana Đinđića 155a
11070 New Belgrade, Serbia
tel: +381 11 2015 800, 3117 272
www.upravacarina.rs

Ministry of Economy

Kneza Miloša 20
11000 Belgrade, Serbia
tel: +381 11 361 32 45, 364 26 00
www.privreda.gov.rs

Ministry of Labour, Employment, Veteran and Social Issues

Nemanjina 11
11000 Belgrade, Serbia
tel: +381 11 3616 265
www.minrzs.gov.rs

Labour Inspectorate

tel: +381 11 2017 485
www.minrzs.gov.rs/inspektorat-za-rad.php

Ministry of Trade, Tourism and Telecommunications

Market Inspection Sector

Nemanjina 22-26

11000 Belgrade, Serbia

tel: +381 11 3614 334

www.mtt.gov.rs/sektori/sektor-trzisne-inspekcije

Republic Statistical Office

Milana Rakića 5

11000 Belgrade, Serbia

tel: +381 11 2412 922

www.stat.gov.rs

Development Fund of the Republic of Serbia

Bulevar Nemanjića 14a

18000 Niš, Serbia

tel: +381 18 4150 199, 4150 200

www.fondzarazvoj.gov.rs

National Regional Development Agency (NARR)

National Centre: Zaječar, Trg oslobođenja bb

19000 Zaječar, Serbia

tel: +381 19 445 301, 445 302

Belgrade Office: Trg Nikole Pašića 5/VI

tel: +381 11 2060 888, 3346 107

www.narr.gov.rs

National Employment Office

Belgrade Directorate

Kralja Milutina 8, 11000 Belgrade, Serbia

tel: +381 11 2929 800

Kragujevac Directorate

Svetozara Markovića 37, 34000 Kragujevac, Serbia

tel: +381 34 505 500

www.nsz.gov.rs

Serbian Investment and Export Promotion Agency (SIEPA)

Vlajkovićeva 3/V
11000 Belgrade, Serbia
tel: +381 11 3398 550
www.siepa.gov.rs

Chamber of Commerce and Industry of Serbia

Resavska 13 – 15
11000 Belgrade, Serbia
tel: +381 11 3300 900
www.pks.rs

CCIS Representative Offices Abroad

Austria, Vienna

Wirtschaftskammer Serbien Außenstelle
Gumpendorfer Strasse 83
A-1050 Wien, Österreich
Tel: +4315 44 02 94
vienna@pks.rs
www.pks.rs/at

Belgium, Brussels

Chamber of Commerce and Industry of Serbia
Representative Office in Belgium
WTC I / Bvd du Roi Albert II 30/19, Bte 46
B-1000 Brussels, Belgium
Tel: +32 2 2015 960
brussels@pks.rs
www.pks.rs/be

France, Paris

Bureau de représentation en France
de la Chambre de Commerce et d` Industrie de Serbie
123, rue Saint Martin
75004 Paris, France
Tel: +33 1 57 40 76 30
paris@pks.rs
www.pks.rs/fr

Italy, Milan

Camera di Commercio della Serbia
Promos
Via Campario 1/II
20124 Milano, Italia
Tel: +39 02 8515 5366
milan@pks.rs
www.pks.rs/it

Germany, Frankfurt

Vertretung der Wirtschaftskammer Serbien
Boersenplatz 4
D-60313 Frankfurt am Main, Deutschland
Tel: +49 69 2972 9313
frankfurt@pks.rs
www.pks.rs/de

Russian Federation, Moscow

Коммерческо-Техническое Бюро
При Посольстве Сербии
Ул. Мосфильмовская, д. 42
119281 Москва 95, Российская Федерация
Tel: +7 499 1478 505, 506
moscow@pks.rs
www.pks.rs/ru

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Board of Economic System

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privrednopravna@pks.rs

www.pks.rs

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Marketing Department

marketing@pks.rs

The Guide for Establishing a Company provides to future domestic and foreign investors information, guidance and support to start a business under specified conditions.

Foreign legal and physical persons may establish companies and other forms of business, in accordance with the Companies Law and the law governing foreign investment.



**CHAMBER OF
COMMERCE AND
INDUSTRY OF SERBIA**

Resavska 13-15, 11000 Belgrade

Phone: +381 11 3300 900

bis@pks.rs

www.pks.rs

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