



**GOVERNMENT OF THE REPUBLIC OF SERBIA**

**Negotiating position of the Republic of Serbia for the Intergovernmental  
Conference on the Accession of the Republic of Serbia to the European Union  
for Chapter 33 “Financial and Budgetary Provisions“**

*Belgrade, 2017*

## **I. Introductory statement**

The Republic of Serbia accepts the European Union acquis with respect to Chapter 33 – Financial and Budgetary Provisions and will be in the position to implement it fully by the time of the accession to EU membership, as it stands on January 1<sup>st</sup>, 2017. The Republic of Serbia will have implemented any outstanding acquis, including the acquis adopted after January 1<sup>st</sup> 2017, by the day of accession, subject to the outcome of the negotiations under this chapter.

The Republic of Serbia will undertake all necessary measures and create all required preconditions for efficient application of the EU acquis included in this chapter. However, the Republic of Serbia requests application of transitional corrective measures related to payments of the Republic of Serbia in the EU budget.

## **II. Legislative and institutional framework**

Chapter 33 – Financial and Budgetary Provisions includes three principal sections: traditional own resources, resources based on value added tax and resources based on gross national income.

The acquis in this area is directly binding and does not require transposition into national law.

### **II.1. Legislative framework and status of implementation and enforcement of the EU acquis**

#### ***II.1.1. Traditional own resources***

The main national laws of the Republic of Serbia which define the field of traditional own resources are: Customs Law (“Official Gazette of the RS”, Nos. 18/10, 111/12, 29/15 and 108/16), Law on General Administrative Procedure (“Official Gazette of FRY”, Nos. 33/97 and 31/01 and “Official Gazette of the RS”, Nos. 30/10 and 18/16), Law on Budget (“Official Gazette of the RS”, No. 99/16), Regulation on Customs Approved Treatment of Goods (“Official Gazette of the RS”, Nos. 93/10, 63/13, 145/14, 95/15, 44/16 and 10/17), Rulebook on Terms and Manner for Keeping Accounts for Payment of Public Revenues and Allocation of Funds from those Accounts (“Official Gazette of the RS”, Nos. 16/16, 49/16 and 107/16) and Rulebook on Form, Content, Manner of Submitting and Completing Declaration and Other Forms Used in Customs Procedure (“Official Gazette of the RS”, Nos. 7/15, 45/15, 56/15, 88/15, 33/16, 73/16 and 79/16).

Provisions of the Customs Law regulating the field of customs debt and calculation of import duties are fully in compliance with the Council Regulation No. 2913/92 establishing the Community Customs Code (Article 189 – Article 242), which is replaced by the Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.

### ***II.1.2. Value added tax resources***

Legal framework in the field of value added tax in the Republic of Serbia includes: Law on Value Added Tax ("Official Gazette of the RS", Nos. 84/04, 86/04 – correction ... 83/15 and 108/16) (hereinafter referred to as the "Law on VAT") and the bylaws, as well as the Law on Tax Procedure and Tax Administration ("Official Gazette of the RS", Nos. 80/02, 84/02- correction ... and 108/16).

Law on VAT defines taxation at the standard VAT rate of 20% and reduced VAT rate of 10%. It also stipulates special taxation procedure for farmers. Namely, farmers are entitled to compensation of VAT at the time of delivery of goods or services to VAT taxpayers in the amount of 8% of the value of delivered goods or services. The same law also defines three groups of tax exemptions: tax exemption in the supply of goods and services with the right to an input tax deduction, tax exemption in the supply of goods and services without the right to an input tax deduction and tax exemptions on the import of goods.

Law on VAT is partially harmonised with the EU acquis in this field. Law on VAT will be harmonised with the EU regulations relevant for the provisions of this law, and primarily with the Council Directive 2006/112/EC on the common system of value added tax, as well as Council Directive 2009/132/EC determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods. It is partially harmonised with the Council Directive 2009/132/EC of 19 October 2009 on determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods. Law on VAT stipulates tax exemptions for importation of goods. Partial compliance with the Council Directive 2009/132/EC is reflected in the fact that the Law on VAT does not stipulate certain tax exemptions which are defined by this Directive. Furthermore, the Law on VAT refers to the provisions of the customs regulations stipulating certain customs exemptions, which is not fully in compliance with the aforementioned Directive.

Legal framework of the EU also includes Council Decision 2014/335/EU, Council Regulation 608/2014, Council Regulation 609/2014, Council Regulation 2016/804 and Council Regulation 1553/89. Since the aforementioned decision and regulations are legal acts which become obligatory for all member states as of the date of coming into effect, i.e. for member states to which they apply, national legislation will not be harmonised with them but these acts will apply directly.

Since the Law on VAT stipulates application of two tax rates, the calculation of weighted average rate will be necessary. This is currently not possible, but will be until the accession date.

### ***II.1.3. Gross national income resources***

The main national legislation which defines the field of gross national income as own resources is specific because it refers to a unique methodology which is applied for the calculation. In that sense, preparation of national accounts, including the principal aggregates such as gross domestic product (GDP) and gross national income (GNI), is based on the

definitions and concepts established in the new European System of Accounts – ESA 2010 (Regulation (EU) No. 549/2013 of the European Parliament and of the Council).

Methodology for calculation of gross national income, as well as the actions for sending and verification of received data are regulated by the Council Regulation No. 1287/2003 on the harmonisation of gross national income at market prices (*GNI Regulation*), thus providing comparability, reliability and comprehensiveness of data for the needs of own resources of the EU.

Legal framework for calculation of gross national income is also based on the new methodology for balance of payments (6<sup>th</sup> edition of the Balance of Payments Manual), as well as EU legal acts related to the specific issues of calculation of gross national income and its integral parts and recommendations given by the GNI Committee and different task forces.

For a number of years, the Statistical Office of the Republic of Serbia applied the previous methodology of national accounts, and as of September 2014, applies ESA 2010. Transfer to ESA 2010 was done within the Multi-beneficiary regional project IPA 2011 – DCP 1 National Accounts Methodology.

The data are published in regular publications and on the website of the Statistical Office of the Republic of Serbia. Also, as of March 2013, the Statistical Office took part in previous Transmission programme of data, and as of October 2014, the data to Eurostat has been delivered pursuant to the Transmission programme ESA 2010.

In the context of the Regulation 1287/2003, gross domestic product – which is used as the basis for the calculation of gross national income – as the final result of production activity of the units of resident producers is defined in three ways, depending on the method of calculation (production, expenditures or income), while gross national income represents gross domestic product deducted for primary income paid by resident units to non-resident units and increased for primary income received by resident units from the rest of the world. Primary income consists of compensation of employees and property income.

The Statistical Office monitors and applies requirements of this regulation in preparation of annual national accounts of the Republic of Serbia, where the national legal framework for production and dissemination of data and information of official statistics, including GNI and its integral parts, represents the Law on Official Statistics (“Official Gazette of the RS“, No. 104/2009). Calculation of gross domestic product to gross national income is done by using transitional items, which are based on data contained in the balance of payments of the National Bank of Serbia. Method of calculation was explained in details in the document *Description of sources and methods for Serbia*, implemented and updated within the series of regional IPA projects (starting from the first version which represented the result of the project IPA 2007 – DCP 5 National accounts from November 2009, up to the last version which was amended and significantly extended within the project IPA 2012 – DCP 1 National accounts methodology and which was submitted to Eurostat on 30<sup>th</sup> November 2015 and officially adopted on 17<sup>th</sup> January 2016).

Further improvement of this calculation was planned and implemented within multibeneficiary regional project IPA 2012 DCP 1 National accounts methodology, completed in November 2015.

The updated series of data on gross national income published at the end of September 2016, for the period 2005 – 2015, have been harmonised, both with the new methodology of national accounts (ESA 2010), and the new methodology of balance of payments (BPM6 – Balance of Payments Manual, 6<sup>th</sup> edition).

Taking into consideration that the legal framework for the system of own resources is partially related to the Negotiating chapters 16 – Taxation, 18 – Statistics, 29 – Customs union and 32 – Financial control, more detailed description of the level of harmonisation of the national legal and institutional framework with the EU acquis will be presented in the referred negotiation positions.

In the above specified fields, the legislation of the Republic of Serbia is significantly harmonised with the EU acquis.

## **II.2. Institutional framework**

There is a relevant institutional framework in the Republic of Serbia required for implementation of acquis in this chapter, and the competent institutions are the Ministry of Finance, Ministry of Agriculture and Environmental Protection, Statistical Office of the Republic of Serbia and National Bank of Serbia.

As it is necessary that the Republic of Serbia establishes an operational coordination structure in the field of own resources, within the Ministry of Finance, Macroeconomic and Fiscal Analysis and Projections Department, Section for Fiscal Analysis and Projections and Management of Own Resources of the EU, two work positions are systematized with the main goal of establishing the relevant system for coordination of correct calculation, evaluation, collection, payments and control of own resources, as well as reporting about this data to the EU. These work positions are filled and operational in a sense of initiation of above described activities. The capacities are adequate for the preparatory phase of establishing the system for coordination and management of own resources of the EU.

### ***II.2.1. Traditional own resources***

Competences for the implementation of the EU acquis in respect of traditional own resources are divided between the Ministry of Finance – Customs System and Policies Department, in charge of normative and study-analytical activities related to customs system and customs policies and Customs Administration, which, as an authority body within the Ministry of Finance, is competent for implementation of regulations, i.e. collection of budget revenues on the basis of import customs duties.

The Customs Law (“Official Gazette of the RS“, Nos. 73/03, 61/05 ... and 18/10 – other law, 111/2012, 29/2015 and 108/16) defines the competences of customs administration. There is a division of competences within the Customs Administration, based on internal organisation and systematisation, to 15 customs offices, 6 departments and 3 sectors outside of departments.

In the field of traditional own resources, significant part is taken primarily by Financial, Investment and Legal Affairs Department (Sector for Collection of Budget Revenues – currently has 22 employees), Information and Communication Technologies Department – 97 employees, Customs Affairs and Procedures Department – 33 employees, Tariff Affairs Department (Post-clearance Control Sector – 40 employees, Customs Laboratory – 18 employees), Enforcement Department (Sector for Analysis and Risk Management – 17 employees, Sector for Prevention of Smuggling – 94 employees and Section for Customs Investigations – 24 employees), Sector for Internal Control – 16 employees and Sector for Internal Audit– 9 employees.

Implementation of competences of the Customs Administration in the field of collection of budget revenues on the basis of customs duties for importation and their allocation on the budget accounts of the RS is supported by information technologies, where the entire accounting system is integrated in the Information System of Customs Service (hereinafter referred to as: ISCS), with the primary purpose of providing support to the customs related activities of the Customs Administration. At the time of customs clearance, and acceptance of a single administrative document (SAD), the system performs automatic control of correctness of the columns, calculation of the amount due for customs is done (the amount due for customs consists of customs duties and other duties paid at the time of importation of goods, as well as importation duties which are determined within the measures of agricultural policy, and are paid at the time of importation of goods), which is then printed and handed over to a customs payer, thus, as of the moment of acceptance of customs declaration, calculation and monitoring of claims of the Customs Administration is supervised, as well as their collection, allocation of collected amounts on the accounts of the budget of the RS, including possible repayment, remission, write-off customs debt, etc.

Customs Administration is connected to the system of payment operations of the Republic of Serbia through the Treasury Administration, i.e. data on performed payments by customs payers on the basis of customs receipts are automatically directed from commercial banks to the National Bank of Serbia. The data are then directed to the Treasury Administration, and that is where the Customs Administration receives information on electronic payments, every five minutes, which are processed and automatically linked to corresponding amounts due for customs. For all the amounts paid to the accounts of the Customs Administration, which are related with the customs debt, orders are created for allocation to respective payment accounts of the budget of the Republic of Serbia. They are electronically sent to the Treasury Administration at least once a day.

Entry of calculated customs debt in accounting records is done through automatic transfer of data on calculated and collected customs duties from the accounting system integrated in ISCS, in a separate programme package called *Sirius*, one day after the day of calculation of

customs debt. At the time of entry of customs debt, currently there is no use of separated accounts, for the debt which is collectable or secured (future account A) and for entry of the debt which is not collected or not secured (future account B).

There is a need for strengthening administrative capacities of the Customs Administration until the day of accession to the EU, i.e. for organisational and procedural adjustments of this Administration for the purpose of efficient application of regulations in this field, establishing of IT support for maintenance of accounts A and B, as well as training of customs officers.

Customs Administration uses available technical assistance such as EU program Customs 2020, TAIEX instrument, GIZ project Public Finance Reform, World Customs Organization expertise, etc. for training of customs officers.

### ***II.2.2. Value added tax resources***

Competences for the implementation of the EU acquis in this field are divided between the Ministry of Finance – Fiscal System Department and Tax Administration, as integral part within this Ministry. The Fiscal System Department performs normative activities related to drafting laws and other regulations governing the tax system and tax policy, as well as the system and policy for other public revenues, providing expert opinions in the application of regulations in these areas etc., while the Tax Administration is competent for the implementation of the regulations. Law on Tax Procedure and Tax Administration stipulates the jurisdiction of the Tax Administration for calculation, collection and control of public revenues, including value added tax.

There are 700 employees within the Tax Administration working on control of calculation and payments of value added tax (300 tax inspectors performing control in the offices and 400 tax inspectors performing control in the field), who fulfil the conditions related to adequacy required by the EU acquis. Activities related to collection are performed by 1,712 employees. Along with the activities related to value added tax, these employees also perform other activities relating to calculation, collection and control of other types of public revenues within the competence of the Tax Administration.

All the conditions for implementation of relevant regulations of the EU in regards to institutional structure and capacities have been met, but there is a need for strengthening of administrative capacities, as well as the process where the application of current legal regulations will be upgraded by the IT application.

The need for calculation of weighted average rate requires involvement of the Statistical Office of the Republic of Serbia, which would make its capacities i.e. collected relevant data available for this purpose. Stated calculation is based on the database provided within Supply-Use Tables, but their development is still in its initial phase. In 2012, the Statistical Office of the Republic of Serbia undertook a research on the structure of business revenues and expenditures (with the data for 2011) for the needs of development of the Supply-Use tables. This research included all large and medium sized companies, while the research for other units was done

using the sample of approximately 15,000 units. On the basis of obtained data, technical ratios were calculated and unbalanced matrixes required for further development of Supply-Use tables were prepared. Continuation of work on Supply-Use tables is planned within the just initiated national IPA project, as well as upcoming regional programme. In that sense, there is a plan for 2016 to start working on balancing of Supply-Use tables, development of first Supply-Use tables in 2017, and integration of Supply-Use tables and sectoral accounts in 2018.

### ***II.2.3. Gross national income resources***

Competence for implementation of the EU acquis in respect of resources based on gross national income is divided between two institutions: Statistical Office of the Republic of Serbia (within national accounts) and the National Bank of Serbia (within the statistics of the balance of payments).

Competence of these institutions within their jurisdiction is regulated by the Law on Official Statistics ("Official Gazette of the RS", No. 104/09), Programme of the Official Statistics for the period 2016-2020 ("Official Gazette of the RS", No. 55/15), and the Plan of Official Statistics for 2017 ("Official Gazette of the RS", No. 110/16), as well as the Law on the National Bank of Serbia ("Official Gazette of the RS", Nos. 72/03, 55/04, 85/05-other law, 44/10, 76/12, 106/12,14/15 and 40/15-decision of Constitutional Court) and Law on Foreign Exchange Operations ("Official Gazette of the RS", Nos. 62/06, 31/11, 119/12 and 139/14) and other corresponding bylaws.

New Rulebook on internal organisation and systematisation of work positions in the Statistical Office of the Republic of Serbia (which has been applied as of April 2016) defines 25 work positions within 5 internal organisational units related to national accounts (Department for preparation of annual national accounts, Group for preparation of quarterly national accounts, Department for satellite accounts, Department for input-output statistics and regional accounts, Group for preparation of bases for national accounts).

In the Division of Balance of Payments Statistics, which is part of the Directorate for Economic Research and Statistics of the National Bank of Serbia, 19 work positions are systematised. At present, 14 work positions are filled (of which one is employed for a limited time). Within the Division, there are three smaller organizational units: Unit for Foreign Exchange Statistics, Unit for Statistics of International Investment Position and the Group for Securities Statistics.

There is a perennial continuity in professional development of personnel related to national accounts and statistics of the balance of payments through regular participation at meetings and training programmes organised by relevant international institutions (primarily by Eurostat and International Monetary Fund).

### **III. The Alignment of Legislative and Institutional Frameworks with the EU acquis**

#### **III.1. Plans for harmonisation of the legislative framework with the EU Acquis**

Payments of the Republic of Serbia to the EU budget would significantly weaken the fiscal position of the Republic of Serbia in case the transfers to be received by the Republic of Serbia from the EU budget on the basis of the results of the negotiations in other chapters are lower than the amounts of payments to the EU budget. Republic of Serbia expects application of corrective factors in the transitional period after accession to the European Union in order for the payments to the EU budget to be lower than the transfers from the EU budget. The duration of application and form of corrective measures will be the subject of further negotiations.

##### ***III.1.1. Traditional own resources***

The Republic of Serbia has partially harmonised its regulations with the EU acquis in the field of traditional own resources. By the end of the third quarter of 2017, the Customs Law of the Republic of Serbia will be aligned with the Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code.

By the end of the first quarter of 2018, the Regulation on Customs Approved Treatment of Goods and the Rulebook on the Form, Content, Manner of Lodging and Completing the Declaration and Other Documents in Customs Procedures will be aligned with the:

- Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 Supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code;
- Commission Delegated Regulation (EU) 2016/341 of 17 December 2015 Supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards transitional rules for certain provisions of the Union Customs Code where the relevant electronic systems are not yet operational and amending Delegated Regulation (EU) 2015/2446;
- Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code.

Having in mind national methodology of drafting legislation, certain provisions of Commission Delegated Regulations will be regulated by the Customs Law.

The Customs Administration will, within its competencies in this field, and by the time of accession to the EU, will secure relevant procedures in order for the revenues to be collected, calculated, revised, and controlled in a correct and transparent way and in order to secure precise implementation of the Council Decision No. 335/2014 as well as Council Regulations No. 608/2014, 609/2014 and 2016/804. By the time of accession to the EU, the Customs Administration will be user of the OWNERS and WOMIS system/application.

Since traditional own resources are to a certain extent correlated with the Negotiating chapter 29 – Customs Union, a more detailed overview of harmonisation of legislative and institutional framework with the EU acquis will be presented in the Negotiating position for that Chapter.

### ***III.1.2. Value added tax resources***

Law on Value Added Tax will be harmonised with the EU regulations relevant for the subject matter of this law, and primarily with the Council Directive 2006/112/EC on the common system of value added tax, as well as with Council Directive 2009/132/EC on determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods.

Law on Value Added Tax is partially harmonised with the Council Directive 2009/132/EC of 19 October 2009 on determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods. Also, relevant EU secondary legislation will become obligatory on the date of accession of the Republic of Serbia to the European Union.

Since own resources based on value added tax are to a certain extent correlated with the Negotiating chapter 16 – Taxation, a more detailed overview of harmonisation of legislative and institutional framework with the EU acquis will be presented in the Negotiating position for that Chapter.

### ***III.1.3. Gross national income resources***

Within the plans for full harmonisation with the EU acquis, the Statistical Office of the Republic of Serbia continues to work on meeting the conditions imposed in the process of accession to the EU, which includes full harmonisation with the new methodology of national accounts (ESA 2010) and the new methodology of balance of payments (BPM6), and in that respect relevant updating of the series of data on gross national income starting as of 1995, which presents the first direct goal. In order to achieve the goals, it is necessary to have full cooperation with the institutions which provide administrative sources of data.

As regards gross national income-based resource, national accounts have improved. The country will need to make considerable efforts to ensure the exhaustiveness of the national accounts and GNI calculations by also taking into account the informal economy. Instruments to fight and reduce tax evasion, fraud and the informal economy need to be further strengthened.

Since own resources based on gross national income are to a certain extent correlated with the Negotiating chapter 18 – Statistics, more detailed overview of harmonisation of legislative and institutional framework with the EU acquis will be presented in the Negotiating position for that Chapter.

## **III.2. Plans for harmonisation of institutional frameworks**

Until the date of its accession to the European Union, the Republic of Serbia will continue strengthening of administrative capacities in order to establish efficient system for calculation and payment of own resources.

The Section for Fiscal Analysis and Projections and Management of Own resources of the EU, within the Macroeconomic and Fiscal Analysis and Projections Department, in the Ministry of Finance, with two established work positions with the assignment to build more efficient system for management of own resources of the EU, will be strengthened in the upcoming period by employment of new persons and through strengthening of administrative capacities, as well as continuous training of employees.

The plan is to establish a special unit within this Department of the Ministry of Finance, which will be in charge of establishing required mechanisms, drafting procedures, training of employees which will be working on duties related to own resources of the EU, defining and establishing required databases, preparation of projections and simulation of preliminary calculations of own resources. This unit will fully coordinate preparation of all institutions included in the system of own resources in order for them to be completely ready to take over obligations in the system of own resources of the EU as of the date of accession of the Republic of Serbia to the European Union.

### ***III.2.1. Traditional own resources***

In order to secure required capacities for correct implementation of the Council Decision 335/2014 and two implementing Council Regulations Nos. 608/2014 and 609/2014 amended by Council Regulation No. 2016/804, by the date of accession to the EU, the Customs Administration will undertake measures to strengthen administrative capacities for correct calculation, collection and payment of traditional own resources of the EU.

The Customs Administration will, for the purpose of correct application of the system of traditional own resources, establish clear procedures and divide competences among certain organisational units. Until the date of accession to the EU, the Customs Administration will adjust the information system for the procedures for the purpose of separate monitoring and maintenance of the A and B accounts, and will establish the system of reporting in regards to traditional own resources, pursuant to the work of the competent Department within the Ministry of Finance.

By the date of accession to the EU Customs Administration will apply for additional technical assistance, such as Twining and TAIEX, as to insure administrative capacity for correct implementation of Council Decision 335/2014 and specialy Council Regulations No. 608/2014 and 609/2014. Customs Administration participates in program activities under the program Customs 2020.

All the activities in the process of harmonisation of institutional framework will be undertaken in line with the annual Action/Business Plan for implementation of the Business Strategy, as well as through the Risk Management Strategy for the period 2016 - 2018, IT Strategy for the period 2011 – 2020 with the Strategy for development of interconnectivity and interoperability with the customs IT systems of the EU and Business Strategy of Post-clearance Controls for the period 2016 - 2019.

### ***III.2.2. Value added tax resources***

The adopted Programme for Transformation of the Tax Administration for the period 2015 – 2020 defines the priorities in the stated period, with the goal of creating modern, efficient and expedient system of tax administration directed at increased collection of taxes using primary and ancillary functions, such as electronic services and development of services for taxpayers, improvement of the risk management system, control function, collection, tax-legal matters and work of tax police.

There is a plan directed at strengthening human resources, primarily by increase of the number of tax inspectors performing field control, as well as introduction of new and contemporary methods of tax control through provision of software for electronic control, which should result in increased efficiency of work of tax inspectors, and indirectly, contribute to a better compliance with the regulations by taxpayers and decrease of tax evasion.

In order to improve the function of collection, the following activities are planned: more efficient collection of collectable tax debt from the previous periods and “new” tax debt, increase of collection of all public revenues collected by Tax Administration, development of software for collection and tax accounting, automatization of the process of regular and forced collection of tax, as well as design and implementation of new tax accounting, and achieving collection defined by Dynamic Plan of the Budget of the Republic of Serbia in planned amounts.

The Tax Administration will, within the activities of the Chapter 33, with the aim of securing the resources from the VAT for financing of the EU budget, undertake all the activities required for improvement of its systems, harmonisation of the IT system with the EU standards (new IT software systems and platforms for exchange of information among member states of the EU, and primarily introduction of the systems such as: VAT Information Exchange Systems, VAT System On E-services, VAT Refund System, E-forms and M1ss – Mini One-stop Shop system), pursuant to the priorities and measures of business functions, in order to create the conditions for connection with the information systems of the European Union, until becoming full member of the EU.

The Tax Administration of the Republic of Serbia has become the beneficiary of the Fiscalis 2020 Programme of the European Union by signing the Agreement between the Republic of Serbia and the European Union on participation of the Republic of Serbia in this programme, which came into force as of July 7<sup>th</sup>, 2015. The goal of the Programme is to improve the tax system on the internal market of the EU, through strengthening of cooperation between the member states and their tax authorities and officials.

Tax inspectors are constantly attending training relevant for improving the work to be carried out continuously through professional, general and IT training. Tax Administration participates in program activities under the program Fiscalis 2020. The correct application of the regulations will be provided through the strengthening of administrative capacity and information technology, as well as through continuing education of tax officials.

### ***III.2.3. Gross national income resource***

There is a need for further strengthening of administrative capacities, i.e. increase of the number of employees in the Statistical Office of the Republic of Serbia in order to secure comprehensive implementation of the EU acquis in the field of statistics. This statement fully applies to national accounts. In order to improve their work continuous education of these civil servants should be conducted through the various basic, specialist and professional development trainings organized by relevant international institutions (primarily by Eurostat – ESTP, workshops, as well as by IMF – NA Statistics and BoP courses). It should be emphasised that the data required for calculation of weighted average rate of the VAT will be provided within newly formed organisational unit of national accounts – Department for Input-Output Statistics and Regional Accounts, with 6 work positions systematised.

As of the date of accession to the European Union, the Ministry of Finance will open the account in the name of the European Commission in the National Bank of Serbia.

## **IV. Acceptance of the EU acquis**

The Republic of Serbia accepts the European Union acquis with respect to Chapter 33 - Financial and Budgetary Provisions and will be in the position to implement it fully by the time of accession to EU membership, as it stands on January 1<sup>st</sup> 2017. The Republic of Serbia will have implemented any outstanding acquis, including the acquis adopted after January 1<sup>st</sup> 2017, by the day of accession, subject to the outcome of the negotiations under this chapter.

The Republic of Serbia will undertake all necessary measures and create all required preconditions for efficient implementation of the EU acquis included in this chapter. However, the Republic of Serbia requests application of transitional corrective measures related to payments of the Republic of Serbia to the EU budget.

Duration of application and type of corrective measures will be subject matter of further negotiations.