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NEWSLETTER

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LATEST AMENDMENTS TO TAX AND OTHER LAWS



The National Assembly of the Republic of Serbia adopted amendments to the Law on VAT, Corporate Income Tax Law (ZPDPL), the Law on Personal Income Tax (ZPDG), and the Law on Contributions for Compulsory Social Insurance. Some of the changes are listed below:

Law on VAT

- The postponement of the liability to submit a VAT calculation review for July 1, 2018 was adopted.
- The possibility of the VAT payer who has calculated the VAT as a tax debtor - the recipient of goods and services (internal calculation) - to correct or reduce the calculated VAT, based on the decision of the tax authority that imposed the correction of the deduction of the VAT thus calculated.
- The place of transaction of unique tourist services has been specified.
- The rules regarding the refund of VAT to the buyer of the first apartment have been specified.
- The right to a deduction of the previous tax on the basis of expenditures for the food for the employees has been given..
- The transactions between the concession provider and the concessionaire within the framework of the implementation of the public-private partnership contract with the elements of the concession has been defined (the adopted change significantly reduces the costs of VAT financing during the implementation of the public-private partnership contract with the elements of the concession).

Corporate Income Tax Law Zakon o porezu na dobit pravnih lica

- The scope of services subject to withholding tax has been reduced.
- New deadlines for submitting tax returns for withholding tax (PDPO/S Form) and payment of withholding tax have been defined.
- A new method of calculating tax depreciation for intangible assets has been defined.
- The method of calculating tax depreciation for fixed assets consisting of immovable and movable parts has been specified.
- The conditions for recognition of expenditures in the tax balance based on the correction of the value of receivables have been specified.
- Write-off of receivables arising from non-performing loans has been recognized at the expense of expenditures in the tax balance of the bank.
- The provisions for establishing capital gains and losses have been specified.
- Article 50a of the ZPDPL (Corporate Income Tax Law) (incentives proportional to fixed assets investment) has been amended.
- The provisions relating to transfer prices have been specified.



LATEST AMENDMENTS TO TAX AND OTHER LAWS



Law on Personal Income Tax and Law on Contributions for Compulsory Social Insurance

- The validity of existing facilities for newly employed persons was extended until December 31, 2019.
- Facilitation for newly established companies/registered entrepreneurs based on the employment of newly employed persons has been introduced.
- The non-taxable amount of earnings from the current RSD 11.790 to RSD 15.000 dinars has been increased.
- It has been anticipated that the personal income tax shall not be paid in case the bank writes-off a claim from the client - a natural person.
- The liability to conduct business books for entrepreneurs has been specified.
- New tax exemptions for financial aid to a physical person in the amount of up to RSD 12,375 dinars have been introduced. Also, it has been anticipated that no income tax on the employer's receipt of a financial aid for medical treatment of an employee in the country or abroad is paid up to the amount of actual costs of medical treatment, transport and accommodation during the treatment.
- It has been specified that the premium of collective life insurance in the event of an employee's death due to a disease that the employer pays for all employees is not considered as a profit.

Labor Law

- The liability of the employer to register an employee or other engaged persons no later than before his/her commencement of work has been introduced.
- The employer is liable to keep records of overtime work.
- Depriving the right to severance pay has been defined as a new offense.

Detailed information on changes to the law can be found at krestonmdm.com site.

THE IMPORTANCE OF PLANNING IN CONTROL AND MANAGEMENT



Planning is one of the main tasks of the financial controller, given the importance of planning in control and management. It usually takes place on two levels and both are equally important for establishing an effective control system.

Strategic planning or long-term level defines measures to strengthen market position, increase revenue and reduce costs.

THE FINAL RESULT OF THESE STEPS, THE PLAN FOR THE NEXT FEW YEARS AND A DETAILED PLAN IN THE FIRST YEAR, IS CALLED THE BUDGET.

Operational planning or a short-term level aims at defining steps to increase profits and control costs. It is a plan to fulfill the previously set strategic goals.

Strategic planning is usually conducted for five years and involves several steps, depending on the needs of the business and the industry as a whole. Firstly, an analysis of past market trends and expected developments in the planning period is carried out. Developing a study on the impact of new technologies, economic development and other factors on trends is also part of strategic planning, and it is necessary to conduct an analysis of the

company's competitive ability to exploit market trends. Furthermore the most profitable activities of the company are identified and define investments for achieving goals (marketing, channels of distribution and sales, investment in staff, production, knowledge and equipment). These steps are merged into a financing plan, which is then expanded into a detailed plan for the first year.

The final result of these steps, the plan for the next few years and a detailed plan in the first year, is called the budget. The ideal months for starting strategic planning are September and October, as this is the basis for a detailed short-term plan.

For the financial controller, his task has not been completed by drawing up the plan since the most important part is the monitoring of the effects and the analysis of deviations from the plan.

SEVEN ESSENTIAL CHANGE MANAGEMENT RULES

Managing change is one of the biggest challenges for businesses as it requires a huge effort from managers and organizations to efficiently turn a transformation into a reality. By following these seven principles, you will increase the likelihood of a successful transformation:

Active and visible executive sponsorship

Employees need to be informed by CEOs and business executives about the project's importance and the reasons for any changes. Senior leaders have to demonstrate with words and actions their support for the change project.

Structured change management

Following a goal-oriented change management model is a good way to build up a structured management change approach.

Engagement with project management

Change management works better when it is launched at the beginning of a project and integrated into the project activities, focusing both on the 'technical' and 'people' side of the project.

Resistance management

During the changing process, people may react positively and negatively. Managing resistance to change can sometimes be possible to minimize any resistance by involving employees in the change process.

Frequent and open communication

A good communication plan is vital to support the change process. Face-to-face communication is more preferable to email, newsletter or messages.

Support from middle management

Middle managers can often make or break successful change. They can be the most difficult to convince of the need for change and that's why it is vital for the change management team to them on board early on in the change process.

Dedicated change management resources and funding

Projects with these features are more likely to finish on schedule and to be completed on budget. External specialists can support executives to manage the change.

IN TIMES OF NECESSARY CHANGES, IT IS ESSENTIAL THAT LEADERS KNOW HOW TO BUILD AN ENVIRONMENT WHERE EVERYONE CAN WALK IN THE SAME DIRECTION TO SUCCESS.

ROLE OF FINANCIAL CONTROLLERS IN MAKING PROFIT



The main goal of the company and its presence in the market is to make profit. Achieving this goal concerns different interest groups made up of employees, customers, suppliers, states, financial institutions with which the company cooperates and owners.

If one of these groups is not satisfied with the results achieved, the company faces difficulties. In business, therefore, they are all, each in their own way, involved in the process of creating additional value and a

THE FINANCIAL CONTROLLER MUST BE ABLE TO RECOGNIZE THE NEEDS OF PEOPLE AND PROVIDE THEM WITH THE INFORMATION AND TOOLS THEY NEED IN THEIR WORK.

positive result, and the financial controller has the central role in that process, who is responsible for planning, measuring and directing the process to the optimal point.

We can observe that the complexity of the company's business over the years is increasing, which sets new requirements before management. It is becoming increasingly difficult to control business processes, which depends on the business result and achievement of the goals set. In response to these changes, the role of a financial controller has gone from the function of the plan and analysis to the pillar of the organization, which supports all strategic and operational decisions of the company.

One of the key virtues of controllers is the ability to communicate and identify problems. The financial controller must be able to recognize the needs of people and provide them with the information and tools they need in their work. If these resources cannot be used effectively, controlling is there to provide support and guidance.

ABOUT US

Kreston MDM is a company that provides service in audit, consulting, tax and financial advisory. The company was founded in 2005 as MDM Audit with the goal of using its own resources to build a dynamic business relationship with clients and providing the highest service quality. In February 2015, after an extensive due diligence and strict selection process, MDM Audit became an exclusive member, for Serbia, of KRESTON global network of independent high ranking accounting firms with extensive experience and knowledge of local markets providing daily support to its customers in over 100 countries.

Kreston International continual success depends on hard work and dedication of every affiliated company and all employees. It is the quality of each individual that allows us to maintain the basic

values of the brand, given that we firmly believe that 'people do business with people who are familiar with the brand they know, like and trust.'

Kreston MDM offers a wide range of services including audit of financial statements and accounting services, valuation of companies, financial and tax consulting, financial and tax due diligence. Our primary goal is to find solutions to real problems in the areas of finance and accounting.

Our team of highly professional experts with extensive years of experience uses business skills and experience to help organizations mitigate risks and cope with challenging environment.

Every day our employees strive to expand their knowledge and give new perspective to every project.