

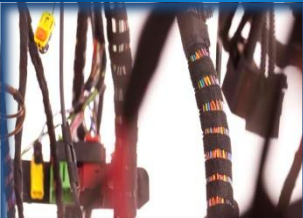


Ministry of Finance of the Republic of Serbia

Free Zones Administration

FREE ZONES OF SERBIA

The place for your investments



Favorable geographic position

- Serbia is situated in the Balkan peninsula and represents a true connection between East and West Europe, South and North Europe
- It covers an area of 88361 km² where lives approximately 7,5 million inhabitants
- Temperate continental climate with warm summers and cold winters
- It is positioned at the border of the EU and the intersection of the Pan-European corridors 10 and 7

Free zones are...

Fenced and marked part of the Republic of Serbia's territory where activities are carried out with many business benefits. Free zones represent highly developed centers of technology, telecommunications, modern infrastructure, industry and logistic support.

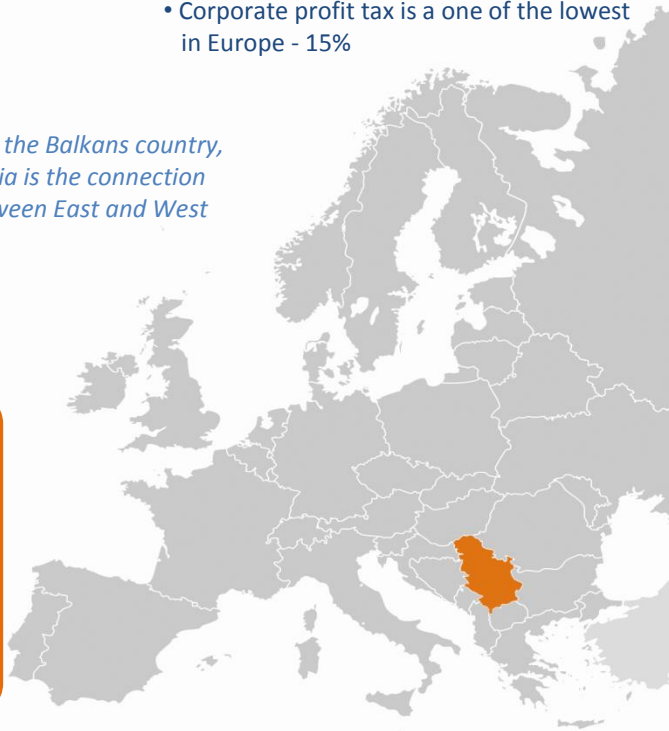
*Being the Balkans country,
Serbia is the connection
between East and West*

Why do the free zones exist?

- Free zones contribute to savings through different benefits
- To increase employment
- To attract investments to help regional development
- Logistic centers (all needs and services at one place)

Advantages of investing in Serbia

- Interim Trade Agreement with EU
- Central European Free Trade Agreement (CEFTA)
- Free Trade Agreement with EFTA
- Free trade agreements with Russian Federation (0% customs rate), Belarus and Kazakhstan
- Free Trade Agreement with Turkey
- USA – Generalized System of Preferences
- Corporate profit tax is a one of the lowest in Europe - 15%



Free zone benefits

- **Fiscal benefits:**
 - ✓ VAT exemption on entry of goods into the free zone, as well as on transport and other services which are directly associated with that entry of goods
 - ✓ Exemption from payment of VAT on trade of goods and services in the free zone
 - ✓ Exemption from payment of VAT on trade of goods between the users of two free zones
 - ✓ Users of free zones who perform production activities in the zone are exempted from paying VAT on energy consumption
 - ✓ Exemption from some taxes for foreign direct investments
- **Exemption from payment of customs duties and other import duties** for goods intended for carrying out activities and construction of facilities in the free zone (raw materials, equipment, construction materials)
- **Financial benefits** (free movement of capital, profits and dividends)
- **Efficient administration** (one stop shop)
- **Simple and fast customs procedures** (each zone has a Customs Administration Office)
- **Local Government Incentives** - exemption from certain local fees and taxes
- **A set of services is available to users under preferential terms** (transport, loading, reloading, freight forwarding services, insurance and reinsurance, banking services, etc.)

Doing business in the zone

- Exports of goods and services from the zone and imports of goods and services into the zone shall be unrestricted and shall not be subject to quantitative restrictions
- Goods imported or exported from a free zone are treated as customs goods
- Control of goods is carried out by customs authority, and the zone users are obliged to ensure implementation of customs control as well as to keep proper records of goods
- Goods from the free zones which are released for the free circulation on the territory of the Republic of Serbia, shall be subject to payment of customs duties and other import duties



Manufacturers in Serbian free zones



SIEMENS



Panasonic



Map of free zones in Serbia



Subotica



Apatin



Novi Sad

Zrenjanin



Beograd



Corridor VII



Šabac

Smederevo



Svilajnac



Kragujevac



Užice

Kruševac



Priboj

Pirot



Vranje



Corridor X



Free Zones Administration

The Free Zones Administration is established in 2008 as administrative entity within the ministry in charge of financial affairs, in order to carry out state administration activities in the field of free zones.

Related to the development of zones consistent with the interest of the state

- Implements national policy for the development of free zones in order to increase the inflow of FDI and employment
- Consider the applications for approval of the designation of the area of the zone and submit its opinion to the ministry in charge of finance
- Provides professional assistance to investors during the decision making process concerning investments
- Arranges meetings between interested parties and company for zone management
- Cooperates with foreign institutions and free zone experts
- Participates in the preparation of regulations in the field of zone operations

Related to the promotion of zones

- Cooperates with the Serbian Chamber of Commerce, the Agency for Foreign Investments and Export Promotion (SIEPA) and other organizations with regard to the promotion of investments and operations in the zones
- Provides necessary information to investors on benefits of free zone investments
- Creates free zones business database

Related to the control and supervision of zones

- Reviews reports on zone operations and proposes their adoption to the Ministry of Finance and Economy
- Proposes to the minister in charge of financial affairs form and content of the application concerning granting approval for establishing zone area