

III MONITORING OF THE ADOPTION OF NEW LEGISLATION

1. The Law on Amendments to the Law on Corporate Income Tax

The Parliament of the Republic of Serbia has adopted the Law on the Amendments to the Law on Corporate Income Tax. The Law was published in the Official Gazette on March 23 and became effective the next day. This Law has serious repercussions for the media sector, because the amendments it introduces also affect Article 40 of the previous Law concerning the 20% withholding tax on the income of non-residents from authors' fees. The said amendments contain a special definition of authors' fees, which differs from the one in the Law on Copyright and Related Rights: it namely encompasses not only fees generated on the basis of an author's right, but also the ones earned on the basis of related rights and all other industrial property rights. According to the new, wider definition of the author's fee, the 20% withholding tax shall be for the first time charged on all fees that domestic companies, including the media, pay to foreign media and film and video production companies for the right to broadcast their program in Serbia. The same tax will be also charged on the fees domestic cable operators pay to foreign channel owners in order to broadcast these channels in the Serbian cable system. Higher license fees could result in less space for program, news and cultural information exchange with foreign countries, further plummeting of the quality of Serbian electronic media, increased isolation of Serbian citizens and deepening of the technological and cultural gap with the most advanced countries in the world. As in many cases in the past, in addition to having both a direct and indirect effect on the operations of Serbian electronic media, the amendments to the Law on Corporate Income Tax were adopted without any public debate whatsoever or consultations with media associations. We remind that, last year, the Parliament adopted the Law on the Amendments to the Law on the Personal Income Tax in a similar manner, by reducing the amount of recognized expenses exempted from taxes charged on fees. After numerous protests, among others by media associations, that law was shortly amended again and the amount of recognized expenses was raised, but it nevertheless remained lower than the initial one, which have resulted in a greater tax burden facing media.