



KINSTELLAR

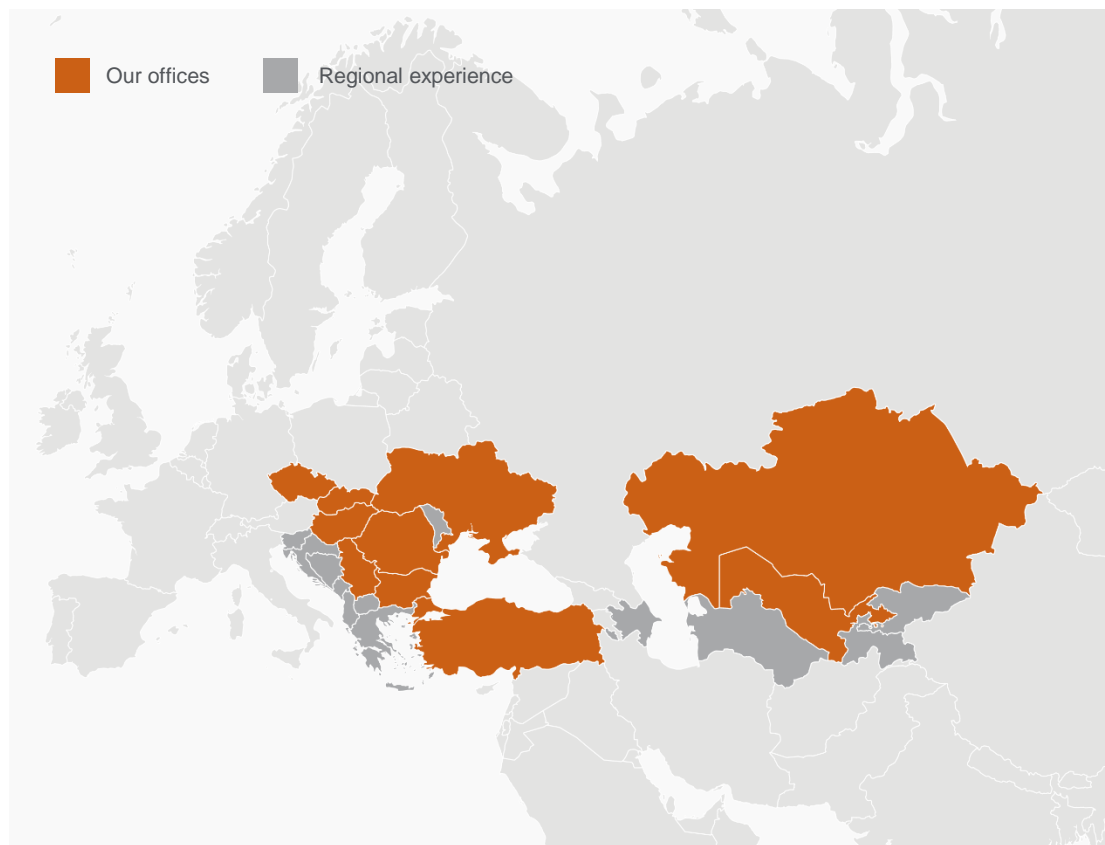
Bilateral legal relationships – legal risks of business in Serbia, how to deal with them?

September 2021

Kinstellar: Legal advice in Emerging Europe and Central Asia

Kinstellar is an international law firm. We focus on emerging economies in Central and South Eastern Europe and Central Asia. Our offices are in **Almaty** and **Nur-Sultan** (Kazakhstan), **Belgrade** (Serbia), **Bratislava** (Slovakia), **Bucharest** (Romania), **Budapest** (Hungary), **Istanbul** (Turkey), **Kyiv** (Ukraine), **Prague** (the Czech Republic), **Sofia** (Bulgaria) and **Tashkent** (Uzbekistan).

We have strong experience in providing legal advice to clients in jurisdictions where we do not have a local presence working in joint teams with leading local law firms.



11
offices

300+
lawyers

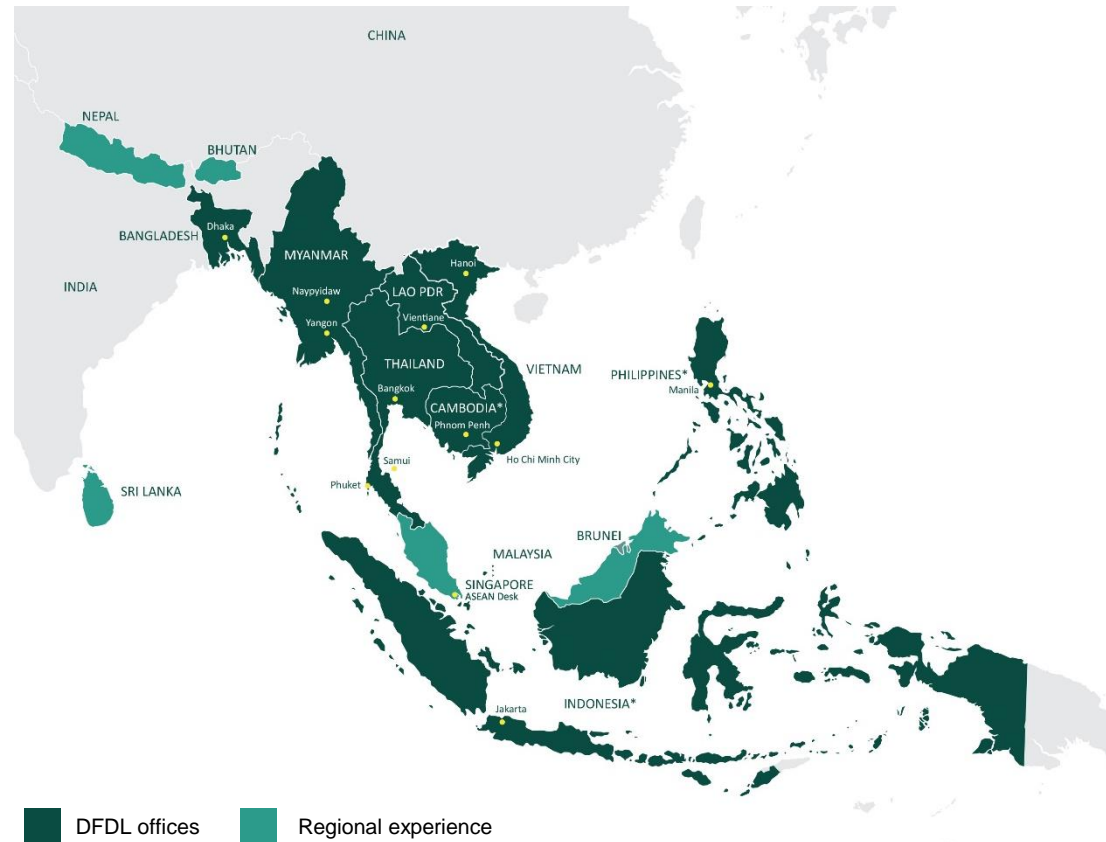
8.500+
matters




DFDL: Legal advice in Southeast Asia

DFDL is an international law firm. We focus on emerging economies in Southeast Asia.

DFDL practices in **Bangladesh, Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand, Vietnam** and **Singapore** (ASEAN Desk).

As a leading international law firm serving the Southeast Asian region, DFDL has also developed 'desks' to serve those clients from Singapore, China and India and which operate or have business in the DFDL Southeast Asian countries.



 13 offices	 9 countries	 150+ advisers
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What We Do

The range and breadth of our specialist services and sectors set us apart in Emerging Europe and Central Asia.

Sectors

- Automotive & Industrials
- Consumer & Retail
- Defence & Security
- Financial Institutions
- Energy & Natural Resources
- Infrastructure & Transportation
- Life Sciences & Healthcare
- Real Estate
- Technology, Media & Telecommunications

Services

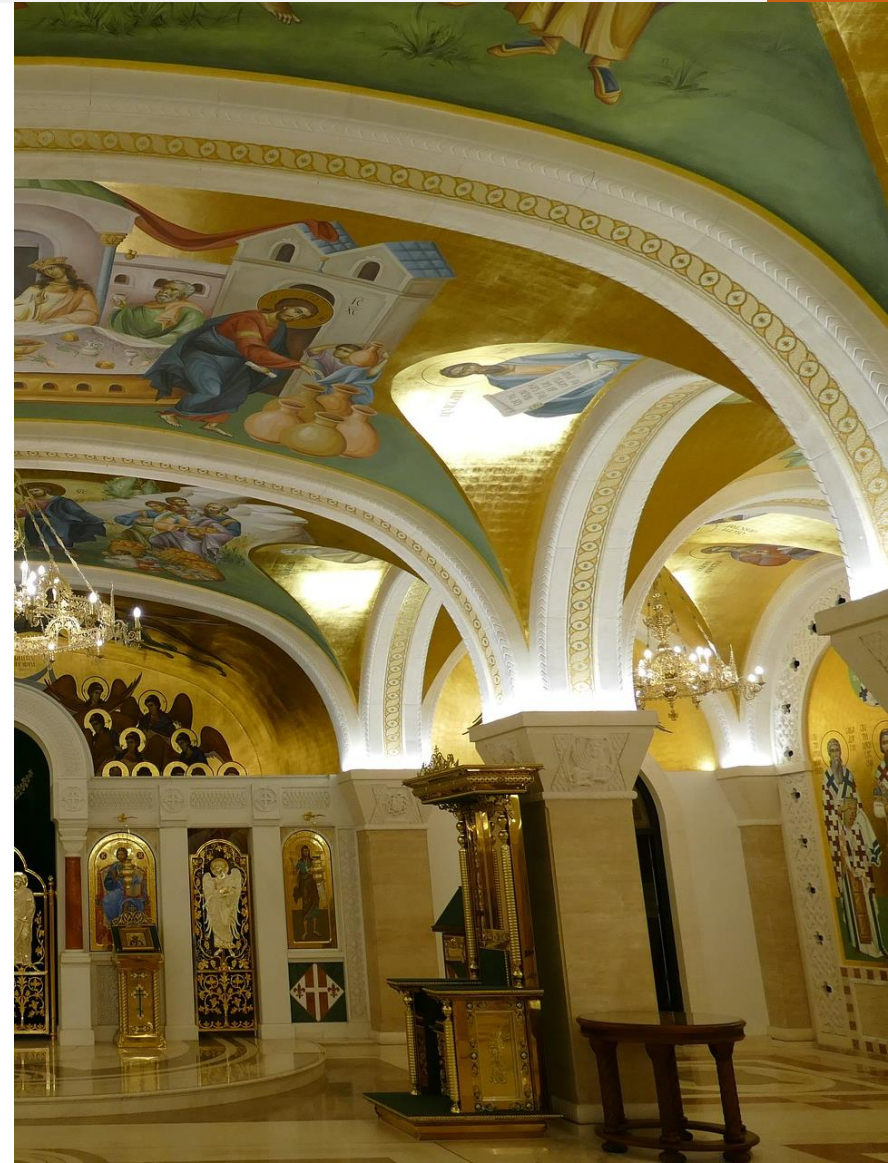
- Asset Solutions
- Banking, Finance & Capital Markets
- Competition & State Aid
- Compliance, Risk & Sensitive Investigations
- Data & Cybersecurity
- Dispute Resolution
- Employment & Labour Law
- Energy & Natural Resources
- Environmental, Social & Governance (ESG)
- Infrastructure & Projects
- IT & IP
- M&A, Corporate & Private Equity
- Real Estate, Construction & Planning
- Restructuring & Insolvency
- Tax
- Telecommunications
- White-Collar Crime



- Investment
- Most Common Types of Entities
- Establishing a company
- International Treaties
- Enforcement of Decisions / Judicial Cooperation / Arbitration
- IP protection



- Serbia is a developing economy that welcomes international companies
- Serbia's business environment is very investor-friendly – **44th place in Ease of Doing Business rankings (2020)**
- **Index of Economic Freedom – World Rank 54 (2021)**
- Serbia is on path toward EU membership, EU negotiation proces is officially ongoing, with planned accession by 2025
- Serbia has a Free Trade Agreement with EAEU, i.e. Russian Federation
- Foreign investors **can conduct their business under the same conditions** as domestic investors
- Serbia has a **liberal economic environment** and an economic policy based on the free market



Most Common Types of Entities

- **Limited Liability Company (“D.O.O.”)** - A D.O.O. is the **most common type of business entity** in Serbia
- **Joint-Stock Company (“A.D.”)** - In Serbia are two types of joint stock company: **public or non-public**
- **A Branch / Representative Office of foreign companies** - legislation in Serbia also prescribes the possibility of opening a branch or a representative office of a foreign company
- There are no limits in respect of nationality of potential shareholders of a Serbian company or a foreign company operating in Serbia



Joint Stock Company (“A.D.”)

- **Required minimum** share capital needed is RSD 3 million (approx. EUR 25,500. Specific rules apply for specific types of joint stock companies, e.g. minimum share capital of banks is EUR 10 million
- Shares are registered with Central Securities Registry (CRHoV). Only the shares of public joint stock company can be traded on the stock exchange. Company itself is registered with the Serbian Business Registries Agency (SBRA)
- One-tier (general assembly and directors/board of directors(in case of more than 3 directors)) and two-tier (general assembly, supervisory board and directors/executive board) corporate governance structures.

Limited Liability Company (“D.O.O.”)

- **Required minimum** share capital needed is **RSD 100** (less than EUR 1).
- No shares are registered, but only percentage over the ownership interest. All registration is performed before the SBRA.
- One-tier (general assembly and one or more directors) and two-tier (general assembly, supervisory board and one or more directors) corporate governance structures.
- The procedure for company incorporation in Serbia for this company type can be completed in a period of approx. **three weeks**. However, preparatory activities can be more time consuming.

Branch of a foreign company

- Detached organizational unit of a foreign company in Serbia, through which it performs its business activities in Serbia
- It is not considered a legal entity. It acts in the name and on behalf of the foreign company, which is fully liable for all obligations undertaken by the branch office;

Representative office of a foreign company

- Detached organizational unit of a foreign company in Serbia, which can perform only prior and preparatory activities for the business operations of the foreign company in Serbia
- It is not considered a legal entity and may conclude agreements only in relation to its ongoing activities.



Restrictions on foreigners owning shares / real estate, forex restrictions

SHARES

- There are no restrictions on foreigners

FOREX

- No particular restrictions for foreigners
- Generally liberal rules in relation to commercial and capital foreign payments
- Some restrictions apply in financial operations

REAL ESTATE

- As a general rule, agricultural land cannot be owned by foreigners
- However ban does not apply to companies registered in Serbia, even if foreign-owned
- Ownership over other types of real estate is subject to reciprocity.



Business and trade

- Serbia signed an **Association Agreement with the EU** on 1 March 2012
- Free Trade Agreement between EFTA and Serbia
- Party to CEFTA since 2006
- **UN Convention on Contracts for the International Sale of Goods (CISG)**

Dispute resolution

- **ICSID Convention (Washington Convention)** - Convention on the Settlement of Investment Disputes between States and Nationals of other States
- **Member of Multilateral Investment Guarantee Agency (MIGA)** |

Transport and logistic

- Convention for the Unification of Certain Rules for International Carriage by Air (**Montreal Convention**)
- Convention concerning International Carriage by Rail (**COTIF**)
- Convention on International Transport of Goods Under Cover of TIR Carnets (**TIR Convention**)

Energy

- European Energy Charter
- International Energy Charter

Non binding instruments, as Serbia is not a party to Energy Charter Treaty (ECT).



Finance

- Agreement of the International Monetary Fund (IMF)
- Member state of the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), International Development Association (IDA) and European Bank for Reconstruction and Development (EBRD)

Terrorism and Corruption

- UN International Convention for the Suppression of the Financing of Terrorism
- UN Convention against Corruption

- Agreement between the Czech Republic and The Federal government of the Federal Republic of Yugoslavia on **the Reciprocal Promotion and Protection of Investments**
- Agreement **on Economic Cooperation** between the Government of the Czech Republic and the Council of Ministers of Serbia and Montenegro
- Convention between the Government of the Czech Republic and the Council of Ministers of Serbia and Montenegro for the **Avoidance of Double Taxation with respect to Taxes on Income and on Capital**

Enforcement of Decisions / Judicial Cooperation / Arbitration

Enforcement of Decisions

- **the Treaty between the Czechoslovak Socialist Republic and the Socialist Federal Republic of Yugoslavia on Regulation of Legal Relations in Civil, Family and Criminal cases**

Enforcement of Arbitral Awards

- **Notification of 12 March 2001 of succession to the International Convention on Recognition and Enforcement of Foreign Arbitral Awards**
- **European Convention on International Business Arbitration**
- **International Centre for the Settlement of Investment Disputes (ICSID)**

- Serbian intellectual property (“**IP**”) legislation is modern and compliant with EU *acquis communautaire* and international standards
- Serbian intellectual property comprises the protection of **copyrights, trademarks, patents, designs, topography, as well as trade secrets and trade names and other IP related matters.**
- A member of the **World Intellectual Property Organization**



Questions?





Thank you!

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