



# Investing in Montenegro

An overview of the current  
tax system | 2020



Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary  
Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia



## 12 Countries. 1 Company. The TPA Group.

### Investing in Montenegro. An overview of the current tax system.

The current developments within Central and Eastern European countries are accompanied by ongoing changes in tax systems: For investors, this means numerous new developments to take into account.

TPA's CEE Country Series covers 12 Central and South Eastern European countries, and gives an overview of the business environment and the most important new developments, including:

- Different types of business organisations, and their most important features
- Key details of corporate and personal income tax and VAT in each country
- Current tax allowances, reliefs and concessions
- Core provisions of double taxation agreements

In the TPA-Country Series there are booklets on Albania, Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. Visit our website [www.tpa-group.com](http://www.tpa-group.com), for detailed information and updates, or subscribe to our electronic newsletter at [service@tpa-group.com](mailto:service@tpa-group.com)

The information in these folders is based on the present legal situation and current administrative practice, and is therefore subject to change. The information is general in nature, and of necessity abridged: the booklets are not a substitute for individual, specific advice.

Our CEE experts will be happy to answer your questions in more detail.

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## Types of organisation

	<i>Name in local language</i>	<i>Registrable in commercial register / legal entity</i>	<i>Minimum capital</i>	<i>Sole shareholder company</i>
<b>Limited liability company</b>	društvo sa ograničenom odgovornošću	yes / yes	EUR 1	yes
<b>Stock company</b>	akcionarsko društvo (a.d.)	yes / yes	EUR 25 thousand	yes
<b>Cooperative</b>	zadruga (no abbreviation)	yes / yes	no	no
<b>General partnership</b>	ortačko društvo (o.d.)	yes / yes	no	no
<b>Limited partnership</b>	komanditno društvo (k.d.)	yes / yes	no	no
<b>Part of the foreign company (usually interpreted as a branch)</b>	dio stranog društva (no abbreviation)	yes / no	no	–

	<i>Capital tax / Registration fees</i>	<i>Written form</i>	<i>Tax transparency</i>	<i>Registration with tax authorities</i>	<i>Statutory audit</i>
<b>Limited liability company</b>	no / Registration fee is due	yes	no	yes	If it is classified as a large or mid-size entity.
<b>Stock company</b>	no / Registration fee is due	yes	no	yes	If it is classified as a large or mid-size entity, or it issues shares via public offering.
<b>Cooperative</b>	no / Registration fee is due	yes	no	yes	If it is classified as a large or mid-size entity.
<b>General partnership</b>	no / Registration fee is due	yes	no	yes	If it is classified as a large or mid-size entity.
<b>Limited partnership</b>	no / Registration fee is due	yes	no	yes	If it is classified as a large or mid-size entity.
<b>Part of the foreign company (usually interpreted as a branch)</b>	no / Registration fee is due	yes	no	yes	

## Corporate income tax

Tax rate	9% flat rate.												
Tax liability	Companies, branches.												
Financial year	Calendar year, except in case of liquidation or commencement of the business activity during the year.												
Accounting	Double-entry bookkeeping (mandatory application of IFRS and IAS for certain entities).												
Loss set-offs / carry forwards	Loss carry forward for limited period of 5 years. No loss carry back.												
Tax exemption	The newly established legal entity performing an activity in economically underdeveloped municipalities is enabled to reduce corporate income tax and Tax on Income of Natural Persons in the first eight years in the amount of 100%. The total amount of tax exemption for a period of eight years may not exceed EUR 200,000.												
Associated parties	Associated party is deemed to be: <ul style="list-style-type: none"> <li>▪ a person/entity holding at least 25% of the share of another entity;</li> <li>▪ one person/entity having direct or indirect interest in another entity, if that interest is at least 25%;</li> <li>▪ one person/entity subordinated to another in terms of a business position;</li> <li>▪ one person/entity who is directly or indirectly controlled by another person;</li> <li>▪ entities representing subsidiaries or if they are under direct or indirect control of a third party;</li> <li>▪ entities directly or indirectly controlling a third party if the voting rights of each of these entities are at least 25%;</li> <li>▪ member of the taxpayer's family</li> </ul>												
Operating expenses	Expenses of the business												
Transfer prices	Arm's-length basis. Companies are not obliged to prepare and submit to the Tax Authorities transfer pricing documentation in case they have related party transactions but they are obliged to test transfer prices and make adjustment of the CIT base if necessary.												
Interest on debt financing of acquisition	Deductible under the same conditions as interest payable on other type of borrowings made in the course of doing business.  Interest paid to the associated party is deductible in the amount which does not exceed the cost of interest on the open market.  Interests paid to the non-residents if interest is paid at a rate higher than the usual commercial rate.												
Tax / accounting depreciation	For tax purposes fixed assets are divided into five groups: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Group</th> <th>Depreciation rate</th> </tr> </thead> <tbody> <tr> <td>I</td> <td>5%</td> </tr> <tr> <td>II</td> <td>15%</td> </tr> <tr> <td>III</td> <td>20%</td> </tr> <tr> <td>IV</td> <td>25%</td> </tr> <tr> <td>V</td> <td>30%</td> </tr> </tbody> </table>	Group	Depreciation rate	I	5%	II	15%	III	20%	IV	25%	V	30%
Group	Depreciation rate												
I	5%												
II	15%												
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V	30%												

	I group (immovable) = straight line method II - V group (all other assets) = declining balance method (annual depreciation).  Accounting depreciation depends on accounting policy of the company and is not deductible for tax purposes.
Provisions	Tax deductible provisions: <ul style="list-style-type: none"> <li>▪ long-term provisions for renewal of natural wealth and for expected losses arising from litigation;</li> <li>▪ warranty period costs;</li> <li>▪ mandatory provisions in line with special laws for banks, insurance etc. are tax deductible to the extent legally required.</li> </ul>
Motor vehicle expenses	15% tax depreciation rate; declining balance method is applied.
Non-deductible expenses	<ul style="list-style-type: none"> <li>▪ non-business driven expenses;</li> <li>▪ non-documented costs;</li> <li>▪ interest costs for late payment of taxes;</li> <li>▪ interests paid to the non-residents if interest is paid at the rate higher than the usual commercial rate;</li> <li>▪ administrative expenses paid by non-resident permanent establishment to its head office;</li> <li>▪ earnings of employees or other persons based on profit distribution;</li> <li>▪ fines and penalties</li> <li>▪ penalties imposed by the authorities, contractual parties and other penalties;</li> <li>▪ adjustments of individual claims from persons that are also creditors;</li> <li>▪ costs of material and the purchase value of sold merchandise goods which are not calculated using the average cost method or FIFO method, in accordance with the accounting legislation;</li> <li>▪ severance payments and jubilee awards exceeding the amount determined by labour legislation;</li> <li>▪ contributions to political organizations;</li> <li>▪ expenses for investments in education, science, culture, humanitarian activities exceeding 3,5% of total revenues;</li> <li>▪ representation expenses above 1% of total revenues;</li> <li>▪ membership fees exceeding 0.1% of total revenues;</li> <li>▪ impairment of assets (recognized when disposed);</li> <li>▪ Earnings expenses, retirement severance pay, expenses due to redundancy, etc. payment of termination benefits is recognized as an expense for tax purposes in the period when paid.</li> </ul>
Withholding tax	Statutory withholding tax rate is 9%. A lower rate can apply, provided that it is envisaged by a double taxation agreement (DTA).
Interest	9% (a lower rate may be provided in the applicable DTA).
Royalties	9% (a lower rate may be provided in the applicable DTA).
Dividends	9% (a lower rate may be provided in the applicable DTA).

## Corporate income tax

Rental income	9% (a lower rate may be provided in the applicable DTA).
Capital gain	9% (a lower rate may be provided in the applicable DTA).
Services	9% (a lower rate may be provided in the applicable DTA). Services subject to withholding tax are consulting services, market research services and audit services.
Direct collection	No specific rules.
Goodwill amortization	Not tax deductible.
Group taxation / pooling	Tax consolidation allowed on request if all associated parties in a group are Montenegrin residents and if parent company indirectly or directly holds more than 75% of shares in the associated companies.

## Income tax

Tax rate	Progressive rates of 9% and 11%. Rate of 11% is applicable if salary is higher than average monthly salary in the last year in Montenegro, on the amount exceeding the amount of average monthly salary.
Tax-free allowance for employment income	Tax free allowances for employment income relate to <ul style="list-style-type: none"> <li>▪ per diems for business travel in the country and abroad</li> <li>▪ cost of use of own vehicle for business purposes</li> <li>▪ allowances for increase cost of field work up to the amount of EUR 100 in the month if accommodation and meals are not provided</li> <li>▪ family separation up to the amount of EUR 100 in the month</li> <li>▪ assistance in case of serious illness or death of the close family up to the amount of EUR 1,000</li> <li>▪ severance payment in the case of contract termination at minimum amount of three average salaries in Montenegro or three employee salaries if it is more favorable for the employee</li> <li>▪ scholarship up to EUR 200 per month</li> </ul>
Annual tax rate	Additional income (other than employment income) should be reported in the annual tax return and is subject to 9% tax rate.
Tax assessment period for annual tax	Calendar year.
Tax liability	Residents are due to pay tax on worldwide income. Non-residents are due to pay tax only on Montenegrin sourced income.

Income categories	Income from <ol style="list-style-type: none"> <li>1. Employment</li> <li>2. Self-employment</li> <li>3. Royalty</li> <li>4. Real estate income</li> <li>5. Capital</li> <li>6. Capital gain</li> <li>7. Other</li> </ol>
Super tax	The employment income is subject to super tax whereas tax base is tax calculated on employment income, while tax rate is determined by the local self-government.
Accounting	Only needed for self-employed individuals.
Loss set-offs	Only capital gains could be offset with capital losses.
Loss carry forwards	Applicable only to losses generated by self-employment income; 5 years carry forward period. No loss carry back.
Operating expenses	Expenses of the business.
Tax allowable expenses	None
Flat-rate option	Progressive tax rate is provided for tax on employment income.
Motor vehicles	Same as for corporate income tax.
Withholding tax	
Interest	9% or if interest is paid to non-resident, 5% tax rate should apply (a lower rate may be provided in the applicable DTA).
Royalties	9% or applicable DTA.
Dividends	9% or applicable DTA.

## Filing dates and deadlines

Annual tax returns	
Corporate income tax	Deadline for filing: 3 months after the end of the tax year.
Income tax	Deadline for filing annual tax return: 30 April of the following year.
VAT returns	Submission date is 15th in a current month for previous month No annual VAT return is prescribed.

## Other taxes

Business tax	None.
Wealth tax	None.
Capital transfer tax and fees	None.
Real Estate Transfer tax	See immovable property section.
Property transfer tax	See immovable property section.
Labor fund contributions	0,2% on the gross salary.
Crisis tax	None.

## Tax regulations

Rulings	Rulings issued by the Ministry of Finance are not considered as binding for the Tax Authorities.
Penalties for late payment	Determined twice a year by the Central Bank of Montenegro
Criminal provisions	Tax evasion is a criminal offence.

## Immovable property

Tax depreciation	Immovables are included in I group of fixed assets for tax depreciation purposes. Straight-line method is applied.						
Depreciation categories							
<table border="1"> <tr> <td>Land</td> <td>No depreciation</td> </tr> <tr> <td>Buildings</td> <td>5% as of activation moment</td> </tr> <tr> <td>Tax base</td> <td>Acquisition costs</td> </tr> </table>	Land	No depreciation	Buildings	5% as of activation moment	Tax base	Acquisition costs	
Land	No depreciation						
Buildings	5% as of activation moment						
Tax base	Acquisition costs						
Write-ups	Not allowed for tax purposes						
Property transfer tax							
<table border="1"> <tr> <td>Objects of taxation</td> <td>Acquisition of property rights on immovable property in Montenegro which includes purchase, exchange, inheritance, gift, entry and withdrawal of real estate from a commercial company, acquisition of immovable property in liquidation or bankruptcy procedure, acquisition of immovable property on the basis of a court decision or decision of and other ways of acquiring immovable property.  Transfer of newly built facility which is subject to VAT is not subject to transfer tax.</td> </tr> <tr> <td>Basis of assessment</td> <td>The basis of assessment is market value of immovable in the moment of its acquisition.</td> </tr> <tr> <td>Tax rate</td> <td>3%</td> </tr> </table>	Objects of taxation	Acquisition of property rights on immovable property in Montenegro which includes purchase, exchange, inheritance, gift, entry and withdrawal of real estate from a commercial company, acquisition of immovable property in liquidation or bankruptcy procedure, acquisition of immovable property on the basis of a court decision or decision of and other ways of acquiring immovable property.  Transfer of newly built facility which is subject to VAT is not subject to transfer tax.	Basis of assessment	The basis of assessment is market value of immovable in the moment of its acquisition.	Tax rate	3%	
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Basis of assessment	The basis of assessment is market value of immovable in the moment of its acquisition.						
Tax rate	3%						
Property tax							

Objects of taxation	<ul style="list-style-type: none"> <li>Ownership right over immovable property (buildings and land) of companies and individuals;</li> <li>Right of use of immovable property owned by the State.</li> </ul>
Basis of assessment	Market value of the immovable as at 1 January in the year for which tax is determined.
Tax rate	<ul style="list-style-type: none"> <li>In the range from 0,25% to 1%</li> </ul>
Real estate funds	
Owner of the fund assets	No specific rules.
Valuation	No specific rules.
Investment	No specific rules.
Risk diversification	No specific rules.
Tax liability	No specific rules.

## Social insurance

Social insurance	Mandatory social security contributions are: pension and disability insurance, health insurance and unemployment insurance						
Minimal contributions	The basic salary to be calculated and paid for one calendar month of insurance, prescribed by the general collective agreement for the relevant category of expertise, declared in a gross amount						
Self-employed persons							
<table border="1"> <tr> <td>Pension and disability insurance</td> <td>20.5%</td> </tr> <tr> <td>Health insurance</td> <td>12.8%</td> </tr> <tr> <td>Unemployment insurance</td> <td>1%</td> </tr> </table>	Pension and disability insurance	20.5%	Health insurance	12.8%	Unemployment insurance	1%	
Pension and disability insurance	20.5%						
Health insurance	12.8%						
Unemployment insurance	1%						
Employed persons							
<table border="1"> <tr> <td>Pension and disability insurance</td> <td>Employer: 5.5% Employee: 15%</td> </tr> <tr> <td>Health insurance</td> <td>Employer: 2.3% Employee: 8.5%</td> </tr> <tr> <td>Unemployment insurance</td> <td>Employer: 0.5% Employee: 0.5%</td> </tr> </table>	Pension and disability insurance	Employer: 5.5% Employee: 15%	Health insurance	Employer: 2.3% Employee: 8.5%	Unemployment insurance	Employer: 0.5% Employee: 0.5%	
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Health insurance	Employer: 2.3% Employee: 8.5%						
Unemployment insurance	Employer: 0.5% Employee: 0.5%						

## General managers

Civil law	General managers enter into employment agreement
Social insurance	Yes.
Income tax	Subject to tax on employment income.
VAT	None.
Work permit	Work permit is required for general managers who are locally employed.
Residence permit	Residence permit is needed for the obtaining work permit

## VAT

Taxpayers	Mandatory VAT registration applies for each entity: <ul style="list-style-type: none"> <li>whose turnover exceeds EUR 18 thousand in previous 12 months; or</li> <li>whose forecasted turnover for the following 12 months is higher than EUR 18 thousand at the moment of commencing business operations in Montenegro.</li> </ul>
Tax rates	Standard VAT rate: 21 %.  Reduced rate: 7 % (basic food stuffs - bread, milk, flour, cooking oil, food for infants, meat, sugar, listed drugs, agricultural fertilizers, pesticides, textbooks, daily newspapers, hotel services, public utility services, etc.).  Flat rate scheme for farmers: 5 %.
Supply of goods	Supplies of goods with consideration, withdrawal for private use (self-supply) as well as any other supply without consideration on the territory of Montenegro are taxable. Import of goods in Montenegro is taxable.
Place of supply of goods	Principally the place where the item is located at the time disposal is transferred.  In case of dispatch/transportation by the supplier or purchaser: the place where dispatch/transportation begins. If the dispatch, or the transport of products commences outside of Montenegro, it is considered that the importer has performed supply of these goods in Montenegro  Importation from third country: Import country.
Supply of services	Supply of services with consideration, private use as well as supply of services without consideration for non-business purposes are taxable.
Place of supply of services	If supply is made to taxable person, place of supply is place of recipient (place where the recipient has established its business or has permanent place of business) - B2B rule If supply is made to non-taxable person, place of supply is place of supplier - B2C rule Certain special cases are prescribed for particular type of services.

Special cases	
Property services	Place of the property.
Art, sports, science, entertainment, culture	Place where the services are physically carried out.
Transport	Distances covered within territory of Montenegro.
Ancillary transport services	Place where the services are physically carried out.
Appraisal and processing of movable tangible objects provided to the non-taxable person	Place where the services are physically carried out.
Transferring food and drink for consumption (catering)	Place where the services are physically carried out.
Renting the means of transport for the period up to 30 days and in case of vessels for the period up to 90 days	The place where the means of transport are actually given for use.
Renting the means of transport	Place of recipient if service is provided to non-taxable person.
Granting, transfer and exercise of rights arising out of copyright regulations	Place of recipient if service is provided to non-taxable person.
Telecommunication services	Place of recipient if service is provided to non-taxable person.
Advertising and public relations	Place of recipient if service is provided to non-taxable person.
Activities of lawyers, engineers, advisor, auditor etc.	Place of recipient if service is provided to non-taxable person.
Data processing	Place of recipient if service is provided to non-taxable person.
Waiver of rights or performance of particular activity	Place of recipient if service is provided to non-taxable person.
Bank and insurance services	Place of recipient if service is provided to non-taxable person.
Employment mediation	Place of recipient if service is provided to non-taxable person.
Rental of movable assets	Place of recipient if service is provided to non-taxable person.
Provision of information over telephone	Place of recipient if service is provided to non-taxable person.
Granting an access to the network for transmission of electricity and natural gas	Place of recipient if service is provided to non-taxable person.
Electronically supplied services, radio and TV services	Place of the underlying transaction if service is provided to the non-taxable person

## VAT

	Supplies of services by intermediaries	Place of the underlying transaction if service is provided to the non-taxable person
Reverse charge (reversal of tax liability)		For all supplies made by non-residents taxable in Montenegro (certain exceptions to this general rule apply).
Requirements		The supplier has no domicile or habitual abode in Montenegro, nor a permanent establishment in Montenegro involved in supply.
Consequences		The recipient owes the VAT. If general conditions for VAT deduction are met, VAT charged by recipient could be claimed back (no cash flow implications for the recipient).
Tax exemption		
VAT exemption with credit (Zero rated)		<p>The following supplies are VAT exempt with credit:</p> <ul style="list-style-type: none"> <li>▪ export of goods and transport and other services in direct relation to the export or import of goods;</li> <li>▪ services performed on temporary imported goods;</li> <li>▪ supply of fuel and other goods necessary for supply of vessels intended for sailing in the open sea, rescue boats and warships;</li> <li>▪ supply of goods and services used in connection with international air and maritime transport;</li> <li>▪ supply of goods and services to diplomatic and consular missions, international organizations, etc;</li> <li>▪ supply of listed drugs and medical devices;</li> <li>▪ supply of goods and services used to explore oil wells on the open sea;</li> <li>▪ supply of goods and services for the construction and furnishing of hospitality facility in the category of five and more stars;</li> <li>▪ supply of goods and services for the construction of the energy facility for the production of electricity with an installed capacity of more than 10 MW and capacity for the production of food products classified within Sector C;</li> <li>▪ supply of goods in the customs warehouses;</li> <li>▪ entering of goods into the free zones and supply of goods in the free zones;</li> <li>▪ supplies of goods and services in relation to donation agreements concluded with the Montenegro which stipulate that tax is not to be paid from donation funds;</li> <li>▪ supplies of goods and services carried out in the line with credit and/or loan agreements concluded between Montenegro and an international financial organization or another state or agreements between a third party and international financial organization or other states, where Montenegro is the guarantor or if agreements state that tax will not be covered from the obtained funds.</li> </ul>
VAT exemption without credit		<p>The following supplies are VAT exempt without credit:</p> <ul style="list-style-type: none"> <li>▪ financial, banking and insurance services;</li> <li>▪ supplies of immovables, except for the first transfer of ownership right;</li> <li>▪ the lease of immovable property for residential purposes;</li> <li>▪ the lease of agricultural land or forest;</li> </ul>

		<ul style="list-style-type: none"> <li>▪ supply of valid postage stamps, administrative and court fees and tax stamps;</li> <li>▪ supply of gold and other precious metals purchased by the Central Bank of Montenegro;</li> <li>▪ services of games of chance.</li> </ul>
Real Estate		
Rent		Renting of immovable property is subject to 21% VAT.  Exception: Renting for residential purposes is tax exempt.
Sale		First transfer of buildings and economically separable units is subject to 21% VAT.  Second and every subsequent transfer of real estate is subject to 3% transfer tax.
Leasing		
Financial leasing		Supply of goods.
Operating Leasing		Supply of services.
Foreign taxable persons		Taxable persons without domicile or permanent establishment in Montenegro
Registration		Available for foreign entities via VAT representative in Montenegro and also for Montenegrin companies under certain conditions.

## Double taxation agreements

The right to taxation in the event of sale of shares in real estate companies is subject to differing provisions. In accordance with the OECD Model Agreement, for those countries for which there is a "yes" in the real estate clause column, the right to taxation lies not with the country of residence of the vendor but with the country in which the property is situated.

Country	Real estate clause	Dividends <sup>1</sup> %	Interest %	Royalties %
Albania	Yes	5/15	10	10
Austria	No	5/10 <sup>2</sup>	10	5/10 <sup>3</sup>
Azerbaijan	Yes	10	10	10
Belarus <sup>4</sup>	No	5/15	8	10
Belgium <sup>4</sup>	No	10/15	15	10
Bosnia and Herzegovina	Yes	5/10	10	10
Bulgaria <sup>4</sup>	No	5/15	10	10
China <sup>4</sup>	Yes	5	10	10
Croatia <sup>4</sup>	Yes	5/10	10	10
Cyprus <sup>4</sup>	No	10	10	10
Czech Republic	No	10	10	5/10 <sup>5</sup>
Denmark <sup>4</sup>	Yes	5/15	0	10
Egypt	Yes	5/15	15	15
Finland <sup>4</sup>	No	5/15	0	10
France <sup>4</sup>	Yes	5/15	0	0
FYROM (Macedonia) <sup>4</sup>	No	5/15	10	10



## Double taxation agreements

## Notes

Country	Real estate clause	Dividends <sup>1</sup> %	Interest %	Royalties %
Germany <sup>4</sup>	No	15	0	10
Hungary <sup>4</sup>	No	5/15	10	10
Ireland	Yes	5/10 <sup>6</sup>	10	5/10 <sup>6</sup>
Italy <sup>4</sup>	No	10	10	10
North Korea <sup>4</sup>	No	10	10	10
Kuwait <sup>4</sup>	No	5/10	10	10
Latvia	Yes	5/10	10	5/10 <sup>7</sup>
Malaysia <sup>4</sup>	No	0 <sup>8</sup>	15	10
Malta	Yes	5/10	10	5/10 <sup>9</sup>
Moldova	No	5/15	10	10
Netherlands <sup>4</sup>	No	5/15	0	10
Norway <sup>4</sup>	No	15	0	10
Poland <sup>4</sup>	No	5/15	10	10
Portugal	Yes	5/10 <sup>2</sup>	10	5/10 <sup>3</sup>
Romania <sup>4</sup>	No	10	10	10
Russia <sup>4</sup>	No	5/15 <sup>9</sup>	10	10
Serbia	Yes	10	10	5/10 <sup>9</sup>
Slovakia <sup>4</sup>	No	5/15	10	10
Slovenia	No	5/10	10	5/10 <sup>7</sup>
Sri Lanka <sup>4</sup>	No	12.5	10	10
Sweden <sup>4</sup>	No	5/15	0	0
Switzerland	Yes	5/15 <sup>10</sup>	10	0/10 <sup>11</sup>
Turkey	No	5/15	10	10
UAE	Yes	0 <sup>12</sup> /5 <sup>13</sup>	0/10 <sup>13</sup>	0/5/10 <sup>14</sup>
Ukraine <sup>4</sup>	Yes	5/10	10	10
United Kingdom <sup>4</sup>	No	5/15	10	10

1 Unless stated otherwise, the reduced treaty rates given in this column generally apply if the recipient company holds directly or indirectly at least 25% of the capital or the voting power, as the case may be, of the company distributing dividends.

2 A holding of at least 5% is required.

3 The lower rate applies to copyrights of literary, artistic and scientific work, including cinematographic films and recordings on tape or other media used for radio or television broadcasting or other means of reproduction or transmission or computer software.

4 Tax treaty concluded by the former Socialist Federal Republic of Yugoslavia or by the Federal Republic of Yugoslavia. The other treaties listed were concluded by the state union of Serbia and Montenegro. Montenegro continues to honour the treaties of all those types. However, the application of treaties with Montenegro has to be confirmed by treaty partners.

5 The lower rate applies to copyright royalties, excluding computer software, but including films, etc.

6 This rate applies if the Irish company owns at least 10% of the capital in the dividend-paying company.

7 The lower rate applies to copyright royalties, including films, etc.

8 The domestic rate applies; there is no reduction under the treaty.

9 The reduced rate applies if the beneficial owner is a company which holds directly at least 25% of the capital of the dividend-paying company and has invested at least USD 100,000.

10 This rate applies if the Swiss company owns at least 20% of the capital in the dividend-paying company.

11 The zero rate applies as long as Switzerland does not, according to its domestic law, levy a withholding tax on royalties paid to non-residents.

12 The 0% rate applies if paid to the government of the contracting state (or political subdivisions or local authorities).

13 This rate applies if the beneficial owner is a company which holds at least 5% of the capital of the Montenegrin company.

14 The 0% rate applies if paid to the government of the contracting state (or political subdivisions or local authorities). The 5% rate applies to copyright royalties (including films). The 10% rate applies to any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

## TPA Group

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Because even if everything else is different, one aspect should remain the same: your corporate success.

The TPA Group is active in twelve countries in Central and South Eastern Europe: Albania, Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia.

All our offices and contact persons can be accessed at:

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### Imprint

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