

GUIDE FOR
**ESTABLISHING
A COMPANY
IN SERBIA**

LEGAL FRAMEWORK ▶ PROCEDURE ▶



CHAMBER OF
COMMERCE AND
INDUSTRY OF SERBIA

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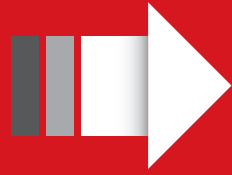
A Reliable Partner



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Basic concepts

Incorporation, organization and registration of companies and other forms of organization are governed by the Law on Companies ("Official Gazette of the RS" No. 36/11 and 99/11, 83/14 – other laws), by the Law on Procedure of Registration with the Serbian Business Registers Agency ("Official Gazette of the RS" No. 99/11, 83/14), Rulebook on Content of the Business Entities Register and documents necessary for registration ("Official Gazette of RS" No. 6/12) and Decision on Determination of Fees for Registration and other services provided by the Business Registers Agency ("Official Gazette of RS " No. 119/13). The provisions of the Law on Companies shall also apply to forms of business that are established and operating in accordance with special laws.

These regulations and their provisions are adapted to the standards prevailing in the European Union and other developed market economies.



ECONOMIC ENTITIES

- Company
- Entrepreneur
- A branch of a company
- Representative office of a foreign company
- Business association
- Other forms of organization

COMPANY

- A company is a legal entity engaged in a business activity for the purpose of profit generation, and it acquires legal personality by registration with the Business Registers Agency.

LEGAL FORMS OF COMPANIES

- General partnership
- Limited partnership
- Limited liability company
- Joint-stock company

COMPANY INCORPORATION BY FOREIGN PERSONS

- Foreign legal and natural persons may establish a company in accordance with the Law on Companies and the law governing foreign investments.
- Foreign investors shall enjoy equal status, rights and obligations regarding their investment as domestic natural and legal persons, unless otherwise stipulated by the Law on Foreign Investments.

PERFORMANCE OF ACTIVITY

- A company shall be established for an unlimited or limited duration. A company shall be deemed to be established for an unlimited duration unless provided otherwise by its instrument of incorporation, i.e. Articles of Association.
- A company shall perform its predominant activity, and it may perform any other business activities, which are not prohibited under the law, regardless of whether these are provided for in its instrument of incorporation, i.e. Articles of Association.
- Registration or performance of specific activities may be subject to prior approval, consent or other relevant act of a competent authority, as shall be stipulated by a special law.

INSTRUMENT OF INCORPORATION

- Instrument of Incorporation of a company is a constitutive act of a company made in the form of a decision on incorporation, if a company is founded by one person, or in the form of memorandum of association, if the company is established by several persons.
- Contents of the instrument of incorporation shall be defined for each form separately.
- In addition to the instrument of incorporation, the company may have a company's agreement regulating the relations between the mem-

bers in connection with the company. The agreement is not binding on third parties.

- Memorandum of Association of a joint stock company shall not be changed, and in addition to Memorandum of Association, a joint-stock company has its Articles of Association governing the company's management and other matters in accordance with the Law.

REGISTRATION

- Company shall acquire legal personality by registration, i.e. entering the data of the concerned company in the Register in the manner prescribed by the Law on the procedure of registration with the Business Registers Agency.

LIABILITY OF THE FOUNDERS

- Members of the company shall be liable for obligations of the company in accordance with the provisions of the law governin particular legal forms of company, as well as in cases of abuse of the rules on the limited liability, or "piercing the veil".

REGISTERED OFFICE AND REGISTERED NAME

- Registered office of a company shall be a place in the territory of the Republic of Serbia from which the company's business operations are managed, and which is defined as such in the instrument of incorporation or a decision of the General Meeting.
- A company shall operate and participate in legal transactions under its registered name that is registered in accordance with the Law on Registration. A registered name shall include the company name, the legal form and the place where the registered office of a company is situated.

A company's legal form shall be indicated in its registered name in the following way:

- For general partnership: the words "ortačko društvo", or the abbreviations "o.d" or "od";
- For limited partnership: the words "komanditno društvo", or the abbreviations "k.d." or "kd";
- For limited liability company: the words "društvo sa ograničenom odgovornošću", or the abbreviations "d.o.o." or "doo";
- For joint stock company: the words, "akcionarsko društvo" a.d., or the abbreviations "a.d." or "ad".

In its business operations, a company may, in addition to its registered name, use also an abbreviated registered name, the use of which shall be subject to the same conditions as that of the registered name.

- An entrepreneur shall also operate under the registered name that shall include the name and surname of the entrepreneur, a description of the core business, the word "preduzetnik", or the abbreviation "pr" and the registered office.



REPRESENTATIVES AND PROCURA

- A company shall assume the rights and obligations in legal transactions through a representative which may be legal (statutory) company representatives, attorneys-in-fact by virtue of employment and procurators.
- Legal representatives shall be persons identified as such under the law for each individual form of company. A legal representative may be a natural person or a company registered in Serbia. A company shall have at least one legal representative who is a natural person. Besides them, representatives of a company shall be persons authorized to represent the company under a bylaw or decision of the competent bodies of the company and registered as such in accordance with the Law on Registration.
- Persons who, as employees of a company, hold positions which in regular operations imply entering into and execution of certain agreements or taking other actions shall be authorised to enter into and execute such agreements or take such actions as the company's attorneys-in-fact, within the limits of their respective position, without a special power of attorney.
- A procurator shall represent the company on the basis of a commercial power of attorney in which the company authorizes one or more natural persons to enter into legal transactions and act in other legal matters on its behalf and for its account. A procura shall be non-transferable and a procurator shall not be allowed to issue a power of attorney to another person.
- Limitation of procura (requires special authorization) refers to the disposition of the company assets or the acquisition, disposal or encumbrance of real estate, stocks and shares, taking over bonds and surety obligations, entering into borrowing or lending agreements and acting as counsel for company in court proceedings or in arbitration.

COMPANY ASSETS

- A company's assets shall include tangible assets and rights owned by a company, and other rights of a company.
- The contributions in the company may be in money or in kind, and they are expressed in dinars. Contributions in kind may be in items or in rights, unless provided otherwise for specific forms of companies by the law.

LINKING OF COMPANIES

- Linked companies consist of two or more companies linked through:
 - Participation in share capital or partnership stakes – companies linked by capital;
 - Contract – companies linked by contract;
 - Capital and contracts – mixed linked companies.
- Linked companies are organized as a concern, a holding company and a mutually-owned company.
- Companies shall not be linked in a manner contrary to the regulations on competition protection.

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Legal forms,
incorporation,
and operation



GENERAL PARTNERSHIP

- General Partnership is a company with two or more partners, natural and/or legal persons, with unlimited joint and several liability for the company's obligations with their entire assets.
- If a company's Memorandum of Association or other agreement between partners contains a provision on limitation of partners' liability to third parties, such provision shall be null and void.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION

- Name, personal identification number and place of residence for a domestic natural person, or name, passport number or other identification number and place of residence for a foreign natural person; registered name, registration number and registered office for a domestic legal entity or registered name, registration number or other identification number and registered office of a foreign legal entity.
- Registered name and registered office;
- Predominant business activity;
- Designation of the type and value of each partner's contribution;
- It may also contain other elements of relevance for the company and partners.

PARTNERSHIP AGREEMENT

- In addition to the instrument of incorporation, general partnership may have a partnership agreement, which stipulates mutual relations of partners in the company.
- Partnership agreement shall be effective only among company members who have concluded it and it shall not be submitted with the application for registration.

CONTRIBUTION

- A partner may make contributions to a company in money, in kind, rights, work or services.
- All partners contributions shall be equal in value, unless provided otherwise in the Memorandum of Association.
- A partner shall not be obliged to increase his contribution above the amount set in the Memorandum of Association, unless provided otherwise in the Memorandum of Association.

TRANSFER OF STAKES

- A stake shall be transferred by a written agreement, entered into by a transferor and an acquirer. Signatures affixed to an agreement shall be certified, and an acquirer shall acquire the stake on the date of registration of the transfer of stake.
- The transfer of the stakes among the partners shall be unrestricted, unless provided otherwise in the Memorandum of Association.
- In case of death of a partner, the partner's stake cannot be inherited, but it shall be distributed proportionally to the remaining partners, unless the Memorandum of Association stipulates that the company shall continue to operate with the heirs of the deceased partner.

DECISION-MAKING

- Partners shall make their decisions unanimously, unless provided otherwise in the Memorandum of Association.
- Memorandum of Association may stipulate that some or all decisions are to be brought by a majority vote, as well as the number of votes per each partner.
- Decisions on matters outside the ordinary activities, as well as decisions on admission of new partners, are subject to approval of all partners.

DISTRIBUTION OF PROFIT AND LOSS

- Profit and loss of the company shall be distributed in equal parts between the partners, unless otherwise stipulated by the Memorandum of Association.

MANAGEMENT

- Each partner shall have the authority to carry out activities in the course of a company's regular operations (management).
- Activities outside the scope of a company's regular operations shall not be covered by the authority and require the consent of all partners, unless provided otherwise by the Memorandum of Association.
- If the Memorandum of Association or the Partnership Agreement stipulates that one or more partners have management authority, the remaining partners shall not have management authority.

Required documentation and registration fees:

1. Single application form for registration of legal entities and other entities, and for registration with the single register of taxpayers;
2. Memorandum of Association with certified signatures of company members;
3. Proof of the members identity – Photocopy of personal ID card or passport or an excerpt from the original register, if the founder is a legal entity not registered with the Serbian Business Registers Agency;



4. Decision on appointment of the representative, unless he was appointed by the Memorandum of Association;
5. Representative's signature certified by the authority competent to certify signatures;
6. Bank confirmation of the payment of the contribution in cash, or the agreement of members on the appraisal of the value of contribution in kind, or the appraisal of the contribution in kind if the contribution is paid in/ made prior to incorporation of the company;
7. Proof of payment of the fee for registration of incorporation and proof of payment of the fee for registration and publication of Memorandum of Association.

The fee for registration of incorporation is 4,900 RSD, and on submission of the application for incorporation, the fee for registration and publication of the Memorandum of Association shall also be payable in the amount of 1,000 RSD.

LIMITED PARTNERSHIP

- A limited Partnership is a company with minimum two members, at least one of which bears unlimited joint and several liability for the company's obligations (general partner), and at least one person that bears limited liability up to the amount of his/her outstanding contribution (limited partner).
- General partners shall have the same status as partners in a general partnership.

APPLICATION OF PROVISIONS PERTAINING TO GENERAL PARTNERSHIP

- The provisions pertaining to a general partnership shall be applied to a limited partnership, unless provided otherwise by the Law.
- In addition to the elements provided for a general partnership, Memorandum of Association of the limited partnership must specify which company member is a general partner, and which one is a limited partner.
- The provisions of the general partnership pertaining to contributions and stakes shall apply to a general partner, and a limited partner may freely transfer his/her stake to another limited partner or a third party.
- Members of a limited partnership shall participate in the sharing of profits and covering of losses in proportion to their stakes in the company, unless provided otherwise by the instrument of incorporation.

- General partners shall manage the operations and represent the company.

Required documentation and registration fees:

1. Single application form for registration of legal entities and other entities, and for registration with the single register of taxpayers;
2. Memorandum of Association with certified signatures of company members;
3. Proof of the members identity – photocopy of personal ID card or passport or an excerpt from the original register, if the founder is a legal entity not registered with the Serbian Business Registers Agency;
4. Decision on appointment of the representative, unless he was appointed by the Memorandum of Association;
5. Representative's signature certified by the authority competent to certify signatures;
6. Bank confirmation of the payment of the contribution in cash, or the agreement of members on the appraisal of the value of contribution in kind, or the appraisal of the contribution in kind if the contribution is paid in/made prior to incorporation of the company;
7. Proof of payment of the fee for registration of incorporation and proof of payment of the fee for registration and publication of Memorandum of Association.

The fee for registration of incorporation is 4,900 RSD, and on submission of the application for incorporation, the fee for registration and publication of the Memorandum of Association shall also be payable in the amount of 1,000 RSD.

LIMITED LIABILITY COMPANY

- A limited liability company is a company in which one or more members (natural persons and/or legal entities) hold stakes in the company's share capital. Company members shall not be liable with their assets for the company's obligations, except in cases of abuse of the rules on limited liability.
- Members of the limited liability company shall regulate freely their mutual relations and their relations with the company, unless provided otherwise by the Law.

CONTENT OF INSTRUMENT OF INCORPORATION

1. Personal names and places of residence, or registered names and registered offices of company members;



2. Company's registered name and registered office;
3. Company's predominant business activity;
4. Total amount of the company's share capital;
5. Amount of contributions in money and/or monetary value and description of contributions in kind made by each company member;
6. Time when such contributions were paid in and made to the company's share capital;
7. Stake of each company member in the total share capital, expressed as a percentage;
8. Designation of company bodies and their respective competences; if instruments of incorporation do not contain these provisions, the company bodies shall have the competences provided by the law.

COMPANY MEMBERS AGREEMENT

- In addition to the instrument of incorporation, a limited liability company may have a company members agreement governing their mutual relations in connection with the company.
- Company members' agreement shall be effective only among members of the company who have concluded it and it shall not be submitted with the application for registration.

SHARE CAPITAL AND CONTRIBUTIONS

- Contributions into a limited liability company shall be made in money or in kind, and they are expressed in RSD. Contributions in kind shall be in items and rights.
- Minimum share capital of a limited liability company shall be 100 RSD, unless a higher amount of share capital is provided for by a special law for companies engaging in specific activities.
- Contributions in a limited liability company need not to be of equal value.

PAYING-IN AND MAKING OF A CONTRIBUTION

- At the moment of the company's incorporation, the contribution in money and in kind shall be paid in or made within a time limit set in the instrument of incorporation, and this time limit shall not exceed five years.

STAKES

- Stakes in a company are not securities.
- The transfer of stakes shall be free, unless provided otherwise by the law or the instrument of incorporation.
- Company members shall have a pre-emption right to the stake subject to transfer to a third party, except where this right is excluded by the instrument of incorporation or the law.

PROFIT DISTRIBUTION

- Company members shall be entitled to a share in the profits based on the annual statement, unless provided otherwise by the instrument of incorporation or agreement.
- Profits shall be distributed among the company members in proportion to their stakes, unless provided otherwise by the instrument of incorporation.

COMPANY BODIES

- The management of a company may be organised as a single-tier or a two-tier system, which is stipulated in the instrument of incorporation.
- In case of a single-tier management system, company bodies shall include:
 - General Meeting;
 - One or more directors.
- In case of a two-tier management system, company bodies shall include:
 - General Meeting;
 - Supervisory Board;
 - One or more directors.

COMPOSITION AND SCOPE OF WORK OF GENERAL MEETING

- General Meeting includes all company members, and in a sole-member company, work of the General Meeting is performed by a sole company member.
- Unless provided otherwise by the instrument of incorporation, the General Meeting shall:
 - pass amendments to the instrument of incorporation;
 - adopt financial statements and auditors' reports;
 - supervise the work of the director and adopt director's reports, if a company has a single-tier management system;
 - adopt the report of supervisory board, if a company has a two-tier management system;
 - decide on share capital increase and reduction;
 - decide on profit distribution and loss coverage;
 - appoint and remove directors and determine their remuneration or principles for determination of such remuneration, if a company has a single-tier management system;
 - appoint and remove Supervisory Board members, if a company has a two-tier management system;
 - appoint an auditor and determine his/her remuneration;
 - decide on initiation of liquidation proceedings;
 - perform other duties and decide on other issues, in accordance with the Law and the instrument of incorporation.



DIRECTORS AND SUPERVISORY BOARD

- A company shall have one or more directors who shall act as its legal representatives. The number of directors shall be determined by the instrument of incorporation or a decision of the General Meeting. If the number is not determined by the instrument of incorporation or a decision of the General Meeting, it is considered that the company has one director.
- A director shall be appointed and dismissed by the General Meeting or the Supervisory Board, if a company has a two-tier management system.
- A director shall represent the company in accordance with the instrument of incorporation, decision of the General Meeting and instructions of the Supervisory Board, if a company has a two-tier management system.
- A Director shall be responsible for proper keeping of a company's books of account, and the accuracy of a company's financial statements. Director shall keep records of all decisions passed by the General Meeting, which shall be made available to all company members.
- If a company has a two-tier management system, it shall also have a Supervisory Board that oversees the work of directors.
- A member of the Supervisory Board must comply with the eligibility criteria set by the law for a director of a joint-stock company and may not be employed at the company concerned. The chairperson and members of the Supervisory Board shall be appointed and removed by the General Meeting.
- Supervisory Board:
 - sets the business strategy of the company;
 - appoints and removes directors and determines their remuneration, or principles for determination of such remuneration;
 - supervises the work of directors and adopts their reports;
 - carries out internal audit of the company's operations;
 - supervises the legality of company operations;
 - establishes accounting policy and risk management policy;
 - makes proposals for the appointment and remuneration of the auditor to the General Meeting;
 - performs other duties provided by the instrument of incorporation and a General Meeting's decision.

Required documentation and registration fees:

1. Single application form for registration of legal entities and other entities, and for registration with the single register of taxpayers;
2. Instrument of incorporation with certified signatures of company members;
3. Proof of the members identity – photocopy of personal ID card or passport or an excerpt from the original register, if the founder is a legal entity not registered with the Serbian Business Registers Agency;

4. Decision on appointment of the representative, unless he was appointed by the Instrument of incorporation;
5. Representative's signature certified by the authority competent to certify signatures;
6. Bank confirmation of the payment of the contribution in cash, or the agreement of members on the appraisal of the value of contribution in kind, or the appraisal of the contribution in kind if the contribution is paid in/made prior to incorporation of the company;
7. Decision on the appointment of president and members of the supervisory board members, if the company has two-tier management system, and the president and members of the supervisory board have not been appointed by the instrument of incorporation;
8. Proof of payment of the fee for registration of incorporation and proof of payment of the fee for registration and publication of instrument of incorporation.

The fee for registration of incorporation is 4,900 RSD, and on submission of the application for incorporation, the fee for registration and publication of the instrument of incorporation shall also be payable in the amount of 1,000 RSD.

JOINT STOCK COMPANY

- A joint stock company shall be founded by one or more natural / legal persons - shareholders, and the company's basic capital is divided into shares. Shareholders are not liable for obligations of the company, except in the case of abuse of the rules on limited liability. Joint-stock company is liable for its obligations with its entire assets.
- A joint stock company may be public (the one that issues securities) and non-public company.
- Shareholders who have founded the company shall sign the instrument of incorporation and first Articles of Association of the company.
- Instrument of incorporation of the joint stock company shall not be changed.
- Articles of Association stipulate the management of the company and other matters in accordance with the Law. Articles of Association and amendments thereto shall be adopted by the General Meeting by a simple majority vote of all shareholders with voting rights, unless the Articles of Association provide for a greater majority.



CONTENTS OF THE INSTRUMENT OF INCORPORATION

- Name, personal identification number and place of residence of a shareholder who is a Serbian natural person, or name, passport number or other identification number and place of residence of a shareholder who is a foreign natural person, or registered name, registration number and registered office of a shareholder that is a Serbian legal entity, or registered name, registration number or other identification number and registered office of a shareholder that is a foreign legal entity;
- Company's registered name and registered office;
- Predominant business activity of a company;
- The total amount of the pecuniary contribution, or monetary value and description of the non-pecuniary contribution of each founding shareholder, with specified deadline for payment or making of such contribution;
- Data on shares entered into register by each founding shareholder, including: number of shares, their type and class and their par value or, for non-par shares, the underlying portion of share capital;
- Declaration of the founders that they are incorporating a joint-stock company and are assuming the obligation to pay in or make contributions for subscribed shares.

CONTENTS OF THE ARTICLES OF ASSOCIATION

- The company's registered name and registered office;
- The company's predominant business activity;
- Data on the amount of subscribed and paid-up share capital, as well as data on the number and total nominal value of authorised shares, if any;
- Important elements of issued shares of each type and class in accordance with the Law on Capital Market ("Official Gazette of the RS" no. 31/11); or, if shares have no par value, the underlying portion of share capital or their accounting value, including any obligations, restrictions and privileges attached to each class of shares;
- Types and classes of shares and other securities a company is authorised to issue;
- Special conditions for transfer of shares, if any;
- Procedure for convening the General Meeting;
- Identification of company bodies and their scope, the number of their members, details of their appointment and removal and the manner of decision-making by those authorities;
- Other issues specified in this law or other specific laws as required elements of the Articles of Association of a joint-stock company.

CONTRIBUTIONS

- Shareholders' contributions shall be in money, items and rights, expressed in RSD.
- Shareholder's contribution shall not be in work or services to the joint-stock company.

SHARE CAPITAL

- Minimum capital for establishing a joint stock company is 3,000,000 RSD, unless a higher amount is provided by a special law.
- Nominal value per share shall not be less than 100 RSD.
- Shares may be ordinary (shares that give its holder the right to participate and vote in the General Meeting, right to a dividend, right to a share in residual assets or bankruptcy estate, pre-emptive right to ordinary shares, and other rights in conformity with the Law and the Articles of Association) and preference shares (shares that give its holder one or more preferential rights stipulated by the Articles of Association and the decision on the issue of shares, the right to participate in the work of the General Meeting without voting rights, except in cases specified by the Law).
- The total nominal value of issued and authorized preference shares may not exceed 50% of a company's share capital.
- Shares are freely transferable, unless the transfer of shares is limited by the pre-emption right of other shareholders, or by other prior agreement of the company, as stipulated in the Articles of Association.

PAYMENT IN/MAKING OF CONTRIBUTION

- Prior to the registration of the company, the shareholders shall pay in/make contributions constituting at least 25% of the share capital, whereby the pecuniary portion of the share capital may not be lower than the amount of the minimum share capital.
- Registered shares paid in money in accordance with the instrument of incorporation shall be paid prior to the founding of a company into a transitory account with a commercial bank in the Republic of Serbia.
- Pecuniary and in-kind contribution for the establishment or increase of capital of the company shall be paid in or made within a deadline set in the instrument of incorporation, or in the decision on capital increase, and for a public stock company this deadline shall not be longer than two years.

RELATIONS BETWEEN COMPANY AND SHAREHOLDERS

- Equal treatment of shareholders – all shareholders shall be treated equally in equal circumstances.



DISTRIBUTION OF PROFITS

- A shareholder shall be entitled to receive a share of the annual profit, determined for distribution (dividend) by the General Meeting.
- Dividends may be paid in money or in company shares, in accordance with the decision on dividend payment, adopted by the shareholders' General Meeting.
- Unless provided otherwise by the Articles of Association, a company may pay interim dividends at any time between ordinary General Meetings, under the conditions specified by the Law.

COMPANY BODIES

- Management of the company may be organised as a single-tier management system or as a two-tier management system, which is provided by the Articles of Association;
- In case of a single-tier management system, company bodies shall include:
 - General Meeting;
 - One or more directors, i.e. the Board of Directors.
- In case of a two-tier management system, company bodies shall include:
 - General Meeting;
 - Supervisory Board;
 - One or more executive directors, i.e. the Executive Board.
- General Meeting consists of all shareholders of the company, and in a sole-member company, the function of the General Meeting shall be exercised by the sole shareholder.
- General Meeting shall decide on:
 - Amendments to the Articles of Association;
 - Share capital increases and reductions;
 - Number of authorised shares;
 - Changes in rights or privileges attached to any class of shares;
 - Status changes and changes of legal form;
 - Acquisition and disposal of high-value assets;
 - Profit distribution and loss coverage;
 - Adoption of financial statements;
 - Adoption of reports of the Board of Directors/the Supervisory Board;
 - Remuneration of directors/the Supervisory Board members;
 - Appointment and removal of directors/the Supervisory Board members;
 - Initiation of liquidation proceedings;
 - Appointment of the auditor and compensation for his work;
 - Other issues in accordance with the Law.
- Director may be any person with full capacity, and the Articles of Association may impose other requirements a prospective director must meet.

- Director shall not be:
 - A person who is a director or member a supervisory board in more than five companies;
 - A person sentenced for an economic crime for a period of five years from the date when the judgement became final and enforceable, and this period of time shall not include the time spent in prison;
 - A person banned by court decision to perform the activity which is the predominant business activity of the company concerned, during the period of the ban duration.

Required documentation and registration fees:

1. Single application for registration of legal and other entities and for registration with the single register of taxpayers – joint stock company;
2. Memorandum of Association with certified signatures of the company shareholders;
3. Articles of Association signed by the company shareholders;
4. Certificate from a credit institution that shares have been paid up in cash, or appraisal of the state licensed appraiser of the value of the contributions in kind or a certificate issued by the competent authority of the appraisal of the value of the contribution in kind, pursuant to the law;
5. Resolution on the appointment of the director, and/or members and chairman of the Board of Directors if they are not designated in the Articles of Association;
6. Resolution on the appointment of members of the Supervisory Board in case of a company with a two-tier management system, if they are not designated in the Articles of Association;
7. Resolution on the appointment of members of the Executive Board, in case of a company with a two-tier corporate governance system;
8. Resolution on the appointment of the company's authorized representatives if the latter are not designated in the Articles of Association;
9. Representatives' signatures certified by the body competent to certify signatures;
10. Proof of payment of the registration fee for incorporation and proof of payment of the fee for the registration and publication of the Memorandum of Association, and proof of payment of the fee for the registration and publication of the Articles of Association.

The fee for registration of incorporation is 4,900 RSD, and on submission of the application for incorporation, the fee for registration and publication of the Memorandum of Association shall also be payable in the amount of 1,000 RSD.



ENTREPRENEUR

- An entrepreneur shall be a natural person with full capacity who carries on a business activity for the purpose of profit generation and is registered as such in accordance with the law.
- An entrepreneur shall be liable for all obligations incurred in connection with the pursuit of his/her business activity with his/her entire assets, including any assets he/she acquires in connection with the pursuit of his/her business activity.
- An entrepreneur may entrust management duties to a natural person with full capacity-manager. A manager must be employed by an entrepreneur.
- An entrepreneur may decide to continue carrying on a business activity in the form of a company. Upon losing the status of an entrepreneur, by deletion from the Entrepreneur Register, and registration of the company incorporation, this natural person shall remain liable with his/her entire assets for all obligations of the entrepreneur arising from his/her obligations up to the time of incorporation of such company.

Required documents and registration fee:

Along with the registration application form, the entrepreneur shall submit a proof of his identity, i.e. a photocopy of a personal ID card for a domestic natural person, a photocopy of a passport for a foreign person, or a photocopy of a personal ID card, if it has been issued to the foreign person, and a proof of payment of the fee for registration of an entrepreneur. Registration fee amounts to 1,500 RSD.

BRANCH OFFICE

- Branch office of a company is a separate organizational unit, through which that company carries on its business activities in accordance with the law.
- Branch office shall not have legal personality, and shall act on behalf and for the account of the company in legal transactions. The company shall bear unlimited joint and several liability for obligations towards third parties that may arise in business operations of its branch office.
- Branch office may be registered in conformity with the Law of Registration. However, the following must always be registered: a domestic company branch office, if its representative is different from that of the company, or if required under a special law as a requirement for the taking up and pursuit of a business activity; and a foreign company branch office.

Required documents and registration fee:

The application to register a branch office shall be submitted with the following documents:

1. Decision on setting up the branch office.
2. Signature of the authorised representative of the branch office certified by the relevant certification body, if such a person is not the registered representative.
3. Proof of payment of the fee.

Foreign legal entity setting up a branch office shall submit:

1. Decision on setting up a branch office.
2. Excerpt from the Register in which the company was registered, with a certified translation by a sworn-in-court interpreter.
3. Evidence of bank accounts used for the company's business transactions.
4. Signature of the branch office representative certified by the relevant certification body.
5. Statement of the authorized person of the foreign company in which he/she takes responsibility for all liabilities that may arise in the operations of the branch office, with the certified translation by a sworn-in-court interpreter.
6. Proof of payment of the registration fee.

The registration fee for a domestic company branch office amounts to 2,800 RSD, and for a foreign company branch office 4,900 RSD.

FOREIGN COMPANY REPRESENTATIVE OFFICE

- Foreign company representative office is its separate organizational unit, conducting preliminary and preparatory operations aimed at concluding legal transaction of the company.
- Representative office shall not have legal personality and it may only enter into legal transactions relating to its current business operations. A foreign company shall be liable for the obligations towards third parties that may arise in the operations of its representative office.

Along with the application to register a representative office, a foreign company shall submit:

1. Decision on setting up a representative office.
2. Excerpt from the Register in which the foreign company was registered, with a certified translation by a sworn-in-court interpreter.



3. Evidence of bank accounts used for the foreign company's business transactions.
 4. Signature of the representative office agent certified by the competent certification body.
 5. Statement of the authorized person of the foreign company in which he/she takes responsibility for all liabilities that may arise in the operations of the representative office, certified by the competent certification body, with the certified translation by a sworn-in-court interpreter.
 6. Proof of payment of the fee for registration of the establishment.
- The fee for registration of establishment amounts to 4,900 RSD.

BUSINESS ASSOCIATION

- Business association is a legal person established by two or more companies or entrepreneurs to pursue their common interests.
- Business association may not conduct business activities for the purpose of gaining profit.
- Regulations providing for the position of business associations shall apply to the business association accordingly.
- Business association may not change its legal form to the form of a company.

Business association registration fee amounts to 4,900 RSD.

3

Special permits

Prior approvals/permits or agreements by the competent bodies are stipulated by special laws as the precondition for registration or conduct of business.

The economic entity that intends to register, in the Register kept by the Business Registers Agency, the activity that may be performed only against the previous approval/permit or agreement by the competent body, shall submit such an approval on the occasion of registration (e.g. manufacturing and sale of extremely dangerous chemicals, banking transactions, insurance company transactions). The registration is possible only after obtaining the approval.

4

Employment of foreign citizens

A foreign citizen may take up employment if he has a permit for permanent or temporary residence in Serbia, issued by the Ministry of Interior, and if he obtains an approval to sign a work contract from the National Employment Office.

The approval to sign a work contract is not necessary when the work contract is concluded for performance of expert work, stipulated in the Agreement on Business-Technical Cooperation, long-term manufacturing cooperation, technology transfer and foreign investments.

An employer may sign a contract on temporary and occasional employment with a foreign citizen for a period not exceeding 120 working days in a calendar year.

- Law on conditions for employment of foreign citizens ("Official Gazette of SFRY", Nos. 11/78 and 64/89, "Official Gazette of SRY", Nos. 42/92, 16/93 other law, 31/93 – other law, 41/93 – other law, 50/93 – other law, 24/94 – other law and 28/96-other law, and "Official Gazette of RS", No. 101/05 – other law).
- Labour Law ("Official Gazette of RS", No. 24/05, 61/05, 54/09, 32/13, 75/14).
- Law on Foreigners ("Official Gazette of RS", No. 97/08).

5

Company incorporation procedure scheme

PREPARATORY STAGE

- Elaboration and certification of the instrument of incorporation;
- Certification of the required documents – with the competent certification authority (court, municipal administrative authority, notary public);
- Certification by the competent authority for certification of a signature abroad/Apostille or legalization of foreign documents;
- Certification of the translation into Serbian of the documents elaborated in a foreign language – certification by a sworn court interpreter;
- Opening of a temporary bank account and payment of the founding capital;
- Provision of an official address in Serbia – company registered office (a legal representative may use temporarily his business address as an address of the company under incorporation).

NAPOMENE

(*1)

Application for registration of incorporation is prescribed, and it is submitted on the prescribed form (JRPPS) whereby it is necessary to choose an appropriate form, depending on the legal form of the entity to be incorporated. Application for registration of incorporation submitted in the form of a memorial, instead of using the prescribed form, shall always be rejected.

(*2)

Law on the procedure of registration with the Business Registers Agency ("Official Gazette of the RS", No. 99/11).

(*3)

If the Registrar establishes that the conditions for registration specified in Article 14 paragraph 1 Items 1), 3) and 4) of the Law on the procedure of registration with the Business Registers Agency have not been fulfilled, to the effect that: either he is not competent to act under the application, or the information or document is not subject to registration, or the information or document whose registration is required has already been registered, he shall bring a decision to reject the application. This is in the situations when the required registration cannot be made at all, and by bringing such a decision, the procedure shall be finished without the possibility that the applicant's submission of additional documents influences a different result of the procedure.

REGISTRATION OF A BUSINESS ENTITY with the Business Registers Agency

- Submission of an appropriate registration application for the desired legal form of a business entity **(*1)**;
- Submission of a request for a registry number;
- With the registration application, enclose the required documentation for the desired legal form either in original or in certified copy;
- Submit a proof of payment of the registration fee for a business entity.

THE CONDITIONS for registration of a business entity according to the law have been fulfilled **(*2)**

Business Registers Agency issues a Decree on granting the requested registration and the data are published on the website of the Agency. Along with the Decree on Registration, a business entity is issued a registration/ identification number, tax identification number (TIN) and a healthcare insurance number issued by RZZO.

THE CONDITIONS for registration of a business entity according to the law have not been fulfilled **(*2)**

If the conditions for registration from Article 14 para 1 points 1, 3 and 4 of the Law **(*2)**, have not been fulfilled, the Registrar brings a decision on rejection of the registration application **(*3)** by which the registration process is terminated.

If other conditions for registration from Article 14 para 1 of the Law **(*2)**, have not been fulfilled, the Registrar brings a Decision on rejecting the registration application and determines the conditions that have not been fulfilled for registration, with instructions for removal of the defaults within 30 days, so that the applicant could maintain the order-related priority right in decision making.

THE LAST STEPS before start of business operations

- Making a seal according to the Decision on business entity registration
- Opening a current account/s with business banks
- Registration of employees in the Central Registry of Compulsory Social Insurance

6

Useful addresses

Resavska 13-15
11000 Belgrade
T: +381 11 33 00 900
www.pks.rs

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SERBIAN INVESTMENT AND EXPORT PROMOTION AGENCY (SIEPA)

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www.siepa.gov.rs

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11000 Beograd
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Directorate in Kragujevac

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34000 Kragujevac
T: +381 34 505 500
www.nsz.gov.rs

NATIONAL BANK OF SERBIA

Kralja Petra 12
Tel: +381 11 30 27 100
Nemanjina 17
T: +381 11 33 38 000
11000 Belgrade
www.nbs.rs

CUSTOMS ADMINISTRATION

Bul. Zorana Đinđića 155a
11070 Beograd
T: +381 11 20 15 800, 31 17 272
www.upravacarina.rs

MINISTRY OF ECONOMY

Kneza Miloša 20
11000 Belgrade
T: +381 11 36 42 702
www.privreda.gov.rs

MINISTRY OF LABOUR, EMPLOYMENT, VETERAN AND SOCIAL POLICY

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11000 Belgrade
T: +381 11 36 16 265
www.minrzs.gov.rs

Labour Inspectorate of Serbia

T: +381 11 20 17 485

MINISTRY OF TRADE, TOURISM AND TELECOMMUNICATIONS

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11000 Belgrade
T: +381 11 36 14 334
www.mtt.gov.rs/sektori/
sektor-trzisne-inspekcije

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