



AMCHAM SERBIA  

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A LEADER IN CHANGE

# ADVOCACY IMPACT

COMMITTEES REPORT ON ACTIVITIES IN 2014-2016  
AND RECOMMENDATIONS FOR 2016-2018

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# TWO YEARS OF EXPERTISE, DETERMINATION AND IMPACT

The American Chamber of Commerce in Serbia is very proud of the efforts made by the committees through which we work continuously to improve the business climate in Serbia. Looking back at the road we have travelled since AmCham was established in 2001, Serbia has become a more secure and more predictable place to do business and invest, largely thanks to the diligent work and expertise of AmCham member companies. We could not have done it without excellent cooperation we have with our partner associations, primarily NALED, the Foreign Investors Council, the USAID Business Enabling Project, the World Bank, the IMF, and many others. The job is not yet finished, but this is an opportunity to look back at the last

two-years of diligent work of seven AmCham committees and recognize their accomplishments, of which we are really proud.

Over the past two years, a good, or a very good, result has been achieved in four of the five priority areas defined by AmCham member companies at the beginning of 2014 as critical for improving the business climate.

In a survey conducted at the end of 2013, amendments to the Labor Law were the top priority for almost all AmCham member companies. We are very proud of the Labor Regulation Committee's unwavering engagement. **Amendments to the Labor Law, adopted in mid-2014**

and largely consistent with the Labor Regulation Committee's suggestions, have significantly improved labor legislation and ensured its flexibility, adjusting it to the businesses' needs; on the other hand, oversight of non-registered workers has been improved, leading to a gradual decrease in unfair competition for law-abiding employers.

For two years in a row, AmCham member companies responding to the annual advocacy survey identified the grey economy, and unfair competition stemming from it, as an increasingly serious and even dominant issue affecting everyday doing business. This is another area in which we are proud of our accomplishments, although the job is far from done. At the level of the overall public administration system, the umbrella **Law on Inspection Oversight** was adopted. In line with the suggestions of the Combating Grey Economy Committee, this law provides an effective mechanism for better coordination of inspectorates, introduces clear powers and responsibilities with regard to non-registered business entities, and sets the focus on risk assessment-based planning and the performance of inspection oversight. At the level of individual inspectorates, significant results are already evident in an increased number of reports, as well as in joint actions, with the primary emphasis being on

suppressing the grey economy in the area of excise goods. This more intensive activity by inspectorates, along with their better coordination, should definitely be continued, and the new focus of activity for the Combating Grey Economy Committee will inevitably be to create an environment conducive to a more efficient judicial process.

One of the most commonly identified administrative problems encountered by investors in the past decade, the problem of an inefficient construction permitting procedure and, generally, difficulties in establishing clear ownership rights over the land, has been appropriately addressed over the past two years, with the first results already visible. With regard to a more efficient construction permitting procedure, **significant improvements have been made by the adoption of amendments to the Law on Planning and Construction** in accordance with recommendations provided by the Real Estate Committee, and in particular by introducing electronic construction permits at the beginning of 2016. Moreover, **the predictability of land ownership rights was further improved by the new Law on the Conversion of Right to Use Land into Ownership Right**, which provided a clear and predictable framework that, in most cases, does not produce any significant extra burden.

Considerable progress has been made in improving the regulatory framework for **lowering the level of illiquidity in the business sector through the adoption of the Law on Insolvency and the Law on Enforcement and Security**, in accordance with recommendations provided by the Business and Corporate Law Committee, particularly in view of strengthening the position of creditors in the claim collection process and preventing the abuse of bankruptcy and enforcement processes. Also, important steps have been taken to solve the problem of the pile-up of NPLs in the banking system, so as to remove restriction on potential credit growth and allow for additional liquidity for businesses.

Even though AmCham member companies identified the predictability of the tax and non-tax burden on businesses as a significant problem, the least progress has been made in this regard. Despite massive efforts by representatives of both the AmCham Finance and Tax Committee and other business associations and partner international organizations, no significant progress has been made in the implementation of tax legislation by the Tax Administration with regard to improving the predictability of amendments to tax legislation, the structure and level of parafiscal charges and the manner in which

they are introduced. The start of the two-year mandate of AmCham's committees was marked with assessment that changes to tax legislation are unpredictable, most importantly due to the sudden amendment of the Law on Corporate Tax at the very end of 2013, which abolished certain tax incentives based on which corporate budgets had already been adopted, with no public discussion and contrary to the adopted Fiscal strategy.

The situation did not improve, and two years later, at the end of 2015, amendments to a large number of tax laws were again adopted without public discussion and in urgent procedure, among which was an additional excise product. This imposed both a major financial and a major administrative burden on companies having little or no time to adjust. Despite announcements that the reform of parafiscal charges that commenced in 2012 would be concluded in 2014, by the end of 2015 the Draft Law on Fees for the Use of Public Assets had not yet been completed, although the adoption of this legislation had already been announced in the 2012 Law on the Budget System. Finally, the reform of the Tax Administration, aimed at ensuring its consistency, complying with the opinions of the Ministry of Finance (which in the meantime has become a legal obligation), planning risk assessment-based inspections,

etc. has commenced, but is still unfinished. We therefore expect to see the results of this reform in the upcoming period, once the Law on Inspection Oversight has been fully implemented.

At the end of 2014, AmCham member companies defined yet another reform priority — the state administration, and in particular two key aspects: improvement of e-Government to generally relieve the administrative burden on the business sector and reform of the healthcare system to create a financially sustainable system that meets the needs of the insured, i.e. citizens. In the course of 2015, the **Strategy for the Development of E-government** was adopted, providing guidelines for necessary amendments to legislation and giving priority to the development of e-Services to ease the administrative burden on the business sector. The implementation of the strategy in accordance with the action plan, and the establishment of interoperability, electronic registers and databases, should be the focus of the ICT Committee's activities in this regard, so that businesses can see the effects of its practical implementation.

Healthcare system reform, primarily in view of sustainable financing, but also in view of improving the services guaranteed to the insured within existing budget allocations,

is certainly the only critical reform that has not even been started since 2000. For this reason, **the Healthcare Committee, together with the Ministry of Health, has initiated and finalized an extensive macro and microeconomic study**, conducted in 2015, which identifies the existing inefficiencies in the public healthcare system, possible solutions through the synergy of private and public sectors, the positive effects of including modern therapy, and all of this within existing budget constraints. Some of the study's recommendations have already been put into practice since the beginning of 2016, with a call being made to private facilities through the National Health Insurance Fund in connection with two types of healthcare service for which there were waiting lists. However, these steps are just beginnings in the serious reform that needs to be undertaken.

A long stretch of this road is already behind us, but there is still a fair distance to travel. The American Chamber of Commerce in Serbia will remain devoted to its mission to be a leader in change for the better, above all in regard to improving Serbia's business environment, and thus creating a level playing field and equal opportunities for all, making the Serbian business climate globally competitive.

## AMCHAM WORKING GROUPS GUIDELINES

AmCham advocacy activities are aimed at improving business environment, supporting the economic reforms and implementing best business practices. They are structured and executed through the work of committees, task forces and ad-hoc working groups.

**Committees** are more permanent working groups set up to pursue long-term initiatives or issues of common interest. Each committee shall adopt a mission statement, policy brief and agree on two-year agenda specifying short- and mid-term goals. Committee is led by the Steering Committee, Chair and Vice Chair, initially appointed by AmCham Board for the period of two years, which are afterwards chosen by the group itself. Chair is responsible for representing the group in the media and at the meetings with the Government Officials as well as for management of all aspects of its work, while Vice Chair is proactively engaged during elections and performance of the committee's annual agenda.

**Task forces** are temporary working groups set up by the representatives of interested AmCham

members to pursue short term initiatives or issues of common interest. Each task force has a set of short-term goals and two-year long action plan. They should be developed by task force Manager, who as a group's lead is in charge for managing structural aspects of work, internal communication and delegating responsibilities within a group. Task force may become a more formal advocacy structure, a committee, subject to approval by the AmCham Board of Governors, upon review of the task force accomplishments in a period not longer than two years.

**Ad-hoc working groups** are created in cases when there is a need to tackle a specific regulatory issue, such as amendments to a particular law, by-law or regulatory practice, and upon the expressed interest of at least five AmCham member companies. Such group usually lasts until resolution of a specific issue.

There are two types of the working groups' membership: general and associated. The first one is reserved for the representatives of AmCham companies (with voting rights), while the other is available to the representatives of companies and organizations as well as individuals outside of AmCham (without voting rights), upon invitation.

## BUSINESS AND CORPORATE LAW COMMITTEE

**CHAIRPERSON:** Nataša Lalović Marić, *Wolf Theiss*

**VICE CHAIRPERSON:** Dragan Lupšić, *Coca Cola Hellenic*

### THE COMMITTEE'S MISSION:

The Business and Corporate Law Committee strives to contribute to the further development of corporate law and good business practice in Serbia, promoting more effective and consistent implementation of enacted laws. The committee's key areas of interest in the past two years have included the improvement of market liquidity through better regulatory protection of creditors, more efficient collection of claims, improvement of the legal framework for investment, public-private partnerships, and personal data protection.

### THE COMMITTEE'S MEMBERS:

ATLAS CENTAR	KINSELLAR
AVIONICS & TELECOMMUNICATION SERVICES	KPMG
AVON COSMETICS	LALIN LAW
BALL PACKAGING EUROPE	L'OREAL BALKAN
BANCA INTESA	METRO CASH & CARRY
BDK ADVOKATI	MIKIJEJLJ, JANKOVIĆ & BOGDANOVIĆ
BELGRADE OPEN SCHOOL	MK GROUP
BOJOVIĆ & PARTNERS	MOJI BREDOVI
BRITISH AMERICAN TOBACCO	MORAVČEVIĆ, VOJNOVIĆ & PARTNERI
CBS INTERNATIONAL	NAFTNA INDUSTRIJA SRBIJE
COCA COLA COMPANY	NAUMOVIĆ & PARTNERI
COCA COLA HELLENIC	NELT
CONTINENTAL WIND SERBIA	OSA RAČUNARSKI INŽENJERING
CROWE HORWATH	PHILIP MORRIS SERVICES
DELHAIZE	RAIFFEISEN BANK
DELOITTE	SBB
DELTA HOLDING	SEKULOVIĆ LAW OFFICE
DUFREY	SERBIAN BUSINESS SYSTEMS
EKI TRANSFERS	SIEMENS
EOS MATRIX	SOCIETE GENERALE BANK
ERSTE BANK	ŠTAMPA SISTEM
EUROBANK	TAG MEDIA
EXECUTIVE GROUP	TELENOR
HEMOFARM	TRS EUROPE
HYPO ALPE ADRIA BANK	VICTORIA GROUP
JANKOVIĆ, POPOVIĆ & MITIĆ	VIP MOBILE
JOHNSON & JOHNSON	VOJVOĐANSKA BANKA
JT INTERNATIONAL	WIENER STADTISCHE OSIGURANJE
KARANOVIĆ & NIKOLIĆ	WOLF THEISS
	ŽIVKOVIĆ & SAMARDŽIĆ LAW OFFICE

### THE COMMITTEE'S FOCUS 2014-2016:

- More efficient collection of claims within bankruptcy and enforcement proceedings through the improvement of factoring possibilities and the mitigation of tax barriers to writing off bad debts in the business sector, through amendments to the Law on Insolvency and the Law on Enforcement and Security
- Overseeing amendments to the Law on Investments, the Law on Advertising and the Law on Public Procurement
- Advocating the enactment of a new law or amendments to the current Law on Personal Data Protection

### THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

#### MORE EFFECTIVE REGULATORY FRAMEWORK FOR THE EFFICIENT COLLECTION OF CLAIMS

**Amendments to the Law** on Insolvency incorporate a large number of the Business and Corporate Law Committee's recommendations as a response to AmCham members' concern about the growth of illiquidity in the business sector. Long-awaited changes to bankruptcy regulations have lessened their negative effects on liquid operators and created conditions for a more intensive crediting activity, especially through:

- Specifying the grounds and obligations of the insolvency debtor's responsible persons with regard to initiating insolvency proceedings
- Ensuring that creditors' rights are protected in the event of reorganization, to prevent their rights being reduced without their explicit consent

- More specific regulation of the profession, duties, and rights of insolvency administrators

**Amendments to the Law on Enforcement and Security** contain considerably improved solutions compared to those previously provided within the Draft Law, primarily through:

- Reinstating provisions which secure efficient proceedings by judges
- Resolving collision between enforcement and extrajudicial settlement proceedings on immovable property – in case that several creditors conduct proceedings on the same immovable property priority is given to the already commenced settlement procedure (the previously proposed solution was to give priority to enforcement proceedings)
- Regulating legal remedies – elaborating provisions for legal remedies, introducing an objection and appeal procedure aimed at unifying judicial practice
- Detailing enforcement proceedings on immovable property – in order to provide greater protection of creditors' rights and prevent abuse of proceedings

### **CONSISTENT EFFORTS AT IMPROVING IMPLEMENTATION OF THE LAW ON INSOLVENCY, THE COMPANY LAW AND THE LAW ON PLEDGES ON MOVABLE ITEMS**

In cooperation with the Supreme Court of Cassation, the Bankruptcy Supervision Agency and a group of professors from the Faculty of Law, a round table was organized to **discuss practical aspects of the Law on Insolvency**, in order to ensure better and more consistent implementation of the Law, and in particular its most recent amendments.

In 2014, the committee also worked on **improving implementation of the Company Law and the Law on Pledges on Movable Items**, organizing a round table attended by representatives of the Business Register Agency line registers and clearing up ambiguities encountered in its application.

### **IMPROVEMENT OF THE LAW ON INVESTMENTS AND THE LAW ON ADVERTISING**

The committee had an active role in providing comments on the **Draft Law on Investments** through a number of text iterations during the public discussion and the process of proposing amendments within the Economic Caucus. All the committee's proposals were incorporated into the new Law on Investments, and the greatest improvement was made by:

- Formulating the subject of expropriation in a more precise manner and ensuring that the legal basis for expropriation is not extended beyond the property rights on real estate, in accordance with the Law on Expropriation, thus excluding any previous mention of the expropriation of business
- Allowing the protection of rights in front of foreign arbitration tribunals

In the period, the committee also worked on improving the text of the **Law on Advertising**, which has led to a large number of its provisions being adopted as a clear response to concerns expressed by AmCham members during the public discussion.

**Amendments to the Law on Public Procurement** were adopted in mid-2015 in an emergency procedure and without any public debate, which

unjustifiably omitted any consultation with the private sector. **A Round table discussion on Amendments to the Law on Public Procurement** recommended that the mechanisms and capacity which the law provides to the supervisory authorities be improved, while as a positive aspect the new law provisions effectively relieved bidders from excessive administrative burden.

For the two past years, AmCham has been committed to changing **the Law on Personal Data Protection**, taking into account the obstacles that the existing law presents, especially to multinational companies. The committee was active during the drafting of the Model Law on Personal Data Protection by the Commissioner as well as in the public debate on the draft law in the second half of 2015, when it conducted several consultations with members of the working group. Despite these efforts, the Law has not yet entered Government procedure, and the committee's activities in the upcoming period will continue to focus on monitoring the process of amendments to the law and harmonizing its provisions with EU regulations.

### FOCUS IN THE UPCOMING PERIOD 2016-2018:

The committee will continue to work on:

- Improving the Law on Personal Data Protection and harmonizing with relevant EU legislation
- Improving the proposed amendments to the Law on Insolvency
- Improving the proposed amendments to the Law on Public Procurement
- More efficient and consistent implementation of legislation

## WIDE ANGLE

### Nataša Lalović Marić, *Wolf Theiss*

At the end of 2013, in an informal conversation with the then President of AmCham, I suggested that a specific committee be set up within this reputable institution which gathers together this country's leading businesses, to address issues of corporate law and, through a practical approach and action out in the field, to help improve Serbia's business environment. I believed that setting up such a specialized committee was important since, as a lawyer and thus an (in)direct participant in a large number of transactions in Serbia and the region, I am repeatedly witness to the majority of problems which members of the business community face in their business activities, and which are quite often the consequence of legislation which is inadequately developed and inconsistent with the specific characteristics of our legal system and economy, as well as a lack of, or inadequate, practical implementation.

The need to establish this group was recognized, and the committee started operating at the beginning of 2014. The committee's many activities, in line with the times in which we live, sometimes differed from those initially planned, but were always intensive and effective. We listened to the needs of our member companies and did our best to make our agenda and activities suit their needs.

We are proud of our contribution to the process of amending the Law on Insolvency and adopting the Law on Enforcement and Security and the Law on Investments. We initiated a dialogue on amendments to the Law on Personal Data Protection, worked on improving the Law on Advertising, and took part in efforts to overcome PPP related challenges. We organized a large number of seminars with representatives of relevant institutions, aiming to better inform our members about the practical implementation of laws.

Finally, I would like to say a big thank you to Miloš Đurković for showing understanding of the need to set up yet another committee to address 'lackluster' legal issues, as well as issues of vital importance! A big thank you also goes to Amalija Pavić, who shouldered the largest burden in setting up our committee and, together with us, dealt with all the challenges we were facing, encouraging us to be better and more efficient. Finally, we owe a big thank you to all the committee's members, particularly the representatives of Raiffeisen Bank, our colleagues from KN, JPM, BDK, and MJB, and the representatives of the business community for their selfless contribution to the committee's activities, for making it possible, two years later, to be proud of what we have done and what we have accomplished!

## HEALTHCARE COMMITTEE

**ACTING CHAIRPERSON:** Miloš Andrović, *Stanković & Partners Law Office*

**CHAIRPERSON FROM THE BEGINNING OF 2014 TO AUGUST 2016:**

Jasmina Pavlović, *Pfizer*

### THE COMMITTEE'S MISSION:

The Healthcare Committee advocates the improvement of the efficacy of the healthcare system through cooperation between the private and public sectors, improving and enhancing the transparency of legislation, as well as its adequate application, harmonization of domestic legislation with relevant EU legislation, and the creation of a clear, fair, and competitive market entry environment.

### THE COMMITTEE'S MEMBERS:

ABBVIE BIOPHARMACEUTICALS	KINSELLAR
BDK ADVOKATI	KPMG
BEL MEDIC GENERAL HOSPITAL	MAKLER
BELGRADE OPEN SCHOOL	MEDIGROUP SEE
BIOTEC INTERNATIONAL	MEDTRONIC
BOJOVIĆ & PARTNERS	MERCK SHARP & DOHME
CROWE HORWATH	MORAVČEVIĆ, VOJNOVIĆ & PARTNERI
DELOITTE	NAFTNA INDUSTRIJA SRBIJE
ELI LILLY	NAUMOVIĆ & PARTNERI
ERNST & YOUNG	NOVO NORDISK PHARMA
EXECUTIVE GROUP	PFIZER
GE HOLDINGS	SIEMENS
GLAXOSMITHKLINE	STANKOVIĆ & PARTNERS
HEMOPARM	UNIQA NEŽIVOTNO OSIGURANJE
JOHNSON & JOHNSON	WEST PHARMACEUTICAL SERVICES
KARANOVIĆ & NIKOLIĆ	WIENER STADTISCHE OSIGURANJE

### THE COMMITTEE'S FOCUS 2014-2016:

- Developing a joint study by AmCham and the Ministry of Health aimed at identifying the direction of reform of healthcare financing and the possibilities for synergy between the public and private sectors
- Improving the regulatory framework to increase predictability and transparency, as well as harmonizing the regulations with relevant EU legislation

### THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

#### **JOINT STUDY BY AMCHAM AND THE MINISTRY OF HEALTH ON THE POSSIBILITIES FOR SYNERGY BETWEEN THE PUBLIC AND PRIVATE SECTORS AIMED AT IMPROVING HEALTHCARE EFFICIENCY**

Recognizing both the existing pressures on the healthcare budget and the obstacles in the business environment facing companies which deal in pharmaceuticals, medical devices, health insurance and service providers, members of the committee initiated an extensive study aimed at identifying possible ways to improve the efficacy of healthcare services within the existing budget. Since the Ministry of Health was willing to take part in this joint project, the key activity for the Healthcare Committee in the past year was the **development of a joint study by AmCham and the Ministry of Health aimed at identifying the direction of reform of healthcare system financing and the possibilities for synergy between the public and private sectors**, as well as supporting the relevant authorities in further operationalization of the study's recommendations.

The main goals of the study include efficient control of income and expenditure, analysis of public health cost effectiveness in view of the existing system of private healthcare service providers, identification of alternative solutions for income increase, and assessment of the existing regulatory framework and potential changes aimed at improving the Serbian healthcare system.

### IMPROVEMENT OF THE REGULATORY FRAMEWORK

In addition to working on finding the best solution for reform of the healthcare system, the committee continued its **regular activities related to improving medicines related legislation.**

Moreover, after amendments were made to general legislation on public procurement, the committee focused on **improving the implementation of the public procurement processes introduced by the amendments** by organizing a round table with relevant institutions which identified the challenges to its interpretation and implementation.

### FOCUS IN THE UPCOMING PERIOD 2016-2018:

The Healthcare Committee should continue its dialogue with relevant stakeholders concerning:

- Further implementation of the study's key recommendations
- Harmonization of legislation with the suggested solutions, particularly the Law on Healthcare, the Law on Health Insurance, the Law on Medicines, and the Law on Medical Devices

### WIDE ANGLE

#### Miloš Andrović, *Stanković & Partners*

The AmCham Healthcare Committee (HCC) is composed of leading market players in the production and circulation of medicines, medical devices and equipment, as well as providers of private healthcare and health insurance.

In communication with the public authorities and other organizations, the HCC pursues its main goal: to help member companies ensure legal and business predictability and foster continuous dialogue with regard to the creation, improvement, and implementation of healthcare in Serbia. The HCC's goals are therefore both general in nature, being shared with business operators in other economic and industrial sectors, and specific, as the effect of cooperation between HCC Members and the public authorities and organizations is of direct interest to the entire population of Serbia.

The HCC recognizes the administrative and financial limitations which healthcare policy actors in Serbia face from year to year, and has accordingly supported the development of a macroeconomic and microeconomic study of Serbia's healthcare system aimed at reorganizing the healthcare system and establishing a new basis for further development. The study found that the healthcare system as it currently

functions is unsustainable with regard to the continual increase in cost, the manner in which funds are collected and spent funds, and the significant ageing of Serbia's population.

Over many years, the HCC has made efforts to put in place a clear legal and business framework for its members, and, in cooperation with the Ministry of Health, has succeeded in making some progress. However, were it not for the cooperation and involvement of the National Healthcare Insurance Fund, these steps would not have the capacity to contribute to a more efficient and cost-effective healthcare system, i.e. to ensure further continuous investment by HCC members into Serbia's healthcare. Financial and economic pressure on budget funds and budgetary allocations in the healthcare sector over the previous three and half years have certainly had inestimable consequences for attracting investment from HCC members in the healthcare system.

HCC Members believe that, as part of wider overall reform of policy in Serbia, the healthcare system will be subject in the near future to deeper analysis by the executive and legislative branches of government. A clearer message concerning further development and improvement will be offered, which will make it possible for all HCC members to adjust their future business plans.

## FINANCE AND TAX COMMITTEE

**CHAIRPERSON:** Zoran Petrović, *Raiffeisen Bank*

**VICE CHAIRPERSON:** Igor Lončarević, *KPMG*

### THE COMMITTEE'S MISSION:

The Finance and Tax Committee strives to contribute to harmonization and the creation of an environment conducive to the implementation of finance and tax related legislation, in order to help create a transparent and effective regulatory framework, in accordance with international standards and modern business practice. The committee's focus in the period just ending was to improve the predictability of the tax/non-tax burden on businesses through long-term planning for tax law amendments and by reducing the likelihood of the introduction of, or increases in, parafiscal charges, at either central or local level.

### THE COMMITTEE'S MEMBERS:

ADVOKATSKA KANCELARIJA  
PARIVODIĆ  
ADVOKATSKA KANCELARIJA VUKOVIĆ  
& PARTNERS

AIGO BUSINESS SYSTEMS

AIRPORT CITY

ALLIANCE ONE TOBACCO

APATINSKA PIVARA APATIN

ATLAS CENTAR

ATLAS GROUP

AVON COSMETICS

BALL PACKAGING EUROPE

BANCA INTESA

BDK ADVOKATI

BDO

BEL MEDIC GENERAL HOSPITAL

BELGRADE OPEN SCHOOL

BOJOVIĆ & PARTNERS

CBS INTERNATIONAL

CITIBANK

COCA COLA HELLENIC

COMMUNIS

CROWE HORWATH

CROWNE PLAZA

DELHAIZE

DELOITTE

DELTA HOLDING

DHL

DINERS CLUB INTERNATIONAL

DIRECT MEDIA

DUFREY

EATON

EMBASSY TECHZONES

EOS MATRIX

ERNST & YOUNG

ERSTE BANK

EUROBANK

EXECUTIVE GROUP

FIRST DATA

FONDACIJA ANA I VLADE DIVAC

G4S SECURE SOLUTIONS

GLAXOSMITHKLINE

HARRISONS

HEMOFARM

HEWLETT PACKARD

HONEYWELL

HYPO ALPE ADRIA BANK

I & F MCCANN GRUPA

IBM

JANKOVIĆ, POPOVIĆ & MITIĆ

JT INTERNATIONAL

KARANOVIĆ & NIKOLIĆ

KOMERCIJALNA BANKA

KPMG

LEO BURNETT

L'OREAL BALKAN

LUKA BEOGRAD

LUNA/TBWA

MEDIGROUP SEE

MEDTRONIC

MERCATOR-S

MERCK SHARP & DOHME

METRO CASH & CARRY

MICROSOFT SOFTWARE

MIKLJELJ, JANKOVIĆ & BOGDANOVIĆ

MK GROUP

MOJI BRENOVI

MORAČEVIĆ, VOJNOVIĆ & PARTNERI

NAFTNA INDUSTRIJA SRBIJE

NAUMOVIĆ & PARTNERI

NELT

NEW MOMENT NEW IDEAS COMPANY

NOVO NORDISK PHARMA DOO

BEOGRAD

ORION TELEKOM

PFIZER

PHILIP MORRIS SERVICES

PRICEWATERHOUSECOOPERS

RAIFFEISEN BANK

REPRESENT COMMUNICATIONS

SEKULOVIĆ LAW OFFICE

SERBIAN BUSINESS SYSTEMS

SGS BEOGRAD

SIEMENS

SMALL ENTERPRISE ASSISTANCE

FUNDS

SOCIETE GENERALE BANK

ŠTAMPA SISTEM

TEKNOXGROUP SRBIJA

TELEGROUP

TELENOR

TELESIGN

TITAN CEMENTARA

TMF SERVICES

TRIZMA

TRS EUROPE

TURNER SOUTHEAST EUROPE

UNICREDIT BANK

UNIQA NEŽIVOTNO OSIGURANJE

VICTORIA GROUP

VIP MOBILE

VODA VRNJCI

VOJVODANSKA BANKA

VREME

WEST PHARMACEUTICAL SERVICES

WIENER STADTISCHE OSIGURANJE

WOLF THEISS

## THE COMMITTEE'S FOCUS 2014-2016:

- Improving the predictability of the tax and non-tax burden (completing parafiscal reforms, primarily through the enactment of a single Law on Compensations for the Use of Public Assets, which will list all fees and determine their levels and mechanisms for changing those levels)
- Improving liquidity in the financial system by protecting creditors (amendments to the Law on Insolvency and the Law on Enforcement, impact assessment of implementation of the Law on Payment Deadlines) and lowering the NPL level in the banking sector
- Improving Tax Administration procedures, particularly by ensuring the uniformity of procedures and practices across different organizational units and improving the complaints procedure

## THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

### IMPROVING THE PREDICTABILITY OF THE TAX AND NON-TAX BURDEN

According to a survey presented at AmCham's conference at the end of 2014, 75% of AmCham members said that better predictability of tax policy and better implementation of tax legislation was the critical reform that the Government needed to implement in 2015. 57% of member companies said that the current predictability of tax policy and the consistency of its implementation was either poor or very poor. Thus, this was the most important reform of the business environment in the opinion of AmCham member companies. However, despite significant efforts by the Finance and Tax Committee, this reform had few tangible results. There can be no doubt that this is the

case because almost all amendments made to the relevant tax laws in 2015 were adopted using urgent procedures, without public discussion.

One such amendment, which was not made publicly known before being adopted, was the amendment to the **Decree regulating the compensation of business travel expenses for civil servants**, also used as the basis for the untaxable portion of per diems and business travel expenses in the private sector, which resulted in a significant increase in business travel costs for the entire private sector. The negative effects of the amendment to this decree subsisted until the end of 2015, when they were annulled by amendments to the Law on Personal Income Tax, made on the joint initiative of the Finance and Tax Committee and the Foreign Investors Council.

Despite huge efforts, starting back in 2012, to create a transparent and efficient regulatory framework for local fees and compensations, no significant advances have been made. The **Draft Law on Compensations for the Use of Public Assets** underwent initial public discussion by the end of 2013. It was then withdrawn to undergo further work, but it is still not in its final adoption phase. At the end of 2015, the **Draft Law on Local Self-Government Financing** was published, adopting AmCham's key suggestions with regard to the abolishment of two local parafiscal levies, the business name display fee – a local fee charged for displaying a company's name at its place of business, and the environmental fee – a fee charged for environmental protection purposes.

Finally, despite opposition from AmCham, the Foreign Investors Council, and NALED, in late 2015 the Law on the Chambers of Commerce was adopted without public discussion. This law introduced **yet another parafiscal levy** – mandatory membership fee in the

Serbian Chamber of Commerce – that will be payable from 2017 at a rate and according to a methodology to be subsequently defined by the General Assembly of this association.

### PARTIAL IMPROVEMENTS TO THE REGULATORY FRAMEWORK FOR THE LIQUIDITY OF BUSINESSES

With regard to improving the liquidity of businesses, the Finance and Tax Committee began an impact assessment for the **Law on Payment Deadlines** with the aim of introducing more discipline in payment, starting with the public sector. The assessment showed that the mechanism for overseeing the implementation of this law was inadequate, and that its existence, apart from the initial cost for businesses of adapting to it, had no significant impact on the liquidity situation.

The private sector's solution for the problem of uncollectible claims, offered through the committee's comments on the **Law on Factoring**, was to remove the existing legislative barriers stopping banks selling claims to factoring companies. However, the amendments to this law have not yet been adopted.

The greatest progress was made with regard to addressing the problem of NPLs, with the committee, in cooperation with the IMF, providing constructive suggestions concerning the relevant tax laws and the **Law on Enforcement and Security**, which were adopted at the end of 2015.

### IMPROVEMENT TO THE PRACTICE OF THE TAX ADMINISTRATION THROUGH ELECTRONIC TAX FILING, WHILE UNIFORMITY OF PRACTICE AND THE PREDICTABILITY OF THE TAX LAWS REMAINS ARGUABLE

Despite the Tax Administration's openness, and the IMF's cooperation, there have been no visible results of the committee's efforts to improve Tax Administration practice in regard to ensuring uniformity of practice across affiliates, enhancing the predictability of practice (compliance with opinions, given that they are already legally binding) and complying with statutory deadlines for the issue of certificates.

**The greatest accomplishment** was certainly the **adoption of the Rulebook for Electronic Tax Filing**, which led to Serbia taking a huge leap forward in the World Bank's "Doing Business" list with regard to tax collection.

With regard to the implementation of legislation, in 2015 the committee organized a **Round table with representatives of the Tax Administration about practical implementation of the Rulebook for Transfer Pricing**, with the aim of clarifying the most frequently encountered obstacles in the first year of implementation, while also dealing with expectations for the development of this area, one that is new for the Tax Administration.

### FOCUS IN THE UPCOMING PERIOD 2016-2018:

In the upcoming period the committee will continue:

- Advocating mandatory public discussion for financial legislation
- Finalizing the reform of parafiscal charges
- Ensuring uniformity of Tax Administration practice
- Harmonizing Tax Administration practices with the Law on Inspections Oversight

## WIDE ANGLE

**Igor Lončarević, KPMG**

For the past three years, the member companies of the American Chamber of Commerce in Serbia have identified the need for better predictability and transparency in the tax system as one of their key priorities for improving the business environment. With this in mind, the committee devoted its activities to advocating the timely announcement of any changes to tax policy; the holding of public discussions on any amendments to tax legislation, as is already required by law; and consistency in the implementation of announced measures.

Looking back at the past two years, we can conclude that progress has been made with the Draft Law on Local Self Government Financing, an initiative of the committee, which abolished two major parafiscal charges (the fee for displaying company names and the environmental fee). Along with the adoption of the Rulebook for Electronic Tax Filing, this has led to a great improvement in Serbia's ranking in the World Bank's Doing Business list with regard to tax collection.

On the other hand, despite continual dialogue between the committee and the Ministry of Finance, the Tax Administration, and other relevant authorities, no more important steps have

been taken to improve the relevant regulatory framework. Even though the adoption of the Law on Compensations for the Use of Public Assets has been announced several times since 2013, this law, intended to increase the transparency of charges, is still not in progress. The continuous urgent and non-transparent adoption of amendments to tax regulations has repeatedly deprived the business community of the opportunity to voice its opinion. Furthermore, the announced reform to the tax administration, although apparently in progress, has still not yielded any results in standardizing interpretation across different affiliates. Moreover, the committee's efforts to establish a structured approach to dialogue between the private sector and the tax administration were interrupted several times due to changes in the leadership of this body.

At the end of our two-year mandate, I would like to express gratitude to all the members of the Finance and Tax Committee who, with their comments and suggestions, have worked diligently to shape proposals for the establishment of a better tax system, from the perspective of both taxpayers and the tax administration. I would also like to thank our partner institutions, primarily the IMF, NALED, and USAID BEP, for our numerous joint initiatives and for the continuation of cooperation to improve the macroeconomic and fiscal stability of Serbia.

## LABOR REGULATION COMMITTEE

**CHAIRPERSON:** Dragica Pilipović Chaffey, *SBB*

**VICE CHAIRPERSON:** Jovana Tomić, *Živković Samardžić Law Office*

### THE COMMITTEE'S MISSION:

The findings of the survey conducted among AmCham member companies at the end of 2013 again confirmed that labor legislation reform is the priority, and is the only reform measure which directly affects the employment rate. The mission of the Labor Regulation Committee is to improve labor legislation and monitor the challenges to its implementation, with the aim of increasing Serbia's competitiveness as an investment destination as well as facilitating economic growth and sustainable increase of employment.

### THE COMMITTEE'S MEMBERS:

ADVOKATSKA KANCELARIJA VUKOVIĆ & PARTNERS

APATINSKA PIVARA

AVON COSMETICS

BALKANS REAL ESTATE

BALL PACKAGING EUROPE

BANCA INTESA

BDK ADVOKATI

BDO

BEL MEDIC GENERAL HOSPITAL

BELGRADE OPEN SCHOOL

BOJOVIĆ & PARTNERS

CBS INTERNATIONAL

COCA COLA HELLENIC

CROWE HORWATH

CROWNE PLAZA

DBP ADVOKATI

DELHAIZE

DELTA HOLDING

DHL

DINERS CLUB INTERNATIONAL

DUFRY

EOS MATRIX

ERNST & YOUNG

ERSTE BANK

EUROBANK

EXECUTIVE GROUP

G4S SECURE SOLUTIONS

GI GROUP HR SOLUTIONS

HARVARD CLUB OF SERBIA

HEMOFARM

HEWLETT PACKARD

HYPO ALPE ADRIA BANK

IBM

JANKOVIĆ, POPOVIĆ & MITIĆ

JOHNSON & JOHNSON

JT INTERNATIONAL

KARANOVIĆ & NIKOLIĆ

KINSELLAR

KOMERCIJALNA BANKA

KPMG

LALIN LAW

LEO BURNETT

L'OREAL BALKAN

MERCK SHARP & DOHME

METRO CASH & CARRY

MICROSOFT SOFTWARE

MIKIJEVIĆ, JANKOVIĆ & BOGDANOVIĆ

MK GROUP

MOJI BRENDOVI

MONDELEZ

MORAČEVIĆ, VOJNOVIĆ & PARTNERI

NAFTNA INDUSTRIJA SRBIJE

NAUMOVIĆ & PARTNERI ADVOKATI

NELT

ORION TELEKOM

PHILIP MORRIS SERVICES

PMI SERBIA CHAPTER

PRICEWATERHOUSECOOPERS

RAIFFEISEN BANK

S&T

SBB

SCHNEIDER ELECTRIC

SEKULOVIĆ LAW OFFICE

SERBIAN BUSINESS SYSTEMS

SIEMENS

SOCIETE GENERALE BANK

ŠTAMPA SISTEM

STAR IMPORT

TELEGROUP

TELESIGN

TITAN CEMENTARA

TMF SERVICES

UNIQA NEŽIVOTNO OSIGURANJE

VICTORIA GROUP

VIP MOBILE

VOJVODANSKA BANKA

WIENER STADTISCHE OSIGURANJE

ŽIVKOVIĆ & SAMARDŽIĆ LAW OFFICE

## THE COMMITTEE'S FOCUS 2014-2016:

- Improving labor legislation through amendments to the Labor Law, by cutting unnecessary paperwork, providing for easier entry to and exit from the labor market through more flexible employment, sanctioning underperforming employees, and creating a predictable system of social negotiations
- Watching over the implementation of labor legislation
- Addressing any problems in the implementation of the Law on the Employment of Foreigners

## THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:



### SIGNIFICANTLY IMPROVED LABOR LEGISLATION WITH ADOPTED AMENDMENTS TO THE LABOR LAW

Due to the problems identified and the measures proposed, the Labor Regulation Committee focused on developing job creation incentives by improving labor legislation in order to make it compatible with the economic situation, facilitate efficient oversight of implementation (diminish abuse and the grey economy), and enhance predictability as a key precondition for further investment and a long-term rise in employment. There is no doubt that the greatest accomplishment of the committee was the adoption in mid-2014 of a new **Labor Law which resolved most open issues in this area and made major progress in labor legislation.** After more than 25 meetings with representatives of the Ministry of Labour, Employment, Veteran and

Social Affairs, members of working groups, trade unions, and business associations – 70% of the Law Committee's comments were incorporated into the final text of the Labor Law, the most important among which relate to:

- The disbursement of severance pay to the employee only for the duration of his service with the employer with whom his employment terminates
- Extending the maximum duration of a fixed-term contract of employment to 36 months
- More flexible employment, as well as the sanctioning of underperforming employees – by increasing the number of reasons for the termination of contract (including the abuse of sick leave), and introducing disciplinary measures (15 days suspension plus 20% salary reduction)

Furthermore, AmCham took part in amending the **Law on Employment of Foreigners**, most importantly by making suggestions which make it easier for employers to employ non-residents.

### **SUCCESSFULLY MONITORING THE IMPLEMENTATION OF LABOR REGULATION**

After the Labor Law was adopted, the Labor Regulation Committee continued to monitor the implementation of the Labor Law, including by organizing a **seminar attended by the representatives of the Ministry of Labour, Employment, Veteran and Social Affairs**, who took part in its drafting, with the aim of clarifying a number of provisions and harmonizing it with common practice.

AmCham's contribution to the implementation of the adopted laws and increasing compliance

of companies was continued through a **Briefing Session on Mobbing and the Protection of Whistleblowers**, and through a **roundtable with representatives of the competent Ministry and the National Employment Service on implementing previously amended rules for employment of foreign nationals**. The goal of these implementation seminars was to obtain the competent institutions' answers to AmCham member companies' numerous questions about the practical implementation of labor regulation.

### **FOCUS IN THE UPCOMING PERIOD 2016-2018:**

In the coming period the committee will certainly:

- Monitor the implementation of labor legislation and insist on consistent implementation and uniformity of interpretation
- Monitor amendments to legislation which concern the functioning of social dialogue

**WIDE ANGLE**

**Jovana Tomić,**  
*Živković Samardžić Law Office*

The Labor Regulations Committee was established with the aim of improving labor legislation, learning more about current practice, and clarifying ambiguities in the current implementation of labor legislation. Amending the Labor Law was certainly the top priority for the committee, and AmCham member companies showed great enthusiasm and desire to use their long-term experience to contribute to the amendment of this law. Committee members pointed out the challenges they encounter in practice and, thanks to their suggestions and their active participation at meetings, the text adopted for the Labor Law included 70% of the proposals made by the committee. After the law was adopted, the committee took part in its implementation, organizing a seminar with the participation of the competent authorities who had taken part in developing the law, so that ambiguities with regard to the application of its numerous provisions

could be dispelled. In 2015, the committee closely followed the adoption process for the Law on the Employment of Foreigners and the Law on the Protection of Whistleblowers, organizing relevant seminars with the representatives of competent ministries, with the aim of aligning these legal texts with actual practice.

The plan for the upcoming period is to organize a seminar about the Law on Requirements for Seconding Employees Abroad on a Temporary Basis. Moreover, the committee will recommend that the Law on Labor-Related Records should be amended and will implement other activities aimed at modernizing legislation, creating legal certainty, and ensuring consistency of practice.

For all that we have managed to do, as Vice Chair of the Labor Regulations Committee, I owe a huge thank you to all members of the committee for devoting their time and offering their help in such a generous manner, and in particular to AmCham representatives for being so well-organized and patient.



## REAL ESTATE COMMITTEE

**CHAIRPERSON:** Đorđe Nikolić, *NKO Partners*

**VICE CHAIRPERSON:** Vladimir Pavlović, *Metro Cash & Carry*

### THE COMMITTEE'S MISSION:

The Real Estate Committee strives to be a constructive partner to Serbian Government and other state institutions in improving overall real estate regulatory framework, aimed at diminishing obstacles for both green and brown field investments, facilitating further development of planning, construction, design and other real estate sectors as well as ensuring better enforcement of adopted regulations in practice.

### THE COMMITTEE'S MEMBERS:

ADVOKATSKA KANCELARIJA  
PARIVODIC  
ADVOKATSKA KANCELARIJA VUKOVIĆ  
& PARTNERS  
AGRI BUSINESS PARTNER  
AIRPORT CITY  
APATINSKA PIVARA  
ATLAS CENTAR  
ATLAS GROUP  
BALKANS REAL ESTATE  
BANCA INTESA  
BDK ADVOKATI  
BELGRADE OPEN SCHOOL  
BELGRADE WATERFRONT  
BEOANALIZA  
BOJOVIĆ & PARTNERS  
BOYDEN GROUP  
BRITISH AMERICAN TOBACCO  
CBS INTERNATIONAL  
COCA COLA HELLENIC  
COLLIERS  
CONTINENTAL WIND SERBIA  
CRE INTERNATIONAL  
CROWE HORWATH  
DBP ADVOKATI  
DELHAIZE  
DELOITTE  
DELTA HOLDING

EMBASSY TECHZONES  
ERNST & YOUNG  
ERSTE BANK  
EUROBANK  
EXECUTIVE GROUP  
HARRISONS  
HEMOPARM  
HONEYWELL  
HYPO ALPE ADRIA BANK  
IKEA  
IMO PROPERTY INVESTMENTS  
INSTITUT IMS  
JANKOVIĆ, POPOVIĆ & MITIĆ  
JONES LANG LASALLE  
JT INTERNATIONAL  
KARANOVIĆ & NIKOLIĆ  
KINSELLAR  
KOMERCIJALNA BANKA  
LALIN LAW  
LUKA BEOGRAD  
M & V INVESTMENTS  
MERCATOR-S  
METRO CASH & CARRY  
MIKIJELJ, JANKOVIĆ & BOGDANOVIĆ  
MK GROUP  
MOJI BRENDOVI  
MORAVČEVIĆ, VOJNOVIĆ & PARTNERI  
NAFTNA INDUSTRIJA SRBIJE

NAUMOVIĆ & PARTNERI  
NKO PARTNERS  
NOVASTON  
ORION TELEKOM  
OSA RAČUNARSKI INŽENJERING  
PHILIP MORRIS SERVICES  
PWG LAW OFFICE  
RAIFFEISEN BANK  
RIO SAVA EXPLORATION  
SBB  
SCHNEIDER ELECTRIC  
SEKULOVIĆ LAW OFFICE  
SIEMENS  
SIKA  
SOCIETE GENERALE BANK  
TEKNOXGROUP SRBIJA  
TELENOR  
TRS EUROPE  
TURNER SOUTHEAST EUROPE  
UNIQA NEŽIVOTNO OSIGURANJE  
VICTORIA GROUP  
VIP MOBILE  
VODA VRNJCI  
VOJVODANSKA BANKA  
WIENER STADTISCHE OSIGURANJE  
WOLF THEISS  
ŽIVKOVIĆ & SAMARDŽIĆ LAW OFFICE

## THE COMMITTEE'S FOCUS 2014-2016:

- Creating an efficient and predictable framework for construction permitting by amending the Law on Planning and Construction, clearly defining the ownership of land, and reforming the compensation for development of construction land
- Harmonization of sector-specific laws with the Law on Planning and Construction
- Resolving the issue of conversion of the right to use land into ownership right

## THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

### SETTING UP A MORE EFFICIENT AND PREDICTABLE FRAMEWORK FOR OBTAINING CONSTRUCTION PERMIT

The Real Estate Committee took an active part in the public discussion surrounding the adoption of the **Law on Planning and Construction** in 2014. The committee's suggestions helped ensure that the final text of the law is in conformity with the main requirements of the business community, with the aim of further developing the construction industry and establishing a better business climate. AmCham's key suggestions related to:

- Addressing the complicated matter of ownership rights over land - limiting the conversion process with compensation to the least possible number of cases and abolishing the right to long-term lease as a specific category of right over land
- Reform of the compensation for construction land development

Most of AmCham's suggestions were incorporated into the final version of the law, while the conversion of the right to use land into the ownership right was left to be regulated in a specific law.

With the aim of informing its member companies about the latest amendments to the law, AmCham, together with the Ministry of Construction, Transport and Infrastructure, organized a **round table about the most important amendments to the Law on Planning and Construction**, a simulation of the required permitting procedure, and a comparative overview of the procedures implemented by the former and the new rules.

A year later, the Ministry of Construction, Transport, and Infrastructure, NALED, USAID BEP and AmCham organized a **Conference on Integrated Procedure and Planning Documents** with the goal of summarizing the first results of the practical implementation of the new construction permitting procedure and the identification of further steps to be taken with regard to planning and construction.

### **ISSUE OF CONVERSION RESOLVED THROUGH THE LAW ON THE CONVERSION OF RIGHT TO USE LAND INTO OWNERSHIP RIGHT**

In 2015, committee actively worked to provide comments and support to the adoption of the proposed **Law on the Conversion of Right to Use Land into Ownership Right** as one of the last outstanding important issues presenting an obstacle to the promotion of new investments in the upcoming period. Following the **Business**

**Luncheon with the Deputy Prime Minister of the Government of Serbia and Minister of Construction, Transport and Infrastructure, Ms. Zorana Mihajlović**, many meetings with the representatives of the relevant Ministry, Delegation of the European Union, and the IMF, AmCham, in cooperation with the Foreign Investors Council and NALED, issued recommendations for an alternative solution, satisfactory for both the private and public sectors.

The new Law adopted in July 2015 provided for conversion without compensation, for any part of land serving for regular use of objects, including elements located around objects (infrastructure, traffic roads etc.). In addition, Law provides opportunity for recognition of costs for acquiring right to use land in specific cases, such as if it relates to undeveloped land or when it is determined that there existed acquiring costs at the time of acquisition.

## FOCUS IN THE UPCOMING PERIOD 2016-2018:

Taking into account the multi-layered effects of the construction industry, and its implications for the creation of a more favorable business environment, in the upcoming period the committee will continue to be a constructive partner for the Government of the Republic of Serbia. By defining an action plan in cooperation with partner institutions and the competent Ministry, it will attempt to resolve the outstanding key issues.

The key recommendations for the upcoming period are:

- Changes in the bylaws on the Law on Planning and Construction, as a result of the first implementation results
- Enacting new and amending existing legislation governing the construction of infrastructural, primarily line, projects
- Harmonizing sector-specific laws (the Law on Fire Protection and the Law on Public Procurement), with the planning documentation requirements
- Regular consultations between the public and private sectors in the field of planning documentation

## WIDE ANGLE

**Đorđe Nikolić, NKO Partners**

We start 2016 full of enthusiasm, following the initiation and implementation over the past two years of key reforms which strengthen Serbia's competitiveness with regard to the development of the construction industry. The acceleration of the pace of reform with regard to issues of construction licensing and conversion was the result of work by the Ministry of Construction, Transportation and Infrastructure over the past two years. However, it was also the result of the synergy of expertise between business associations, particularly AmCham, NALED and FIC, with exceptional and continuous support from donors, primarily USAID through its Business Enabling Project.

The amendments made to the Law on Planning and Construction are certainly the greatest accomplishment of the Real Estate Committee. Through continuous dialogue between the private sector and the competent ministry, the committee managed to prevent amendments to this law from being adopted prior to the due preparation of bylaws regulating the licensing procedure. A legal vacuum was thus avoided, and suitable preparations for implementation were enabled. Furthermore, the Law on Conversion of the Right to Use Land into Ownership Right was adopted. Since the committee's main suggestions were reflected in

this law, this longstanding barrier to the development of the construction industry was finally removed.

A true assessment of the suitability of these solutions will surely come from their practical implementation and the experience of business operators, but the committee's focus in the upcoming period will be on implementation, primarily with regard to planning documents and the integrated procedure. The general conclusion of the conference which we organized in late 2015 in cooperation with partner institutions and the competent Ministry was that the integrated procedure functions in practice, and has accelerated the construction licensing procedure, although some problems are still encountered in practice which need to be resolved by amending certain regulations and taking suitable action.

The committee's good performance indicators are primarily the result of engagement by AmCham member companies, whose comments contributed significantly to improvements made to the initial drafts of sector-specific laws. We owe special thanks to the Ministry of Construction, Transport and Infrastructure for their openness to continuous dialogue, both about the need to amend the legislation and about how to interpret and implement it. This was an excellent example of synergy between the public and private sectors.

## ICT COMMITTEE

**CHAIRPERSON:** Željko Tomić, *OSA Računarski Inženjering*

**VICE CHAIRPERSON:** Boris Vujičić, *Trizma*

### THE COMMITTEE'S MISSION:

Recognizing IT as an excellent development opportunity for Serbia and appreciating the fast multiplicative effects of this sector, the ICT Committee strives to contribute to the further development of the information society in Serbia in order to promote Serbia as an attractive investment destination and a source of talent, to help the Government develop IT entrepreneurship and e-Government optimization and consolidation.

### THE COMMITTEE'S MEMBERS:

ALGOTECH	ORACLE
AUDATEX	ORION TELEKOM
BDK ADVOKATI	OSA RAČUNARSKI INŽENJERING
CISCO SRBIJA	S&T
DEKEL	SAMSUNG
DELL	SBB
DELOITTE	SERBIAN BUSINESS SYSTEMS
DELTA HOLDING	SIEMENS
ENEL PS	SITEL SBA
FIRST DATA	STARTIT
GROUNDLINK	TELEGROUP
HEWLETT PACKARD	TELEKOM
IBM	TELENOR
ICT HUB	TELESIGN
INTEL	TRIZMA
JOKSOVIĆ, STOJANOVIĆ & PARTNERS	VICTORIA GROUP
MICROSOFT SOFTWARE	VIP MOBILE
NCR	VMWARE
OMNICOM SOLUTIONS	

## THE COMMITTEE'S FOCUS 2014-2016:

- Creating an environment conducive to the implementation of e-Government, contributing to the optimization of processes and the reduction of the operational costs of public administration
- Completing the legislation governing e-business and information security
- Establishing liaison between the private sector and educational institutions with the aim of improving and modernizing the curricula
- Promoting entrepreneurship in the ICT sector through cooperation with SEE ICT/Startit & ICT Hub

## THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

### ESTABLISHING COOPERATION WITH STATE AUTHORITIES AIMED AT PROMOTING AND IMPLEMENTING E-GOVERNMENT

In late 2015, in cooperation with the Ministry of Public Administration and Local Self Government and the Directorate for e-Government, AmCham organized a **Conference to mark e-Government Day**, to evaluate the efforts made to develop e-Government, and consider the potential for improving the quality and scope of e-Services, primarily to suit the needs of the business sector but also provide recommendations for their institutional strengthening. Participants agreed that the development of e-Government should be a priority in the development of the public sector, because it increases the transparency of institutions, optimizing their operations and reducing costs and bureaucracy, which provides

an opportunity for a number of public-private partnerships and has a positive impact not only on the state, but also on the economy and citizens.

### PARTICIPATION IN THE REGULATORY PROCESS RELATED TO E-GOVERNMENT AND INFORMATION SECURITY DEVELOPMENTS

In 2014 the ICT Committee worked actively to provide suggestions for a **Draft strategy for the development of e-Government in the Republic of Serbia for the period 2015-2018**, focused on establishing mechanisms for better coordination and communication between state authorities in this area.

In mid-2015, the American Embassy, the Diplo Foundation and AmCham organized an informal meeting to discuss the **Draft Law on Information Security**. The discussion took place with the participation of the representatives of the Ministry of Defense, the Ministry of Interior, the National Bank of Serbia, and representatives of companies active in the information technology and telecommunications sectors. The final version of the Law on Information Security adopted in early 2016 featured joint key suggestions, including the establishment of a specific and independent public body to gather representatives of the private sector, experts in the field, and representatives of the competent ministries, thus enabling involvement of different sectors in the coordination and strategic planning of digital and information security policies. Furthermore, it was specified that inspection oversight would be conducted in accordance with the law governing inspection oversight.

### ESTABLISHING COOPERATION WITH EDUCATIONAL INSTITUTIONS WITH THE AIM OF IMPROVING AND MODERNIZING CURRICULA

**The Round Table with the Ministry of Education** offered an excellent opportunity for the promotion of further cooperation between business sector and educational institutions. It was organized by the committee at the end of 2014 **with the aim of improving and modernizing the curricula of technical faculties**. The examples of joint accomplishments with regard to improvements in the teaching of theory and providing for practical teaching were presented on this occasion. Also, an agreement was reached between the private and public sectors concerning the next steps to be taken towards the establishment of a platform for knowledge innovation.

### ESTABLISHING INSTITUTIONALIZED COLLABORATION IN ORDER TO PROMOTE ENTREPRENEURSHIP IN THE ICT SECTOR THROUGH COOPERATION WITH SEE ICT/ STARTIT & ICT HUB

Through its **cooperation with the ICT Hub and SEE ICT/Startit**, the ICT Committee strives to provide support to the development of IT entrepreneurship by offering its own experts, who assume the role of mentors for startups, providing practical advice and support for their business development. In 2014, AmCham signed a Memorandum of Understanding with the ICT Hub, with the aim of establishing a strategic partnership and introducing mentoring support for the organization's educational activities.

## FOCUS IN THE UPCOMING PERIOD 2016-2018:

In the upcoming period, the committee will focus on:

- Further development of e-Government in practice in accordance with the strategy and promoting better coordination of the competent authorities
- Improvement of legislation in the field of electronic commerce and information security that would enable more thorough development of e-Government
- Providing institutional support for startups and general entrepreneurship in the ICT field
- Linking the educational system with the private sector, with the aim of finding systemic solutions for the lack of adequate staff

## WIDE ANGLE

**Željko Tomić,**  
*OSA Računarski inženjering*

AmCham members include both globally leading international companies and local ICT businesses. While this greatly helped the operation of the ICT Committee, it also had a negative side. On the positive side, we had the most relevant companies and the strongest market players behind us, businesses which have considerable negotiation capacity and huge influence in society. On the other hand, a measure of reservation could be seen from some ICT member companies with regard to the coordination of activities aimed at the implementation of joint action and the creation of more favorable market conditions for all market participants. The latter has somewhat hampered and slowed the operation of the committee recently. In the upcoming period we recommend a coordinated approach, with all interested companies gathering together around common goals.

Regrettably, the response of AmCham member companies within the ICT sector to the activities of the committee did not meet expectations. The requested opinions were not provided and concrete initiatives for overcoming challenges were lacking. In the upcoming period, more focus should be placed on increasing members' proactivity. There

is no doubt that the committee's role is to show how important the ICT industry is for developing Serbia's economy, and it can realize its full potential only by coordinating its members' efforts to resolve challenges, and by focusing on concrete initiatives.

Despite this, in this period the ICT Committee has established a large number of constructive contacts with all relevant public authorities and organizations, as well as starting many activities that are listed in this report. In the upcoming period, the committee should focus more on improving the efficiency of administration by optimizing public procurement processes in public ICT institutions, supporting entrepreneurship and the start-up ecosystem, implementing changes to the education system, and promoting equal opportunities for everybody, regardless of their position or connections.

I wish to express my gratitude first of all to Boris Vujičić, Vice Chair of the committee, for the extraordinary cooperation and understanding he has shown in this period. Thanks also goes to Milica Samardžić from the AmCham Executive Office, since without her the operation of the committee would have been simply impossible. Finally, thank you goes to Stefan Lazarević of NCR for the constructive contribution he gave as a member of the subgroup for strategy.

## COMBATING GREY ECONOMY COMMITTEE

**CHAIRPERSON:** Ivan Miletić, *Philip Morris International Services*

**VICE CHAIRPERSON:** Slobodan Doklešić, *DBP Advokatska kancelarija*

### THE COMMITTEE'S MISSION:

The key priorities for improvement of the business climate defined by American Chamber of Commerce member companies include the systemic and sustainable reduction of the grey economy and the improvement of cooperation between the public and private sectors in combating illicit trade. The grey sector accounts for around 30% of the domestic economy, which translates into a EUR 370 million loss to the state budget. Recognizing the problem of the grey economy, AmCham set up the Combating Grey Economy Committee in order to help establish an efficient legal framework and institutional mechanisms, and thus facilitate effective oversight of the trade in goods and services and sanction the grey economy, suppress corrupt practices, and ensure level playing field.

### THE COMMITTEE'S MEMBERS:

ALLIANCE ONE TOBACCO	MIKIJELJ, JANKOVIĆ & BOGDANOVIĆ
APATINSKA PIVARA	MOJI BRENDOVI
BDK ADVOKATI	MONDELEZ
BELGRADE OPEN SCHOOL	MORAVČEVIĆ, VOJNOVIĆ & PARTNERI
BRITISH AMERICAN TOBACCO	MULTIMEDIA RECORDS
CISCO SRBIJA	NAFTNA INDUSTRIJA SRBIJE
COCA COLA HELLENIC	NAUMOVIĆ & PARTNERI
CROWE HORWATH	NELT
DELTA HOLDING	OSA RAČUNARSKI INŽENJERING
EXECUTIVE GROUP	PHILIP MORRIS SERVICES
HARRISONS	PRICEWATERHOUSECOOPERS
JANKOVIĆ, POPOVIĆ & MITIĆ	SGS BEOGRAD
JT INTERNATIONAL	ŠTAMPA SISTEM
KARANOVIĆ & NIKOLIĆ	UNILEVER BEOGRAD
L'OREAL BALKAN	VICTORIA GROUP
MERCATOR-S	WRIGLEY
METRO CASH & CARRY	ŽIVKOVIĆ & SAMARDŽIĆ LAW OFFICE
MICROSOFT SOFTWARE	

### THE COMMITTEE'S FOCUS 2014-2016:

- Reform of inspections by adopting the Law on Inspection Oversight and implementing acts that ensure effective coordination of inspections, the establishment of a risk analysis and performance assessment system (adoption of the Coordinating Commission's Rulebook, Risk Assessment Rulebook)
- Build the capacity of the inspections for effective implementation of the law, primarily by sharing expertise and best practice
- Monitor the implementation of the umbrella law and sector-specific laws through key inspections

### THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

#### REFORM OF INSPECTIONS THROUGH THE ADOPTION OF THE LAW ON INSPECTION OVERSIGHT AND EFFICIENT COORDINATION OF INSPECTIONS

The pinnacle of the Combating Grey Economy Committee's efforts over the last two years was the adoption of the 'umbrella' **Law on Inspection Oversight**. AmCham participated in the creation of this law from its conception through to the draft stage, and finished by proposing amendments within the Economic Caucus.

The provisions of this Law were critical for:

- Improving previously inadequate coordination between different inspections
- Establishing competences of all inspections over unregistered entities
- Setting the risk assessment principle as the

umbrella principle for the implementation of inspection oversight

- Introducing a single framework for all inspections, and accountability for malpractice

### **BUILDING THE CAPACITY OF THE INSPECTIONS FOR EFFICIENT IMPLEMENTATION OF THE LAW**

After the Law on Inspection Oversight was adopted, the committee shifted its focus to supporting effective implementation of the law. In mid-2015, **AmCham took part in the Working Group for Illicit Trade** chaired by the Tax Administration. This Working Group gathered together representatives of all inspections in an attempt to establish constructive cooperation with the aim of identifying gaps in their responsibilities, scheduling different inspections, collecting critical information from the competent public authorities as important resources for the inspectors, and applying additional instruments to improve their joint efforts.

In October 2015, a regional conference entitled **“Next Round in Fighting the Grey Economy”** was organized, attended by all the relevant public authorities, the private sector, and international and local experts in the field. The goal was to assess the results that had been achieved so far, and point out the importance of the next steps: to ensure more effective court proceedings, to continue and improve cross border cooperation, and to ensure better coordination among all responsible bodies. It was highlighted at this conference that various inspectorates had already achieved significant

results since the Law on Inspection Oversight had begun to be applied, and that the number of relevant reports had grown considerably. However, it was pointed out that the courts and prosecutor offices, being inefficient, had not kept pace with this trend, which should be remedied in the following period.

### **FOCUS IN THE UPCOMING PERIOD 2016–2018:**

Taking into consideration the conclusions of the annual regional conference, the committee will focus its activities on:

- Developing coordination between oversight authorities, prosecutor offices and the courts, with the aim of increasing the effectiveness of the entire process
- Providing support to raising the capacity of the inspectorate in view of the effective implementation of the Law on Inspection Oversight

**WIDE ANGLE****Ivan Miletić,*****Philip Morris International Services***

Following the identification of the business community's key problems in AmCham's annual survey of its member companies, the Combating Grey Economy Committee worked diligently to identify its priorities in order to efficiently distribute its resources and focus its efforts on improving the business environment.

Emphasis was placed on developing and improving the Law on Inspection Oversight after we realized that this piece of legislation was the main obstacle to our efforts to ensure improved consistency and coordination among the bodies implementing the law in practice. The law adopted included most of our recommendations, so our focus in the second half of the year was on the first steps in implementing stricter inspections and more coordinated work by inspections. Although it is not perfect, the implementation of the law in its entirety is very important, and the committee will therefore continue to work alongside the authorities to precisely define how this process should be implemented.

Representatives of the committee were invited to join the Working Group for Illicit Trade, whose efforts have already started to yield concrete results with regard to implementation of the law.

We strongly believe that our endeavors within this working group will contribute to a more constructive search for ways to identify key risks and focus the efforts of inspectorates on eliminating them, as well as filling in gaps in the responsibilities of the various inspectorates.

One of the main conclusions of the Regional Conference on Fighting the Grey Economy was a bottleneck identified in the work of the prosecutor offices and courts. We have had meetings about these issues with representatives of the U.S. Embassy's Department of Justice to provide the competent authorities with suitable training and specialization related to combating the grey economy.

Finally, let me thank those people without whose unrelenting support nothing of this would have been possible. As well as the magnificent AmCham team, and particularly Amalija Pavić, I owe special thanks to Slobodan Doklešić, the Vice Chair of the committee, as well as Goran Pekez and Vlada Tipsarević of JTI, Olivera Papić of Centro Štampa and Marko Milanković of Nelt, who played key roles in coordinating our work with that of NALED and the Government of Serbia. Also, a huge thank you goes to our colleagues from USAID BEP and the U.S. Embassy for their support and guidance. Finally, many thanks go to all active members of the committee for sustaining their efforts in a battle which is now entering its third year.



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