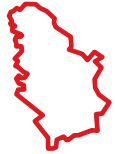




# Start it in Serbia



**88,499 km<sup>2</sup>**



**7.19 million**



**GMT +01:00**  
(Central European)



**Belgrade** (capital)  
1,660,000

**Novi Sad**  
350,000

**Nis**  
250,000

**Kragujevac**  
180,000

Owing to its position in the geographical border between the East and the West, Serbia is often called the gate of Europe. Serbia is bordering the European Union and it offers significant business advantages of the labour outside the European Union. Our country is an ideal place for the business of foreign companies which wish to efficiently cooperate with clients both in Europe and Russia and the Middle East.

Stable policy and an orientation towards European integration, strong institutional support, but primarily competitive business expenses and an educated high quality workforce, have created the conditions in the past decade for numerous global companies to start their operations in Serbia. Our country is seen as one of the leading investment destinations in the world.



In the past ten years, Serbia has attracted more than EUR 21 billion of direct foreign investments.

The list of the companies doing business in the market of Serbia is headed by FCA, Bosch, Michelin, Siemens, Panasonic, NCR, Yura, Magna, Continental, Calzedonia, Eaton, Stada, Falke, Swarovski, Ball Packaging, Sitel, Microsoft, Gorenje, Schneider Electric, Geox, Tarkett, Johnson Controls, Johnson Electric, Leoni and others.

## Getting to Serbia is easy

 < 1.5h

Bucharest,  
Prague,  
Istanbul,  
Rome,  
Vienna,  
Zurich,  
Munich

 < 2.5h

Berlin,  
Düsseldorf,  
Frankfurt,  
Kiev,  
London,  
Paris,  
Amsterdam

 < 3h

Moscow,  
Dublin

Source: Statistical Office  
of the Republic of Serbia

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# consulting

A good business climate represents a business chance for companies which are preparing to start their operation or move one of its segments to the territory of the Republic of Serbia.

Whether you deal in production, buying or selling products, services or workforce, during the planning of moves on a foreign market, it is necessary to ensure all requirements to initiate your operations with timely efficiency, but also with the maximum savings of all available resources.

Headmade can offer you strong initial support and monitoring in all activities specific to starting operations in a new market, from the recruitment of personnel, to legal affairs, ensuring technical and technological requirements, to creating a favourable environment for the beginning and development of business in the territory of the Republic of Serbia.

- 1 human resources
- 2 legal affairs
- 3 property management
- 4 communications



# Highly qualified workforce

The quality of the educational system and the availability of qualified workforce of different professional profiles is one of the key advantages the Republic of Serbia as an investment destination.

**16%**

Unemployment Rate



**43%**

Unemployment Rate (under 30 years old)



Our young experts were recognized as the ideal potential for companies, due to their competences as well as their understanding of western culture, lifestyles and excellent knowledge of foreign languages with which they erase language barriers which could make communication with parent companies more difficult.



**86%**

English

**12%**

German  
Russian

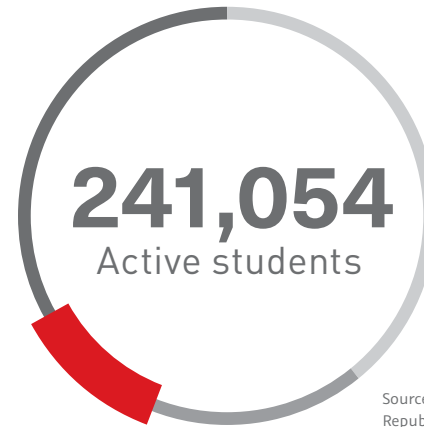
**6%**

French  
Spanish

**4%**

Italian

Source: InfoStud, indication of knowledge of languages, based on 100K+



Source: Statistical Office of the Republic of Serbia / 2016.

**26,298**

Mathematics, IT and Computing

**40,172**

Engineering and Manufacturing

**79,878**

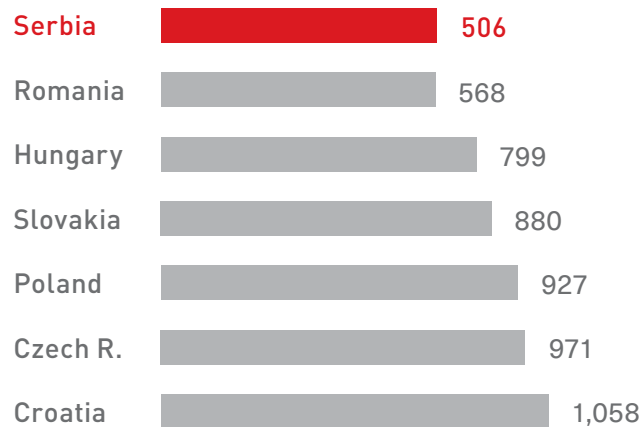
Social Sciences, Business and Law

**94,706**

Other

The supply of the workforce is increasing each year by around 47,500 higher education institution graduates. Out of the total number of graduated students, the students from technical universities comprise around 30%. The leading institutions in this area, such as the School of Electrical Engineering, the Faculty of Mechanical Engineering in Belgrade and the Faculty of Technical Science in Novi Sad are recognized internationally for their expertise.

The average salary in Serbia is sufficiently low to ensure profitable business. Total expenses for the employer are only 50% of the level in East European countries in the European Union. The costs of social benefits and taxes on citizens' salaries are close to 65% of the net revenue, but the tax burden for employer can be reduced through various financial and tax incentives.



Source: The Vienna Institute for International Economic Studies, 2015

Thanks to that, the high level of IT expertise, low prices of labour and the flexibility of the workforce have contributed to Serbia being recognized as an opportunity for the development of operations of leading world and European companies from the ICT sector, such as: Microsoft, Cisco Systems, Adobe, Motorola, Ericsson, Oracle, Google, Hewlett Packard, SAP, IBM, Siemens, Intel, Telenor, and it was also the environment where domestic companies such as DMS were developed in.

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# human resources

A quality workforce is today presented as one of the key measures of competitive advantage, therefore the management of an organization's most important resource must be viewed as one of the organization's core interests.

HM HR deals in recognizing, finding and selecting adequate personnel, providing them training in accordance with corporate standards and values of the company it represents, but also a wide assortment of services in the area of quality management of human resources. With professional support of our experts specialized for this type of service, you will be able to focus on your basic operations on a new market, instead of wasting internal resources on this type of activities.

- ▶ **recruitment of potential candidates**
- ▶ **selection of candidates**
- ▶ **socialization of new employees**
- ▶ **training and development of employees**
- ▶ **managing the performance and behaviour of employees**
- ▶ **motivating employees**
- ▶ **layoffs**



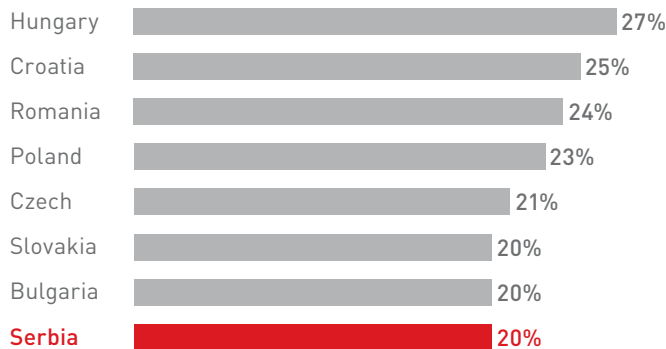
# Competitive tax rates

Aside from low costs of qualified workforce, the favourable business environment of the Republic of Serbia also includes highly competitive tax rates and very low prices of operational costs.

The tax regime in Serbia is very favourable for business activities. Income tax is among the lowest in the whole of Europe, while the value-added tax is among the most competitive ones in Central East Europe.

## Value-added tax

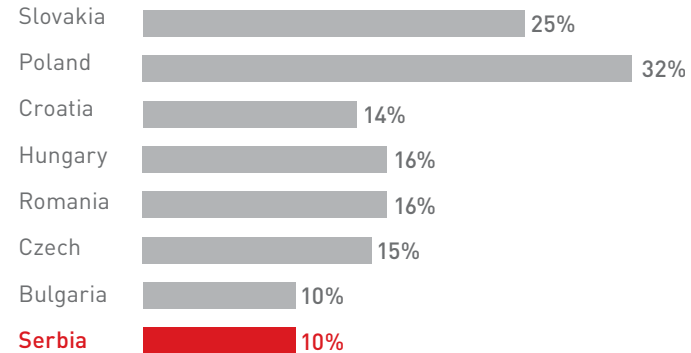
VAT a general consumption tax which is calculated at a rate of 20% and is paid for delivery of goods and rendering of services, in all phases of production and trading of goods and services.



Source: National IPAs, 2015.

## Citizen income tax

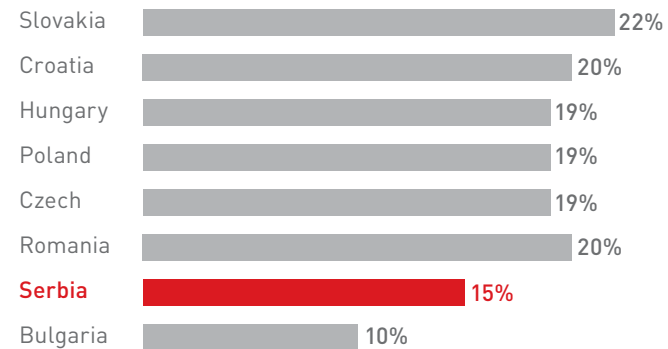
Citizen income tax is calculated at the rate of 10% of monthly salary.



Source: National IPAs, 2015.

## Withholding tax

The withholding tax does not apply to payments of dividends between Serbian entities. For non-residents in Serbia, a withholding tax rate of 20% is calculated for certain transactions such as dividends, shares in profit, royalties, interest, capital gains, payments regarding real estate and other property.



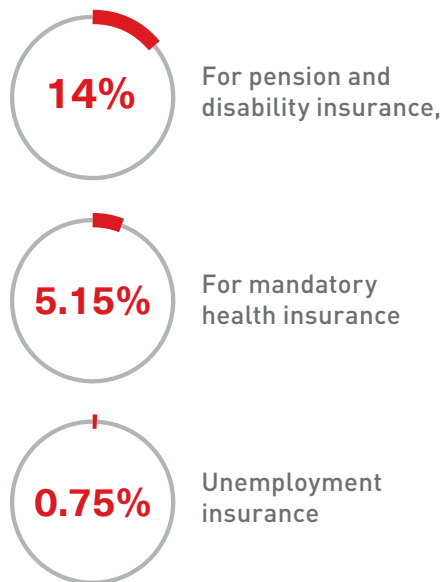
Source: National IPAs, 2015.

## Annual income tax

Annual income tax is paid if it exceeds the amount of three times the annual income in Serbia. The tax rate is 10% for annual income in the amount up to 6 average annual income amounts in Serbia, and 15% for annual incomes which exceeds 6 average annual income amounts.

## Taxes and contributions

The rates of mandatory social insurance are:



Source: Statistical Office of the Republic of Serbia / 2016

The total amounts of social contributions and income taxes calculated for net income are around 65% of net income.

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# legal affairs

The next important step on the path to enter a new market is getting acquainted with the legal and legislative regulation of a foreign country and identifying the most optimal solutions in the process of registering and legalizing operations, in accordance with the business goals of the company.

Our expert team of tax advisors, accountants, auditors and lawyers is capable of offering you professional services, from analyzing business models and product and service flows, to preparing the complete documentation and performing all legal procedures for founding a company or office, to advisory services about available tax incentives and manners to acquire them. A careful approach to available tax incentives and their use can contribute to reducing the effective tax rate in favour of legal entities.

- ▶ **Expert aid in launching operations**
- ▶ **Analysis and advice in the selection of the most adequate legal form in accordance with business goals**
- ▶ **Advice and assistance during preparation of registration documentation**
- ▶ **Selection of adequate legal form and business model for operation, which ensures the repatriation of income with smaller tax expenses**
- ▶ **Analysis of transfer pricing risk**
- ▶ **Tax optimization of business**
- ▶ **Analysis of tax incentives and rules**
- ▶ **Analysis of capacities to utilize the tax stimulus packages in Serbia, as well as the benefits offered by a network of bilateral agreements on avoiding double taxation**
- ▶ **Verifying the compliance of indirect taxes with applicable tax regulation**



# Competitive operating costs

## Lease cost

Aside from low costs for a qualified workforce and highly competitive tax rates, the favourable environment in the Republic of Serbia also includes very low operational costs. The Republic of Serbia is among the European states with exceptionally low prices of real estate, electricity, gas, fuel and fixed phones.



Old Build  
**1-2.5€/m<sup>2</sup>**



New Build  
**3-5€/m<sup>2</sup>**



Average Building Cost  
**200-400€/m<sup>2</sup>**

## Operating costs

A successful start in a new business environment largely depends on a quality assessment on which basis you will make the decision for selecting a specific environment, incentive locations, adequate urbanism solutions and optimal technical preparedness of the new commercial space in which you will start your business.



Electricity  
**0.067 €/kWh**



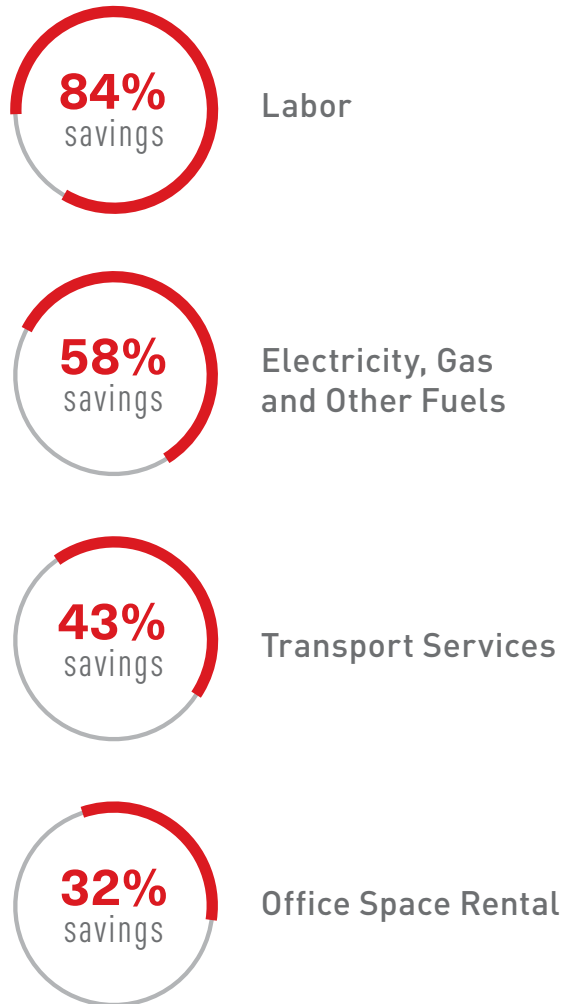
Gas  
**0.6-1.3 €/m<sup>3</sup>**



Water  
**0.38-0.42 €/m<sup>3</sup>**



## Cost Savings vs EU-28 Average



Source: Eurostat, CBRE, 2015

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## property management

HM Property Management deals in managing all services necessary for the correct selection and furnishing, and after that the use of commercial space. In an optimal way, we coordinate the executors of various specialties, with which we ensure compliance with regulation, full functionality of all subsystems of the work environment, all that for the purpose of raising the quality and lowering the expenses of our clients. Our set of services in this area provides you know-how and logistical support in all relevant segments.

- ▶ **Real estate trade**
- ▶ **Construction operations**
- ▶ **Designing and furnishing of interiors**
- ▶ **Technical furnishing of workspaces**
- ▶ **Facility management**



# Specifics of the social and business environment

When creating a development strategy for new markets, it is often overlooked that even if people from different cultures share basic values, interpreting them from different context view and the final manifestation of their behaviour can be entirely different.

Understanding cultural specifics, seeing and recognizing the similarities and the differences and their comprehension represents a very important requirement for defining an entry strategy for new markets.

Therefore cultural sensitivity and modifying of corporate standards in accordance with the local characteristics are very important requirements for corporate assimilation in a new market.



**23**  
ethnic groups



**6**  
spoken languages

Source: Statistical Office of the Republic of Serbia / 2016

The members of a certain society act according to an integrated system of learned behaviour models built on socio-cultural heritage and often, ethnical entities that are very close geographically have vastly different behaviour models.

The culture of a national entity is characterized by a language, non-verbal communication, religion, values and views, habits and customs education, aesthetics, social standard. Culture ensures an identity and creates a foundation for the behaviour of all individuals of a certain cultural identity. It is learned, adopted, shared and passed from generation to generation. Culture is conservative, resistant and strives toward continuity.

# communication management

Business success in a new market largely depends on adequate corporate communication. Cultural sensitivity and modifying of corporate standards in accordance with the local characteristics are very important requirements for corporate assimilation in our market.

On the basis of our multi-year experience, we are prepared to offer you cooperation for the operations of planning, implementing, monitoring and reviewing your communication strategies in the local market. The service includes the identification of key communication channels, managing the flow of information towards internal and external audiences but also all other services in the field of communication management which are directed at accomplishing business goals and establishing a stable market position.

- ▶ **Communication strategy**
- ▶ **Creative strategy**
- ▶ **Public Relations strategy**
- ▶ **Media strategy**
- ▶ **Graphic and web design**
- ▶ **Audio and video production**
- ▶ **Event management**

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