

2025



SERBIA
PAYROLL GUIDE

1. Applicable Laws

- Labor Law
- Pension and Disability Insurance Law
- Health Insurance Law
- Law on Employment and Insurance in a case of unemployment
- Personal Income Tax Law
- Law on the Employment of Foreigners
- Law on Tax Procedure and Tax Administration

The salary is to be agreed between the employer and employee and stated in the employment contract as a gross amount. The gross salary includes net earnings, income tax and contributions paid on behalf of the employee.

By law, wages must not be lower than the minimum wage whose amount is annually decided by the Social and Economic Council of Republic of Serbia (SEC). The latest decision of SEC for the minimum salary which is obligatory during 2025. amounts to net 308,00 RSD/hour.

The law prescribes other salary elements (for work on holidays, overtime etc) and reimbursement of expenses, such as fees for meal allowances, subsidy for annual holiday, bonuses, seniority pay.

Employees shall be guaranteed equal earnings for the same work, or the work of equal value performed for an employer. The work of the same value shall be understood as work requiring the same professional qualification level, same work abilities, responsibility and physical and intellectual work and experience.

2. Social Insurance and Contributions

The Employee is entitled to social insurance: pension and health insurance, and insurance in case of unemployment. Social Insurance contributions are calculated at expense of both employee and employer at the following rates:

	Employee	Employer
Pension and Disability insurance employee	14%	10%
Health insurance	5.15%	5.15%
Unemployment Insurance	0.75%	0%

The obligation for calculation and payment of the contributions is on the employer's side and taxes and contributions have to be paid before the payment of the net earnings. All withholding tax and contribution returns can be submitted exclusively electronically, via the web portal of the Tax Administration.

3. Personal Income Tax

Personal Income Tax imposed on salaries is 10%. The gross amount is used as a basis to calculate contributions. The taxable amount is equal to the gross salary reduced by the non-taxable amount of RSD **28.423,00** (approx. EUR 240), which is fixed and changeable once per year (prescribed by law, valid from January 1st of current year until January 31st of following year for salaries paid for FY 2025).

4. Tax Incentives and Subsidies for Employment

With the latest changes in legislation, most of tax incentives are abolished including those for employment of trainees under the age of 30 and all other age-conditioned incentives. All the benefits earned before the amendment of the law can be used until the expiration of the period for which they were claimed.

Remaining in force are the incentives and subsidies for employment of persons with disabilities and incentives conditioned by the number of newly hired employees with some additional criteria applicable.

5. Employment Procedure

Contract:

The employment relations are established on the basis of an employment contract signed by the employee and the employer who is represented by the Director (Member of the Board of Directors) or an employee authorized by Power of Attorney issued by the Director. Contracts must have all general data for employer and employee, with signature date and commencement day included. A contract also must define: the type of job and main responsibilities for both employer and employee, gross salary, working hours, violation of employment discipline, cancellation of contract notice (min. 15-30 days) and other details which are not defined by law or internal act as amount for meal allowance and subsidy for annual holiday, work in shifts, terrain work, conditions for additional days for annual leave etc.

Limitations:

An employment relation could be established with a person who is at least 15 years old, but persons older than 15 and younger than 18 can be employed only with a written consent from a legal guardian and with medical certificate of work capability.

It is forbidden for an employer to request from the employee certain data/information which is in relation with family status, marital status, family planning as well as to request the employee to submit to a pregnancy test.

Registration Procedure:

Registration of employment is done by the employer at a "single desk procedure" by submitting a single social insurance application; per Law this step should be performed before starting date of new employee.

Following the idea of full e-administration, old (paper) health booklets are replaced with new ones, e-medical cards with chip, with the aim of simplifying the issuance of cards and data changes, and above all the process of simplification of health cards' verification renewal.

Employment of Foreigners:

In general, every foreigner who wants to work in Serbia is obliged to possess a work permit. There are certain exceptions such as if they stay in Serbia less than 90 days during a six-month period, for company owners, representatives or members of corporate bodies, for training purposes, seconded employees etc.

The most important change is the introduction of a "single permit" (unified work and residence permit). It is simplified and accelerated procedure for obtaining a residence and work permit for all types of work permits for foreigners (employment, self-employment, as work permits for special cases of employment, which includes sending foreigners to work in Serbia). Furthermore, work permits are issued for the period for up to 3 years (comparing to 1 year max previously).

The Variety of Employments

Probation work

Probation work and its duration may be stipulated in the employment contract but cannot be longer than six months. During the probation work, both employee and employer could cancel the employment contract with a notice period of not less than five working days.

Definite term work

An employment can be contracted for a definite term, but no longer than 24 months, in the following cases: seasonal jobs, increased volume of work, replacement of a temporarily absent employee, work on timed projects, with foreign citizens until the expiry of the work permit. For a definite term employment, the maximum duration for a company registered for less than one year is extended to 36 months.

Part time work

Employees can be hired for part-time work, for indefinite or definite periods and for the remaining hours up to full-time work, an employee can be engaged by another employer.

Work outside the employer's premises

A labor contract can be concluded for performing work outside the employer's premises, including teleworking or work from home. This contract especially should contain working conditions and way of supervising employee's operations; use of employee's means of work and compensation for it and for other work-related cost. These employees have equal rights as employees who work at the employer's premises.

Employment of Persons with Disabilities

All employers with 20 or more employees have the legal obligation for employment of persons with disabilities. In addition to the actual employment of the required number of persons with

disabilities, obligations can be fulfilled by participating in financing salaries of persons with disabilities or by fulfilling of other financial or material obligations from the contracted cooperation with the company for Vocational Rehabilitation. Failure to comply with the above will result in the employer being obliged to pay penalties on account of the Budget Fund for Vocational Rehabilitation and Employment of Persons with disabilities.

6. Protection of Employees

Working Hours

Full working hours amount to 40 hours per week. It could be stipulated that full working hours are less than 40 hours per week by a general employer's act, but the number of hours cannot be less than 36 hours per a week.

Overtime work

The employee may be required to work overtime upon a reasonable employer's request. Overtime work of an employee cannot exceed eight hours per week and four hours per day.

The employee shall be entitled to an increase in the salary. The extra pay for overtime work cannot be less than 26% of basic salary.

Holidays

The annual leave given to an employee amount to a minimum of 20 working days.

The minimum of 20 working days could be increased on following basis:

- Work contribution
- Work conditions
- Working experience
- Level of education; and
- Other criteria determined by general act or employment contract.

The employee will be entitled to annual leave in a calendar year after a month of continuous work from the date of employment with the employer. Such an employee is entitled to 1/12 of the annual leave (proportional part) for each month of work in a calendar year.

Paid and Unpaid Absence

The right to paid absence for a maximum of five workdays in total during a calendar year is granted to an employee for special cases such as marriages, births, serious illness of a member of the close family, and in other cases determined in a general act or the employment contract. An employee is entitled to additional days of paid leave as follows:

- Five days in the case of death of a close family member; and
- Two days in the case of voluntary blood donation.

Sick Leave: An employee is entitled for compensation of salary during absence from work due to temporary inability to work for up to 30 days (65% of the average salary in the 12 months preceding if illness or injury was not inflicted at work or 100% if inability is caused by an occupational illness or injury inflicted at work). An employee is obliged to submit to the employer, no later than three days from the occurrence of his/her temporary impediment from work, a certificate issued by a physician. Such certificate has to be issued in accordance with

the health insurance regulations. For sick leave longer than 30 days National Health Insurance Fund will be charged (employer has right to request refund of paid salaries).

Pregnancy and Maternity Leave: An employee who is on pregnancy leave is entitled to a reimbursement of salary in the amount of the average salary for last 12 months preceding the leave, and during maternity leave in the amount of average salary for last 18 months. Maternity leave benefits are no longer paid by the employer; rather they are paid by the Pension Fund. Employee is entitled to maternity leave as well as to nursing leave in the combined duration of 365 days for the first and the second child, and two years for a third and a fourth child. Unpaid leave could be granted to an employee. In the case of unpaid leave, the employee's rights and duties stagnate (they are frozen).

7. Payroll Calculation Procedure

Gross salary (net salary + social insurance contribution and taxes) includes:

- Salary for performed work and time spent at work
- Bonuses, premiums and other incomes derived from the employee's contribution to employer's business success
- Other incomes in accordance with laws, by laws and internal acts

The salary shall be paid in the way determined by the general act and/or employment contract at least once a month. The employer is obliged to pay the salary for the previous month until the end of the current month the latest.

8. Termination of Employment

An employment can be terminated in one of the following ways:

- a. After the expiration period stated in the employment agreement
- b. If the employee is 65 years old and completes 15 years of social insurance contribution and employer and employee have not agreed otherwise
- c. By mutual agreement concluded between employer and employee
- d. By termination by employer or employee
- e. At the request of the parents or guardian of an employee younger than 15 years; and
- f. Other ways stipulated by law, general act, or employment agreement.

Termination of employment by an employee

Written notice of termination of employment must be given to the employer and notice period cannot be less than 15 days prior the day of termination, or longer than 30 days.

Termination of employment by employer

There is an obligation for an employer to issue a warning letter to an employee prior to termination. The grounds and reasons for the termination of employment must be explained in a letter and facts and evidence, which indicate existence of termination reasons, must be presented. An employee has the right to answer to a warning letter within a period of at least 8 days.

Prohibited termination

It is prohibited to cancel the employment contract of an employee who is pregnant, on a maternity leave, nursing leave or a leave for special care for a child.

9. Contact details

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