



South East Legal Alliance – SELA Regional News Q3 2021

The SELA regional newsletter features an overview of the most important regional legislative developments recently announced in the jurisdictions of SELA coverage.

Many of the changes recently implemented impact the regions ability to attract foreign investments and related to tax, customs and other investment incentives, illustrating just how strategically important the governing bodies of the region see foreign investment.

MAIN TAKEAWAYS

SELA lawyer spotlight

Featuring Vuk Drašković The football plaver



See his 5 tips that can be used in the legal profession >>>

Albania

- Amendment to Law on Industrial Property
- Amendment to Law on Tax Procedures

Bosnia & Herzegovina

- Rulebook on the application of the Law on Income Tax in Federation of Bosnia and Herzegovina
- Draft law on renewable energy sources of Republic of Srpska

Bulgaria

- New regulations affecting the Media sector
- New VAT rules for e-commerce

Croatia

- Final proposal of the new Electricity Market Act
- Amendments to the Consumer Protection Act

Local Touch – Regional Reach

Albania • Bosnia and Herzegovina • Bulgaria • Croatia • Montenegro • North Macedonia • Serbia • Slovenia



Montenegro

No notable legislative developments

North Macedonia

- New Law on Management of Batteries and Accumulators and Waste Batteries and Accumulators
- Instructions and Guidelines for the Implementation of the New Law on Personal Data Protection

Serbia

- Serbian Government prepared a set of laws in energy section
- The National Assembly of Serbia adopted the new Consumer Protection Law
- <u>The Government of Serbia adopted the Regulation on the Conditions, Manner and</u> <u>Procedure for Leasing of State-Owned Agricultural Land for Non-Agricultural</u> <u>Purposes</u>

Slovenia

- Amendment to the Public Procurement Act (ZJN-3B)
- Amended Decree on the tax treatment of reimbursement of costs and other income from employment



Albania

Amendment to Law on Industrial Property

MAIN PROVISIONS OF THE LAW

On 07.07.2021, the Albanian Parliament approved a new law (no. 96/2021) "On some changes and amendments to the law no. 9947 "On Industrial Property, as amended", dated 07.07.2008.

The amendment transposed into the Albanian legislation on industrial property of the Eu Directive (Eu) 2016/943 of The European Parliament and of The Council, of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

The new provisions address the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure; the pecuniary compensation being awarded to the injured party in case of abuse; the protection of trade secret during and after legal proceedings, as well as contain provisions toward improving the effective protection of trade secrets against their unlawful acquisition, use or disclosure by third parties.

By way of this amendment, Albania adhered to the Geneva Act of the Lisbon Agreement, for the Protection of Appellations of Origin and their International Registration of October 31, 1958, as revised at Stockholm on July 14, 1967, and as amended on September 28, 1979, allowing all contracting parties to benefit from rapid, high-level and indefinite protection for geographical indications (GIs) through a single registration.

WHO THE LAW APPLIES TO

The amendment applies to all relevant economic operators. Sets out new competences and duties for the Albanian General Directorate on Industrial Property regarding the establishment of the electronic Industrial Property Administration System, and clarifies the role of the Market Supervision State Inspectorate.

HOW IT AFFECTS YOUR BUSINESS

The amendments to the Law on Industrial Property entered into force on 22 August 2021. From this date all interested parties are required to observe the new provisions. The amendment completes the legal framework on intellectual rights; increases the transparency in the provision of services; improves the quality of services and shortens the terms for the provision of the public services by the Albanian General Directorate on Industrial Property.

Amendments to law on Tax Procedures

MAIN PROVISIONS OF THE LAW

On 07.07.2021, the Albanian Parliament approved the law no 94/2021 "Approving the Normative Act with the power of law no. 27, dated 01.07.2021, of the Council of Ministers "For an amendment to the law no 9920 date 19.05.2008 "On tax procedures in the



Republic of Albania" as amended" ("Amendment to the Law on Tax Procedures"). This amendment is related to the implementation of the Law no. 87/2019, "On electronic invoice and the turnover monitoring system" dated 18.12.2019 ("Law on Fiscalization"), based on which Albanian tax authorities monitor taxpayers' turnover in real time.

The Fiscalization Law requires for all taxpayers to familiarize themselves and implement the new fiscalization system within a mandatory timeframe.

The fiscalization process commenced on 01 January 2021 and 01 July 2021, respectively for non-cash transactions conducted between taxpayers in relations with public government bodies and non-cash transactions conducted between taxpayers among themselves and; whilst for cash transactions between taxpayers, the fiscalization commenced on 01 September 2021.

WHO THE LAW APPLIES TO

The amendment applies to all Albanian taxpayers involved in processing cash and non-cash transactions based on the Law on Fiscalization.

HOW IT AFFECTS YOUR BUSINESS

This amendment aims to mitigate the effects produced by the Law on Fiscalization on Albanian taxpayers, by postponing the commencement date for the application of penalties to taxpayers for administrative contraventions related to the implementation of the Law on Fiscalisation on 01 January 2022.



Bosnia & Herzegovina

Rulebook on the application of the Law on Income Tax in Federation of Bosnia and Herzegovina

MAIN PROVISIONS OF THE RULEBOOK

This rulebook prescribes in more detail the application of the provisions of the Law on Income Tax (the Law), the method of determining taxable income, the method of determining the annual tax base, the method of calculating and paying income tax, the criteria for paying personal income tax in the annual flat rate. amount, form and manner of keeping the tax card, form and manner of filling in tax returns and other records, form and content of business books and records on the basis of which income from selfemployment is determined, method of calculating accelerated depreciation, form and content of records on profits in prize games and games of chance, and other.

WHO THE LAW APPLIES TO

The law applies to business sector.

HOW IT AFFECTS YOUR BUSINESS

It is intended to improve the application of the Law on Income Tax in Federation of Bosnia and Herzegovina.

Draft law on renewable energy sources of Republic of Srpska

MAIN PROVISIONS OF THE LAW

New draft law is undergoing legislative procedure. Reasoning for new law is based on the fact that the incentive system defined by the current Law on Renewable Sources and Efficient Cogeneration did not give satisfactory results. This also follows changes of relevant EU legislation on promoting the use of energy from renewable energy sources where the directive suggest the reform of the incentive system in such a way that incentive measures must be more economical, ie they should be based on market principles, and aims to limit or reduce the growth of fees for incentives for renewable energy sources as well as facilitate the development of renewable energy projects by introducing a more transparent incentive allocation mechanism.

The draft law divides the plants into small and large, and in connection with that, it determines the types of incentives that they can be entitled to. The adoption of the new law is expected by the end of the year.

WHO THE LAW APPLIES TO

The law applies to business, energy and social sector.

HOW IT AFFECTS YOUR BUSINESS

The reform of the incentive system will have a positive effect on limiting the growth of the fee for encouraging the production of



electricity from renewable sources as a supplement to the price of electricity paid by end customers, including business entities. Also, the incentive system determined in this way will affect the construction of a larger number of energy facilities that use renewable energy sources, which will lead to the creation of new jobs, especially during the construction of these facilities.



Bulgaria

New Supply of Digital Content and Digital Services and Sale of Goods Act

MAIN PROVISIONS OF THE LAW

On 19 March 2021 a new Supply of Digital Content and Digital Services and Sale of Goods Act (the Act) was promulgated in State Gazette, transposing in Bulgaria two EU directives: 1) Directive 2019/770 on digital content and digital services; and 2) Directive 2019/771 on certain aspects concerning contracts for the sale of goods.

In accordance with the directives, a digital service is defined as a service allowing the consumer: 1) to create, process, store or access data in digital form; or 2) the sharing of, or any other interaction with data in digital form uploaded or created by the consumer or other users of that service. Digital content is defined as any data produced and supplied in digital form.

Looking at these definitions they seem to cover a wide range of contracts for the supply of digital content and services. These include, inter alia, contracts for supply of content like computer programs, applications, video files, audio files, music files, digital games, e-books or other epublications, as well as the supply of various digital services such as video and audio sharing services, hosting services, word processing or games offered in the cloud computing environment and social media, etc.

The Act will enter into force on 1 January 2022.

WHO THE LAW APPLIES TO

The Act concerns all traders supplying goods, digital content, and digital services to consumers.

HOW IT AFFECTS YOUR BUSINESS

The new regulation applies to all contracts for the supply of digital content or digital services where the consumer pays or undertakes to pay a price. Where consumers do not pay but provide personal data, which the trader uses for purposes other than supplying the service/content and fulfilling their legal obligations, the trader's activity will also fall within the scope of the Act. Thus, a lot of traders need to be extra cautious about the fact that the scope of the Act includes anyone who uses consumers' data for any purpose other than supplying service/content and fulfilling legal obligations.

There is no requirement that these purposes are necessarily commercial, neither that the use of data generates income for the trader, etc.

For example, a trader using the contact details of their users for the purpose of sending them a newsletter about social activities and campaigns, is supposed to be subject to the Act.

New VAT rules for ecommerce

MAIN PROVISIONS OF THE LAW

From July 1, online retailers will be able to use an electronic system for one-stop shop -





(OSS) through which businesses selling online can register for VAT purposes electronically in one Member State for all their intra-Community distance sales of goods and supplies of services to final customers with a place of performance in another Member State. The amendments implemented in The VAT Act aim to facilitate EU cross-border trades, to ensure fair competition and combat VAT fraud.

WHO THE LAW APPLIES TO

Online businesses, EU-based businesses that sell goods between EU countries, and non-EU businesses that are exporting products to EU customers.

HOW IT AFFECTS YOUR BUSINESS

The main changes are related to the:

 Introduction of a unified threshold of EUR 10 000 across the EU for determining the place of performance in the case of supplies of intra-Community distance sales of goods and supplies of telecommunications services, radio and television broadcasting services and electronically supplied services. The supplies above the EUR 10 000 threshold become subject to the VAT rules of the Member State of destination and the supplies below the new threshold will remain subject to the VAT rules of the Member State of dispatch;

- Introduction of the Import One Stop Shop (IOSS) for goods imported from outside the EU in the amount not exceeding EUR 150;
- Online platforms and marketplaces will be responsible for collecting VAT and meeting record-keeping requirements when they facilitate the delivery of goods to the EU consumers.





Croatia

Final proposal of the new Electricity Market Act passed in the Croatian Parliament

MAIN PROVISIONS OF THE LAW

Making efforts to ensure further harmonization with ever-developing EU law, the amended Electricity Market Act affirms and strengthens further the prohibition of impeding cross-border trade in electricity, investments in the electricity production process, etc. It re-affirms application of principle of non-discrimination with respect to the energy entities on the market, subject to limitations regarding the market participants from third countries.

End-customers are guaranteed the right to freely purchase electricity from the supplier of their choice and are allowed to have more than one electricity supply agreement, while the suppliers will be under obligation to ensure free tool available to the customers by which they will be able to compare the price of services offered.

The main aim of the amendments is further opening of the internal market and ensuring truly free movement of goods on the market of the EU. Thus, customers from Croatia will be free to contract electricity supply with the supplier based in any EU Member States, and vice versa. This approach is deemed to stimulate market competition and ensure electricity supply under the most competitive price.

However, the Act still provides for obligation to provide electricity in a form of a public service, which will be, in addition to the 'market' option, uninterruptedly available to the customers.

WHO THE LAW APPLIES TO

All natural and legal persons engaging in contractual transactions on the energy market, as well as those participating on the energy market as energy entities.

HOW IT AFFECTS YOUR BUSINESS

Further opening of the energy market will ensure a more competitive ground for all of the stakeholders involved, and is deemed to provide a better service for the endcustomers, both in terms of its price and quality.

Amendments to the Consumer Protection Act

MAIN PROVISIONS OF THE LAW

Set to be adopted in the second quarter of 2021, the amended Consumer Protection Act, which transposes "Omnibus Directive", entertains prohibition of placement of goods on the Croatian market which have dual quality (i.e. goods for which it is claimed that they are identical to certain goods on other markets, while in fact they show significant differences in their features or content) and imposes further obligation on traders to, when engaging in sale using discounted prices, indicate the lowest price of the product in the period of last 30 days.

With these further adjustments to the main piece of consumer protection legislation, it is envisioned to increase level of protection of consumers and their right when engaging in





any kinds of transactions on the market, outside of their professional or commercial areas of expertise.

WHO THE LAW APPLIES TO

Any and all natural and legal persons participating on the market, either as traders and retailers, or as the customer and consumer, by either engaging in a contractual transaction of the market or not.

HOW IT AFFECTS YOUR BUSINESS

Ever increasing demands which are being imposed on the traders aim to protect the customers and ensure fair practice of retailers and traders, foster and protect fair and non-discriminative market competition, while protecting consumer's interest and right to an informed decision.





Montenegro

Apart from technical amendments to the current Montenegrin legislation there were no significant novelties in the third quarter of 2021.





North Macedonia

New Law on Management of Batteries and Accumulators and Waste Batteries and Accumulators

MAIN PROVISIONS OF THE LAW

The main goals of this law are to reduce, to the lowest possible level, the negative impact of batteries and accumulators and waste batteries and accumulators on the environment and human health, as well as to improve the standards for environmental protection by the economic operators involved during the life cycle of batteries and accumulators, especially those involved in the process of treatment and recycling of waste batteries and accumulators.

WHO THE LAW APPLIES TO

Pursuant to the Law on Management of Batteries and Accumulators and Waste Batteries and Accumulators, the collective actors are obliged to realize the legal obligations at the expense of the producers in accordance with the principle of extended responsibility of the producers. Hence, as one of the main reasons for passing a new law is the insufficient precision of the rights and obligations of collective and individual waste handlers, partial implementation of economic measures aimed at establishing a waste management system and the principles of circular economy, lack of from adequate waste management infrastructure and violation of the principles of equal access to waste management services.

HOW IT AFFECTS YOUR

BUSINESS

Subject to the regulation of the Law are the requirements for protection of the environment and human health that must be met during the production and placing on the market of batteries and accumulators, as well as when dealing with waste batteries and accumulators, which refer to the obligations of economic operators and other entities participating in the process of production and placing on the market of batteries and accumulators. Furthermore, subject to the regulation of this Law are also the special requirements for collection, processing, recycling, as well as other conditions for handling waste batteries and accumulators, reporting on achieving the objectives for collection, processing and recycling of waste batteries and accumulators and economic instruments.

Instructions and Guidelines for the Implementation of the New Law on Personal Data Protection

MAIN PROVISIONS OF THE LAW

The Agency for Personal Data Protection (APDP), actively following the implementation of the Law on Personal Data Protection ("Official Gazette of the Republic of North Macedonia" No. 42/20), and after the analysis of the activities undertaken by the controllers and processors regarding their compliance with the provisions of the Law within the established 18-month period (February 24, 2020 - August 24, 2021), as well as the perception of the challenges they most often face, in order to promote and increase the awareness of controllers and





processors on their obligations under this Law, developed and adopted Guidelines for preparation of the necessary documentation for technical and organizational measures in the processing of personal data.

Additionally, the agency also adopted instructions for controllers. In order to comply with the new law on personal data, the controller will need to take appropriate actions for improvement, upgrading and adjusting its established system for personal data protection. In that context, the controller will have to perform an in-depth analysis of the existing established system for personal data protection in correlation with the provisions of the law on personal data protection that are applicable to the operations of collection, processing and storage of personal data.

WHO THE LAW APPLIES TO

These Instructions and Guidelines apply to

all authorized persons who have access to personal data and to the information system and information infrastructure of controllers and processors.

HOW IT AFFECTS YOUR BUSINESS

After the realization of the foreseen activities and measures, the controller will have to continuously monitor and check the application of the harmonized system for personal data protection, as well as to coordinate the activities and actions between the employees and the management in order to maintain the system. In that context, a key role in the coordination of employees and management, communication between employees and management, their training, as well as monitoring and checking the compliance of the system will have the personal data protection officer under the Law on Personal Data Protection.





Serbia

Draft Law on Use of Serbian Language in Public life and on Protection and Preservation of Cyrillic alphabet

MAIN PROVISIONS OF THE LAW

On 2 September 2021, The Government of Serbia adopted Draft Law on Use of Serbian Language in Public life and on Protection and Preservation of Cyrillic alphabet (hereinafter: the "**Draft Law**"). This Draft Law was adopted in order to protect and preserve Serbian cultural goods.

The adoption and implementation of the Draft Law shall ensure utilization of Cyrillic alphabet in public life.

WHO THE LAW APPLIES TO

The Draft Law primarily prescribes the obligatory use of the Serbian language and the Cyrillic alphabet in the work of state bodies, bodies of autonomous provinces, cities and in work of institutions, public companies and other public organizations.

Further, the Draft Law predicts stimulating measures for private companies that use Cyrillic alphabet, such as tax benefits and other administrative benefits.

HOW IT AFFECTS YOUR BUSINESS

Private Companies, as members of private sector, can get tax and other administrative benefits if they opt to use Cyrillic alphabet in order to mark their name, seat, name and information about their goods and services, offers and instructions, etc.

However, it is important to note that they have no obligations to do so, i.e. they may state they name and other information in Latin alphabet.

The National Assembly of Serbia adopted the new Consumer Protection Law

MAIN PROVISIONS OF THE LAW

The National Assembly of Serbia adopted the new Consumer Protection Law on 9 September 2021 (hereinafter: the "**New Law**"), which contains amendments of all observed shortcomings of the current law and focuses on the harmonization with European regulations.

The New Law will set up new norms to correct essential shortcomings, such as the lack of a functional institutional framework for out-of-court settlement of consumer disputes, the lack of a precise number of consumer disputes before courts, insufficient protection of passengers (consumers) in the field of tourism that has a deterrent effect and the need for a higher level of responsibility and publicity in the work of associations, federations and the Consumer Protection Council. According to the changes, new law will harmonize the consumer rights of Serbian citizens with the new regulations of the European Union on travel in package arrangements and related travel arrangements, which will provide better protection for consumers.

WHO THE LAW APPLIES TO





The New Law applies to both consumers and traders. The New Law provides more consumer rights and better mechanisms that ensure their application in practice. For example, the market inspectors are authorized to impose the prescribed penalties to the traders instantly for obvious crimes, or if, for example, the traders do not respond to out-of-court settlement of consumer disputes.

HOW IT AFFECTS YOUR BUSINESS

The New Law will provide more effective legal protection for consumers and maintain appropriate safety standards. Traders will be obligated to participate in out-of-court settlements, that there will bring prompt solution to consumer issues and efficient protection. Effective consumer protection is necessary in order to ensure the proper functioning of the market economy.

The Government of Serbia adopted the Regulation on the Conditions, Manner and Procedure for Leasing of State-Owned Agricultural Land for Non-Agricultural Purposes

MAIN PROVISIONS OF THE LAW

The National Assembly of Serbia adopted the Regulation on the Conditions, Manner and Procedure for Leasing of State-Owned Agricultural Land for Non-Agricultural Purposes on 9 July 2021 (hereinafter: the "**Regulation**"), which prescribes exceptions when it is possible to use state-owned agricultural land for non-agricultural purposes, in accordance with the Law on Agricultural Land.

The Regulation explicitly prescribes for which purposes the agricultural land may be used, restrictions (such as time limitation of the lease – up to 30 years) and procedure for obtaining the right of use.

WHO THE LAW APPLIES TO

The Regulation applies to the entities who intend to use the agricultural land for the following reasons:

1. for the construction of energy power plants using renewable sources of wind and solar energy;

2. for performing geological exploration works and/or exploitation of mineral raw materials and/or performing works on disposal of tailings, ash, slag and other dangerous and harmful materials, with the necessary permits;

3. for performing activities related to the construction of energy and communal infrastructure facilities or which have been declared facilities of importance for the Republic of Serbia.

HOW IT AFFECTS YOUR BUSINESS

This Regulation is of great importance given the recent enactment of renewable energy legislation and the intention to create a more favorable environment for investors, as it greatly facilitates access to locations suitable for the construction of renewable energy power plants.





Slovenia

Amendment to the Public Procurement Act (ZJN-3B)

MAIN PROVISIONS OF THE LAW

The amendment to ZJN-3B, which will enter into force on 1 January 2022, slightly changes the simplified procedure for lowvalue public procurement, eliminates certain administrative obligations on the part of contracting authorities (e.g. simplified reporting in framework agreements) and allows greater flexibility. The provisions on misdemeanors have been somewhat regulated and supplemented, especially those for which practice has shown that they are necessary for more appropriate conduct of contracting authorities and tenderers and their greater responsibility in the implementation of procedures or in the implementation of contracts.

The changes are extensive, including a slight increase in the thresholds for the application of the Act, which should contribute to local and regional stimulation of the economy and consumption. The threshold value for a public contract for goods or services or a design contest is now EUR 40,000, and for a public works contract 80,000 euros. According to the amendment, the low-value procedure up to the European threshold (EUR 5.35 million) can also be used for construction. In addition, some new exceptions to the application of public procurement rules are provided. The Ministry of Public Administration will no longer assess whether an entity meets the conditions, which are usually established only in case of doubt as to whether an entity is a body governed by public law, but each entity will be responsible for complying with applicable law when awarding contracts or performing procurement activities. In order to ensure greater transparency and traceability, it is in

principle also mandatory to publish documentation related to the award of a public contract exclusively on the public procurement portal.

WHO THE LAW APPLIES TO

The law applies to contracting authorities and tenderers in the public procurement procedure.

HOW IT AFFECTS YOUR BUSINESS

The described changes refer more to the contracting authorities, who must be careful to respect the legal provisions in the public procurement procedures, HOWEVER it is undoubtedly useful that potential tenderers GET ACQUAINTED WITH THE LEGISLATIVE CHANGES.

Amended Decree on the tax treatment of reimbursement of costs and other income from employment

MAIN PROVISIONS OF THE LAW

The decree more clearly sets the minimum amount of reimbursement of the cost of transport to and from work, which is not included in the tax base, and simplifies the determination of the tax-free amount for an individual employee. The determination of the tax-free minimum amount, taking into account the presence at work in an individual month, is abolished. The determination of the tax-free part in the amount of a registered





non-transferable monthly ticket (public transport) upon submission of proof of purchase of this ticket is also abolished.

Under certain conditions (at least one day of presence at work and a distance of at least 1 km), the employee's reimbursement of transport costs to and from work is not included in the tax base up to the amount of EUR 140 per month, even if the amount of tax-free part (distances and values of EUR 0.18 per kilometer) would be lower.

For the private sector, the new regulation will apply to the September 2021 accounts.

WHO THE LAW APPLIES TO

The law applies to all the employers.

HOW IT AFFECTS YOUR BUSINESS

The amendment to the regulation does not bring about drastic changes, however, it will be necessary to specifically assess the changed tax aspect in the next calculation of salaries. Employers who pay employees high fixed benefits regardless of the actual presence of the worker will have the most problems.





SELA lawyer spotlight

FEATURING VUK DRAŠKOVIĆ



Vuk Drašković, partner at Bojović Drašković Popović & Partners, has more than 15 years of an in-depth legal expertise in corporate, commercial and employment law in Serbia and in Montenegro.

He is recognized by The Legal 500 as a **Leading** Individual in <u>Employment</u> and in <u>Commercial</u>, <u>corporate and M&A</u>. Chambers & Partners has been ranking Vuk in Corporate/Commercial and in Employment for several years consecutively, while IFLR1000 recognizes him as a **Highly Regarded** lawyer in Corporate and M&A and in Restructuring.

Running a reputable law firm can sometimes be a challenge. Working on huge projects, ensuring every member of the team is giving their best, meeting tight deadlines, however, is something Vuk is great at and excited about.

That side of his is fueled by his passion for football. He loves to play football in his free time and is very good at it. Football is something that motivates him to be a better person and a better lawyer.

Here's how you can use sports for your own personal growth.





Top 5 football tips that can be used in the legal profession:

1. Be a team player – It is always about the team. Good individuals are important, but they do not necessarily create a good team. Personal ambitions and qualities must serve the team's goals, and not those of the individual;

2. Respect your opponent – The opposing team is not an enemy, but just another group of people on the same job. Keep this in mind always;

3. Play fair – Be fair towards the opponent and the game itself. Little tricks and schemes could sometimes bring quick results, but in the long run defeat is inevitable, at least when it comes to dignity;

4. Be dedicated and passionate – There is no success in any activity without complete dedication. In order to achieve full dedication, one must be passionate about what he does;

5. Work on yourself – Learning is a lifelong process. Everyone has weak sides, but the select few will constantly work on them in order to become the best versions of themselves.



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