

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Serbia**



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This Profile provides information about the application of IFRS Standards in Serbia. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Government of the Republic of Serbia – Ministry of Finance
Role of the organisation	The Ministry of Finance is responsible for translation of IFRS Standards and the <i>IFRS for SMEs</i> Standard, their publication and adoption into the National Law.
Website	Ministry of Finance: http://www.mfin.gov.rs/?change_lang=en
Email contact	kabinet@mfin.gov.rs and zlatko.milikic@mfin.gov.rs

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	Yes.

What is the jurisdiction's status of adoption?	Serbia has already adopted IFRS Standards and the <i>IFRS for SMEs</i> Standard as mandatory for Public Interest Entities (PIEs) and large, medium and small entities (classified in line with EU directive), and as optional for micro entities.
Additional comments provided on the adoption status?	The law requires companies to comply with IFRS Standards as translated, adopted and published into the Serbian language by the Ministry of Finance. This applies to all companies except micro entities. Micro entities are permitted to use the national rulebook for accounting and financial reporting (currently being redrafted in line with Board Guidance for application of the <i>IFRS for SMEs</i> Standard by micro entities), but they may, nevertheless, opt to use the <i>IFRS for SMEs</i> Standard.
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.	Not applicable.
EXTENT OF IFRS APPLICATION	
For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:	
Are all or some domestic companies whose securities trade in a public market either required, or permitted to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Yes.

For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?

Required for all large legal entities, in line with the classification criteria set up in the Accounting Law, and any other entities that are required by law to publish consolidated financial statements. For this purpose, the following are considered large legal entities and, therefore, must use IFRS Standards regardless of size and regardless of whether their securities trade in a public market:

- banks and other financial organisations;
- insurance companies;
- financial leasing lessors;
- voluntary pension funds;
- voluntary pension funds' management companies;
- investment funds;
- investment fund management companies;
- stock exchanges;
- securities brokerages; and
- Factoring companies.

Small and medium sized legal entities apply the *IFRS for SMEs* Standard, but the new Law on Accounting (RS Official Gazette, No. 62/13 that went into effect on 24 July 2013) gave medium-sized entities a one-time option to choose to apply full IFRS Standards instead. Once an entity has opted for full IFRS Standards, this accounting policy can be later amended only in very limited cases.

If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?

IFRS Standards and the *IFRS for SMEs* Standard as issued by the Board.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:

IFRS Standards, or the *IFRS for SMEs* Standard, or (in the case of a micro entity) the national rulebook for accounting and financial reporting.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?

No.

Are IFRS Standards incorporated into law or regulations?	Yes. IFRS Standards and the <i>IFRS for SMEs</i> Standard are both incorporated in the Law on Accounting (RS Official Gazette, No. 62/13), which went into effect on 24 July 2013.
If yes, how does that process work?	In line with the above law, there is a transitional period until the end of 2013 during which the Ministry shall secure the translation and adoption into the national law of the current, updated versions of IFRS Standards and the <i>IFRS for SMEs</i> Standard and adopt respective financial statement formats and chart of accounts.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the “endorsement” or “adoption” of new or amended IFRS Standards (including Interpretations) in place??	Yes.
If yes, what is the process?	The process of adoption is defined by law and by the Agreement between the Ministry and the IFRS Foundation. Briefly, the process comprises submission to the Ministry of new or amended IFRS Standards from the IFRS Foundation, the subsequent translation process in line with the IFRS Foundation Translation procedure, ending up with the publication of respective IFRS Standards in the Official Gazette of the Republic of Serbia, as well as on the Ministry’s website.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and / or made any modifications to any IFRS Standards?	Yes, see below.
If yes, what are the changes?	For banks, insurance companies, pension funds, and other financial institutions, the National Bank of Serbia requires certain accounting treatments that differ from IFRS Standards, for example, in loan loss provisions for banks and in recognising and impairing premium receivables by insurance companies.
Other comments regarding the use of IFRS Standards in the jurisdiction?	The Ministry is currently developing standardized financial statement formats and charts of accounts that are intended to be consistent with IFRS Standards and the <i>IFRS for SMEs</i> Standard. The Ministry is currently redrafting its national rulebook on accounting and reporting that micro-sized entities may use instead of full IFRS Standards or the <i>IFRS for SMEs</i> Standard. Whether that rulebook will have any significant differences with the <i>IFRS for SMEs</i> Standard can only be determined when the rulebook is completed.

TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	Currently, the IFRS Standard that have been translated and published in the Serbian language is the version published on 1 January 2013.
If they are translated, what is the translation process? In particular, does this process ensure an on-going translation of the latest updates to IFRS Standards?	As explained above.

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	Yes, for all SMEs with certain specifics, as explained above in the IFRS Endorsement section of this profile.
If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	Not applicable.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	Not applicable.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	All SMEs are required to use the <i>IFRS for SMEs</i> Standard, with an option for medium-sized entities to use full IFRS Standards as explained above in the IFRS Endorsement section of this profile.
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	None.