

Reduction of taxes and contributions or new financial assistance, at least for the most endangered businessmen and business sectors – are two demands with which the Union of Employers of Serbia will appear before the state by the end of this month. The reason for that is the still difficult business of the economy due to the pandemic.

As Srdjan Drobnjakovic, director of the Union of Employers, points out, the new measures would make business easier for businessmen and reduce the total tax burden by five to six percent, because negotiations for the minimum price of labor for 2022 will start soon.

- We are aware that the budget is not inexhaustible and we are grateful for the help so far, but business conditions are still difficult, and a new wave of pandemics is announced for the fall, and it is difficult to plan in such conditions. Earlier, it was said that the tax on drinks and food will be reduced from 20 percent to 10 percent, which would be very important for caterers. Namely, all surrounding countries, Croatia, Slovenia and Austria, reduced that tax to seven percent. That would not burden our budget too much – Drobnjakovic thinks and reminds that businessmen asked for a reduction of taxes and contributions a year ago, but that the state did not respond to that request.

Economist Sasa Djogovic believes that selective financial assistance, and only those particularly endangered activities, which the state failed to implement earlier, is the only one that can be considered.

- One can only talk about tourism, catering and some service activities, because only through selection will it be possible to give more funds to the endangered, as well as to companies that had a healthy foundation and growth before this crisis. For those who were already in financial dilemmas even before the pandemic, regardless of the fact that they operate in endangered activities, the new tour of state aid will not help them recover. That is why it is necessary for the state to first of all make a criterion for distributing aid – Djogovic notes.

Are additional tax breaks perhaps necessary to make their business easier?

- Local governments can deal with that, to release them from certain parafiscal charges, for a certain period of time – he adds.

Dragoljub Rajić from the Business Support Network sees the fact that the state has been refusing to introduce progressive payroll taxation for two decades as a big problem in the whole story.

- In addition, we have a problem with parafiscal charges because there are too many of them. Therefore, it would be much better for the state to abolish two thirds of those levies and introduce progressive taxation of salaries. Maybe it would be good to increase the VAT by even one to two percent, as many countries around us have done, but to remove all other business burdens. That way, companies could work more normally and would have lower business costs – Rajic points out and adds that the state's help to certain economic branches is still needed.

- Although there is progress in the automotive and metal industries, a slight increase in production is noticeable in the textile, however, there are branches where growth is below the level of 2019. This only means that this year production activity will be lower than before the pandemic, so only in the spring of 2022 we will begin to return to the pre-crisis level, provided that the epidemic situation does not worsen - Rajic believes, Politika reports.