

New government decree stipulates that a newly employed worker receives a basic salary in the amount of at least 300,000 dinars

The new government decree on the criteria for granting incentives to employers who employ newly settled persons in Serbia stipulates that a newly employed worker receives a basic salary in the amount of at least 300,000 dinars.

Such an employment contract, with full working hours, the employer will sign for an indefinite period, only if he hires someone who has not stayed on the territory of Serbia for more than 180 days in the period of two years, from the day of concluding the contract.

In return, the employer will be rewarded with state incentives paid in the amount of 70% of the payroll tax for one or more newly hired employees and 100% of the calculated and paid contributions for mandatory pension and disability insurance.

Labor law experts point out that such types of incentives are not uncommon, and that there is a legal basis for a specific regulation.

Mario Reljanović, a research associate from the Institute for Comparative Law, reminds that the Law on Contributions to Compulsory Social Insurance has been amended for these purposes, with the introduction of a new article of the law. However, he admits that the application of that document is not the clearest to him.

Earnings of 300,000 dinars

- The government believes that this will improve the demographic picture in Serbia. If there are several hundred such employments, that will be good, but even that will not change the demographic picture. Only foreign directors who already have high salaries will be able to pass without taxes and contributions - says Prof. Reljanović adds that the application of the decree is strange to him, because it can only refer to senior management and directors of foreign companies, so that the state will actually refund two thirds of their contributions, which is another concession to foreign employers.

- It is unlikely that a domestic employer will hire a foreigner and then he will be its director. Nobody, except foreign companies, will benefit from all this. So, I assume that someone lobbied that the directors could not pay the payroll tax - he adds.

He is also very interested in the detail about the salary of 300,000 dinars. In fact, he explains that this is a basic salary that should amount to so much.

- Basic salary is what is prescribed by the type of work performed and the length of working hours. Since we are talking exclusively about full-time work, the basic salary is guaranteed to the employee only because he comes to work. On that, the salary for work performance is upgraded, the increased salary for work on non-working days, holidays, overtime and other things. There are also various increases through incentives that are also upgraded, so that this is not about earnings of 300,000 dinars, but about a much larger amount - explains prof. Reljanović, adding that an extremely small number of people in Serbia earn that much per month.

Regulation due to foreign investors

- I am sure that it is a matter of per mille, so at the very beginning the question arises as to

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who can be covered by this decree at all. At the same time, the condition is that someone is not on the labor market in Serbia, who has not stayed in our country for more than 180 days two years before the establishment of the contract with the employer. So, someone new is wanted - he adds and reminds that if this regulation were applied on the free labor market, only a few hundred people would get such a job. He admits that the majority does not benefit from that, but only supplements the relief for some investors who have foreign directors who will stay in Serbia for a longer period of time due to work.

Dragoljub Rajic from the Business Support Network also believes that the state made such a decree mostly because of foreign investors, in order to keep them, especially when it is known that Serbia is struggling with a lack of staff with professional and specific knowledge and skills.

- In many deficient positions, where higher education is required, but also experience, salaries have jumped up to 50%, and even doubled. For example, some head of the operational team in the IT sector no longer wants to work here in worse conditions with a larger volume of work than outside, so he chooses to go abroad. An additional problem is that the state is increasingly complaining about new investors who cannot find staff on the domestic labor market. When they arrived, they were told that Serbia had a trained and cheaper labor force, and it turned out that that labor force was no longer cheap - Rajic explains for Politika, Bif reports.