

March 2021

In focus: Law on Amendments and Supplements to the Law on Property Restitution and Compensation

On 17 December 2020, the National Assembly of the Republic of Serbia adopted the Law on Amendments and Supplements to the Law on Property Restitution and Compensation (hereinafter: the “**Law**”), which has been in application from 29 December 2020.

The passing of this act is justified by the necessity to define the manner of executing compensation to the beneficiary of restitution to whom compensation does not exceed 1,000 euros, accelerate the dynamics of issuing compensation bonds, extend the deadlines for determining the compensation coefficient and estimating undetermined basis, and determining the concept of compensation. The most significant changes relate to:

Compensation in money

After this amendment to the Law, compensation in money shall, except for advance payments, be made **for compensation that does not exceed the amount of 1,000.00 euros per applicant**. The beneficiary of restitution who is entitled to compensation that does not exceed the amount of EUR 1,000.00, not including accrued interest, is compensated by paying the entire amount of compensation in RSD at the official middle exchange rate of the National Bank of Serbia, **on 31 March of the following year** in relation to the Decision of the Serbian Government on the issue of bonds.

Procedure and deadline for issuing government bonds

The amendments to the Law specify the procedure for issuing government bonds, prescribing that, in order to implement compensation in the form of government bonds of the Republic of Serbia, the Government shall issue bonds **once a year** for the amount of compensation determined by the Restitution Agency on the basis of the decisions on compensation that became final by 30 June of the current year.

The deadline for determining the compensation coefficient and the deadline by which the Restitution Agency is obliged to assess the undetermined basis of compensation in order to determine the compensation coefficient have been changed **from eight to nine years starting from the day of publishing the public call of the Restitution Agency**. Given the fact that the initial deadlines at the time of adopting this Law were five years from the day of publishing the public call of the Restitution Agency, and that the deadlines were further extended with each subsequent amendment of the Law, it is clear that, in practice, determining the basis of compensation is a problem for the competent authorities.

We remind you that the amount of compensation is determined by multiplying the basis of compensation by a coefficient which is obtained by putting into relation the amount of two billion euros and the amount of the total sum of the basis of compensation determined by the decisions on the right to compensation increased for the assessment of undetermined basis.

At the proposal of the ministry in charge of finance, **the deadlines for determining the basic elements of government bonds**, which will be determined by the Government of the Republic of Serbia by the Decision on issuing the same, **have been extended** until 30 September this year, based on all decisions on compensation that became final from 1 July of the previous year until 30 June of the current year.

Since the deadline for the issue of government bonds has been extended, **the deadline for their maturing and paying has been extended as well**, so that they mature annually, in accordance with the terms of the issue determined by the Government decision, with the first payment on 15 January of the following year in relation to the year when the advance was paid, and are paid within 12 years from the date of issue, except for bonds for persons who are older than 70 years on the day of entry into force of this Law, who are paid within 5 years, or persons who are on the day of entry into force of this Law older than 65, who are paid within 10 years.

The concept of compensation

A novelty is also the specifying of the very concept of compensation in the sense that the beneficiary of compensation will acquire compensation on the basis of **final decisions on compensation**, while before the amendments to the Law the term - final - was

not specified, which led to different interpretations and applications of this provision.

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