STARTING A BUSINESS IN SERBIA AND ACCESSING INVESTMENT SUBSIDIES

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The following is a brief guide to starting a business in Serbia It also presents an overview of options for accessing Serbian investment subsidies.

# TYPES OF BUSINESSES AND INCORPORATION PROCEDURE

Incorporation is the first step in starting a business venture in Serbia. This section presents a **summary of incorporation procedure**, including all other associated processes a newly established firm will have to complete.

#### **CORPORATE FORM**

The initial step is choosing a corporate form for the future business, which will depend on a variety of factors the company considers important to its planned operations. This choice will also affect many subsequent issues that can facilitate or hinder doing business. Moreover, corporate form determines other steps the company must take after incorporating and registering. The Serbian Companies Law provides an exhaustive list of the corporate forms available, which are:

- Sole trader ;
- General partnership;
- Limited partnership);
- Limited liability company; and
- Joint stock company.

Foreign and Serbian companies can also set up branch or representative offices.

In Serbian law, **businesses** are broadly divided into two groups: (i) proprietorships and partnerships, and (ii) corporations.

- 1. In proprietorships and partnerships, owners and members play key roles: they manage the company and bear the risk arising from its operations, since they have unlimited liability for any debts incurred by the firm if its own assets prove inadequate. This is why a trusting relationship between the members is important. In addition, it is much less easy equity interests in to transfer а proprietorship or partnership to third parties than those in a corporation, because all members must agree to this. This category comprises proprietorships and general and limited partnerships.
- 2. By contrast, a corporation is exclusively liable for its debts, and members cannot be held accountable if the company lacks assets to pay what it owes. Personal relationships between members therefore play a much less significant role, and it is far easier to transfer equity interests or shares of stock in a corporation. This group comprises limited liability companies and joint stock companies.

Businesses have tended to incorporate in Serbia as limited liability companies, since that is generally the most flexible corporate involves form and fewer registration requirements than the joint stock company. Obviously, this does not mean a limited liability company is always the best option in each particular case. Moreover, legislation at particular form times requires a of incorporation, depending on the company's area of activity and other similar factors.

#### REGISTRATION

Once incorporated, every business has to register with the Business Register, which is



maintained by the Business Registers Agency (BRA). This procedure begins with filing the required documents with the BRA, and the documentation differs depending on the form of incorporation the firm has chosen. After it has inspected and verified the filing, the BRA issues a formal decision either rejecting or approving the application. If registration is approved, all information from the filing that pertains to the firm will be entered into the Register, including legal name, abbreviated legal name, seat, core capital, corporate bodies, representatives, members, subsidiaries, other locations where the company intends to operate, and other similar data. The Business Register is public, and so are companies' financial statements, so anyone may look this information up and use it to assess a firm's performance.

The BRA's approval decision also contains two key identification numbers for the newly incorporated business: the registration number (assigned by the Statistical Office) and the taxpayer identification number (TIN, assigned by the Serbian Tax Administration, the STA). The registration number is unique to every company, remains the same throughout its existence and serves as its identifier in all transactions. An application registration the BRA for with is communicated to the Statistical Office, which generates the registration number and provides it to the BRA. The same procedure applies to the TIN, which is assigned by the Tax Administration and is also unique to every business for as long as it remains a taxpayer.

The BRA has a legal obligation to decide on a registration application within five working days from its filing, which makes the procedure relatively quick. Once it is complete, the company can take all other actions required for it to begin operating.

One important consideration to bear in mind is to ensure that all documents submitted with the registration application must be formally accurate and contain the required information. This means that, for instance, the articles of incorporation (company charter or agreement of incorporation) must be duly certified, as well as properly authenticated in Serbia if they have been certified abroad. The documents must also contain all the information required for the registration application to be accepted. The most common issue at this stage is choosing a legal name that is already taken, which leads to the application being rejected and the business having to file for a second time. The easiest way to avoid this problem is to reserve a name ahead of incorporation.

The cost of certifying articles of incorporation, translating the documents, and the BRA fee amount to approximately EUR 200, but these expenses will vary depending on the actual case.

# QUALIFIED CERTIFICATE FOR ELECTRONIC SIGNATURE

A qualified certificate for electronic signature, or 'digital signature', has the equivalent legal effect of a handwritten signature. It is legally defined as a set of data in electronic form which is attached to or logically associated with other data in electronic form to establish the identity of the natural person signatory, verify the content of any signed documents and ensure their integrity in transmission, verify the accuracy of any documents in electronic form, and prevent denial of accountability for signed documents. A qualified certificate can be obtained from qualified trust service providers, such as the Serbian Ministry of Interior, Serbia Post, Serbian Chamber of Commerce and Industry, and other entities. Procedures employed by trust service providers differ minimally, and a business can freely choose which of them to get its digital signature from.

A qualified certificate is required for the natural person that will register the company's beneficial owner with the Central Record of Beneficial Owners once the firm has been incorporated. If this individual does not already have a qualified certificate, it is important to apply for one immediately after the company has been registered. A qualified certificate can be collected only by the person in whose name it has been issued, meaning that another individual cannot be authorised to collect a certificate. However, anyone who has been duly authorised can file applications with gualified trust service providers. registration, As with this procedure is generally completed quickly, with qualified certificates available for collection from the trust service provider within days. The issuing fee amounts to approximately EUR 50.

# REGISTRATION OF BENEFICIAL OWNER

After the BRA has approved its registration, the firm must register its beneficial owner with the Central Record of Beneficial Owners, which is also maintained by the BRA, within 15 days. The full definition of who is considered the beneficial owner is provided in the Law on the Central Record of Beneficial Owners, but the key stipulation is that this is a **natural person** who ultimately owns or controls a legal person or other foreignregistered entity. The founder of a business or its registered representative can register beneficial ownership, but the registrant must possess a qualified certificate for electronic signature.

The Central Record of Beneficial Owners captures a variety of information about businesses and their beneficial owner. The company data to be registered depend on the form of incorporation, but generally include legal name, seat, registration number, TIN, corporate form. status. statutory representative, and other basic information. The data on the beneficial owner differ based on whether the person is a Serbian or a foreign national, and include first and last name, national identity number or passport number and country of issue, country of residence, and the like. One piece of information that is always recorded, regardless of the nationality of the registered beneficial owner, is their grounds for beneficial ownership.

Registration of beneficial ownership is not required for sole traders, publicly traded joint stock companies, firms undergoing insolvency procedure, and in a variety of other cases regulated by law. Beneficial owners must also be registered in case of any change in a registered company's ownership structure, as well as in the event of any other change that results in a person becoming a beneficial owner. This procedure affects other actions that significantly impact the operation of a business and must be initiated within 15 days of the company's registration (or within 15 days of the date on which a person first meets the requirements for being considered a beneficial owner); failure to do so constitutes a misdemeanour on the part of the business.

## **BANK ACCOUNT**

Businesses must use bank accounts for their transactions. Before opening a bank account, a company should research the banking market, including service fees and other costs. All banks generally require companies to provide similar information to open an account, but businesses should be aware exactly of which requirements apply and what procedures their chosen bank uses. Any bank will require the company to submit: (i) application to open an account; (ii) list of certified signatures of authorised representatives ('Form OP', certified by a notary public); (iii) the BRA's formal decision approving the registration application; and (iv) specimen signature sheet and any other documents required by the bank.

'Any other documents' specifically means documentation necessary to prove ownership of the firm and information for purposes of anti-money laundering and combating the financing of terrorism. An application to open an account must name the company's beneficial owner and the grounds for their beneficial ownership, as registered with the Central Record of Beneficial Owners. Banks may refuse to open accounts for a variety of political reasons, which is why they will seek to learn whether the prospective client or the beneficial owner are or have ties with current or former Serbian public officials or officials of other countries or international organisations. This information is required to ensure integrity in doing business and prevent any abuses.

Before seeking to open a firm in Serbia, we recommend running initial checks to see whether the status of the beneficial owner will pose an obstacle to opening a bank account. Banks' procedures are equally important as those of the BRA and are only set to become more complicated in the future.

#### TAX TRETMANET

The key requirement for a company is to file a registration tax return with the STA, based on which the revenue agency will produce its preliminary corporate income tax assessment. A company incorporated in any calendar year must file this return within 15 days of being registered with the BRA. The preliminary corporate income tax assessment will detail the company's monthly tax bill.

A commonly asked question is whether a newly incorporated company will be required to pay value added tax (VAT). Rules on VAT apply irrespective of the form of incorporation and are the same for both sole traders and corporations: any business with a total turnover of more than RSD 8 million in the previous 12 months becomes subject to VAT. Firms can also voluntarily apply to pay VAT even if their turnover does not exceed this threshold.

Sole traders may also be subject to 'lumpsum taxation', where the taxpayer does not have to keep books of account and is required to pay a fixed amount in tax and national insurance contributions as assessed by the STA regardless of their income, provided it has an annual turnover of less than RSD 6 million, is not required to pay VAT, and does not operate in the retail, hospitality, or real estate sectors. Corporations cannot choose lump-sum taxation and are always required to keep proper accounting records.

In Serbia, both the corporate income tax rate and the dividend tax rate stand at 15 percent.



#### **VIRTUAL OFFICE**

The requirement to maintain a registered office in Serbia means a company will face numerous costs, including rent, equipment, overheads, and other expenses. To minimise these costs, companies have increasingly been resorting to opening 'virtual offices'. This service involves leasing a location to serve as the registered or mailing address of a business or branch office, regardless of where it may be physically located. Costing between EUR 50 and 100 per month, virtual offices can significantly cut expenses and are particularly popular with firms that have few staff, such as IT and consulting companies, as well as businesses that operate exclusively online or in other cities or countries.

# INVESTMENTS

Rules for investments, entities that provide investment subsidies, and investor rights are regulated by the Serbian Investment Law. The objectives of this piece of legislation are to improve the investment environment, encourage direct investments to strengthen growth, help job creation, and promote overall welfare. As suggested by its title, the Law applies to both foreign and domestic investments, unlike the statute it replaced (the former Foreign Investment Law), which only dealt with investments from abroad.

The first investment decision concerns the type of investment to be made. Here, investments can be either (i) direct; or (ii) indirect.

(i) A direct investment is an investment in the tangible or intangible assets of a company.  (ii) By contrast, an indirect investment is one that allows investors to obtain equity interests or shares of stock in a company.

#### **INVESTORS' RIGHTS**

Investors enjoy a variety of rights in connection with their investment. They are guaranteed full legal security and legal protection in respect of rights acquired by investing. Foreign investors are accorded equal treatment as domestic ones ('national treatment') and may acquire title to and other interests in movable and immovable property in Serbia.

Investments are shielded from expropriation and any other measure with like effect. The sole exception is title to and other interests in real estate, which may be taken possession of or constrained where this is deemed to be in the public interest in a procedure regulated by law.

Investors may freely make payments abroad, pursuant to rules governing foreign exchange operations, and may transfer any profit and property in connection with their investment once they have paid any and all required taxes and other levies. This provision covers various forms of revenue, residual assets remaining after a company has been liquidated, proceeds of the sale of equity interests or shares of stock in a business or of capital reductions, compensation for expropriated assets, and the like.

#### **TYPES OF STATE AID**

State aid is the most important entitlement connected with investment for both domestic

and foreign investors. State aid entails incentives and support for investment and may be allocated only for a particular category of costs, termed 'eligible costs' in the law. Investors can make use of the following types of state aid:

- Subsidies;
- Tax breaks and incentives and administrative fee waivers;
- Customs incentives;
- Mandatory national insurance contribution incentives;
- Lease and sale of publicly owned real estate and land; and
- Other types of legal aid as regulated by legislation governing the award and oversight of state aid.

State aid may be extended by the central government, autonomous provinces, and local authorities. An important consideration when awarding state aid is its cumulation, which means attention is paid to the sum total of state aid awarded to the same recipient for the same purpose and with the same objective, regardless of its type, instrument, and awarding authority. Serbian regulations define the maximum amount of state aid that can be granted for a set of eligible costs. Before awarding the aid, each aid grantor is required to obtain a written declaration from the recipient detailing whether and on what grounds the recipient had previously received state aid for the same eligible costs.

A public register is maintained of all direct investments in Serbia and state aid awarded in connection with those investments. Lastly, retailers may not be granted state aid.

## **STATE AID GRANTORS**

State aid is granted by Serbia Development Agency and the Economic Development Council. The Serbia Development Agency is tasked with incentivising and facilitating promoting direct investment, export, enhancing the stature of Serbian business abroad, promoting regional development, and providing operational and technical support for the Economic Development Council. Applications for investment incentives are made with the Serbia Development Agency.

The Council is charged with monitoring the state of play with regard to investment and economic development, promoting and facilitating Serbia's objectives of economic development, and, crucially, ruling on applications for state aid made with the Serbia Development Agency.

# SUBSIDIES FOR DIRECT INVESTMENT

As noted above, direct investment means investment in tangible and intangible assets of companies. These investments can be made to either open a new business, expand existing capacity, manufacture new products, and introduce new production processes, acquire assets directly related to the company, and the like. This section outlines how subsidies are awarded for direct investments and what criteria apply to this process.

# **ELIGIBILITY**

Subsidies for direct investment are awarded for investment projects in the manufacturing

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and service centre sectors. These incentives may also be granted for investment in food production ('processing of the products of agriculture, forestry, and fishing into food for humans or animals', according to the national classification of activities), which includes the production of intermediate products.

State aid may not be awarded to firms in a of including variety industries. transportation, software development (except where intended to improve products, production processes, or delivery of service centres); catering, games of chance; trade; production of synthetic fibres; coal and steel; mining; tobacco and tobacco products; arms and ammunition; manufacture of powered commercial vessels exceeding 100 gross registered tonnes in displacement; airports; public utilities; energy; broadband networks; and fishing and aquaculture.

Activities considered retail trade in products by producers who also own their retail outlets (such as bakeries, pastry shops, or butchers' shops that sell their own products) are also ineligible for state aid.

Nevertheless, this does not mean that any business operating in an industry that can access subsidies will itself automatically be eligible. The following businesses may not be awarded subsidies:

- Distressed companies within the meaning of regulations governing state aid;
- Companies with outstanding tax liabilities in Serbia;
- Companies partly or wholly owned by the central government, an autonomous province, or a local authority;

- Companies required to refund prohibited state aid; and
- Companies whose incentive agreements have been terminated, except in cases of consensual termination.

#### **APPLICATION**

Applications for investment subsidies are made by investors, which can be either Serbian or foreign companies, and beneficiaries of investment must be businesses associated with investors that are registered in Serbia. Nothing prevents a Serbian investor from also benefiting from the investment.

The applications are filed with the Serbia Development Agency before investment projects are begun. <u>Investments made and</u> jobs created before an application is made will not be recognised as part of an investment project and will not attract <u>subsidies</u>. Before filing an application, a prospective investor may notify the Serbia Development Agency of its aim to launch an investment venture in a letter of intent detailing the investor, beneficiary, and planned project. The Serbia Development Agency will use this information to respond with a non-binding indication of the likely extent of subsidies that may be available.

# **ELIGIBLE COSTS**

Subsidies may be awarded to cover the eligible costs of:

 Gross salaries for new staff hired within two years of the investment beneficiary reaching full employment; and  Investments into tangible and intangible assets for the duration of the investment project (from date of applying for subsidies to end date of investment project).

# INVESTMENT PROJECTS ELIGIBLE FOR SUBSIDIES

Investments in the manufacturing sector must also meet minimum investment and jobs thresholds, which differ depending on the development tier of the local authority area where the investment is made, as presented in the table below.

Local	Minimum	Minimum	
development	jobs created	investment	
tier		(EUR)	
	50	500.000,00	
II	40	400.000,00	
III	30	300.000,00	
IV	20	200.000,00	
V	10	100.000,00	

Subsidies may be granted for investments in the service centre industry amounting to a minimum of **EUR 150,000** that create **15** new jobs. Unlike for manufacturing, there are no location-specific differences.

# CRITERIA FOR ASSESSING INVESTMENT PROJECTS

A variety of criteria are employed to assess investment projects, including:

- Investor's references (market visibility, client references, experience, and success in delivering investment projects, and the like);
- Share of unemployed with qualifications meeting the needs of the beneficiary of the investment in the total number of unemployed

registered with the National Employment Service in the local authority area intended to host the investment project;

- Percentage of university graduates envisaged to be employed by the investment project;
- Amount intended to be invested and type of investment (greenfield or brownfield), including likely involvement of the construction industry on the project;
- Technological sophistication of the activity to be invested in, as set out in the national classification of activities;
- Previous extent of collaboration with Serbian suppliers and planned involvement of Serbian suppliers;
- Impact of the investment on employees;
- Previous and planned extent of foreign and total turnover (before and after the investment project); and
- Financial and market assessment of the investment project (sources of finance, liquidity, profitability, sustainability, and repayment period).

# **AMOUNT OF SUBSIDIES**

In contrast to eligibility criteria, there are no differences between manufacturing and the service centre sector when it comes to the amounts of subsidies available. The following table presents subsidy ceilings based on the development tier of the local authority area intended to host the investment.



Local developement Tier	Percentage of eligible costs for two years of gross salaries (%)	Maximum subsidy per job created** (EUR)
	20	3.000
	25	4.000
	30	5.000
IV	35	6.000
V	40	7.000

\* Contracted salary is the base salary for newly hired staff that must exceed the statutory minimum wage by at least 20 percent, pursuant to labour regulations.

\*\* This is solely an adjustment criterion that applies if the subsidy based on the percentage of eligible costs for two years of gross salaries exceeds the maximum subsidy per job created.

Beneficiaries of investments that are not considered to be 'of particular significance' can have their subsidy for two years of gross salaries increased by 10 percent of the eligible costs of investment in tangible and intangible assets, whereas for 'particularly significant' investments the increase may amount to up to 30 percent of the eligible costs of investment in tangible and intangible assets, depending on the local development tier.

In addition, labour-intensive projects (those that will create at least 200 new jobs connected with the project) can also attract an increase in the subsidy 20 percent of the eligible costs for gross salaries, depending on the number of employees intended to be hired.

The example below illustrates these provisions. Assume a company is planning to invest EUR 10 million and create 500 jobs in a Tier 4 local authority area. In that case, the

maximum subsidy for eligible costs of gross salaries will amount to 35 percent of the total value of the intended investment, or EUR 3.5 million, with a ceiling of EUR 6,000 per job created. Since this is a labour-intensive project, the investor could benefit from additional subsidies as outlined above. That being said, the maximum subsidy is rarely awarded.

#### SUBSIDY AWARD AGREEMENT

Subsidy award agreements are entered into between the beneficiary of the subsidy and the Ministry of Economy once approved by the Government of Serbia. These agreements generally include clauses defining the subject matter, amount, and time frame of the investment, number of new jobs, planned costs of gross salaries for the new jobs, time frame for delivering the project, amount of subsidy awarded, requirement to notify the authorities of any changes to the time frame, collateral, dispute resolution, and any other issues relevant for the subsidy.

The agreement also comprises a business plan that details the amount, structure, and time frame of the investment, hiring plan and time frame, and envisaged gross salaries. The beneficiary of the subsidy must notify the Ministry of Economy of any changes to the business plan before the signing of the relevant addendum to the agreement or any agreement governing the mutual rights and obligations of the parties, or a settlement agreement.

The Ministry of Economy may terminate a subsidy award agreement at any time if it determines the beneficiary is in breach of the agreement, if representations made by the beneficiary before the agreement was signed prove to be false, or if termination is ordered by the Economic Development Council. The Ministry may terminate an agreement before the Economic Development Council has reached a final decision in the event there are justifiable reasons to do so.

#### **DISBURSEMENT OF SUBSIDY**

Once awarded, subsidies are disbursed at the application of the beneficiaries with the Ministry of Economy. Investors become eligible for the annual disbursement tranche after meeting criteria for that year with regard to investment in fixed assets and job creation, as evidenced in the report of a certified auditor tasked with reviewing performance. The annual tranche is a percentage of the total subsidy, and its amount is set either in proportion to the percentage of the investment into fixed assets made in each year of the investment project relative to the total investment into fixed assets envisaged by the investment project; or in proportion to the percentage of new staff hired in each year of the investment project relative to the total number of new hires envisaged by the investment project. A third option is a mix of these two. These rules are illustrated in the example below.

(i) Assume the disbursement tranche is based on the percentage of investment into fixed assets. The investment project envisages a total investment into fixed assets of EUR 10 million. One million euros, or 10 percent of the total, has been invested in the year in which the tranche is sought. Assuming the subsidy is EUR 2 million, the annual tranche amounts to 10 percent of that sum, or EUR 200,000.

(ii) Let us now assume the disbursement tranche is based on the annual percentage of new hires. The project envisages hiring a total of 500 staff. One hundred have been employed in the year under consideration, which constitutes 20 percent of the planned total. Assuming the same subsidy as in the example above, the tranche to be disbursed for this period amounts to 20 percent of the total subsidy awarded, or EUR 400,000.

The beneficiary of the subsidy is required to post a bank guarantee made out to the Republic of Serbia as collateral in the event of being unable to refund the subsidy. In addition, the beneficiary must provide bills of exchange as collateral for any statutory penalty interest that may be charged.

#### **INVESTMENT PROJECT TIME FRAME**

allocation of incentives for the The implementation of the investment project implies that the above must be implemented within a certain, prescribed period. The stated deadline depends on the type of investment being made. In this regard, in terms of investments of special importance, the deadline for the implementation of the investment project is 10 years from the date of application for the allocation of incentives, while in the case of investments of local importance this period is 3 years, with the possibility of extending the implementation deadline. investment project up to 5 years.

In addition, by allocating incentives, investors are obliged to comply with the prescribed conditions, which relate to the minimum period of direct investment in the territory where it is implemented, as well as to maintain the number of employees, which arises from the content of the investment project. when the investment is made. This obligation differs depending on whether it is a small, medium and large company. Accordingly, large companies are required to maintain the investment for at least 5 years.



The same deadline is prescribed for the impossibility of reducing the number of employees. For small and medium-sized companies, the stated deadlines are the same and the same for the mentioned obligations is three years.

#### **PERFORMANCE OVERSIGHT**

Each beneficiary of a subsidy is required to submit performance reports for its investment project to the Ministry of Economy within 60 days of applying for the final subsidy tranche, as well as within 60 days of the expiry of the investment and staffing maintenance period. These reports must contain a finding of the facts of the case made by an independent certified auditor. This audit report must include information about the beneficiary, such as its legal name, registration number, TIN, subsidy agreement and any addendums to it, as well as the number and subject matter of the subsidy agreement, amount and time frame of the investment, time frame for delivering the investment, and findings made by the auditor as to the actual amount invested and compliance with contractual obligations, but may also include other information of importance for the auditor's findings. The auditor will draw on these facts to issue an unqualified or an adverse opinion of the case. If the auditor's opinion is qualified or if the auditor issues a disclaimer of opinion, the auditor is required to explain the facts and reasons for taking that view.

At any time during delivery, or after the project has been completed, the Ministry of Economy may also inspect the amount and time frame of investments envisaged by the project or the subsidy award agreement. This oversight can also involve other authorities, such as the Central Register of Mandatory Social Insurance, which reports on the and type of jobs created by beneficiaries of subsidies. This mechanism allows the authorities to track staff numbers during the minimum investment and staffing maintenance periods.

These reports and data permit the Serbia Development Agency to monitor investment delivery and, where needed, refer matters related to investment projects to the Economic Development Council.



# List of Municipalities by the Level of Development:

		l group		
		(Municipalities)		
Backa Palanka	Valjevo	Kragujevac	Pancevo	Stara Pazova
Beograd	Vrbas	Lajkovac	Pecinci	Subotica
Beocin	Vrsac	Nis	Pozarevac	Uzice
Bor	Kanjiza	Novi Sad	Senta	Cacak
	,	ll group		
		(Municipalities)		
Ada	Becej	Jagodina	Novi Knezevac	Sremska
				Mitrovica
Aleksandrovac	Vranje	Kikinda	Pirot	Sremski
				Karlovci
Arandelovac	Gornji Milanovac	Krusevac	Raca	Topola
Apatin	Vrnjacka Banja	Kosjeric	Pozega	Temerin
Arilje	Zajecar	Kula	Ruma	Cajetina
Backa Topola	Zrenjanin	Lapovo	Smederevo	Sabac
Backi Petrovac	Indjija	Majdanpek	Sombor	
		III group		
		(Municipalities)		1
Alibunar	Despotovac	Kraljevo	Osecina	Titel
Bajina Basta	Zabalji	Leskovac	Odzaci	Trstenik
Batocina	Zitiste	Loznica	Paraćin	Cicevac
Bac	lvanjica	Lucani	Plandiste	Cuprija
Bela Crkva	Irig	Ljubovija	Prokuplje	Ub
Bogatic	Kladovo	Mali Idjos	Sviljanac	Coka
Boljevac	Knic	Negotin	Secanj	Sid
Velika Plana	Kovacica	Nova Crnja	Smederevska Palanka	
Veliko Gradiste	Kovin	Novi Becej	Sokobanja	
Vladimirovci	Koceljeva	Novi Pazar	Srbobran	
		IV/V group		
Aleksinac	Vladicin Han	(Municipalities) Knjazevac	Merosina	Raska
Babusnica	Vlasotince	Krupanj	Mionica	Rekovac
Bela Palanka	Gadzin Han	Kursumlija	Nova Varos	Svrljig
Blace	Golubac	Kucevo	Opovo	Sjenica
Bojnik	Dimitrovgrad	Lebane	Petrovac na	Surdulica
DOJIIK	Dinne ovgrau	LEDGHE	Mlavi	Juruanca
Bosilegrad	Doljevac	Ljig	Presevo	Trgoviste
Brus	Zabari	Mali Zvornik	Priboj	Tutin
Bujanovac	Zagubica	Malo Crnice	Prijepolje	Crna Trava
Varvarin	Zitoradja	Medvedja	Razanj	