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SERBIA • BANKING & FINANCE

Electronic Shipping Notes: Paving Business Digitalization in Serbia

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As part of the digital transformation of the domestic economy, the establishment of an electronic delivery note system represents an important step toward improving efficiency, legal certainty, and transparency in business operations. In order to implement and enforce the Law on Electronic Delivery Notes ("Official Gazette of the Republic of Serbia", no. 94/2024), the Rulebook on Electronic Delivery Notes ("Official Gazette of the Republic of Serbia", no. 21/2025) was adopted in March 2025, which regulates in detail the technical, security, and organizational aspects of their application, as well as the obligations of all participants in the system.

While the Law is already in force, its application will be obligatory for the public sector and trade in excise goods starting 1st January 2026, and for all other entities starting 1st January 2027. The Rulebook prescribes specific conditions for the creation, storage, and exchange of delivery notes through the information system, which is crucial for the consistent implementation of the law.

Additionally, the Rulebook provides detailed regulations on the procedure for registration and access to the system, system usage, the format and method of data entry, as well as the minimum content of the electronic delivery

note required for its processing. It also prescribes the method for recording the receipt and rejection of a delivery note, as well as the procedure for its archiving.

Electronic shipping notes are a digital version of a document which follows the delivery of goods from the sender to the receiver. They enable precise real-time tracking of goods movement, automatic generation of receipt documents, and recording of all changes during transport. Their validation guarantees authenticity and legal certainty, as the content of the document can no longer be altered once it is confirmed.

In addition to reducing administrative burden and increasing data accuracy, the system significantly contributes to more efficient collection of receivables. Electronic delivery notes eliminate the need for subsequent proof of delivery through physical documents, signatures, and stamps, as well as witness testimonies, which previously often posed challenges in practice.

With the adoption of the Rulebook, all normative conditions for the implementation of the Law in practice have been established, enabling the introduction of a more efficient, economical, and simplified system of trade between business entities, in line with modern standards of digital business.

SERBIA • CORPORATE & COMMERCIAL LAW

New Law on the Central Registry of Beneficial Owners

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On March 6th 2025, the National Assembly of the Republic of Serbia adopted the new Law on the Central Registry of Beneficial Owners (hereinafter: the Law). The Law was published in the "Official Gazette of the Republic of Serbia", No. 19/2025, on the same day and entered into force on March 14th 2025. Its application begins 18 months after entering into force, except for provisions of Article 12(4), Article 19(3) (which apply from the effective date), and Article 6(7) (which applies on the date of Serbia's accession to the EU).

The primary reason for enacting the new Law lies in the measures outlined in the Action Plan for implementing the Strategy for the Prevention of Money Laundering and Terrorist Financing (2020–2024). Given that the implementation of the Action Plan required a large number of new legal solutions and amendments to more than half of the existing law's articles, it was decided to draft a completely new law.

The new Law introduces the term trustee into Serbian and legal relationships similar to trusts, which are now also obligated to register their beneficial owners.

The content of the Central Registry has been expanded, requiring obligated entities, when registering beneficial owners, to submit documentation based on which the beneficial owner has been determined, as well as a copy of a passport or foreign ID if a foreign national is registered as the beneficial owner.

Additionally, the deadline for registering beneficial owners at the time of establishing registered entities or when changes occur has been extended to 30 days, compared to the previous deadline of 15 days from the date of the obligation.

Another important novelty is the obligation of entities to verify the accuracy and up-to-dateness of the registered data on the beneficial owner within one year from the date of the last registration or last confirmation of such data, and to confirm the accuracy and currency of the data within an additional 30 days.

Existing registered entities are required to comply with the provisions of the new Law within 60 days prior to the start of its application. Bylaws for the implementation of the Law are expected to be adopted within six months from the date the Law enters into force.

SERBIA • REAL ESTATE

Lease Agreement – Is Notarization Required?

A lease agreement for an apartment, business premises, or other property is one of the most common legal transactions involving real estate. Although the Law on Obligations does not require notarization of such agreements for them to be valid, there are important reasons why it is advisable to have the agreement notarized.

Namely, if the lessor and lessee decide to conclude the agreement in the form of a notarized (solemnized) document, it is possible to include clauses that grant the agreement the status of an enforceable document. This means that if the lessee fails to vacate the property after the lease expires, the lessor can initiate enforcement proceedings directly – without the need to first engage in a lengthy litigation.

This approach saves time and money, while providing the lessor with greater security in enforcing their rights. Notarization also additionally confirms the identities of the contracting parties and the content of the agreement, which can be crucial in the event of a dispute.

Thus, although not legally mandatory, solemnization of a lease agreement is considered a recommended practice, in the interest of legal certainty for all parties involved in the lease.

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SERBIA • EMPLOYMENT LAW

Circumstances Influencing Time Limits in Employment Relations

At first glance, a time limit seems like a clearly determined time period. However, what happens when that isn't the case? The issue of time limits takes on particular importance in the context of exercising rights arising from employment relations, where a strictly formal interpretation of deadlines—without considering court practice—may lead employers to make incorrect decisions, thereby infringing upon employees' rights.

Labor Law sets numerous deadlines for employees, during which they may exercise their rights or issue an opinion on a labor law topic. Examples of such deadlines include the minimum of eight business days granted for responding to an offer to conclude an annex to the employment contract, or at least eight (calendar) days that the employee must have at their disposal in order to respond to the allegations contained in a received warning regarding grounds for termination of the employment contract.

If the employee fails to respond to the offer to conclude an annex to the employment contract within the given deadline, and the reason for proposing the annex is one of those prescribed by law, this may constitute grounds for termination of the employment contract by the employer. The same goes for warnings regarding the existence of grounds for termination of the employment contract – once the deadline for the employee's response has expired, the employer may proceed with the termination procedure.

But what happens if the employee isn't in the position to respond within the lawfully prescribed deadline?

The answer isn't easy, given the divided opinions on this issue in court practice and the differing positions taken by the Supreme (Cassation) Court in its decisions. Although the situations are not identical—one pertains to an offer to conclude an annex to the employment contract, and the other to a warning regarding the existence of grounds for termination—they are suitable for comparison due to one important shared element: the employee's temporary incapacity for work (sick leave).

Per one interpretation in court practice, temporary incapacity for work may interrupt the the deadline available to the employee. According to another view, however, it has no effect on the timeframe within which the employee may exercise their right to respond or defend themselves in the proceedings before the employer.

In its judgment No. Rev2 1986/2022, the Supreme Court overturned the lower court decisions and found that, despite the expiration of the deadline for responding to the offer, the termination issued by the employer was unlawful. The Court reasoned that the first- and second-instance courts had failed to take into account the fact that the employee had been on sick leave (i.e., temporarily incapacitated for work) during the response period, even though they were not on leave at the time the offer was received.

The Supreme Court stated that, under these circumstances, it could not be considered that the legal conditions for terminating the employment contract were met, as the days the employee was on sick leave could not be counted toward the response deadline. The outcome was favorable to the employee, and the employer was ordered to reinstate them.

On the other hand, in its judgment Rev2 1101/2016, the Supreme Court of Cassation held that the fact that the termination procedure was carried out while the employee was on sick leave does not constitute an obstacle to termination, given that the grounds for termination arose while the employee was actively working. According to the Court's explicit position in this ruling, the delivery of a warning regarding the existence of grounds for termination, followed by the termination decision itself during the employee's sick leave, has no bearing on the lawfulness of that decision.

In conclusion, the lack of consistency in court rulings concerning deadlines for employee responses in the situations described, particularly in cases where employees are temporarily incapacitated for work, creates legal uncertainty and hinders the consistent application of the law.

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SERBIA • CIVIL LAW

Family Home: Legal Challenges and Protection

The family home, as a special institution of family law, is not subject to legal protection in the Republic of Serbia. In contrast, the new Family Law of Republika Srpska provides special protection for the family home, thus sparking interest in this institution among the professional public in the Republic of Serbia as well.

The family home is defined as immovable property chosen by the family as their residence, i.e., the place that serves as the center of their life activities. Under the law of Republika Srpska, it is defined as an immovable property (house, apartment, or other housing unit) in which the parents and their minor or adopted children reside. By its very nature, one family can have only one family home, regardless of how many properties the family members own.

The need to include provisions on special protection of the family home in legislation stems from the fact that, as long as the family remains intact, there is no need to regulate relations between family members regarding the family home. However, if the family separates, numerous questions arise concerning the family home, the most important being: which partner will be able to continue living in the family home, and which will have to move out—and under what conditions.

From a non-legal standpoint, it is especially important for the children to continue living in the family home. Hence, comparative law most often grants the right to remain in the home to the parent who continues to exercise parental rights (even if the family home is owned by the other partner).

Currently, the provisions on special protection of the family home are not included in the Family Law (with the exception of the right of residence – habitatio) nor in the Draft Civil Code of the Republic of Serbia. However, the Draft does contain provisions related to the family home, in the section regulating the content of the marriage contract. It is stipulated that the disposal of a residential property (apartment, house) in which the spouses live with their children – regardless of whether it is part of their separate or joint property (i.e., the family home) – is invalid if it is contrary to the best interests of the child (Article 2437, paragraph 3 of the Draft).

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SERBIA • ENVIRONMENTAL LAW

Omnibus Package – Is it Announcing Regulatory Reforms in the EU?

On 26th February 2025, the EU Commission introduced the "Omnibus Package" – a package of reforms covering several legislative areas, including rules on sustainable finance, CBAM, and investment, with the aim of simplifying EU rules, strengthening competitiveness, and attracting investment. The goal of this initiative is to reduce administrative burdens by 25% for all businesses and by 35% for small and medium-sized enterprises.

The initiative includes amendments to the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), accompanied by a draft Taxonomy Delegated Act for public consultation, with the aim to make sustainability reporting more efficient and less burdensome.

The main changes in the area of sustainability reporting will:

- remove around 80% of companies from the scope of the CSRD, with the retention of obligations only for companies that have more than 1,000 employees and higher financial indicators;
- adopt protection mechanisms to shield smaller businesses in the value chain from undue pressure from larger companies;
- revise and simplify the existing European Sustainability Reporting standards (ESRS), which will remain obligatory for companies that remain subject to the regulation;
- delete the requirement to adopt sector-specific standards and keep the requirement at the level of "limited" report assurance;
- limit reporting obligations under the EU Taxonomy to the largest companies, while still allowing other large companies to report voluntarily.

The proposed changes could reduce administrative costs by approximately €4.4 billion annually. However, the desired effect won't be achieved unless legislators reach a timely political consensus on concrete solutions. While simplifying regulations is desirable from a competitiveness standpoint, it must not come at the expense of climate and environmental goals. Projections indicate that the cumulative damages from climate change by 2050 could be up to six times higher than the costs required to reduce greenhouse gas emissions and achieve the targets set by the Paris Agreement. Accordingly, any decision that fails to consider long-term climate and economic consequences, regardless of short-term benefits, may represent a step backward and contribute to the further deepening of the climate crisis.

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BOSNIA AND HERZEGOVINA • DATA PROTECTION

Stricter Penalties for Better Personal Data Protection

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Modernization of the legal framework, individual privacy protection, reduction in data misuse, pseudonymization, protection of basic rights and freedom of natural persons within Bosnia and Herzegovina (BiH) – these are the reasons for introducing the new Law on Personal Data Protection, published in the Official Gazette of BiH, no. 12/25 (hereinafter: "the Law").

The Law aligns with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27th April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

The enhancement of personal data protection, specifically concerning any information related to an identified or identifiable natural person, is reflected through the following data subject rights:

- Right of access to personal data (including the purpose of processing, categories of processed personal data, and the intended retention period);
- Right to rectification (the data controller must enable the correction of inaccurate personal data without unnecessary delay);
- Right to erasure (data subjects are granted a limited right to have their personal data deleted);
- Right to restriction of processing (where the controller no longer requires the data for processing purposes, but the data subject needs it for the establishment, exercise, or defense of legal claims);
- Right to data portability (enabling the data subject to retrieve their personal data and transfer it to another controller);
- Right to object (the right of the data subject to object at any time to the processing of their personal data by the controller).

The processing of personal data is strictly regulated by law and requires that any such activity be based on a clear legal basis, with full respect to the principles of lawfulness, fairness, and transparency in relation to the data subject.

A higher level of protection is further ensured through the prescribed obligations of data controllers and processors, who, in accordance with the law, are required to complete any initiated data processing within two years from the date the law comes into force.

Failure to comply with the provisions of the law entails penalties for data controllers, responsible persons, and employees within the controller's organization.

These penalties range from 500 BAM to 100,000 BAM, and apply to the processing of special categories of data, processing without consent or adequate protection, and improper data handling.

Although absolute security can never be fully achieved, the adoption of this law represents a key priority on the country's path toward EU integration and is a significant contribution to the digitalization process.

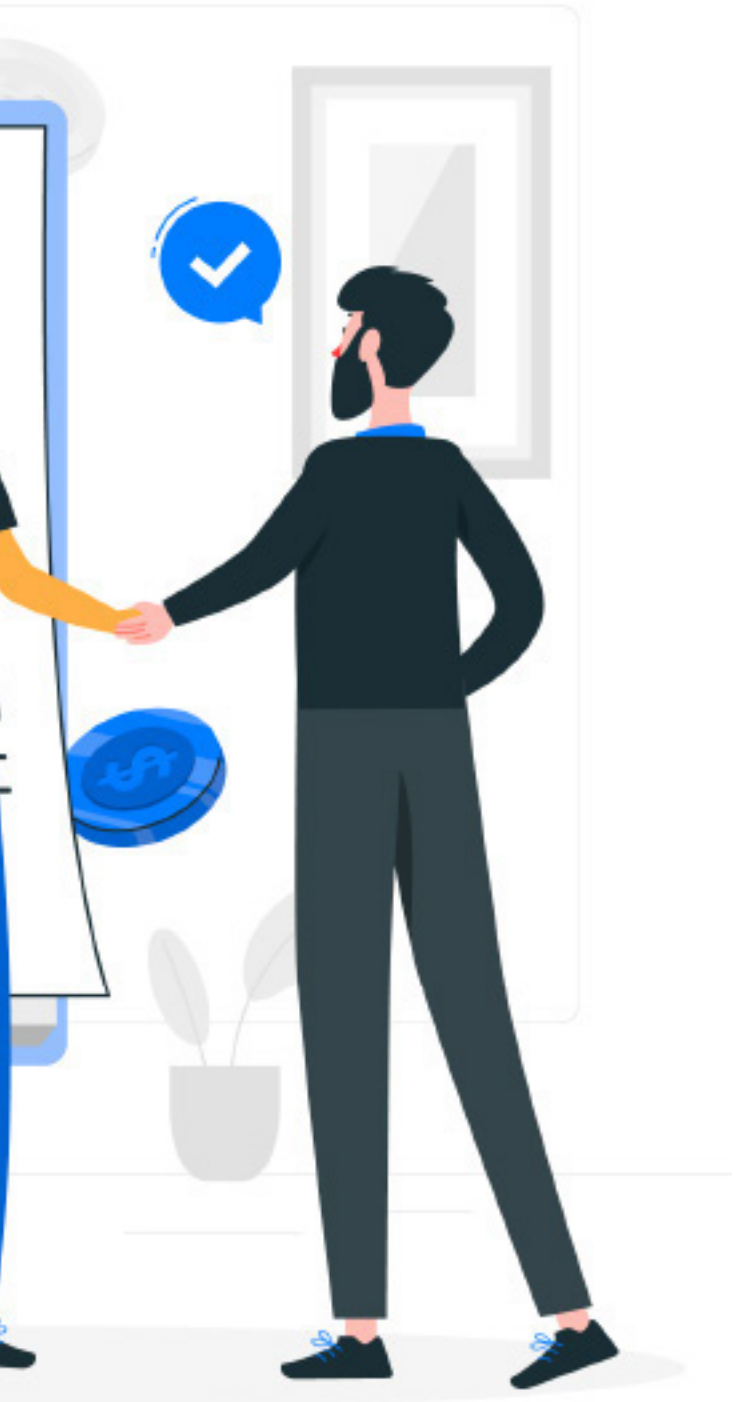
MONTENEGRO • BANKING & FINANCE

New Law on Consumer Loans

On February 12th 2025, the Parliament of Montenegro adopted and presented for the first time the new Law on Consumer Loans, marking a significant step in improving consumer protection and aligning Montenegrin legislation with European standards. The new law is synchronized with the EU Directive 2014/17/EU, which deals with consumer mortgage credit.

The key updates include:

- **Abolition of fees:** The law eliminates fees for processing and early repayment of mortgage loans, reducing financial costs for consumers.
- **Interest rate cap:** A maximum allowable effective interest rate is established, which cannot exceed the weighted average effective rate of all consumer loans increased by 100%.
- **Creditworthiness assessment:** Creditors are obligated to assess the consumer's creditworthiness both before approving a loan and throughout the loan term, to identify early signs of financial distress.



- **Protection in case of financial difficulties:** Before initiating enforcement proceedings, creditors must take all reasonable and justified steps to reach a settlement with consumers. The goal is to reduce the number of lawsuits and improve debt resolution in a manner acceptable to both parties, while safeguarding consumer rights and ensuring creditor accountability.

- **Mandatory disclosure of information:** The law imposes stricter requirements on informing consumers, mandating creditors and intermediaries to present all relevant information about the loan clearly and comprehensibly to enable informed decisions before signing any contract.

These reforms aim to improve the position of consumers and enhance the credit market, while at the same time ensuring compliance with competition rules among creditors and credit intermediaries within fair market conditions..

The law entered into force on February 28th 2025, and will be applied nine months from that date.

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NORTH MACEDONIA • BANKING & FINANCE

North Macedonia’s AML Law: Cash Transactions Capped at €1,000

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As of January 1, 2025, the provisions of the Law on Prevention of Money Laundering and Financing of Terrorism (Official Gazette of the Republic of Macedonia nos.151/2022...9/2025) entered into force, lowering the threshold for cash payments for goods and services.

The Law comprehensively regulates the measures, actions and procedures undertaken by entities, competent authorities and bodies for the purpose of detecting and preventing money laundering, related criminal offenses, and the financing of terrorism.

According to Article 204 of the Law, the prohibition on cash payments for goods and services, which until December 31, 2024, was set at EUR 2,000.00 in denar equivalent, is reduced as of January 1, 2025, to EUR 1,000.00 in denar equivalent. This applies to one or more clearly related transactions, if not executed through a bank, savings house, or other payment service provider, unless otherwise regulated by another law. This prohibition does not apply to organizers of games of chance.

These legal provisions imply that all amounts exceeding the stipulated threshold of EUR 1,000.00 in denar equivalent must be executed through a bank, savings house or other institution providing payment services.

The provisions of the Law reflect the legislator's intent to prevent money laundering in the aspects of the daily operations and functioning of entities, recognizing that cash transactions are difficult to trace.

Moreover, these provisions limit the possibility of criminal funds entering the legal economy. In addition, the state is combating informal networks used for financing terrorism, reducing the grey economy by preventing the "cash in hand" principle, encouraging citizens to use banking services, and increasing financial transparency.

These measures and legal amendments are part of the Government of the Republic of North Macedonia's efforts to align and harmonize with EU directives on combating money laundering and international standards for the prevention of money laundering and financing of terrorism.

ALBANIA • BANKING & FINANCE

Law on the Establishment of the Albanian Development Bank

On 6th March 2025, the Council of Ministers approved the draft law concerning the establishment of the Albanian Development Bank. The initiative, undertaken by the government, aims to foster the country's economic and social development by providing financial support to underserved sectors and strategic projects.

The institution will focus on three main pillars:

- Financing of Infrastructure;
- Support for Small and Medium Enterprises (SMEs);
- Promotion of Exports.

The Albanian Development Bank is designed to support the development of both physical and digital infrastructure throughout the country, thereby contributing to improved public connectivity and service delivery. In addition to infrastructure financing, the institution will offer financial instruments aimed at assisting Albanian enterprises in expanding their presence in international markets, thus enhancing the competitiveness of domestic products and services. Moreover, by facilitating access to finance for small and medium-sized enterprises, which frequently encounter obstacles in securing loans from traditional banking institutions, these three focus areas collectively contribute to the overarching goal of promoting economic growth.

The Bank has been modeled after national promotional banks within the European Union and seeks to address existing gaps in the financial market.

It is established as a joint-stock company in which the Albanian state holds a 51% ownership stake, with the remaining shares available to other potential investors.

During the legislative process for the adoption of the draft law establishing the Albanian Development Bank (ADB), several members of Parliament and economic experts expressed concerns, primarily regarding the associated economic risks, as well as issues related to supervision and regulatory oversight. These concerns arose from provisions in the draft law granting the ADB the authority to collect public savings through the Albanian Post, without being fully subject to oversight by the Bank of Albania.

In response to these criticisms, the government introduced amendments to the draft law. It was subsequently decided that the activity of collecting public savings, carried out via a separate entity within the Albanian Post, would fall under the supervision of the Bank of Albania. This measure was intended to strengthen regulatory oversight and mitigate potential financial risks.

Despite the objections raised, a majority of members of Parliament endorsed the initiative, recognizing it as a significant step toward the country's economic and social advancement. The law was ultimately approved in the plenary session held on 17th March 2025.

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