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This newsletter provides general information and should not be construed as legal advice. Please consult our legal experts for specific guidance tailored to your unique circumstances.

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SERBIA • Banking & Finance

Bank Resolution Fund: A Mechanism for Strengthening the Resilience of the Banking System

The beginning of 2026 was marked by a significant step forward in the field of bank resolution, with the adoption of the Decision on the Establishment of the Bank Resolution Fund and the Rules on the Investment and Management of the Fund's Assets (hereinafter: the Decision). The Decision was adopted by the Executive Board of the National Bank of Serbia on the basis of the Law on Banks, and it entered into force on January 24th, 2026.

The Law on Banks provides that bank resolution is carried out in order to ensure the continuity of the bank's critical functions, avoid significant adverse effects on the stability of the financial system, protect budgetary and other public funds, safeguard depositors and investors, and protect clients' funds and other assets.



In order to secure funding for bank resolution, the National Bank of Serbia established the Bank Resolution Fund (hereinafter: the Fund), which does not have the status of a legal entity, and whose assets and liabilities are kept separate from those of the National Bank of Serbia. The National Bank of Serbia manages the Fund and enters into legal transactions in its own name but on behalf of the Fund; however, it does not assume liability for the Fund's obligations nor does it participate in its financing in any way.

The Fund's resources are used for purposes in accordance with the law governing banks and consist of monetary contributions paid by banks in the form of regular contributions, as well as extraordinary contributions in accordance with regulations of the National Bank of Serbia. The Fund's resources also include funds obtained through loans and other forms of financing, funds paid into the Fund through loan repayments, activated guarantees, and other contributions provided in the course of bank resolution, as well as income generated from these resources, assets acquired during resolution proceedings, and returns on the investment of the Fund's assets. In addition, the Decision prescribes rules on the investment of the Fund's assets, risk management, and the adoption and publication of the annual report by the National Bank of Serbia.

In a time of pronounced economic challenges, the establishment of the Fund represents a step toward strengthening the resilience of the banking system in the Republic of Serbia. Although its effectiveness and efficiency will depend on its practical implementation, it is expected to contribute to more efficient management of potential crises in the banking sector, enhance confidence in the system, and help preserve financial stability while providing additional protection to depositors, investors, and the broader public.

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SERBIA • CORPORATE & COMMERCIAL LAW

Improvement of the Legal Framework in the Field of Trade and Consumer Protection



Recent legislative initiatives in the Republic of Serbia, launched based on communication with market participants and competent authorities, have resulted in proposals prepared by the proponents and submitted to the National Assembly of the Republic of Serbia in the form of a Draft Law on Consumer Protection, as well as amendments to the Law on Trade. This has initiated a comprehensive process of improving the legal framework governing market relations.

The proposed new Law on Consumer Protection places special focus on the digital market, introducing rules related to digital content and digital services. For the first time, legal relations between consumers and providers of digital services, including online platforms, are systematically regulated, with such providers largely equated with traditional traders in terms of their obligations.

At the same time, price transparency is further enhanced, among other things through the obligation to update prices in real time. This enables consumers to make informed purchasing decisions and allows for more efficient market supervision.

Additionally, rules concerning the display of prices during promotional sales are being tightened, with a requirement to clearly present the actual amount of the discount in order to prevent misleading business practices. In this regard, amendments to Article 37 of the Law on Trade more precisely regulate the method of determining the previous price as the reference value for calculating discounts. Accordingly, for goods offered for more than 30 days, the previous price is defined as the lowest price applied in the last 30 days, while for goods offered for less than 30 days, the lowest price within a period of at least 15 days prior to the application of the discount is used. Furthermore, in cases of gradual price reductions, the previous price is determined as the lowest price in the 30 days preceding the start of the discount.

On the other hand, amendments to the Law on Trade also introduce a number of additional measures aimed at improving market discipline and accountability. One of the key innovations is the establishment of a centralized register of purchasing points, ensuring greater transparency and traceability in the trade of agricultural products and livestock.

Moreover, rules on distance selling are being improved, and broader use of electronic documentation in trade is enabled through the introduction of electronic delivery notes as well as electronic invoices.

These legislative initiatives aim to strengthen consumer protection, increase business transparency, and further harmonize domestic legislation with European Union law.

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SERBIA • REAL ESTATE

Foreign Citizens and the Purchase of Real Estate in Serbia: Legal Framework and Key Risks



In recent years, Serbia has seen a significant rise in the interest of foreign investors in the real estate market, primarily due to competitive prices, infrastructure development and a relatively simple purchase procedure. However, despite the favorable investment environment, the legal framework and practice can be a challenge for buyers who are not familiar with local regulations.

Foreign citizens can acquire property rights on real estate in Serbia under the condition of reciprocity, while legal entities often choose to establish a domestic company for easier business and a wider range of investments. It is important to note that there are restrictions when it comes to agricultural land, while buying apartments and business premises is much simpler.

The process of buying real estate includes several key stages, starting with a detailed legal check of the real estate (due diligence), through the conclusion of the preliminary contract, up to the signing and certification of the main contract by a notary public, as well as the registration of ownership rights in the real estate cadastre. Each of these phases has its own importance, and these phases are precisely where potential risks occur most often.

The most significant legal challenges include the inconsistency of data in the cadastre, the existence of encumbrances or notes, as well as the purchase of objects that are not fully legalized. When buying new-build property, an additional risk is the reliability of the investor, as well as compliance with the agreed deadlines.

The tax aspect requires special attention. Buyers pay tax on the transfer of absolute rights in the case of old-build property, i.e., value added tax (VAT) when purchasing from investors, a possible sale in the future may generate a capital gains tax liability.

Hiring a lawyer with experience in the field of real estate significantly reduces legal and financial risks, ensuring the security of the transaction and effective communication with the competent institutions.

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SERBIA • EMPLOYMENT LAW

GPS Surveillance of Employees in Service Vehicles

By the end of January, 2026, the Commissioner for Information of Public Importance and Personal Data Protection published the 11th issue on personal data protection.

Due to the increase in GPS usage in vehicles, the issue specifically calls to one case from 2025, where the Commissioner issued a warning to a personal data controller, due to his actions of processing personal data of employees who used service with GPS, without proper claim per Article 12 paragraph 1 of the Law on Personal Data Protection, thereby violating certain principles of processing stipulated in said Law.

In this particular case, the personal data controller claimed the purpose for personal data processing via the GPS represented:

1. Protection of the personal data controller's property, i.e., determination of the vehicle's location in case of theft and/or unauthorized usage;
2. Speed control (due to the misdemeanor liability of employees) with aim to determine the driver's risk behavior compared to traffic regulations and protection, and timely reactions for the provision of help to the employee in cases of traffic accidents or vehicle breakdowns.

Furthermore, the data personal data controller stated that the legal basis for personal data processing is legitimate interest. However, as the Law on Personal Data Protection prescribes that the legitimate interest of the personal data controller can be the legal basis for the processing of personal data, unless those interests are outweighed by the interests or the basic rights and freedoms of the person to whom the data relate that require the protection of personal data, whereby the personal data controller is responsible for the application of the principles of processing prescribed by said Law and must be able to present their application ("responsibility for action"), and that everything in practice in the case of legitimate interest is documented by a specific act – Assessment of Legitimate Interest, the Commissioner correctly determined in the specific case omissions on the part of the personal data controller.

Additionally, in this particular case, the Commissioner has rightfully concluded that the unlimited data storage, gathered via the GPS, also stipulates a violation of the Law on Personal Data Protection.



Here, the Commissioner discussed interesting opinions and guidelines in view of identifying the purpose of processing in specific situations, which can be useful in the implementation of the Assessment of Legitimate Interest as a legal basis for processing via GPS.

You can read the publication [HERE](#).



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SERBIA • CIVIL LAW

State Subsidies for Mothers in Serbia: How to Get your First Real Estate?

The right to monetary funds for the construction, participation in the purchase, i.e., the purchase of a family-residential building or apartment based on the birth of a child is realized under the conditions prescribed by the Law on Financial Support for Families with Children, the Regulation on the Conditions and Ways of Exercising

that Right and the Decision on the Amount of Funds.

The right may be exercised by mothers with a child born after January 1st 2022, under the condition that the mother is a citizen of the Republic of Serbia and has residency in the Republic of Serbia, as well as on the condition

that she hasn't owned a family-residential building or an apartment on the territory of the Republic of Serbia. Under certain conditions, this right can also be exercised by mothers with the status of foreigners with approved permanent residence in Serbia. In the case of the death of the child's mother, the right can be exercised by the child's father.

The maximum amount of funds that can be approved is EUR 20,000. The request for exercising the right is submitted through the competent body of the local self-government unit, within one year from the day of the child's birth. The right can be exercised:

1. for the construction of houses in local self-government units that have been determined as devastated areas in the amount of 50% of the value of the works on the construction of the house based on the technical description with the list of works and the bill of quantities and estimate of the works certified by the responsible designer;
2. for the construction of houses in other units of the local self-government – in the amount of 20% of the value necessary for the construction of the house;
3. for the purchase of a house or apartment – in the amount of 20% of the real estate value assessed by the competent tax authority, and at most in the amount of 20% of the purchase price determined by the preliminary agreement on the purchase and sale of real estate;
4. for the purchase of a house or apartment via a housing loan – in the amount of 20% of the estimated value of the real estate on the basis of which the loan is granted, and at most in the amount of 20% of the purchase price determined by the preliminary agreement on the purchase and sale of real estate.

Bearing in mind that the request must be submitted within one year from the day of the child's birth, it is recommended to take timely steps to exercise this right. Considering the specifics of the procedure and the conditions that must be met, you can contact our team for legal advice and assistance in exercising this right.

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SERBIA • ENVIRONMENTAL LAW

European Commission Published CBAM Certificate Prices for the First Quarter of 2026

EU importers and their indirect customs representative, who import CBAM (Carbon Border Adjustment Mechanism) goods in amounts higher than 50 tons, must obtain the status of a certified CBAM declarant and, starting from 2027, begin buying CBAM certificates. The first purchase of certificates will begin in February 2027, and will relate to imports realized during 2026, while the deadline for submitting CBAM reports for 2026 will be May 31st 2027.

During 2026, the European Commission will publish quarterly prices of CBAM certificates, which are determined as average auction prices of emission permits within the Emissions Trading System within the EU (EU ETS). Per the available data, the CBAM certificate price for the first quarter of 2026 amounts to EUR 75,36. The quarterly price will be determined by the quarterly cut of the auction clearing prices of CO2 permits within the EU ETS and will be calculated within the first calendar week of the following quarter. Starting in 2027, the introduction of weekly price publication is planned.

The obligation for obtaining the status of a certified CBAM declarant pertains to aluminum, cement, electrical energy, iron and steel, hydrogen and compost importers from third world countries. These entities will be required to purchase CBAM certificates in the volume corresponding to the CO2 emissions embedded in the imported goods.

It was previously stated that CBAM represents EU's mechanism for carbon cost compliance between domestic manufacturing and import, with the aim to stop so called "carbon leakages". The regulation was adopted in May 2023, and has been implemented since October 1st 2023, as part of the Fit for 55 package, whose full implementation began January 1st 2026.

Companies within the CBAM regiment must provide yearly reports, with obligatory data verification by accredited verifiers, while importers must buy CBAM certificates in the volume corresponding to the CO2 emissions embedded in the imported goods.

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BOSNIA & HERZEGOVINA • REAL ESTATE

What do the amendments to the Law on Property Rights of Republika Srpska bring?



The protection of public property, improvement of the legal framework governing the disposal of real estate owned by Republika Srpska and local self-government units, the creation of normative conditions for more efficient attraction of investments, as well as the regulation of the legal basis for addressing housing needs of certain population categories, represent the key reasons for adopting the Law on Amendments to the Law on Property Rights of Republika Srpska (hereinafter: the "Law").

These amendments were adopted during 2025 and 2026 and constitute changes to the existing legal framework established by the 2008 Law on Property Rights, with the aim of further elaboration and alignment with contemporary socio-economic circumstances.

Key amendments compared to the previous legal framework include:

- Redefinition of the right to build (superficies) via the introduction of the possibility of establishing this right free of charge or under preferential conditions, departing from the earlier principle of equivalence of consideration. Special categories eligible for such benefits are explicitly defined (vulnerable populations, families of fallen soldiers, families of war invalids, families with four or more children, young married couples up to 35 years of age, single parents, and investors of special importance).
- Expanded discretionary powers of public authorities in procedures involving the disposal of publicly owned real estate, alongside a reduction of formal restrictions regarding methods and conditions of disposal.
- Greater flexibility of the legal regiment in terms of the duration of the right to build, including the possibility of extending its duration in accordance with the contractual will of the parties.
- Improvement of rules governing registration of property rights in public registers, aimed at increasing procedural efficiency and strengthening the principles of legal certainty and trust in public registries.

Proceedings initiated prior to the entry into force of the Law will be governed by the provisions of the previously applicable Law on Property Rights, unless otherwise specified by special provisions.

The adoption of this Law seeks to improve the normative framework in the field of property rights, however, certain solutions raise significant political and legal questions regarding the protection of property rights, consistent application of the principle of equality before the law, and legal certainty, which will require further judicial clarification through practical application in the period ahead.



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MONTENEGRO • ADMINISTRATIVE PROCEDURE LAW

Legal Overview of the Law on the National Security Agency and Amendments to the Law on Internal Affairs



In the first quarter of 2026, the most significant development in Montenegro's legislative framework was the adoption of the Law on the National Security Agency and amendments to the Law on Internal Affairs. These regulations marked the observed period as an important phase of legislative activity, with notable legal and political implications.

The laws were initially adopted in early March 2026 but were returned for reconsideration due to identified shortcomings regarding their compliance with Montenegro's legal system and relevant European Union standards. In the repeated procedure, the laws were adopted without substantial amendments, raising numerous questions regarding their implementation and alignment with the state's international obligations.

Under the new Law, the National Security Agency has been granted very broad powers in the collection and processing of data for the purpose of preventing terrorism, extremism, organized crime, foreign intelligence activities, cyber threats, economic threats, and similar risks. The focus is therefore not limited to traditional security concerns but extends to modern threats as well. A multi-layered oversight system has been established over the Agency, including parliamentary supervision and control by a special inspector. The aim of such a framework is to prevent abuse and ensure lawful and accountable conduct.

At the same time, the amendments to the Law on Internal Affairs have been subject to criticism, particularly regarding procedural safeguards, with concerns raised about potential shortcomings in the protection of the right to defense and the application of the presumption of innocence. However, the re-adopted amendments also introduced significant novelties in the area of employment and career development within the police, through more detailed regulation of recruitment procedures, the introduction of structured traineeship requirements, and clearer obligations regarding retention in service.

Particularly noteworthy are provisions expanding the scope of polygraph testing, accompanied by more clearly defined conditions and procedural safeguards, as well as provisions increasing the maximum age limit for entry into police service from 30 to 32 years.

Despite these developments, Montenegro has simultaneously adopted a number of additional reform measures aimed at harmonization with European standards and further progress within the European integration process.

Taking into account their normative significance, as well as the level of alignment with the priorities of the European integration process, these amendments can be considered the most significant legislative reform in Montenegro in the first quarter of 2026.



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NORTH MACEDONIA • MISDEMEANOR LAW

Automated Traffic Video-Surveillance in North Macedonia: How the New Rules Change Violation Sanctioning?

With the adoption of the amendments to the Law on Road Traffic Safety and the Law on Misdemeanors in the Republic of North Macedonia, the operation and implementation of the “Safe City” project officially began on February 1st 2026. This project represents a modern solution for automated video surveillance and monitoring, aimed at enhancing road traffic safety.

From a legal perspective, this system is designed to sanction typical and high-risk traffic violations. In the initial phase of its operation, the system will detect several types of violations, namely: illegal parking, exceeding the prescribed speed limit, running a red light, and operating a vehicle with an expired traffic license.

One of the most significant innovations is the recognition of

audiovisual recordings and electronically generated data as valid evidence in misdemeanor proceedings, thereby departing from the previous concept of establishing a misdemeanor through the actions of an authorized official. In the past, this method of determining violations caused problems and difficulties in court proceedings in proving the guilt of the offender, due to a lack of evidence.

With the legislative amendments, the identification of the offender is carried out through the vehicle's license plate, thereby establishing a legal presumption according to which the owner of the vehicle is considered the offender, unless they prove otherwise.

If the figures before and after the full implementation of the "Safe City" system are compared, it can be observed that traditional methods of traffic enforcement recorded a significantly lower number of violations, in the range of approximately ten thousand violations per month, within limited time intervals and at specific locations.

In contrast, the automated system enables continuous monitoring of traffic at multiple locations simultaneously, resulting in a much higher number of recorded violations, averaging around twenty thousand violations per month, or twice as many as before.

"Safe City" represents a significant step towards the digitalization and modernization of the misdemeanor law system, contributing to increased legal certainty and enforcement efficiency. However, it also raises several relevant legal issues, particularly regarding the right to a fair trial, the allocation of the burden of proof, and the limits of permissible interference with citizens' privacy, which will be subject to further theoretical analysis and judicial practice.



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ALBANIA • ADMINISTRATIVE PROCEDURE LAW

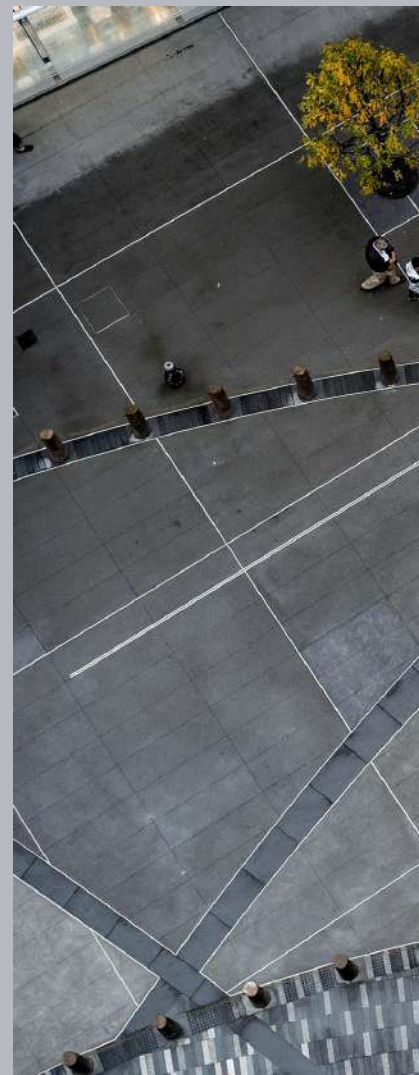
Regulation on the Use of Public Space and Its Immediate Market Impact

In April 2026, the Albanian Council of Ministers adopted Decision No. 224, dated 1 April 2026, approving a new Regulation on the Use of Public Space. This decision replaces the previous framework established under Decision No. 1096 of 2015. It introduces a revised legal structure governing the administration, authorization, and control of public areas across the country. The regulation is adopted on the basis of the Constitution and the laws on territorial planning and local self-government. It aims to create a more unified and enforceable approach to public space management.

However, this regulatory development is distinguished not only by its legal content, but also by the manner and timing of its implementation. In the months preceding the formal adoption of the decision, Albanian authorities primarily through the Inspectorate for Territorial Protection (IMT) initiated a widespread campaign targeting the use of public space by businesses. This campaign focused largely on the removal of outdoor structures such as terraces, tents, and other extensions commonly used by bars, restaurants, and commercial operators.

The enforcement actions began abruptly and prior to the entry into force of the new regulation, creating a situation perceived by many stakeholders as lacking clear legal basis at the time of intervention. The measures were implemented immediately and, in several cases, in an arbitrary manner, without a structured transition period or sufficient clarity on compliance requirements. As a result, numerous businesses experienced direct financial damage due to the dismantling of their operational spaces, particularly in the hospitality sector where outdoor seating constitutes a significant portion of revenue generation.

This enforcement wave generated considerable media attention and public debate in Albania. The situation was widely reported and discussed, reflecting a broader dissatisfaction among business owners and the public. Concerns were raised regarding legal certainty, proportionality of measures, and the absence of prior consultation or phased implementation. The perception that enforcement preceded regulation created a sense of unpredictability in the regulatory environment, particularly for small and medium-sized enterprises.



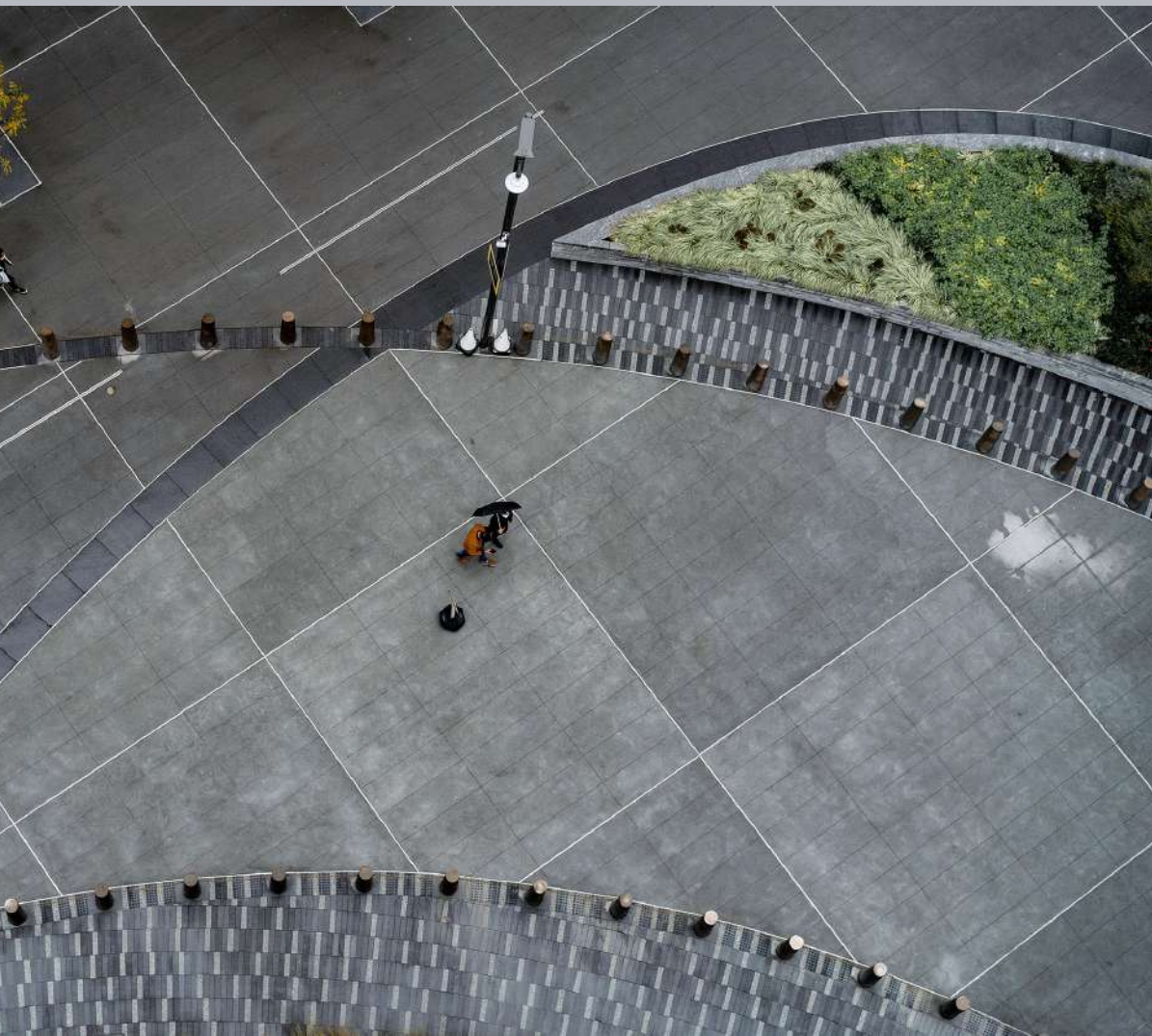
With the formal adoption of Decision No. 224, the authorities have now established a clearer legal framework intended to justify and structure such interventions.

In conclusion, while Decision No. 224 represents a significant step toward modernizing the legal framework on public space management, its real impact is closely tied to the enforcement practices that preceded it. The combination of immediate intervention, economic consequences for businesses, and strong public reaction makes this development particularly relevant for understanding the current regulatory climate in Albania.

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