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## PRESS RELEASE

### **HIDDEN TAXES COST SERBIA'S COMPANIES €730 MILLION**

#### **STUDY REVEALS AT LEAST 370 PARA-FISCAL FEES AND CHARGES**

**BELGRADE (April 19)** – A study released today found 370 different fees and charges that Serbian companies must pay with no or few benefits in return. These charges cost the Serbian economy more than 2 per cent of the country's gross domestic product (GDP), according the USAID Business Enabling Project and the National Alliance for Local Economic Development (NALED).

There likely are more than 370 different fees charged to companies, said Joe Lowther, USAID's Business Enabling Project's Chief of Party, who invited companies to report additional fees that are charged to companies but not included in the inventory.

"We arrived at €730 million in charges that passed through the Treasury Department's account in 2011, but many other fees bypass the Treasury and are considered own-source revenue of regulatory agencies and public enterprises," Mr. Lowther said today at the Media Center in Belgrade.

This inventory of para-fiscal charges, essentially hidden taxes with no benefit to businesses, is far from complete. "We concluded their number was growing, and it was virtually impossible to inventory them all," said Milan Simic, NALED Program Coordinator.

"Many of the charges are inconsistent. The exam required to earn the title of Chief of Medicine costs 8,990 dinars, while the fee for taking the tourist guide exam is 18,000 dinars," Simic noted.

The USAID Business Enabling Project and NALED study provides several recommendations to prevent the introduction of new charges. It states that many charges issued by civil servants for registrations, certificates, permits and licences can be abolished. And it says the Government of Serbia should consider turning own-source revenue of the various agencies into revenue of the central budget. The study states that legitimate should remain in force – such as the pollution charge – but it might be better to turn them into taxes since that would increase transparency.

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*Since 2002 USAID has invested more than \$662.7 million to stimulate economic growth, strengthen the justice system, and promote good governance in Serbia. For more information about USAID, visit <http://serbia.usaid.gov>.*

