

16 Annex - Taxation

**112. DECREE ON THE MANNER OF CALCULATING THE
CURRENT NET SALARIES INTO GROSS SALARIES**

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Based on Article 12, paragraph 1 of the Decree on the Government of the Republic of Montenegro (Official Gazette of the Republic of Montenegro 15/94 and 4/97), the Government of the Republic of Montenegro, at the session on 21 June, 2002, adopted

Decree
on the Manner of Calculating the Current Net Salaries net into gross salaries
(Official Gazette of the Republic of Montenegro 34/02)

Article 1

This Decree shall regulate the manner of calculating the current net salaries into gross salaries, and which shall be used in line with the provisions from the Law on Tax on Salary from Physical Persons (Official Gazette of the Republic of Montenegro 65/01) from 1 July 2002, as a base for calculating tax on personal earnings on the basis of employment.

Article 2

Employer, or other payers of salaries shall be obliged to do, on 1 July 2002, a calculation for their employees of the current net salaries into gross salaries.

Article 3

Gross salary referred to in Article 2 of this Decree shall include net salary, tax from salary and contributions for mandatory social insurance paid by the insured, at the rates which are valid on 30 June 2002.

Gross salary from paragraph 1 of this Article shall be assessed by applying the following formula:

$$G = \frac{\text{Net salary}}{100 - (\text{sum of tax rates and contributions for mandatory social insurance paid by the insured})} \times 100$$

Article 4

The Employer from Article 2 of this Decree shall be:

- residential business organization, insurance organization, association, agency, cooperative or some other legal and physical person where the employee became employed;
- body, organization, and institution, financed from the budget of the Republic and the budgets of local self-government units;
- Central bank;
- nonresidential persons with a permanent business location in the Republic of Montenegro where the employee became employed.

Article 5

This Decree shall enter into force on the eighth day from the day of its publishing in the Official Gazette of the Republic of Montenegro.

Number: 02-2582

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Podgorica, 21 June, 2002
Government of the Republic of Montenegro

President,
Filip Vujanović