

16 Annex - Taxation

**120. RULEBOOK ON CLASSIFICATION OF FIXED ASSETS
(NON-CURRENT ASSET) ACCORDING TO GROUPS AND
METHODS FOR DETERMINATION OF DEPRECIATION**

120. RULEBOOK ON CLASSIFICATION OF FIXED ASSETS (NON-CURRENT ASSET)
ACCORDING TO GROUPS AND METHODS FOR DETERMINATION OF DEPRECIATION

Pursuant to Article 13 paragraph 6 of the Law on Income of Physical Persons (Personal Income Tax), (Official Gazette of Montenegro 65/2001) the Minister of Finance hereby issues the following

Rulebook on classification of fixed assets (non-current asset) according to groups and methods for determination of depreciation

Official Gazette of Montenegro 28/2002 of 13 June 2002

Basic Provisions

Article 1

This Rulebook defines the classification of fixed assets according to groups and prescribes methods for determining depreciation of fixed assets for taxation purposes.

Article 2

Fixed assets referred to in paragraph 1 of this Article include tangible and intangible assets, except for land and objects of art, with an anticipated life longer than one year and the value exceeding EUR 200.

Article 3

Calculation of depreciation of fixed assets according to groups and types of assets shall be completed on the "OA" Form, which is printed together with this Rulebook and represents the constituent part thereof.

Classification of fixed assets according to groups and depreciation rate

Article 4

Classification of fixed assets according to groups of depreciation stipulated by Article 13 paragraph 3 of the Law on Income of Physical Persons (Official Gazette of Montenegro 65/2001), shall be implemented, depending of the type of asset, as follows:

Fixed Assets Group	Code	Fixed Assets Type	Depreciation Rate
1	2	3	4
First (I)	01	1. Asphalt surfaces	5 %
	01	2. Airport runways	
	01	3. Dams for water accumulation	
	01	4. Gas pipelines	

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01	5. Berthing for ships
01	6. Parks
01	7. Power plants
01	8. Electricity power lines
01	9. Escalators
01	10. Hangars
01	11. Breakwaters
01	12. Marinas
01	13. Bridges
01	14. Overpasses and viaducts
01	15. Oil pipelines
01	16. Water systems
01	17. Equipment for IT infrastructure (Yupak, Internet)
01	18. Utility production and distribution systems for electric energy, gas, heat and water
01	19. Parking spaces
01	20. Natural sources of water and spas
01	21. Roads and highways
01	22. Fishponds
01	23. Warehouses and reservoirs
01	24. Salt-works

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	01	25. Sports facilities (stadiums, swimming pools, sports halls)	
	01	26. Silos on agricultural estates	
	01	27. Tunnels	
	01	28. Water supply infrastructure and pipelines	
	01	29. Railway infrastructure	
	01	30. Buildings	
Second (II)	02	1. Aircrafts	15%
	02	2. Cars	
	02	3. Ships and other navigating objects	
	02	4. Power plant under 15 megawatts	
	02	5. Air conditioners	
	02	6. Elevators	
	02	7. Boilers	
	02	8. Furniture on ships	
	02	9. Medical equipment	
	02	10. Fences	
	02	11. Office equipment	
	02	12. Equipment for production and distribution of solar energy	
	02	13. Tanks for oil storage	

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	02	14. Tanks for water storage	
	02	15. Railway carriages	
	02	16. Vineyards	
	02	17. Orchards	
Third (III)	03	1. Tools and inventory	20%
	03	2. Buses	
	03	3. Equipment for thermal power stations	
	03	4. Equipment for production of milk and dairy products	
	03	5. Cash register for VAT (fiscal) control	
	03	6. Flippers (amusement game-machine)	
	03	7. Refrigerators for vegetables	
	03	8. Calculators	
	03	9. Lorries and trailers (articulated vehicles)	
	03	10. Laboratory equipment	
	03	11. Equipment for grain cleaning	
	03	12. Photocopy equipment	
	03	13. Furniture not mentioned elsewhere	
	03	14. Equipment for research and development	

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	03	15. Cement making machinery	
	03	16. Movable equipment for electricity production (generators etc.)	
	03	17. Radars	
	03	18. Television receivers	
	03	19. All other fixed assets not specifically indicated in other groups	
Fourth (IV)	04	1. Furniture in airplanes	25%
	04	2. Equipment for air and water quality control – unlicensed	
	04	3. Equipment for radio and TV programme broadcasting	
	04	4. Equipment for oil wells	
	04	5. Equipment for minerals processing	
	04	6. Spare parts for airplanes	
	04	7. Telegraphy and telephony equipment (wires and cables)	
Fifth (V)	05	1. Taxis and Cars for renting or leasing	30%
	05	2. Billboards	
	05	3. Ramparts for roads and railways	
	05	4. Electric advertising signs	
	05	5. Electronic equipment for data processing (computers) and system and application	

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		software	
	05	6. Films	
	05	7. TV commercials and videos	
	05	8. Civil-engineering movable equipment	
	05	9. Casts for moulding	
	05	10. Library books for rent	
	05	11. Industrial knives	
	05	12. Equipment for tree cutting	
	05	13. Sea platforms	
	05	14. Textile (carpets, drapes, curtains, etc.)	
	05	15. Movable equipment which uses electric energy (borer, grinder etc.)	
	05	16. Mobile camps/caravan/trailers	
	05	17. Bar-code scanners	
	05	18. Tractors	
	05	19. Uniforms	
	05	20. Video games – paid by coins	
	05	21. Video tapes, CDs, DVDs etc.	
	05	22. Basic cattle-stock	

Methods for determination of depreciation

Article 5

Depreciation for fixed assets classified into the first depreciation group shall be determined using straight-line method for each asset separately.

Paragraph 1 of this Article shall equal one-twentieth (1/20 that is 5%) for depreciation against the original capital value (purchase value) of the fixed asset, increased for the value of investment that exceed 5% of the original capital value.

Article 6

Depreciation of fixed assets classified into the second, third, fourth and fifth group shall be determined using reducing balance method on total value of assets classified according to individual group.

Depreciation from paragraph 1 of this Article shall be determined on the residual value of fixed assets of the group (hereinafter: group balance), determined at the end of previous year, increased for value of purchased and decreased for value of sold fixed assets from that group during the year, multiplied by depreciation rate of that group.

Value of depreciation at the end of the year shall be deducted from the group balance, where residual value shall represent opening balance value of the group in the following year.

Article 7

If the value arising from the sale of all fixed assets during the tax year for groups from two to five exceeds the balance of the group, then the amount that exceeds stated value shall be included into taxable revenue and group balance at the end of the year shall equal zero.

Article 8

If the value arising from sale of all fixed assets from depreciation groups from **II** to **V** during the tax year is lower than group balance at the end of the year, than remaining group balance shall be deducted against expenditures.

Article 9

If the closing balance of individual depreciation group is lower than EUR 1,000.00 (one thousand), than the total balance of that group shall be subjected to reduction which shall be shown as expenditure and than the balance of the group shall be zero.

Article 10

Reduction of the group balance arising from depreciation for assets from a deprecation group from **II** to **V** shall be done on the basis of expenditures for repair of fixed assets from each group.

If actual value of repair costs amounts up to 5% of balance of individual depreciation group from **II** to **V** during the year, they shall be set against expenditures of the business.

If actual value of fixed assets repair costs from paragraph 1 of this Article amount above 5% of balance of individual depreciation group at the end of year, then the group balance shall be increased for the value of investment.

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Article 11

Depreciation of intangible assets, such as: concessions, patents, copyrights, franchises, and other rights shall be done by applying straight-line method on the basis of useful life of such investments. Basis for calculation of depreciation from paragraph 1 of this Article shall consist of investments for development and purchase of that asset.

Article 12

Basis for calculation of depreciation at natural wealth exploitation shall consist of value of all exploitation and development costs, including interest that arises on the basis of those investments.

Depreciation of natural wealth for the current year shall be determined in the manner where on the purchase value of investment from the paragraph 1 of this Article shall be applied the percentage which arises from relation of natural wealth production in the tax year and total of estimated potentials of such deposits.

Final Provisions

Article 13

This Rulebook shall enter into force on the eighth day following that of its publication in the Official Gazette of Montenegro.

No: 04-534/1

Podgorica, 6 June 2002

The Minister,

Miroslav Ivanišević, s.r.

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Form OA

CALCULATION OF FIXED ASSETS DEPRECIATION

Group number	Opening balance	Value of purchased assets which are put in use	Value of assets sold during the year	Residual value (2+3-4)	Rate %	Depreciation (5 h 6)	Residual value at the end of year (5-7)
1	2	3	4	5	6	7	8
I 1. 2. 3. 4. - -					5		
II					15		
III					20		
IV					25		
V					30		

 Chief Accountant

M.P.

 DIRECTOR

Date _____

NOTE: Opening balance at the beginning of the year equals the residual value at the end of the previous year.