

16 Annex - Taxation

133. RULEBOOK ON THE MANNER OF REALISATION OF RIGHTS TO EXEMPTION FROM PAYMENT OF EXCISE AND VALUE ADDED TAX FOR DIPLOMATIC AND CONSULAR MISSIONS AND INTERNATIONAL ORGANISATIONS

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Pursuant to Article 31 paragraph 5 of the Excise Tax Law (Official Gazette of the Republic of Montenegro 65/01), Article 52 paragraph 3 and Article 64 of the Law on Value Added Tax (Official Gazette of the Republic of Montenegro 65/01, 12 / 02 - corrigendum, 38/02, 72/02 and 21/03), the Ministry of Finance hereby issues the

RULEBOOK

**ON THE MANNER OF REALISATION OF RIGHTS TO EXEMPTION FROM PAYMENT OF
EXCISE AND VALUE ADDED TAX FOR DIPLOMATIC AND CONSULAR MISSIONS AND
INTERNATIONAL ORGANISATIONS**

General Provisions

Article 1

This Rulebook shall regulate the manner of realisation of rights to exemption from payment of excise and value added tax (hereinafter referred to as "taxes") on goods and services that holders of rights, determined by this Rulebook, procure for official and personal needs during their work or stay in the Republic of Montenegro (hereinafter referred to as "Montenegro").

Holders of rights for official needs

Article 2

Exemption from tax payment, for official needs, may be attained by:

1. Diplomatic and consular missions that operate in Montenegro, with the exception of consular missions that are managed by honorary consular officials, on condition of reciprocity;
2. International organisations or representative offices of international organisations that operate in Montenegro, if it is provided by international agreement.

Holders of rights for personal needs

Article 3

(1) Exemption from tax payment, for personal needs, on condition of reciprocity, may be attained by:

1. Diplomatic agents and their family members who live with them in the same household, if they are not citizens of Montenegro;
2. Consular officials and their family members who live with them in the same household, if they are not citizens of Montenegro or do not have permanent residence in Montenegro, with the exception of the honorary consular officials;
3. Members of administrative and technical personnel of diplomatic missions and their family members who live with them in the same household, if they are not citizens of Montenegro or do not have permanent residence in Montenegro;
4. Employees in consular offices, if they are not citizens of Montenegro or do not have permanent residence in Montenegro, with the exception of employees in consulates that are managed by honorary consular officials.

(2) Exemption from tax payment, for personal needs, may be attained by:

1. Members of diplomatic personnel of international organisations or representative offices of international organisations and their family members who live with them in the same household, if they are not citizens of Montenegro or do not have permanent residence in Montenegro, if such exemption is laid down by international treaties that apply to Montenegro;
2. Members of administrative and technical personnel of international organisations or representative offices of international organisations and their family members who live with them in the same household, if they are not citizens of Montenegro or do not have permanent residence in Montenegro.

Types of goods or services

Article 4

Tax exemption may be realised for all types of goods or services, regardless of whether they are purchased at domestic market or imported from abroad to the territory of Montenegro, if the conditions are fulfilled in respect of holders of rights and if required documents are enclosed.

Handling of goods or services

Article 5

- (1) If holders of rights make goods or services available to other persons (resale, gift, etc.) before the expiration of three years period or the expiration of the reciprocity period from the day of purchase of these goods or services, the holder of rights is obliged to pay taxes that are not charged when these goods or services were purchased.
- (2) Other persons, referred to in paragraph 1 of this Article, are not considered to be family members of holders of rights who live with them in the same household.
- (3) Handling, referred to in paragraph 1 of this Article, is not considered to be giving gifts worth up to EUR 50, which holders of rights give to other persons, in accordance with their functions.

Manner of realisation of rights to exemption from payment of tax

Article 6

- (1) Holders of rights realise the right to exemption from payment of taxes on the basis of the tax identification card that is issued by Tax Administration (Central).
- (2) Tax identification card is issued on the basis of the list of holder of rights, which the Ministry of Foreign Affairs delivers to Tax Administration.
- (3) The list, referred to in paragraph 2 of this Article, especially contains: name of diplomatic and consular mission or international organisation or its representative office, name and surname of the holder of rights, number of diplomatic passport and his personal signature.
- (4) The Ministry of Foreign Affairs shall notify Tax Administration about changes related to the list of holders of rights, as well as about restrictions concerning reciprocity referred to in Articles 2 and 3 of this Rulebook.

Article 7

Tax identification card's format is 8.5 cm x 5.4 cm and especially contains: emblem of the Republic of Montenegro, name - the Republic of Montenegro, the Government of the Republic of Montenegro, Tax Administration, card number, a photo with size of 2 cm x 2 cm, the name, i.e. name and surname of holder of rights and note that the owner of the card is exempted from payment of tax in Montenegro.

Article 8

- (1) Holders of rights realise the exemption from payment of taxes at the moment of delivery of goods or services.
- (2) Procurement of goods or services without paying taxes, the holder of rights confirms with tax identification card.
- (3) The supplier of goods or services is obliged to issue an invoice and to enter the number of tax identification card and a note that delivery is not subjected to tax payment to a holder of rights for delivered goods or services. In the retail, a personal signature of the holder of rights shall be provided on the invoice.

Article 9

Taxpayers are obliged to keep special records on goods or services that are supplied for the purposes laid down by this Rulebook.

Article 10

- (1) VAT taxpayers, for monthly calculation of VAT on goods or services delivered for the purposes laid down by this Rulebook, apply a zero rate (0%).

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(2) VAT taxpayers, who show their turnover via tax cash register, in their accounting records they reduce the output VAT for the amount of VAT that is recorded on a segment of cash register tape for goods or services delivered for the purposes laid down by this Rulebook.

Final Provisions

Article 11

The Rulebook on the manner of realisation of rights to exemption from payment of excise and value added tax for diplomatic and consular missions and international organisations (Official Gazette of the Republic of Montenegro 53/03, 57/03 - corrigendum and 33/04) shall be repealed on the day of entry into force of this Rulebook.

Article 12

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

MINISTRY OF FINANCE

No 04-6001 / 1
30 November 2004
Podgorica

Minister,
Dr Igor Lukšić