



TAX GUIDE MONTENEGRO

Adriacom LLC

Comprehensive Guide
for the year 2020

Corporate Taxes

Tax Residency

A business that is incorporated or has its place of effective management in Montenegro is considered a resident taxpayer

Non-resident Taxpayer

Non-resident entities pay taxes on income derived from PEs (= Permanent Establishments) in Montenegro.

Accounting Standards

IFRS (International Financial Reporting Standards) is the basis for determining and adjusting the profits.

Tax year

The tax year in Montenegro is the calendar year. Financial Statements must be filed annually.

Capital Gains

Subject to 9% CPT (= Corporate Profit Tax).

Losses

Can be offset against Capital Gains. Can be carried forward for five years.

Taxable Income

Based on accounted profits adjusted by non-deductible expenses, tax depreciation etc.

Tax on Interest Income

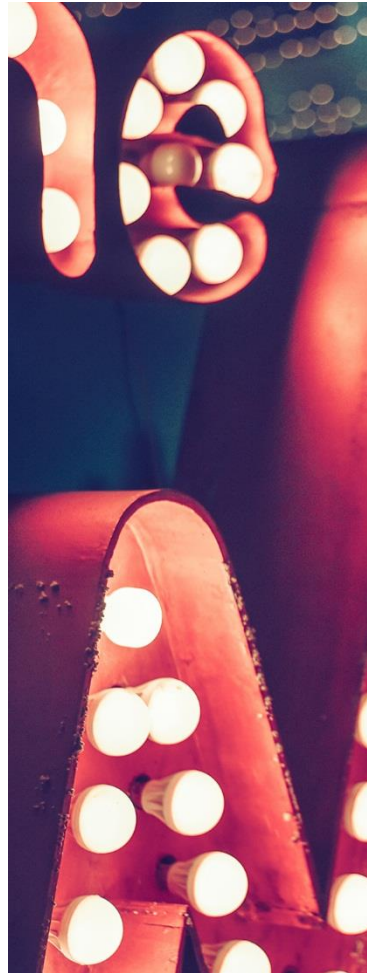
Subject to a 9% CPT.

Tax on Royalty Income

Subject to a 9% CPT.

Tax on Dividends

Subject to a 9% CPT. If the distributor of the dividend is a Montenegrin company, dividend income free from CPT.



Tax Credits

Is available for foreign income tax paid. Limited to the MNE tax amount.

Corporate Types

- Limited Liability Comp.
- Joint Stock Company
- Partnership
- Branch

Incentives

- 8 year tax holiday for activities in under-Developed region.
- max 200.000€
- 6% liability reduction for tax settlement by deadline

Withholding Taxes

Dividends

A withholding tax of 9% is levied on dividends paid to a Montenegrin resident or non-resident legal entity or individual. The withholding tax rate can be reduced under a tax treaty.

Interest

A withholding tax of 9% is levied on interest paid to a Montenegrin resident or non-resident legal entity or individual. The withholding tax rate can be reduced under a tax treaty.

Royalties

Montenegro-sourced royalties distributed to a non-resident are subject to a 9% withholding tax.

Facts about Montenegro

Population: 620.000
Currency: Euro
NATO member
EU member in 2025
No Capital Controls

Withholding Taxes

Market Research and Consulting Fees

A withholding tax of 9% is levied on market research, audit and consulting fees paid to a Montenegrin resident or non-resident legal entity or individual. The withholding tax rate can be reduced under a tax treaty.

Capital Gains

A withholding tax of 9% is levied on capital Gains generated by a Nonresident when the Income is paid from a Montenegrin resident to a non-resident legal entity.

“Success usually comes to those who are too busy to be looking for it.”

Henry David Thoreau

Value Added Tax (VAT)

Taxable Supplies

The General VAT rate is 21%. There is a reduced rate of 7% that applies for bread, milk, books, newspapers, medicines, computers, transport. Zero (0%) VAT is levied on exports, supply of gasoline for vessels in international traffic.

VAT compliance

Taxpayers that do not exceed a turnover of at least 18,000€ a year, can voluntarily register for VAT. Once registered, a company is not allowed to deregister for 3 years. VAT must be cleared monthly.

Fringe Benefits

Employment Income

The employer on behalf of its employee must calculate and withdraw the PIT (Personal Income Tax). The withholding tax rate for the income is 9%.

The employer must also withhold the social security contributions on behalf of its employee. Different rates apply for employee (EE) and employer (ER). Benefits provided by the employer on top of the salary are exempt.

Social Security Contributions

Pension and disability insurance: 5.5% (ER), 15% (EE)
Health Insurance 2.3% (ER), 8.5% (EE)
Unemployment Insurance:: 0.5% (ER), 0.5% (EE)



Real Estate Taxes

Property Tax

Payable by legal entities who own real estate in Montenegro. Property tax ranges from 0.25% to 1.00% on the market value of the property. The taxpayer needs to declare the acquisition of a new property within 30 days and declare it in the annual return.

Property Transfer Tax

A Transfer Tax of 3% is paid on every real estate transaction. The taxpayer is liable to pay within 15 days of the purchase date.

Customs and Excise Duty

Exports

There are neither duties on exported goods nor any regulations forbidding the export.

Imports

For imported goods into Montenegro, custom duties are paid acc. to WTO (World Trade Organization) guidelines.

Custom duties are levied *ad valorem* or as *specific duty per unit of goods*.

Ad valorem duties range from 0 - 30%. Specific duties range from 0.04 - 1.00€ per kg.

FreeTrade Agreements

- EU
- CEFTA
- Russia
- Turkey

Excise Duties

Importers of the following goods must pay excise duties:

- Alcohol
- Tobacco
- Mineral Oils
- Mineral Water with sugar or aroma
- Liquid for e-cigarettes

Tax on coffee ranges from 0.80 - 1.30€ per kg.

Personal Taxation

Tax Basis


Residents of Montenegro are taxed on their worldwide income. Nonresidents are taxed on income that is derived from Montenegro sources.

Tax Residence

Staying longer than 183 days during a calendar year or having the center of personal and economic activity in Montenegro triggers tax residency.

Taxable Income

Taxable income includes employment, business, investment income (dividends, interest and royalties), capital gains, and property income. All subject to 9% tax.



*“We at Adriacom want to be the first choice to our customers that need a reliable partner in Montenegro to care about their business needs and goals. We do offer an energetic team of skilled and experienced industry experts who assist you with creativity and originality. Always. That’s our promise.”
Andreas Racic, Partner and Director*

Tax Compliance for Individuals

Tax Return Filing

Individuals that do not have extra income, do not have to file a tax return. The annual tax return is submitted at the end of April.

PIT Due Date

30. April

Penalties for late payment

0.03% per day.

Tax Payment

The tax on employment income, capital income, business income and property-related income is withheld by the employer.

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