



How to set up an office in Serbia?

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Identify your needs first

What will be the best solution for your company, what your priorities are and which are the “must have” and the “good to have” features:

❶ **Type and size of property:** there are two types of properties available for lease. One is standard space in one of the office buildings and the second option would be a “converted property” which represents an apartment in a residential building which can be used as office space. Regarding the size of the space the usual calculation standard is to have 8-12 sq m per employee in office buildings and roughly 20 - 30% more for converted properties.

❷ **Location:** Belgrade has several areas which might be interesting for setting up an office.

Research the market

You have two options when searching for a property to rent:

❶ To do it yourself: checking specialized property websites, on line direct adds by landlords or real estate agencies, checking newspaper adds, though in the majority of cases the offered properties are not available as adds or websites are not updated on regular basis.

❷ To contact a real estate agent who will do that on your behalf and even more

What are the advantages of choosing the second option?

You will have one point of contact. This will save you time, energy and a lot of stress. A professional and experienced real estate agent will consult you on the current trends in the market, will be able to offer properties still not officially on the market or soon to become available, will speak your language or at least English, will carefully evaluate your needs and will offer and show you properties that best answer your requirements at a time convenient for you. An experienced consultant with a good knowledge of the market will be able to negotiate for you much better terms, as well as advise you on the advantages and shortcomings of the visited properties. He can even check for you the properties you have selected on the net.

Belgrade has some excellent and highly professional real estate agencies that have experience in servicing mainly international companies and by contacting them you

would expect high standards of service. In accordance with Serbian Law on Mediation in Real Estate and Leasing, in order to cooperate with the real estate agency, the brokerage agreement needs to be signed.

Sign the lease agreement and enter the property

When you finally choose the property, the consultant will be invaluable in negotiating on your behalf the terms and conditions of the lease agreement with the aim to achieve the best terms and protect your interests. An experienced real estate agent in some cases has an already established relationship with the landlords, which is a good base for a positive outcome of the negotiation process.

Lease agreement

The main elements of the lease agreement are as follows:

- Rent amount and payment structure: monthly, quarterly, etc
- Term of the agreement: in years
- Ways for terminating or extending the lease term, advance notices
- Payment of deposit: the standard practice requires three monthly rents as a security deposit paid upon signing of the agreement. The deposit is returned upon expiry or termination of the agreement, provided that there are no damages to the property and all utility bills have been paid.
- Incentives granted by the landlord: add on factor, rent free period, fit out contribution

Once the parameters are agreed upon, the agreement is drafted and then signed by the parties.

Entering the property*

Upon handing over the property to the tenant a Delivery and acceptance protocol should be signed. It describes in detail the state of the property at that moment for converted properties and whether all the works have been done according to the agreement for office buildings.

*Upon leaving the property and handing over the keys, a similar protocol is signed with a detailed description of the state of the property. If there are any damages, which are not due to normal wear and tear, they should be listed and respectively: covered by the deposit.

Founding the company in Serbia

There are a few rules which you need to know prior to registering the office. In order to register your company in Serbian Business Registers Agency you do not need an address but shortly after this you will receive your VAT ID number and you need to be present at the stated address. Otherwise, the company is automatically deleted from the registry.

There are also some differences in the status of the company in regards to the taxes depending on the way it has been registered. If you have a limited liability company then you are able to deduct VAT whereas for the rep offices this is not possible. This is important for the lease agreements where VAT is a cost for rep offices.

One final remark to the tax laws is that there is a difference if the landlord is a company or a physical entity. If you lease the space from a company only VAT is added on all of the costs. This is the situation with most of the existent office buildings. When it comes to the converted properties (apartments, houses ...) owned by private landlords, there is a property income tax which is covered by the tenant and is acc. 17.4% of the net rent. This tax is not deductible so the cost of the lease is increased.

CBS International is the leading real estate consultancy in Serbia in terms of revenue for seven years, providing a variety of services including: Office Agency, Retail Agency, Residential Sales and Leasing, Industrial Agency, Land Agency, Valuation and Development Advisory, Capital Markets, Market Research, Project Management, Facility Management, Property Management and Marketing. CBS International is a member of Cushman & Wakefield Alliance. Cushman & Wakefield is a leading global real estate services firm with 45,000 employees in more than 70 countries helping occupiers and investors optimize the value of their real estate.

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