

Bulletin

ORGANIZATIONS OF FILM AUTHORS IN SERBIA



INTERVIEW :

Barbara Hayes

Executive Director and Chief Executive
of ALCS and Chair of the Board of
Society of Audiovisual Authors (SAA)

CONVERSATION
WITH THE AUTHOR

Dušan Joksimović

Director of Photography



**Collective action always matters.
Progress comes when creators and
their organisations speak with
clarity, determination and one voice**

UFUS | AFA

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Shooting the movie "When I Grow Up, I'll Be a Kangaroo", photo: Private archive

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EDITORIAL

Photo: Vojislav Gelevski



Stefan Gelineo

Director of UFUS AFA

Editorial

In Serbia, the procedure for adopting a new Law on Copyright and Related Rights is currently underway – the most important act for the work of collective management organizations. Within the public consultation on the draft of this law, an online meeting was recently held in which stakeholders were given the opportunity to express their views on the text. UFUS AFA presented its repeatedly stated objections before representatives of the competent Ministry of Economy and the Intellectual Property Office, and also submitted its proposal for amendments to the draft law within the required deadline.

The President of the Board of Directors of UFUS AFA, the distinguished director and professor Darko Bajić, stated at the meeting that the new law must clearly distinguish between the authors of film works and the co-authors and contributors. The organization's position is that contributors must also have their own

collective management organization through which they can exercise their rights to the economic exploitation of their works, and in this, we are ready to support them. It is concerning that the proposed draft law is based on European Union directives from 2012 and 2014, even though new directives were adopted in 2019. These address numerous issues that authors face in the digital environment and should be included in the new law, rather than left for future amendments.

When legislation is delayed, it always works to the detriment of authors. Serbian authors have been waiting for years to obtain the rights enjoyed by their European colleagues. While they await legislative decisions on expanding the scope of copyright protection, they are losing royalties – that is, money which in smaller film industries is of crucial importance for the continuation of authors' work.

This is the modern digital age, and we need laws that recognize all contemporary challenges and even anticipate new ones, rather than laws that are already outdated at the moment they are adopted. That is precisely why the legislator must be willing to take into account the arguments of professionals and the experience of authors, as they are the ones who face the consequences of insufficiently precise or outdated regulation daily.

UFUS AFA will continue to actively participate in this process, with a clear goal – to ensure a fairer and more sustainable system of copyright protection, in which authors' work is adequately valued and protected. Because without strong legal protection, there is no stable film industry, and without a stable film industry, there is no cultural identity that it builds and preserves. Therefore, the adoption of a modern, consistent, and functional law is not only a legal issue, but also a matter of long-term cultural policy and responsibility toward future generations of authors.

INTERVIEW

Photo: ALCS



Barbara Hayes

Executive Director and Chief Executive of ALCS and Chair of the Board of Society of Audiovisual Authors (SAA)

Collective action always matters. Progress comes when creators and their organisations speak with clarity, determination and one voice

The British collective management organization ALCS (Authors' Licensing and Collecting Society) represents writers (including screenwriters), both domestically and internationally, thanks to cooperation agreements with collective management organizations from more than 40 countries—among which, as of recently, is UFUS AFA. As the Executive Director and Chief Executive of ALCS, and also the Chair of the Board of the European

organization Society of Audiovisual Authors (SAA), Barbara Hayes is actively involved in issues concerning copyright in Europe and worldwide. She participates in numerous campaigns and educational projects highlighting the importance of copyright protection, and through her leadership roles at ALCS and SAA, she is also engaged in discussions with government representatives both in the UK and across Europe.

How would you assess the current level of copyright protection for authors in the UK compared to other European countries?

The UK has a strong copyright framework in many respects, and historically it has provided authors with a solid basis for protecting and licensing their work. But legal protection on paper is only part of the story. The real test is whether authors are properly paid when their works are used.

Compared with some European countries, the UK has sometimes been less robust in guaranteeing specific remuneration mechanisms for authors, particularly in audiovisual uses. In a number of European systems, authors benefit from clearer statutory rights to remuneration and stronger collective structures around those rights. So while the UK remains a significant and sophisticated copyright market, there are areas where other European countries have done more to ensure that protection translates into meaningful income for creators.

From where I sit, it seems to me that many European nations appear more overtly passionate about ensuring



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that their creators can make a living from their work. For me, the key question is not simply whether the level of copyright protection allows creators to make a living, but whether it is also delivering fairness, transparency and bargaining power for authors in the current and ever evolving market.

You have been part of ALCS for more than two decades and have served as Chief Executive since 2022. Which achievements or campaigns are you most proud of?

What I am most proud of is ALCS' consistency in standing up for writers over a long period of change. The market has transformed dramatically over the last two decades, but our purpose has remained clear: to make sure writers are paid fairly when their work is used.

More recently, I am particularly proud of the way ALCS has helped put authors' interests (we have over 130,000 members) firmly into the industry and political debate around artificial intelligence. We have been very clear that innovation cannot come at the expense of creators' rights, consent and remuneration. That has been an essential campaign, not only for today's writers but for the future of the creative economy.

I am also proud of the work we have done in partnership with others, in the UK and internationally, to strengthen the voice of authors in policy debates. One particular success that I was proud of was working with SAA and our members to get Article 18 inserted into the DSM Directive which is a requirement for authors to receive appropriate and proportionate remuneration. It is a pity that the

European Commission did not expand on what this means in practice; something to work on going forward!

Collective action always matters. Progress comes when creators and their organisations speak with clarity, determination and one voice.

From your perspective at the SAA, what are the most pressing shared challenges facing screenwriters and directors across Europe today?

There are several, but they are closely connected.

First, there is a continuing imbalance in bargaining power between individual creators and the large corporations that dominate distribution and exploitation, especially in streaming and digital markets. That imbalance affects contracts, transparency and ultimately remuneration. The SAA was set up to advocate for an unwaivable right to remuneration, collectively managed and this ambition remains central to our work.

Second, transparency remains a problem. Authors are too often asked to work in a system where they cannot see clearly how their works are being exploited or how revenues are being generated. Without transparency, fair remuneration is extremely difficult to achieve. We all know of productions that are seen as major successes but where the authors received no additional payments because these 'blockbusters' never broke even financially. And now, of course, AI has become a major cross-border challenge. It raises questions not just about copyright infringement, but about consent, licensing, attribution and the long-term value of human creativity. This is not a niche issue. It goes to the heart of whether authors will still be able to sustain careers in the years ahead.



“Harmonisation does not mean every country must look identical, but it should mean that no author is left without meaningful protections simply because of where they work.”

The SAA Flash Report highlights a significant discrepancy between the value of the European audiovisual market and the royalties paid to authors. As the head of ALCS and Chair of the SAA Board, how do you see the role of collective management evolving to ensure fair remuneration for authors in an increasingly digital and global market?

Collective management has never been more important. In a market that is increasingly global individual authors cannot realistically negotiate fair outcomes on their own. Collective management organisations are one of the few practical mechanisms capable of helping to rebalance that equation. Their role must evolve. They must continue to strongly promote remuneration models that ensure authors share in the ongoing value of their work, rather than being forced into buy-out payments that do not reflect long-term exploitation. Not easy, but that’s our job!

They must support greater transparency and better data. In our evolving world the ability to track use accurately and distribute royalties fairly depends on reliable information. And they must operate internationally and collaboratively. The market does not stop at national borders, and neither can our response. CMOs, authors’ organisations and sector bodies need to work together to support interoperable systems, strong legal frameworks and a united policy voice. It is indeed encouraging that in Latin America we are seeing examples of an unwaivable right to remuneration appearing in legislation and being implemented. The SAA has also been working hard at the World Intellectual Property Organization’s Standing Committee on Copyright and Related Rights and three years of advocacy at these meetings with our partners has

resulted in a study into Audiovisual Authors’ rights and remuneration. We expect the results to be showcased at either the December 2026 or Spring 2027 meeting. This means that delegates working in various ministries across the globe will have sight of what good legislation should yield for authors and will hopefully make a difference when they consider changes for the future.

Artificial intelligence has become one of the most pressing issues for authors, and the past year has been particularly challenging. Creators, collective management organizations, and professional associations have been vocal and open to cooperation, yet governments often appear to side with Big Tech companies rather than with authors. Can we hope for a solution in the near future?

We have to hope for a solution, but hope on its own is not enough. The reality is that governments have too often been tempted by the narrative that weakening copyright is the price of technological progress. I think that is a serious mistake. A creative economy cannot remain sustainable if the people who produce the work are expected to subsidise powerful technology companies through uncompensated use of their creations (and without permission). That is not innovation. It is extraction.

The good news is that authors, creators’ organisations and CMOs are far more aligned on this issue than I have seen on many policy debates in the past. There is growing clarity about what is needed: transparency about training data, genuine consent, effective licensing, and fair remuneration where protected works are used.

“AI has become a major cross-border challenge. It raises questions not just about copyright infringement, but about consent, licensing, attribution and the long-term value of human creativity.”

Will we get a full solution quickly? Probably not. While the EU has an AI Act, the UK is still vacillating. This is going to be a long fight. But I do think the direction of travel is becoming clearer as time goes on and the debate continues. Policymakers are under increasing pressure to confront the economic and ethical realities of generative AI. The more united and evidence-based our advocacy is, the harder it becomes to ignore creators' rights. The litigation in the US will no doubt have an impact on the approach both authors and tech companies take going forward.

Despite EU directives, the audiovisual sector still faces fragmentation in rights and remuneration. For example, in Serbia, a public debate is underway on a draft of a new Copyright Law based on EU directives from 2012 and 2014, even though the EU adopted updated rules in 2019 addressing many challenges of the digital environment. If adopted, Serbian authors would effectively be working under fourteen-year-old rules. What practical steps could be taken to create a more harmonized and fair system for authors across Europe?

The first practical step is to ensure that national reforms are based on the most current standards, not outdated ones. If countries are modernising their copyright laws, they should do so in a way that reflects the realities of

“Collective management has never been more important. In a market that is increasingly global individual authors cannot realistically negotiate fair outcomes on their own.”

today's evolving market, not the market of more than a decade ago, most especially if it is an EU candidate country.

More broadly, I think there are several priorities. One is stronger implementation of principles such as appropriate and proportionate remuneration, transparency obligations, contract adjustment mechanisms and dispute resolution. These are all essential if authors are to benefit in practice.

Another is reinforcing unwaivable remuneration rights where appropriate, particularly in audiovisual markets where contractual bargaining power is weak. These mechanisms can provide a durable safety net for authors. SAA will always be on hand to help with messaging to Ministers and other political players.

Ideally, we also need stronger collaboration between lawmakers, creators' organisations and CMOs across Europe, so that good practice is shared and weaker systems are not left behind. Harmonisation does not

SAA Board of Directors, photo Whitley Isa



“If countries are modernising their copyright laws, they should do so in a way that reflects the realities of today’s evolving market, not the market of more than a decade ago, most especially if it is an EU candidate country.”

mean every country must look identical, but it should mean that no author is left without meaningful protections simply because of where they work.

Looking ahead, how do you envision the future of authorship over the next 10–15 years? Are you optimistic that creative work will remain sustainable and fairly remunerated in the age of streaming and artificial intelligence?

I am cautiously optimistic, but only if we make the right choices now.

There will always be demand for human creativity, judgment, originality and emotion. Technology can change how works are made, distributed and consumed, but it does not eliminate the value of authorship. In many ways, the more automated parts of culture become, the more important distinctive human voices will be. The real issue is not whether authors will remain essential. They will. The issue is whether the economic frameworks around creative work will evolve fast enough to reward them fairly. That is where the risk currently lies. Streaming has already shown that huge audience value

does not automatically translate into fair creator income. AI could magnify that problem unless there are clearer, fairer rules. So I am optimistic about creativity, but not complacent about the market and the future.

If we strengthen copyright where we can, improve transparency, support collective management and insist that innovation must include fair payment to creators, then yes, I believe authorship can remain sustainable. But it will not happen by accident. It will require political will, cooperation and continued determination from authors and their representatives.

“A creative economy cannot remain sustainable if the people who produce the work are expected to subsidise powerful technology companies through uncompensated use of their creations (and without permission). That is not innovation. It is extraction.”





President of the Board of Directors of UFUS AFA Darko Bajić and director Stefan Gelineo participate in the public discussion on the Draft Law on copyright and related rights



Meeting of regional collective management organizations in Zagreb

CONVERSATION WITH THE AUTHOR

Photo: Privatna arhiva



Dušan Joksimović

Director of Photography

If we are “leaders in the region” in anything, it is in the very high quality of my colleagues’ work.

Dušan Joksimović is one of the most important and most awarded Serbian directors of photography, who, in addition to his domestic career, also has a successful international career. His professional biography includes dozens of cult films, as well as several notable TV series – *Ono kao ljubav* (*It's Like Love*), *Pad* (*The Fall*), *Zvačeš se Varvara* (*The Name is Varvara*), etc.

He has collaborated with director Srđan Dragojević since his debut film *Mi nismo anđeli* (*We Are Not Angels*), through *Lepa sela lepo gore* (*Pretty Village, Pretty Flame*), *Rane* (*The Wounds*), and others, all the way to his latest work *Nebesna* (*Heavens Above*). He also has a long-standing collaboration with Radivoje Raša Andrić, from the first *Munje!* (*Dudes*), through *Kad porastem biću Kengur* (*When I Grow Up, I'll Be a Kangaroo*), to *Leto kada sam naučila da letim* (*How I*

Learned to Fly). Joksimović has also worked as a director of photography on projects by other prominent Serbian directors, such as Goran Marković, Srđan Karanović, Slobodan Skerlić, Miloš Radović, Petar Ristovski, Miroslav Momčilović, and others. He has also worked on several projects with Slovenian director Vinko Möderndorfer, as well as with Tajik director Bakhtyar Khudojnazarov. He himself also tried his hand as a director in the film *Izbrisana* (*Erased*), co-directed with Slovenian author Miha Mazzini.

For the Bulletin, Joksimović reveals how much creative freedom a director of photography has, explains why filming *Pretty Village, Pretty Flame* was one of the most difficult and most rewarding projects, shares his experience from shooting a film in Tajikistan, talks about the advice he gives to younger colleagues, as well as what he learns from them.

You have worked on comedies, dramas, children’s films, historical films, and period pieces... Was that a conscious choice to embrace diversity, or just a coincidence?

For the most part, it has been a matter of coincidence. Sometimes the choice was driven by collaborating with someone I’ve worked with for a long time, sometimes by an incredible adventure, and sometimes by financial reasons. Fortunately, it is often a combination of all three.

You have long-standing collaborations with Srđan Dragojević and Raša Andrić, and you have also worked multiple times with many other domestic and international directors. What is decisive in that first encounter (the first project) between a director and a director of photography for that collaboration to become long-lasting, even spanning decades?

My first professional project was the omnibus film *Prokleta je Amerika* (*America Is Cursed*). It was directed by three directors: Aleš Kurt, Boban Skerlić, and Marko Marinković. After that, I shot *We Are Not Angels*.



“The UFUS AFA protection system has significantly contributed to giving ‘years of service’ real meaning. I am afraid that in difficult times there may be some political pressure and that the rights we exercise through this association may be reduced or abolished. I hope that you will withstand all pressures and preserve authors’ rights.”

I’ve been very fortunate in my career. While I was still at the Academy, strong directors approached me and asked to collaborate – Srđan Dragojević, Boban Skerlić, Aleš Kurt... Later, I also began working with Raša Andrić. While working on Kusturica’s *Podzemlje (Underground)*, where I was second camera on the Belgrade shoot, I met his producer Karl Baumgartner, who invited me to work on a film by Bakhtyar Khudonazarov in Tajikistan, with whom I later collaborated on several more projects. I worked on the film *Neprijatelj (The Enemy)* and the series *The Name Is Varvara* with Dejan Zečević-Zeka, and with Petar Ristovski on the film *Kralj Petar I (King Petar the First)* and the series *Tunel 2 (Tunnel 2)*, currently in post-production. A wonderful team!

With Srđan, I shot all our informal exercises and student films. I think we only parted ways once, when I had already committed to something else, and he got to work on a segment of an omnibus film for TV Novi Sad. If I’m not mistaken, we did everything else together. I always had an excellent collaboration with him. We worked together seamlessly and had a lot of fun while shooting. We practically became like family. We even had our arguments, but they were more like “family”



When I Grow Up, I'll Be a Kangaroo

disagreements, without any final break. I have no doubt that it was sometimes too much for him, but we survived. When I commit to a story, I’m like a Rottweiler guarding a child – so much so that even the parents aren’t allowed to come near it. I don’t bite – I just bark. Srđan and I would begin our collaboration already at the script stage, and that collaboration would result in two or three additional versions. I really liked that way of working. It suits me to be involved in a project as early as possible, because I care about making the script as strong as it can be, and it also allows me to confront, at an early stage, the challenges that will arise during filming. I worked in the same way with Raša Andrić and Vinko Möderndorfer. Sometimes I come up with ideas while the script is still being written. There have been entire scenes that I created, often even lines of dialogue... I believe that the directors I’ve collaborated with multiple times knew how to appreciate my contribution and dedication to the project, and that is why we have worked together for so long.

How much creative freedom does a director of photography have? Does it depend on the cinematographer, the director, mutual agreements, the budget...?

The creative freedom of a director of photography primarily comes from the director. You are their closest collaborator, and they are yours. If you manage to convince the director of one of your ideas, you then present it together to the production, and there is a strong chance that the production will support you and allow you to realize that idea. Of course, it is important that every idea stays within the budget allocated for the project. If you have the director’s trust and they feel that your ideas contribute to the project and are not merely an exercise in showing off, then all doors are open to you.



“When I commit to a story, I am like a Rottweiler guarding a child – so much so that even the parents are not allowed to come near it.”

Today, after so many years of experience, work, and recognition, do you have the luxury of choosing your projects?

I am sixty-three right now. I regret having to choose between projects (which is happening to me right now), because it means that I won't work on one of them, and at this stage in my life, that feels like a great loss. There aren't many projects left ahead of me.

What do you tell younger colleagues when they ask you for advice – what is the most rewarding and what is the most challenging aspect of being a cinematographer?

Younger colleagues do ask for advice, but not that often. Today, Serbia has a large number of excellent cinematographers. Truly. If we are “leaders in the region” in anything, it is in the very, very high quality of my colleagues' work. Perhaps I could be the one asking them for advice. And I do. This mainly relates to technical matters – they are better “equipped” in that regard.

The most rewarding part of being a cinematographer is everything that the job entails – creation, collaboration with many creative people, and the sense of synergy. You lead a fairly large team and are responsible for its functioning. The most difficult part is working on a bad project – with a bad director, with whom you have nothing in common. Fortunately, that has only happened to me once in my career.



We are not angels



Shooting the movie “St. George Shoots the Dragon”, photo: private archive

Which shoot do you remember as the most challenging/difficult, and why?

Among domestic projects, *Pretty Village*, *Pretty Flame* ranks first. It was, in many ways, both difficult and beautiful. We shot part of the film in a war zone, full of horrifying stories and fates. There was no money, and we had to interrupt filming. The actors played football matches with local teams, and then filming would continue with the money from ticket sales. The producers went into debt, and the equipment was terrible. On the other hand, we were together, driven by a single idea, and the atmosphere was magnificent. It was a difficult “battle” from which we all came out alive and created something that people still enjoy watching today, which is a great achievement for a film that is thirty years old.

Among international projects, working with Bakhtyar Khudojnazarov in Tajikistan on the film *Luna Papa* was an incredible experience. The conditions were difficult due to high temperatures and frequent cases of food poisoning, and at one point, a group of Islamists from Uzbekistan even entered the area. In the following days, gunfire gradually moved closer to our location, until one night a horseman arrived and informed us that the



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leader of those Islamists knew we were filming there and that nothing would happen to us. However, the next day, several Red Cross jeeps arrived and transported us to Tashkent (Uzbekistan), where we stayed for a week and waited for the Russians and Tajiks to deal with those unfortunate people. Only then did we continue filming. The village where we were shooting had houses made of brick, built from clay, mud, and straw. An airstrip was also built from which a plane took off and landed – a plane from which I was filming. Fascinating.

Can you compare your experiences in domestic and international productions?

Ukraine and Russia were a special experience, compared to Tajikistan, Kazakhstan, and Uzbekistan, which are again completely different from Slovenia. In Slovenia, everything is precisely planned, and everything goes more or less according to that plan. In Russia and Ukraine (at the time when I worked there), there was still a Soviet way of working, and it sometimes happened that we “slipped” in the shooting schedule due to poor organization. In

the countries of Central Asia, everything is much more relaxed, and that can lead to real chaos, endless delays, and unpleasant surprises.

The projects I worked on at the beginning of my career in our country were made under difficult conditions. The war had started. Sanctions were effectively in place from 1992 to 2001, with a brief interruption. During those years, I shot *Dva sata kvalitetnog programa* (*Two Hours of Quality Program*), *Pretty Village*, *Pretty Flame*, and *The Wounds* with Srđan; *Do koske* (*Rage*) with Boban Skerlić; and *Dudes* with Raša Andrić. I can say that our producers and film professionals showed remarkable resilience, resourcefulness, and creativity in those very difficult conditions, and the authors created significant works that are loved by audiences. In every respect, our cinematography is special – exceptional. This will certainly prove to be the case in the times ahead as well, which will not be easy at all.



With Radivoje Andrić



Heavens above, photo Delirium Films

How do you view the expansion of artificial intelligence? Do you share your colleagues' concerns about the dangers of the (mis)use of AI, or do you see it as a new filmmaking tool?

I see AI only as a tool and something that will save us time and money. I don't think AI will prevail during my professional lifetime, and after that, I may not be worried about what I'll be shooting, but rather about what I'll be watching.

You co-directed the film *Erased* and are also planning to direct a feature film, "Showtime: The Rise and Fall of Laki and Sara Popović." What made you take the director's chair? Were you inspired by the stories, was it a long-standing wish, or something else?

It's something else. My producers believe that I can do that job.

You have been a long-time member of the UFUS AFA protection organization. How well is the importance of copyright protection understood today, and what could be improved in the organization's work and on a broader level?

I believe that UFUS AFA protection has significantly contributed to giving "years of service" real meaning. I am concerned that in difficult times, there may be some political pressure, and that the rights we exercise through this association may be reduced or abolished. I hope we'll have a strong legal response to all challenges and that this association will withstand all pressures and preserve authors' rights. A great deal of hard work and dedication has been invested in every project.



with Srdan Dragojević



Luna papa



Shooting the movie *Landscape No.2*



LEGAL ADVICE

Photo: Aleksandar Carević



Dorđe Radivojević

Law Office "T-S Legal"

Digital assets in the light of the global crisis: Between investment opportunity and tax treatment

Current global conflicts have caused significant changes in financial markets – from inflationary pressures to increased volatility on stock exchanges. In such conditions, Bitcoin initially experienced a sharp decline, followed by a period of stabilization, though with continued pronounced fluctuations in value. **Experienced investors see such cycles as an opportunity for “entry”,** as these kinds of market corrections have proven to be good entry points – provided there is adequate knowledge and a well-defined strategy. In such situations, the tax aspect is often overlooked, which is why **proper tax planning in the field of digital assets** – especially during the realization of potential profits in a bull cycle, when the value of digital assets reaches its peak – is a key component of a sustainable investment strategy. Starting from the current situation, and taking into account both those

who are planning to enter the digital asset market and those already present, the following text provides an overview of the tax treatment of digital assets for both individuals and legal entities.

How and in what ways can digital assets be acquired in the Republic of Serbia?

The acquisition of digital assets is permitted for both individuals and legal entities in accordance with the Law on Digital Assets. In practice, it is most commonly carried out through **foreign online platforms** such as Crypto.com and Binance, as well as through domestic service providers related to digital assets (so-called crypto exchanges), such as ECD and Crypto12. Both exchanges hold operating licenses issued by the National Bank of Serbia, which makes them legally authorized platforms for the purchase and sale of digital assets, for both individuals and legal entities.

In the world of digital assets, **miners** play an important role, as they provide the hardware infrastructure necessary for the functioning of the blockchain. They can be understood as a type of validator of all transactions carried out on the blockchain, and for their efforts, these validators receive a form of reward – namely, units of a cryptocurrency associated with that blockchain. **Mining is one way of acquiring digital assets under Serbian law,** in accordance with Article 6, paragraph 2 of the Law on Digital Assets. From a tax perspective, the relevant provisions are those of the Law on Personal Income Tax and the Law on Corporate Income Tax, since both individuals and legal entities may engage in mining.

When individuals engage in “mining,” they generate income outside of a registered activity, and such income is therefore subject to tax on other income at a rate of 20%, with the recognition of standardized expenses. On the other hand, income earned within a registered activity is taxed as income from self-employment at a rate of 10% (Law on Personal Income Tax, Article 38). As for legal entities, income generated from mining is



included in taxable profit, which is subject to a 15% tax rate after the deduction of expenses, in accordance with the Law on Corporate Income Tax. Any legal entity or entrepreneur that acquires virtual currencies must notify the National Bank of Serbia. However, if a legal entity purchases them through a domestic licensed crypto exchange, the exchange itself reports to the National Bank of Serbia. Individuals who hold or trade virtual currencies are not subject to a reporting obligation to the National Bank of Serbia.

Minting is a process somewhat similar to mining, but it refers to the creation of tokens. It is a process in which an individual independently creates or converts a digital file (such as an image or video) into a unique, fungible, or non-fungible token (NFT), which is permanently recorded on the blockchain. This process serves as proof of ownership and authenticity, making the content secure. From a tax perspective, capital gains tax at a rate of 15% is paid on the difference between the documented minting costs and the income generated from the sale of the created token. Holders of digital tokens are not subject to a reporting obligation to regulatory authorities. The National Bank of Serbia records only virtual currencies.

Tax treatment of the disposal of digital assets

Holding digital assets in ownership on a hardware or software wallet is not subject to taxation. However, the disposal of digital assets may result in a capital gain or capital loss and therefore constitutes a “*tax event*”, in accordance with the Law on Personal Income Tax and the Law on Corporate Income Tax. In the case of generating a capital gain, which represents the difference between the acquisition price (i.e., the price at which the digital asset was obtained) and the selling price, the taxpayer is obliged to pay capital gains tax at a rate of 15%. In the case of generating a capital loss, i.e. when digital assets are sold below the price at which they were purchased, if the taxpayer can document the moment of “*entering into crypto*” (for example, with an exchange statement or a transaction screenshot), such a capital loss may later be used to offset capital gains tax when another digital asset is sold. If an individual does not have proof of the acquisition value, the tax is calculated on the entire selling price. Individuals are required to submit a capital gains tax return within 120 days after the end of the quarter in which the gain was realized through the sale (Form

PPDG-3R), while legal entities and entrepreneurs report capital gains after the end of the calendar year, when preparing their annual financial statements.

Tax Reliefs

- If the taxpayer is an individual or entrepreneur, the obligation to pay capital gains tax **does not** arise if the digital assets were owned for at least 10 years before their sale.
- **The Law on Personal Income Tax (ZPDG)** provides for a 50% exemption from capital gains tax for a taxpayer who, within 90 days from the sale of digital assets, reinvests the proceeds into: (1) the share capital of a company that is a tax resident of Serbia, or (2) the capital of an investment fund established in accordance with domestic regulations, provided that the fund’s place of business is located within the territory of the Republic of Serbia. The legislator also sets the condition that the company into which such funds are invested must not reduce its capital in the year in which the investment was made, nor during the following two years. Otherwise, the taxpayer loses the right to the tax exemption and is obliged to notify the tax authorities.
- If the investment is made after the expiration of 90 days from the sale of digital assets, but within 12 months from the sale, instead of a tax exemption, the taxpayer is entitled to a refund of 50% of the paid capital gains tax. In any case, the tax return must be submitted.
- Amendments to the **Corporate Income Tax Law** provide that a legal entity’s capital gain will not be taxed if the taxpayer, within the same calendar year, invests in the share capital of a company or an investment fund established in accordance with domestic regulations, provided that the center of business activities of such company is also located in the Republic of Serbia.

Is the acquisition of digital assets by gift a taxable event?

With the amendments to the Property Tax Law in 2020, the scope of inheritance and gift taxation was expanded to include digital assets. If the taxpayer is in the first line of inheritance in relation to the deceased or donor, **they are exempt from inheritance and gift tax**. If the taxpayer is in the second line of inheritance in relation to the deceased or donor, they will pay tax at a rate of 1.5%. In all other cases, the tax rate for transfer by gift or inheritance is 2.5%.

Shooting the movie "Train Driver's Diary", photo Zillion film



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