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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Endowment, Foundation

Five main social issues addressed by these organizations: Arts and Culture, Environment, Health and Medical Research, Youth and Family, Social Services

Average time established by law to register a philanthropic organization: 0-30 days

Average cost for registering a philanthropic organization: USD 50

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	4.67	3.75	3.50	3.30	3.00	3.00	3.54
2018 GPEI	4.67	3.50	3.50	3.35	N.A.	3.00	3.60

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

* Now deceased.

Key Findings

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 5.0

The legal framework for philanthropic organizations (POs) in Serbia is regulated by the Law on Associations and Law on Endowments and Foundations. Registration of an association requires three founders with full legal capacity. Founders may be natural or legal entities, domestic or foreign, but one must be a resident of Serbia. Minors over 14 years may also be founders given a statement of consent from their legal guardians. The law permits the formation and operation of unregistered groups, but such groups may not engage in legal or financial transactions. No starting capital is required for registration. Endowments and foundations must be registered and may not initiate their activities before registration. The Law on Endowments and Foundations requires at least one natural person or legal entity to be a founder, either domestic or foreign with full legal capacity. No minimum starting capital is required to register a foundation. The starting capital for an endowment is EUR 30,000 (approximately USD 36,500).

In 2018/19, a new law was introduced requiring legal entities, including POs, to register their “real owners”, that is persons with significant decision-making authority within the PO. Associations, endowments, and foundations are free to determine their goals as long as they do not conflict with the Constitution or laws of Serbia. The body in charge for registration of all POs is the Serbian Business Registry Agency (SBRA). The procedure and list of required documentation is clear and available online, and the documents are relatively easy to create or obtain. The SBRA must process a registration within five days (although in some cases further documentation is requested to complete registration), otherwise the request is automatically considered approved. There are appropriate rights to appeal or submit further documentation. The registration fee is approximately USD 50. Data from SBRA registers are available online to the public and an online search function exists.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 5.0

The Law on Associations and Law on Endowments and Foundations provide a framework of governance requirements that mostly reflect global PO best practice. Associations must have a minimum of three founders, an assembly of members and a named legal representative(s). Endowments or foundations must have a minimum of one founder, a board of trustees (with at least three members), a director and named legal representative(s). Both laws define the basic responsibilities of the prescribed governance bodies, with POs having the freedom to create additional governance bodies and/or add responsibilities to prescribed bodies.

Restrictions on PO activities include not engaging in activities working towards the violent overthrow of constitutional order and violation of the territorial integrity of the Republic of Serbia; violating guaranteed human or minority rights and instigation or abetment of inequality; spreading hatred and intolerance with regard to racial, national, religious identity or other affiliation; or spreading intolerance with regard to gender, physical, mental or other features of an individual. Additionally, endowments and foundations may not have goals/activities supporting the specific interests of political parties (election campaigning, fundraising or financing a specific political party, coalition or candidate). POs are free to use any form of communication channel in their work. Cooperation between the business, government, and civil society sectors is unrestricted, both within the country and across borders. Participation in networks, domestic or foreign is free.

Reporting requirements apply only to registered POs. POs must provide annual financial reporting to the SBRA. In 2020, reporting requirements were broadened to include origin of donations, number of volunteers, cash flow, value added tax (VAT) payments, etc. This will enable greater transparency. POs must also provide publicly available annual activity reports, although there have been no cases of sanctions where a PO failed to do so.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 4.0

There has been no change since 2018. For more information, please see the 2018 Serbia Country Report available here: <https://scholarworks.iupui.edu/handle/1805/16004>

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 3.5

For-profit legal entities may deduct up to five percent of their gross income for healthcare, educational, scientific, humanitarian, religious, sport-related purposes, environmental protection, and giving to institutions and social care service providers registered in accordance with the law regulating social care. These contributions are recognized as tax-deductible only if provided to legal entities registered as working in one of these thematic areas, and if the funds were used directly for these goals and purposes. Other tax-deductible contributions include humanitarian aid, emergency assistance given to the state, an autonomous province or local government and investments in cultural purposes and cinematography. In reporting to the Tax Administration, giving to public benefit purposes is recorded only if the total amount given is over five percent of gross income and legal entities are not required to provide supporting documentation. In practice, legal entities are often not certain what exactly fell into the categories given in the law.

As a result of advocacy by the Nonprofit Coalition for Giving in 2019, the Tax Administration published “Instructions for Realization of Tax Deductions for Donors” that explain the cases in which contributions in money, goods or services are tax-deductible as well as the documentation needed to substantiate this should the Tax Administration request the information. Due to the way information on donations is collected, it is not yet possible to obtain records of giving by companies for the public good. There is no monetary ceiling on donations, although donations that exceed the value of five percent of the gross income are not tax-deductible. Companies donating goods or services are obliged to pay VAT. This disincentivizes in-kind or pro bono donations. There is no tax benefit or incentive for giving by individuals in Serbia.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 4.0

POs are for the most part exempt from income tax if they pursue public or mutual benefit activities and if these are defined in their statutes. Gifts of less than RSD 100,000 (approximately USD 900) from any donor in a calendar year are automatically exempt from income taxes. For gifts exceeding this threshold, the Tax Administration require POs to apply for tax exemptions. While most POs do not have problems obtaining approval for tax exemptions, the process is under the discretion of local Tax Administration and can easily be misused. In some cases, POs have been required to pay income tax on income used for administrative or overhead purposes because the local tax authority determined that such costs were not considered to be in the public benefit. Existing laws do not recognize the concept of public benefit status but define the notion of public benefit activities.

However, as indicated in the 2018 Serbia Country Report, there is discrepancy between the list of such activities in the Legal Entity Profit Tax Law and the laws regulating PO’s work. In addition, the list of these activities in the Legal Entity Tax Law is limited. POs are obligated to pay VAT on all goods and services they purchase except in cases where the purchases are paid using donations from a foreign government (e.g., development assistance) and fall under the bilateral agreements between the donor country and Serbia. All POs are legally free to receive donations and raise funds from any public or private source, company or individual, within Serbia or abroad. All types of donations (individual and corporate) must be documented by a donation agreement/contract between the donor and recipient, while goods and services must be additionally documented. In the case of financial donations, banks retain the right to request contracts pertaining to the sums or country of origin of the donation to ensure compliance with the Law on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and related international laws and regulations ratified by Serbia.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 4.0

There are no costs for sending monetary donations outside the country, but such donations need to be documented with a donation/contract agreement. In-kind donations are treated as any other export of goods; thus VAT and all other fees must be paid, and proper export documentation is required. However, the corporate tax deduction applies only to domestic donations and cannot be applied to donations made to recipient outside the country.

There are no requirements for official approval and no reporting requirements when sending donations abroad, although for food donations relevant stipulations of the Law on Food Safety may apply. All donations however, if made by a PO, must be made for purposes that match the PO's registered areas of work.

There are no restrictions on the movement of capital across borders, except those that relate to the AML/CFT Law and other international regulations. This includes recipients that are on the lists of the UN Security Council regarding the freezing of terrorist assets or the prevention of financing for the proliferation of weapons of mass destruction (WMD), or other organizations as stipulated by relevant international laws and conventions which were ratified by Serbia.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 3.0

In principle, the costs and tax treatment for receiving cross-border donations is the same as for in-country donations: payment of VAT. Donations of goods are considered a type of import; thus, customs duties must be paid. Exceptions include exemption from VAT for donations from bilateral/multilateral ODA sources (official development assistance, under bilateral agreements between the donor country/entity and Serbia). Exemption from custom fees is also given in cases of ODA, humanitarian aid, and donations to the state for emergencies. The application of taxation and custom fees on in-kind donations are inconsistent and often left to the prerogative of the custom office through which the donation passes.

Difficulties may also arise in proving the declared value of goods imported, which can result in significant delays. POs may receive contributions from outside the country, including in foreign currencies. There is no government pre-approval process, although banks may place conditions on administration of the donation or request additional documentation. The banks are under obligation to flag the donation where a suspicion arises with respect to the AML/CFT law. For humanitarian in-kind donations, the government requires a declaration that the goods comply with established international standards (no forbidden or substandard goods). Custom authorities must have access to documentation proving that goods were used by the recipient as intended per the contract. Donations to Serbian political parties and donations from certain countries or organizations considered as high-risk for money laundering and/or financing terrorism may raise red flags and result in increased scrutiny by the authorities.

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 2.7

Tensions between the government and POs have continued to increase since 2018, especially among POs active in human rights, civic activism, independent media and similar causes. There were several cases of verbal attacks on the independent media and POs. In 2020, the government created a list of POs and media to be investigated under the AML/CFT Law, and POs alerted the international community. This resulted in FATF publishing a letter in which it shared concerns of the international community that Serbia might have misused this law to restrict POs' criticism of the government. In general, POs focusing on humanitarian causes, socio-economic rights of marginalized groups, health and similar themes are not subject to government pressure. POs are not usually recognized as agents of change. Even where the government accepts their recommendations, they are rarely given credit or active support in public. The legal framework provides conditions for POs involvement in policy development and implementation. However, in practice POs are often excluded, especially when it comes to public budgeting. Exceptions in 2018 were the active involvement of POs in creating risk assessment criteria under the AML/CFT Law and formation (by the Prime Minister) of a Council for Philanthropy (composed of POs and government representatives) to propose changes in the legal and fiscal framework so as to improve the enabling environment for philanthropy. Cooperation in both processes has been assessed positively on the whole (POs suggestions on AML/CFT criteria were accepted, and two Council recommendations were adopted). Nevertheless, some POs involved in both processes found themselves on the government's investigation list for AML/CFT. The mandate of the council ended with the elections in 2020, due to ending the previous government. In 2020, the government also dissolved the Office for Cooperation with CSOs, forming instead a Ministry for Dialogue with an unclear mandate with respect to POs.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.9

With the formation of the Council for Philanthropy (CfP), its participation in the promotional activities of some POs and the Coalition for Giving (CfG), the Government has increased its public support of philanthropy. However, it remains reluctant to support changes in the legal and fiscal framework. POs have submitted a number of suggestions with regard to food donations, VAT exemptions, widening the list of purposes eligible for tax deductions, etc. The only two suggestions accepted were the Tax Administration's publication of instructions for donors concerning receiving tax deductions and increasing the amount of scholarships given that are tax exempt. Larger POs continue to develop various forms of support for other POs such as training, networking opportunities, and increasing access to potential sources of funding. The government does not restrict POs access to such resources or opportunities, but it does not actively promote or encourage

it. Donors and funders are free to support any philanthropic cause or organization. However, the government encourages giving to institutions; for example, in 2020, companies that donated goods or services to state health institutions in response to COVID-19 were exempted from paying VAT. Those that donated to POs for similar purposes were not given this exemption. While support for media freedom and human and civil rights is not suppressed, an atmosphere has been created where potential local donors might feel uncomfortable to publicly support such causes. Apart from the short-term work of the CfP, there is no coordination among Government agencies to support philanthropic activities. No strategies or national policies exist to support either the development of philanthropy or the nonprofit sector, despite the fact that the CfG developed a Philanthropic Agenda, proposing an array of changes in the legal and fiscal framework that would improve the enabling environment for philanthropy.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 3.0

Economic conditions in Serbia are somewhat unstable, especially given the COVID-19 pandemic. According to the World Bank, Serbia's economy is in the upper middle stratum, with its GDP largely dependent on services and industrial production. In 2019, according to the World Bank, the economy grew by 4.2 percent due primarily to increases in private consumption and foreign investment. This was counterbalanced by a decline in industrial production and a rise in imports. The main economic challenges that Serbia faces are stagnant household incomes, a need for private sector job creation, structural reform of public enterprise, and strategic reforms in the public sector.

A high level of corruption remains a long-term challenge. According to the Corruption Perception Index computed by Transparency International, Serbia currently holds the 94th place out of 180 countries with its score at 38 (a slight drop from 39 in 2019). Prior to the COVID-19 pandemic, Catalyst Balkans recorded an increase in the total recorded amount of giving, with a somewhat lower recorded frequency and amount of giving coming from the private sector and increased frequency and amount from citizens. The overall economic situation may have contributed to this shift, as citizens prefer to support individuals in need of health treatments, or who are disadvantaged economically or in other ways, thus in a way subsidizing the support that the state would normally provide (health care, poverty relief, or social services). According to the World Bank, the pandemic is expected to badly impact the Serbian economy, resulting in an increase in public debt and a drop in GDP in 2020. A United Nations Development Programme (UNDP) report predicts that these problems will reduce the Government's ability to address poverty and social services. In this respect, it can be said that economic conditions and the outlook of the post-COVID economic situation will continue to both encourage (in terms of urgent needs) and discourage (in terms of the limited resources available among potential donors) giving and philanthropy development.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 3.0

Serbia has a tradition of philanthropy and solidarity that reached its historical apex in the first half of the 20th century. While this tradition became muted during the socialist period of Yugoslavia, the past 15 years have seen a resurgence in giving. Philanthropy in Serbia is generally perceived as a way to help those in need, rather than as a vehicle to solve societal issues demanding a longer-term approach. Private individuals still most often assist people in need of economic support or medical treatments by donating money or in-kind support, although this is changing very gradually. The business sector tends to invest its contributions more strategically. Donors of all types continue to have little understanding of POs and what they do, especially POs engaged in causes that can be understood as ‘political’ (such as human rights). POs that engage in humanitarian activities or support marginalized groups enjoy greater understanding and support. POs bear part of the responsibility for the situation; while they respect the legal minimum in terms of transparency and accountability, they rarely invest additional efforts to communicate their results. The public does not perceive POs as effective, and confidence in them, while slowly increasing, is still low. There are no social barriers to participation in philanthropic activities on the donor side. However, prejudices make it more difficult for some groups (such as Roma) to be selected as recipients of donations. POs pursuing financial sustainability, businesses implementing corporate social responsibility (CSR) practices, and the state still not fully providing basic needs are factors that encourage philanthropy, while lack of trust remains a key obstacle to its expansion. There is no solid infrastructure in place to encourage youth to engage in civil society (civic education is an elective subject), but a number of infrastructure organizations exist that support philanthropy development, including one research organization.

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

The philanthropic sector in Serbia is maturing at a more rapid pace as compared to the previous report. While larger, professionalized organizations are still heavily dependent on foreign support, most of them have initiated strategies and approaches to widen and attract a constituency and identify domestic donors. Many of them also act as intermediaries, supporting smaller, community-based organizations in attracting local contributions, offering trainings, consultations and mentoring. Collaboration and networking (both informal and formal) between organizations is improving on issues important for the whole sector. Two networks have been created—the Serbian Philanthropy Forum (SPF) and the Coalition for Giving (CfG)—to develop philanthropy. The SPF links the private and nonprofit sectors to identify and promote philanthropy, for example by establishing a National Giving Day. The CfG, which consists of foundations and business associations, designed a Framework for Giving program (supported by USAID) and works to develop the infrastructure for philanthropy, advocates for an enabling environment, and promotes philanthropy. The work of these

networks, together with the efforts of other organizations, is increasing the number of stakeholders involved in philanthropy.

The media continues to play a threefold role: by providing information; by acting as an intermediary for a cause or recipient; and by establishing its own foundations. Various actors in the nonprofit sector are helping to broaden the autonomy, capacity, and sustainability and impact of the sector. Expanding capacity and sustainability, measuring and promoting the impact of POs, and improving philanthropy's public image remain long-term pursuits. Improving the legal and fiscal framework, promoting strategic giving, and supporting POs in becoming more consistent and persistent in attracting local donors remain priorities of the sector.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. The COVID-19 pandemic was the most important event which demonstrated the capacity for giving in Serbia. It not only mobilized the business sector, POs, and individuals around a common cause for giving, it also increased the use of online tools for giving (e-payments, domestic crowdfunding platform); the level of volunteering; and support to marginalized, high-risk groups (especially the elderly). In 2020, more than EUR 21 million (USD 25.5 million) in giving for COVID-19 related purposes was recorded, in addition to EUR 21 million (USD 25.5 million) given for other purposes.
2. In 2018, some foreign donors (with a renewed interest in the region/Serbia) began to support philanthropy and/or to assist local POs in attracting domestic donors. This rise in investments in philanthropy development (most notably by USAID through its Framework for Giving program) increased the level of advocacy for legal and fiscal changes, level of promotion of philanthropy in public and resulted in cooperation between the nonprofit sector and government (albeit short-term) in this area. It likewise contributed to strengthening the philanthropic infrastructure, the emergence of the Coalition for Giving and Serbian Philanthropy Forum, and launching the first domestic crowdfunding platform (particularly important for small and remote POs/communities).
3. Lack of sufficient state resources to provide adequate healthcare (especially for persons/children that need medical treatment out of the country), social services, and support to those in economic need increasingly mobilizes individuals to focus their support on those issues/final beneficiaries. In the past three years, more than EUR 20 million (USD 24.3 million) unrelated to COVID-19 have been donated to improve conditions in the healthcare system and to support medical treatments abroad. However, this also limits interest and contributions for other important issues such as economic development and the environment, among others.

Future development trends in the philanthropic landscape

Donors: Individuals and the business sector will remain the most active donors. The business sector will continue to be active and invest more in pandemic and post-pandemic relief and support, while individuals will give more for other areas. The business sector will continue to give more strategically.

Purpose of giving: Pandemic-related giving will continue for at least one more year. Unrelated to the pandemic, the four primary purposes will remain healthcare (medical treatments), support to marginalized groups, poverty reduction, and education. Economic development and environmental causes will possibly become more attractive to donors.

Beneficiary institutions/primary recipients: The state will be the primary recipient of philanthropic contributions related to COVID-19. For other purposes, POs will continue to receive larger support than the state, especially in the fields of health (medical treatments) and support to marginalized groups.

Final beneficiaries: Key final beneficiaries will continue to be people with health issues, the economically disadvantaged, people with disabilities, and the inhabitants of local communities.

What is donated: Money will remain the main form of philanthropic contribution. In-kind donations, pro-bono services, and volunteering will continue at the same level, with a slight increase possible in in-kind donations for COVID-19 relief.

Ways of donating/fundraising: Campaigns, crowdfunding, online giving, cause-related marketing will continue to be increasingly used.

Legal and fiscal environment: No major improvements are likely to be achieved in the next year or two, with the possible exception of implementing some VAT exemptions, regulations for food donations, and changes to the Law on Volunteering.

Infrastructure: Intermediary organizations will continue to grow in strength and capacity, refining their approach to capacity building of other POs, while existing networks will strengthen.

Three key recommendations to improve the environment for philanthropy

- Continue to pressure the government to improve the legal and fiscal framework and conditions to facilitate giving (such as on-line and e-payments) as well as to publicly recognize POs as change agents and for their contribution to philanthropy development.
- Increase support to strengthen the philanthropy infrastructure, including support for intermediaries that assist POs in attracting local contributions and organizations that educate and support donors; offering services to both POs and donors; strengthening those networks with clear goals; and developing new tools and mechanisms for giving.
- Invest in efforts to increase the transparency of data related to giving, including the accessibility/availability of government and tax authority data; better reporting by the media; transparency from donors with regard to the beneficiaries of their donations and amounts donated; and transparency from recipient organizations both in terms of amounts as well as the results achieved. Public promotion of these data is also necessary to increase the level of information and trust in philanthropic giving.

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

Key areas in which the nonprofit sector played a role in responding to COVID-19 include:

- 1) Provision and distribution of basic needs to marginalized and high-risk groups, such as Roma, elderly, people with disability, the economically disadvantaged, and the homeless. POs organized the distribution of food, water (in Roma settlements); delivery of food and supplies to those at high risk and in lockdown (elderly, people with disability); and distribution of food to public kitchens.
- 2) Provision and distribution of face masks, gloves and disinfectants to those unable to afford them, such as Roma, economically disadvantaged, or homeless people.
- 3) Provision of medical supplies to health centers/health workers, such as face masks, suits, gloves, oximeters, disinfectants, and inhalers.
- 4) Linking medical centers/health workers and donors, for example by providing a list of the most urgent equipment needs.
- 5) Continuing to provide social, educational and other services to their primary beneficiaries, whenever possible while minimizing any health risks or adjusting the way services were provided. In 2020, more than EUR 21 million (USD 25.5 million) were contributed through the philanthropic efforts of local donors and the nonprofit sector. POs focusing on philanthropy worked with local donors to motivate them, inform them about needed support, and provide ways for them to donate.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

The use of online tools to provide services and attract resources from local donors increased significantly and the tools were refined. A domestic crowdfunding platform supported POs in launching campaigns specifically in response to COVID-19. Approximately EUR 144,000 (USD 174,967) were raised for various purposes related to the COVID-19 response. The nonprofit sector demonstrated its ability to make rapid adjustments in the way they provide services to avoid health risks, identify the most vulnerable groups, and reach out to them. A number of campaigns were launched to support new ideas or groups that are otherwise rarely supported. For example, local innovators/engineers were supported to develop and produce new types of visors for health workers and the Independent Cultural Scene organization launched a successful campaign to support artists and cultural workers left without any income due to the pandemic. Several campaigns were launched to support the purchase of tablets or laptops for children from vulnerable groups (Roma, economically disadvantaged families) to enable them to follow online education. There was also an increased level of volunteering.

Impact of COVID-19 on the philanthropic environment

The only change in the legal and fiscal framework for philanthropic giving was the state permitting exemption from VAT for businesses that donated directly to state medical institutions to help fight COVID-19; this exemption was not extended to businesses that provided contributions to POs for the same purpose. Unfortunately, the government did not engage nonprofits as partners in fighting the consequences of the pandemic. Even when it partially accepted certain proposals (for example VAT exemptions were proposed by the Coalition for Giving) or the help of some POs or the Serbian Philanthropy Forum, the Government chose not to acknowledge their role in public. This, coupled with the global trend of closing space for civil society, raises concerns for the future of philanthropy

and nonprofits. Serbia has experienced economic consequences due to the pandemic with impacts on potential donors, both businesses and individuals.

The unfavorable economic conditions inevitably affected philanthropic giving—while significant amounts were given to fight COVID-19, the drop in support for other causes (unrelated to COVID-19) was quite visible. A sharp rise was seen only in support for medical treatments for individuals. The trends in 2018 and 2019 were clear: increased domestic philanthropic support for the POs and decreased support to state and institutions. By contrast, in 2020, state and state institutions were the main recipients of giving. In this period, POs were left on the margins, despite their ability to reach the most vulnerable groups and efforts to give support that state was unable to provide. At the same time, the pandemic increased public awareness of the role and importance of philanthropy in crisis situations and drew attention to some of the beneficiaries that would otherwise not have received much support (such as the elderly and homeless). It remains to be seen if this will influence perceptions of the importance of philanthropy outside of crisis situations.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

At this point, it is difficult to predict what will happen given that much depends on when the pandemic will come to an end. Potential legal changes might include facilitating food donations and making them tax-free, since this would help the state to reduce the risk of social unrest and augment the support provided by public kitchens. The economic situation will almost certainly have an impact on the level, purposes, recipients, and beneficiaries of philanthropic contributions. The level of giving is unlikely to remain at the same high levels of 2020 as local donors have already given significant amounts, many businesses are struggling, and people are facing possible unemployment or reduction in income. Giving will almost certainly be still focused on fighting COVID-19 and/or urgent support for medical treatments and poverty reduction. The state will likely continue to encourage giving to state institutions and discourage giving to the nonprofit sector. This may leave many vulnerable groups in a precarious situation or experiencing reductions in the level of services provided by POs.

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