

Pursuant to Article 88 item 2 of the Constitution of the Republic of Montenegro I hereby enact

DECREE PROMULGATING THE LAW ON TAX ON INSURANCE PREMIUMS

I hereby promulgate the Law on Tax on Insurance Premiums, adopted by the Parliament of the Republic of Montenegro on its second sitting of the first regular session in 2004, on 21 April 2004.

Number: 01-624/2

Podgorica, 26 April 2004

President of the Republic of Montenegro

Filip Vujanović, m.p.

LAW ON TAX ON INSURANCE PREMIUMS

(Official Gazette of the Republic of Montenegro, No 27/04 of 28 April 2004, 37/04 of 4 June 2004; Official Gazette of Montenegro, No 73/10 of 10 December 2010, 40/11 of 8 August 2011, 61/13 of 30 December 2013, 06/14 of 4 February 2014 - Corrigendum)

I BASIC PROVISIONS

Article 1

This Law introduces the obligation to calculate and pay a tax on insurance premiums on the territory of Montenegro.

Article 2

The tax on insurance premiums shall be revenue of the Budget of Montenegro.

II SUBJECT OF TAXATION

Article 3

The tax on insurance premiums shall be paid on all classes on non-life insurances.

Notwithstanding paragraph 1 of this Article, the tax on insurance premiums shall not be paid on:

- Accident insurance;¹
- Voluntary health insurance
- Agricultural insurance.

III TAXPAYER

Article 4

Taxpayers shall be the insurance companies concluding contracts with legal and natural persons and collecting insurance premiums.

IV TAX BASE

Article 5

The tax base for determining the tax on insurance premiums shall be a collected gross insurance premium.

V TAX RATE

Article 6

Tax rate on insurance premiums shall be 9% of contracted insurance premium.

VI TAX EXEMPTIONS

Article 7

Diplomatic and consular representative offices and international organizations, if envisaged by an international treaty, shall not be subject to payment of tax on automobile liability insurance premiums, or CASCO insurance of motor vehicle premiums.

¹ Corrigendum in the Official Gazette of Montenegro 06/14 of 4 February 2014 not relevant for English language translation

VII OCCURRENCE AND PAYMENT OF TAX LIABILITY

Article 8

The obligation to calculate the tax on insurance premiums shall occur at the moment of conclusion of the contract with legal or natural persons.

The taxpayer referred to in Article 4 of this Law shall pay the tax on insurance premiums by 15th day in a month for the previous month.

The Minister of Finance shall prescribe the form and contents of the records on payment of the tax referred to in paragraph 2 of this Article.

VIII SUPERVISION

Article 9

The competent tax authority shall control the calculation and payment of the tax on insurance premiums.

IX APPLICATION OF REGULATIONS

Article 10

The provisions of the law governing tax procedure shall apply accordingly in respect of relations not specifically governed by this Law (enforced collection, interest and other).

X PENALTY PROVISIONS

Article 11

A pecuniary fine ranging from 2,800 euro to 6,000 euro shall be imposed on a legal person - the taxpayer for the offence, if:

- 1) fails to apply the prescribed tax rate on the tax base (Articles 5 and 6);
- 2) fails to calculate and pay the tax on insurance premiums (Article 8).

A pecuniary fine ranging from 300 euro to 1,500 euro shall also be imposed on the responsible person in the legal person for the offence referred to in paragraph 1 of this Article.

XI FINAL PROVISIONS

Article 12

Deleted. (Official Gazette of the Republic of Montenegro, No 37/04 of 3 June 2004)

Article 13

This Law shall enter into force on the eighth day following the day of its publication in the “Official Gazette of the Republic of Montenegro”.

PUBLISHER'S NOTE:

The consolidate text of the Law does not include the following provisions of the Law Amending the Law on Tax on Insurance Premiums (*Official Gazette of the Republic of Montenegro, No 37/04 of 4 June 2004*):

“Article 2

This Law shall enter into force on the eighth day following the day of its publication in the Official Gazette of the Republic of Montenegro.”

The consolidate text of the Law does not include the following provisions of the Law Amending and Supplementing the Law on Tax on Insurance Premiums (*Official Gazette of Montenegro, No 61/03 of 30 December 2013*):

“Article 7

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