



# ***INVESTMENTS GUIDE***

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Sombor [www.sombor.rs](http://www.sombor.rs)



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Honoured friend,

Our city has always been a city of wise people whose visionary perspectives and actions undoubtedly led to a great prosperity during 17<sup>th</sup> and 18<sup>th</sup> century which was primarily founded on educational, cultural and economic development. Based on these values, which were developed for more than 300 years, Sombor today is an heir of educational and cultural tradition of European and World “tang”.

Unfortunately, nowadays Sombor shares an economic fate of Serbia, with an economic development that is unable to cope with the growing needs of so-called “ economic superstructure ”.

However, a team of young and broad minded people who govern the city appears optimistically before the potential investors and partners, with good reason.

Sombor undoubtedly has a very attractive geographic and geostrategic location since the city area borders with two countries, Hungary and Croatia, and the city area also being an “entry point” of Danube in Serbia.

There is also the Special Nature Reserve Gornje Podunavlje, an extraordinary resource for development of hunting, fishing, ecologic and nautical tourism, which Sombor especially relies on.

By adopting key documents, such as *The Local Strategy for Sustainable Development of Sombor*, the future development concept was systematically approached, thus making a strong foundation for a good relationship between the host and the investors.

Honoured friend, *The Investors Guide*, whose pages are in front of you, represents an evidence that our offer is an outstretched hand to partnership we are willing to offer you, with a professional and efficient help and support from the expert team of our Office for a Local Economic Development.

I sincerely hope that within the lines you read in this guide you will recognise Sombor as an ajar treasure box that we are eager to share with you.

**THE MAYOR OF SOMBOR**  
Nemanja Delić



# ADVANTAGES OF SOMBOR

## Advantages of geographic location

-  **Borders with EU**
-  **Located between three countries: Republic of Serbia, Hungary and Croatia**
-  **Vicinity of the main European cities and distribution centres**
-  **Quick and simple access to the EU market**
-  **Good transportation infrastructure provides a quick transportation (Corridor X and VII and Danube)**

Sombor is situated in the Northwest of the Republic of Serbia. With its international border crossings near Bezdan and Bogojevo it represents a tie with the Republic of Croatia and in Bački Breg with the Republic of Hungary. There are several key factors that make Sombor an attractive foreign investment area.

Firstly, there is the vicinity of the borders: 25 km from the Republic of Croatia and 28 km from the Republic of Hungary.

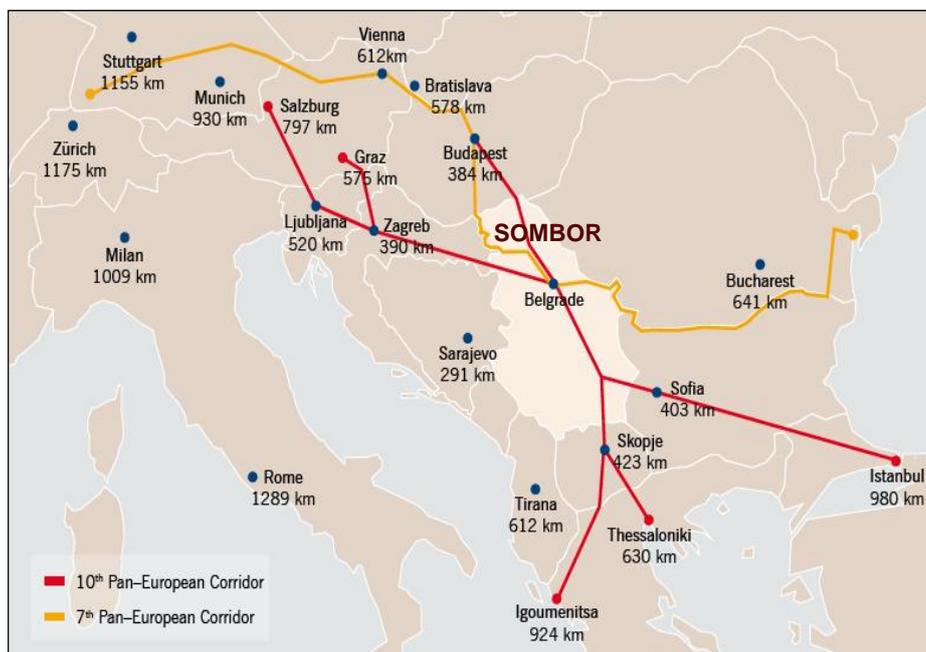
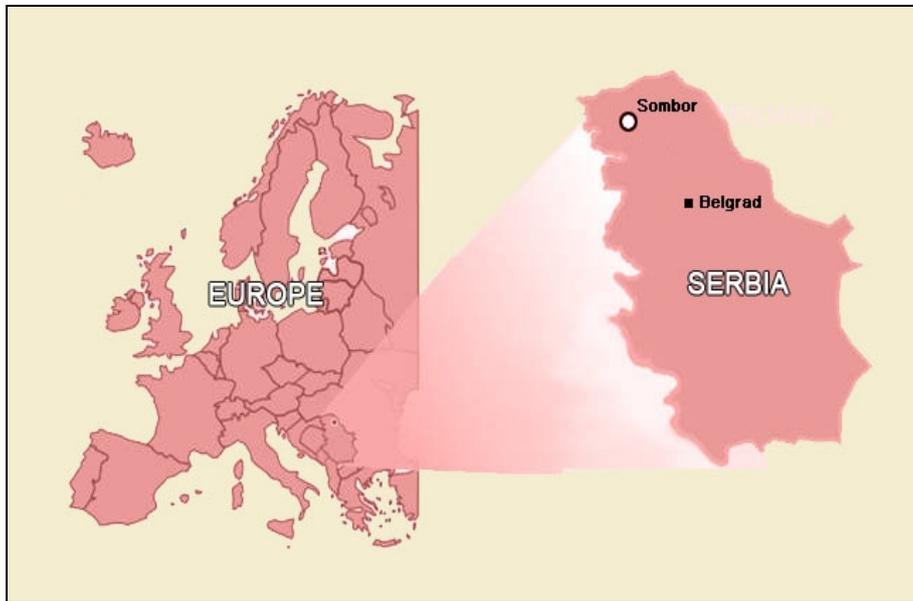
Sombor is located 175 km north-west of Belgrade, 100 km north-west of Novi Sad, 60 km southwest of Subotica, 223 km south of Budapest, 345 km southeast of Vienna, 374 km east of Zagreb.

Sombor is located between Pan European Corridors VII and X. Pan European Corridor X, which is around 60 km far from Sombor, ties regional road and railway lines with the international river harbour and customs near Bezdan on the Corridor VII – Danube. Corridor VII covers 25 km of the territory of Sombor.

The area of Sombor, has a developed road network consisting of main roads (M17.1 and M18) in the length of 89 km, regional roads (R101, R105 and R105.1) in the length of 67 km and local roads in the length of 110 km. The railway junction for public and cargo transportation, with the existing one-track railways which bifurcate towards Subotica, Vrbas, Bogojevo and Apatin. There is a possibility of modernization of the existing railways, as well as a reactivation of certain directions, that is continuation of the network in direction of the state borders towards Republics of Croatia and Hungary.

Considering the fact that the military airport is only 7 km far from the very centre of the city, which was intended for the civil transportation by the Master Plan of the Ministry of Defence of the Republic of Serbia, there is a real possibility for development of the air transportation. Sombor has a potential to become a centre of the public and cargo transportation. Production of healthy and fresh food, which could be exported in any part of Europe, within 24 hours, is a

great opportunity for this region. “Gornje Podunavlje” (The Upper Danube Basin) bears an enormous tourist potential for Sombor, located between Pan - European corridors VII and X, therefore the transportation of potential tourist would be easier. The Sombor airport has the lowest number of foggy days during the year in the Republic of Serbia. Therefore, in the future it could play an alternative role for the Belgrade airport, when it is closed due to fog.

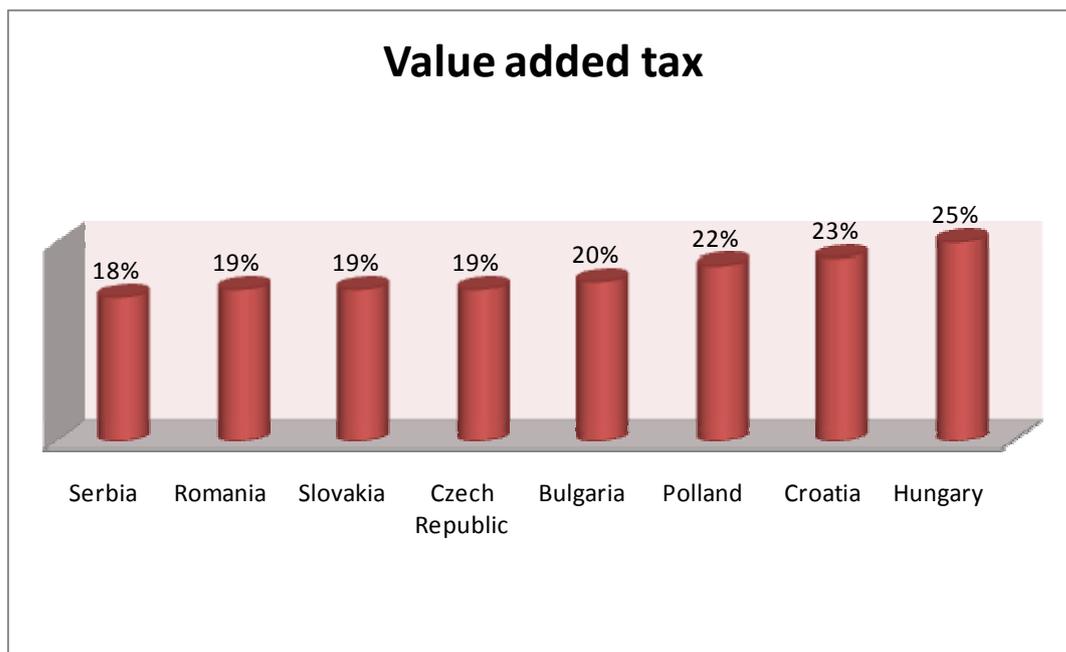


## Advantages of the business environment

- State stimulations for investment projects
- Foreign investors have the same treatment in the tax legislation as domestic ones
- Taxes are among most favourable in Europe
- 10 years of tax exemptions for big investments
- 5 year of tax exemptions for concessions
- Profit tax deductions by 20 to 80% of investments value in the main assets
- Duty free exemption Import for raw materials, semi-products, components and equipment
- Duty free exemption access to the Russian market of 150 millions inhabitants – in the entire region, only Serbia has FTA (Free Trade Agreement) with Russia
- Duty free exemption access to the Southeast European market of 30 millions of inhabitants (according to FTA)
- Favoured trade conditions with USA and EU

For the purpose of creation of a stable business environment, a great number of laws have been adopted, which are adapted to EU regulations. In that way, international companies can enjoy equal rights as domestic companies. They may invest in all branches of economy and freely transfer all financial and other capital, including profit and dividends. Serbia attracts foreign investors with her favourable tax system which is at the same time one of the most favourable in the Southeast region.

**Value added tax** - The value added rate is 18% (general rate), 8% (special rate).



**Profit tax** – Profit tax rate is 10%.



**After tax fee** – After tax fee is being paid by rate of 20% for dividends, shares in profit of legal person, authorship fees and interest rates.

**Income tax** - Income tax rate is 12% for salary, meaning 20% for other kind of incomes. Other kinds of incomes include incomes of agriculture and forestry, independent activity, copyrights and industrial property, capital, real estate, then capital deductions and other incomes.

**Annual income tax** – Rate of annual income tax is 10% that is 15%, depending on the level of the annual income. For foreign citizens, who have status of residents, a lower tax rate is being calculated for the income which is under 8 average annual salaries in Serbia, and higher one for the income exceeding this amount.

**Contributions for social insurance** – Contribution rates for social insurance amount:

- Old-age benefits and disability insurance - 11%,
- Health insurance - 6,15%,
- Unemployment insurance - 0,75%.

The sum of contributions for social insurance and income taxes, which are calculated on the basis of net profit, amounts around 65% of the net salary.

## Tax allowances

Beside the fact that the company income tax of 10 % is among the lowest in the region, some particulate stimulus are regulated by law, in terms of tax exemption, stimulus investments, credit taxes and accelerated amortization.

## 1. Tax relief

**For a 10 year period** – A taxpayer achieves an income tax exemption for a 10 year period if the taxpayer or another person invests more than 600 million dinars (cca. 7.3 millions euros) in his fixed assets, used for registered activity, and if during the investment period he additionally employs at least 100 persons for undetermined period. A right to tax exemption is proportionate to the investments.

**For a 5 year period** – A right to income tax exemption for a 5 year period is given to a taxpayer who is doing an activity in the region of the special interest for the country, under condition that the taxpayer or another person has invested more than cca. 70 thousands of euros in the fixed assets and that he additionally hires at least 5 persons for undetermined period during the investment period, that he uses 80% of the value of the fixed assets for the registered activity in the region of the special interest for the country and that at least 80% of his employees on indeterminate period have a domicile and the residence in the region of the special interest for the country.

Those tax exemptions are proportionate to the investments.

## 2. Tax credits

**For investments in fixed assets** – A taxpayer achieves a right to credit tax in the amount of 20% of the investments, if he invests in fixed assets for his own registered activity. Decrease cannot be higher than 50% of calculated tax in the year of the investment.

Fixed assets, mentioned in the previous paragraph, exclude passenger cars, except cars intended for rent-a-car service, drivers' training and special vehicles with installed apparatus for transport of patients; furniture, except the one used for equipping of hotels, motels, restaurants or camps; carpets; works of visual and craft arts, objects for space decoration, writing-off tool/inventory.

Taxpayer – small company has a right to tax credit in amount of 40% of investments expended in fixed assets for the own activity, therewith the credit tax cannot exceed 70% of calculated tax in the year of the investment.

**For employment of workers for indeterminate period** – To the taxpayer who employs the new workers for undetermined period, the calculated profit tax is decreased during the tax period for the amount equal to the amount made of 100% of gross salaries paid to those employed workers, and increased by pertaining public incomes on the charge of the employer. Unused part of the tax credit can be transferred to the account of the profit tax of the future accounting periods, but for a period not longer than 10 years.

**A right to tax credit in the amount of 80% of investments** – The right to tax credit in the amount of 80% of investments realized in the main assets for running of activity during that year, is allowed to the taxpayers who are running their business in one of the following areas: agriculture, fishing, production of textile yarn and fabrics, clothing articles, production, finishing and coloring of fur, leather and objects of leather, production of the basic metals, standard metal products, machines and devices, office and accounting machines, electric machines and devices, radio, television and communication equipment, medical, precise and optic instruments, motor vehicles, trailers and semi-trailers, other transportation means, recycling, cinematographic and video production. On this basis, credit tax is valid without limits in regard to the calculated tax during the year of the investment, as for the future 10 years on which unused part of the credit tax can be transferred.

**2 Profit tax reductions for 2 years period**– The right to profit tax reductions for two year period has the taxpayer who achieved the income in the newly created unit, in insufficiently developed regions, proportional to the participation of achieved income in the total company

profit. Condition for this kind of credit tax is keeping of separate business documentation for that kind of unit.

### 3. Other tax exemptions

**A right to accelerated amortization** – A right to accelerated amortization by rates higher up to 25% than proscribed, can be reached for assets which are used for researching work, education and training of workers, energy savings, prevention of air, water and land pollution, usage of secondary industrial raw materials as well as for computer equipment.

Fixed assets are divided into 5 groups, all having their own amortization rates

- I group – 2.5%
- II group – 10%
- III group 15%
- IV group – 20%
- V group – 30%

Amortization, according to straight rate, has been proscribed for the first year, including real estates, while decreasing method is being applied for the assets from other groups.

**Transfer of loss for 10 year period** – A company can report a loss, determined in the current year, during the following accounting periods and for the next 10 years.

**Concession investments** – In case of concession investments, a concession company, meaning a concessionaire owning a registered company for concession activities, is exempt from profit tax payment, which is achieved on the basis of the concession subject income for 5 year period, from the day of contracted end of total concession investment. If concession company, that is concessionaire, gains the profit before the end of the concession investment, it is exempt from payment of profit tax.

**Decrease of income tax base** – Income tax rate amounts 12%. Non-residents pay the taxes only for salaries achieved in Serbia. A tax is exempt from payment for the following types of incomes:

- Compensation for travel expenses (to / back from work), up to the price of monthly ticket, which does not exceed RSD 2,000;
- Compensation for food expenses on business trips in the country, as well as travel expenses/wages for business trips abroad, in accordance with the amount defined by the authority;
- Compensation for accommodation expenses on business trips, on the basis of presented factures;
- Travel expenses for business trips, on the basis of presented factures, as well as for usage of private car of an employee for business purposes, not more than 3,500 RSD on a monthly basis;
- Emergency fund in case of illness, medical rehabilitation or damages of employee or of some members of his family, up to 20,000 RSD;
- Christmas and New Year presents for the children of employees, under 15, in amount of maximum 5,000 RSD per child;
- Rewarding of employees, up to 10,000 RSD annually.

Income tax exemption is 5,000 RSD (cca. 62€) on a monthly basis, for the employee who is working full time.

**Income tax exemption for certain groups of workers** – In case of employment of new worker for undetermined period, the employer is exempt from income tax payment for:

- 3 year period: for beginners under 30, registered in the National Office for Employment and for persons with invalidity;
- 2 year period: for persons under 30, registered in the National Office for employment of at least 3 months, for persons under 45, who are registered in the National Office for Employment for at least 6 months, or they are receiving some kind of social contribution.

**Reduction of the annual income tax** - Non-residents do not have to pay the income tax which is up to 5 times higher than the average annual income in Serbia, according to the latest published data. When the taxed income overpasses this amount, and if it is between 5 and 8 times higher average income, the rate amounts 10%. In case it overpasses the 8 times higher annual income, the rate will amount 15%.

Annual individual base for income tax will be taxed income, which represents the difference between income and personal deductions in amount of:

- for taxpayers - 40% of average annual income in Republic of Serbia, according to latest data
- for dependent members of the family -15% of average annual income in Republic of Serbia, according to the latest data

**Avoidance of double tax** – If taxpayer gains his profit by doing business in other country, and if the income tax has been already paid in other country, he will have a right to tax credit for the income tax in Serbia, up to amount paid in the other country. Serbia continues to respect “Agreements of avoidance of double tax” concluded between Yugoslavia and following countries: Albania, Belgium, Belorussia, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus, Czech, Republic, Denmark, Egypt, Finland, France, Germany, Ghana, Hungary, India, Italy, Kuwait, Latvia, Macedonia, Malaysia, Moldavia, Netherland, Norway, PDR Korea, Poland, Rumania, Russia, Slovakia, Slovenia, Sri Lanka, Sweden, Switzerland, Turkey, Ukraine and Great Britain.

**Import of equipment exempt from the import taxes** – According to Law on foreign investments (Official Bulletin SRJ, 2002, article 13 and 14), import of equipment, other fixed assets and materials for object construction, which represents investments of the foreign person or increase of those investments, on the basis of the investments contract or decision on creation, is tax free

Import of new equipment on the basis of foreign person, except passengers’ motor vehicles and leisure machines and games of chance, is exempt from custom payment and other import taxes.

This right can be used in accordance with determined dynamics of investments, up to final construction of the object, more precisely the start of invested activity, and if the investment is done on the basis of reinvestment of profit – for the period of validity of the contract, meaning the decision.

## Financial support

### 1. Investment grants (Republic of Serbia)

Based on the Regulation of the republic of Serbia which was adopted at the end of June 2007, all investment projects except the ones related to commerce, tourism, hotel industry and agriculture can apply for national budget grants. The grants are planned for financing investment projects in manufacturing, international services, research and development.

#### Non-refundable funds according to criteria

For investments in	Total funds per new workplace	Minimal investment	Minimal number of new workplaces
Production sector	2.000-5.000 €	between 1-3 million €*	50
Service sector	2.000-10.000 €	500.000 €	10
Research and development sector	5.000-10.000 €	250.000 €	10

\* Depending on the unemployment rate in the municipality where the investment is being made

Grant dynamics:

1. After signing a selling contract or a land lease contract
2. After obtaining building permits
3. After obtaining a usage permit
4. After employment as planned in the investment project

Criteria for assessing the investment projects:

1. Investor's reference
2. Local suppliers share, the effect of the investment on the productivity of other enterprises in the same field of work
3. Sustainability of the investment/durability
4. The effect of the investment related to research and development
5. The effect of the investment on human resources
6. The effect of the investment to environment
7. The size of international trade
8. The effect of the investment on municipality development
9. The support of local government in investment realisation

The applications are to be submitted to the Serbia Investment and Export Promotion Agency (SIEPA).

## **2. Grants for re-employing unemployed individuals from the territory of the AP of Vojvodina (Provincial Secretariat for Labour Employment and Gender Equality)**

The grant is aimed at the employers who hire unemployed individuals from the Employment Agency's list for an unlimited period of time, on full time basis.

The re-employment grant is allowed once, to a sum of **100.000.00** dinars per individual employed.

An addition of 30% is granted if:

- An employer creates ten or more jobs
- An employer creates jobs in under-developed areas of Vojvodina
- An employer creates a position for an individual who belongs to a deprived category (younger than 30 years old, older than 50 years, disabled people, single parents, women from rural areas, Roma, emigrants, and other)
- An employer who creates a position for an individual who received the compensation provided by the National Employment Agency, and has two years or less retirement,
- An employer who creates a position in a processing or manufacturing company, service, craft or agricultural business.

The grant cannot be awarded to the individuals who are direct or indirect beneficiaries of the budget funds, as well as those who have failed to fulfil a previous agreement with the National Employment Agency or Provincial Labour and Gender Equality Secretariat.

A grant applicant cannot be awarded a grant in case an employee's contract with a party, who is either a founder of the applying party or in some other way related to it, was broken within less than six months from the application date.

Terms for awarding a grant:

1. The applicant's business is set in Vojvodina Province
2. The employer has not had any layoffs since April 2009, and will not have any
3. The applicant is solvent
4. There is no an insolvency procedure of any kind
5. That if there was any insolvency procedures, the enterprise has been functioning successfully for at least a year
6. That an employer who bought an enterprise that was insolvent succeeded running the business for at least one year
7. Those enterprises which have not worked for longer than one year have a bank guarantee
8. That the applicant pays all the bills and social security on time
9. That the employer is going to employ an individual who is registered with the National Employment Agency
10. The applicant will choose an employee with guidance of the National Employment Agency

## **3. Financing of internship to a limited period in Vojvodina Province (Provincial Secretariat for Labour Employment and Gender Equality)**

The Provincial Secretariat is planning the employment of the unemployed individuals with high school diploma, college or university degree as interns for a one-year period.

During the internship, the employer is awarded a grant of 37.500.00 dinars gross for the interns with university diplomas, and 27.800.00 dinars gross for interns with a college degree or high school diploma. These figures represent the internship fee and are paid to the employee three months in advance, providing a guarantee, for 10 months in total in course of a twelve-month internship period.

Terms and conditions:

1. Employers must be entrepreneurs, business entities and other organisations who are not direct budget beneficiaries
2. Employers who pay the taxes and social security on regular basis
3. Employers whose business is solvent
4. Employers who have fulfilled their contract terms with the National Employment Agency and the Provincial Secretariat for Labour Employment and Gender Equality

#### **4. Grants for opening new jobs (National Employment Agency)**

National Employment Agency (NEA) is awarding grants for opening 50 new jobs, in order to employ individuals from the National Agency register, where the size of the grant depends on the municipality, specifically:

- 160.000,00 dinars in non-developed municipalities
- 130.000,00 dinars in under-developed municipalities,
- 80.000,00 dinars in other municipalities

The priority when awarding the grant is given to:

- Disabled people
- Roma
- Individuals older than 45 years (for women), or 50 years (men)
- Chronically unemployed individuals (on the NEA's list longer than 12 months)
- Emigrants and refugees
- Individuals in re-admission
- Women

The grant can only be used once during a year.

Terms and conditions for awarding the grant:

1. The number of employees has not been cut within the three months of the application, unless the usual fluctuation of employees
2. That the applicant has been paying all the bills and social security on time for at least three months prior to application
3. That if there was any insolvency procedure, the enterprise has been functioning successfully for at least a year
4. That an employer who bought an enterprise that was insolvent succeeded running the business for at least one year
5. That the prospective employee who has earlier been employed by the same employer has at least a six-month period of unemployment.

#### **5. Financing of the re-training or additional training of the unemployed for the needs of employers**

At the same time as awarding the grants for new positions and employment, the National Employment Agency is financing a programme for re-training and additional training of a number of unemployed individuals for the need of employers.

Re-training or additional training of the unemployed is organised for the need of employers in case there are no qualified individuals or individuals with adequate skills on the list of the National Employment Agency that are required for a certain job.

Re-training can be organised:

- Within an internal programme within the company
- Combined, by the educational institution and company's programme
- In accordance with education level

The right to apply for the grant is given to all entities in the territory of the Republic of Serbia who:

- are registered with the Serbian Business Registers Agency
- pay the social security for the employees
- have fulfilled their contract terms of the re-training in the previous three years with known employees (if grants were used)

The National Employment Agency defrays the cost of the in-service training (the employees wage in jobs that individuals are trained for per hour is taken as a unit of payment per hour of training), hiring the external trainers and attestation, if the programme includes it, is 80.000 dinars per trainee.

## **6. Youth Employment Programme "First chance 2010" (National employment office-NEO)**

The programme implies voluntary practice of three months and concluding of a working contract for the purpose of development for the next 12 months.

Taking part in this programme, the employer effectuates a right:

1. to engage a needed number of young labour to whom NEO pays an amount of 10.000 RSD a month, along with the contributions in case of injury at work and illness, all according to the law;
2. to conclude a probationer working contract with a certain number of people who finished voluntary practice;
3. to receive a refund of the probationer salary for: net salary in the amount of 20.000 RSD for the probationer with the university degree, 18.000 RSD for the probationer with college degree, 16.000 RSD for the probationer with secondary school and costs for contributions for the mandatory social insurance for all three categories.

The right to participate at the concurs effectuate the employers from the private sector, who are solvent, who regularly settle their obligations on the basis of social insurance of the employees, who have personnel and other capacity for professional development of people, as well as unemployed, being in the data base of the NEO, with all secondary, college and university education levels, without working experience in profession, up to the age of 30.

REMARK: Programme of Provincial secretariats of labour, employment, and gender equality , points 2. and 3. are not valid at the moment of issuing of this guidebook . Conditions of the applications, which are expected in 2010 are not known to the public; therefore are given the data which were valid for applications in 2009.

## Land lease and cost assessments

The starting price for a square metre of the land in the industrial zone in Sombor is based on the price of €9.5 per square metre (the cost of the land is €4.5 per square metre plus equipping cost of €5 per square metre for road network, water supply, sewer and electricity). The cost is determined by the criteria given in the table.

<b>Total number of employees</b>	-5% for 5-10 employees/ha	-15% for 11-15 employees/ha	-30% for 16-20 employees/ha	-40% for 21-25 employees/ha	-50% for 26+ employees/ha
<b>Production</b>	-10%		0%		
<b>Water / Sewage</b>	Up to 4000 $m^3 / ha / mes$ 0%	4000-6000 $m^3 / ha / mes$ -10%	6000-8000 $m^3 / ha / mes$ -20%	8000+ $m^3 / ha / mes$ -30%	
<b>Employee health risk</b>	None 0%		Hazardous (reduced service retirement) +20%		Very hazardous +50%
<b>Power Supply/ ha</b>	0,15 MW/ha 0%	0,15-0,20 MW/ha +5%	0,21-0,25 MW/ha +10%	0,25-0,30 MW/ha +20%	0,30+ MW/ha self provided
<b>Level of investment within the three-year period of bringing to purpose</b>	0-100.000 €/ha 0	100.000-300.000 €/ha -5%	300.000-500.000 €/ha -10%	500.000- 1.000.000 €/ha -15%	over 1.000.000 €/ha -20%

## Free Trade Agreements

### CEFTA

The Central European Free Trade Agreement (CEFTA) is a free trade agreement between the following countries in Central and South-Eastern Europe: Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo. Exported products in order to be considered of a Serbian origin, need to have undergone sufficient processing in Serbia. However, it is permitted for incorporated components to have other CEFTA countries, EC, Iceland, Norway, Switzerland, (including Liechtenstein) or Turkey origin, given that the value added is greater than the value of materials used.

### RUSSIA

The Republic of Serbia is the only country outside the Commonwealth of Independent States that has a signed free trade agreement with Russia. Moreover, the agreement has been amended in March, 2009 to include additional items. In accordance with the provisions of this agreement, the importing country regulates the rules of origin in compliance with WTO principles. The result is that all products that have a certified Vojvodina origin, meaning that more than 51% of the product value has to be generated in Vojvodina, could be exported customs free to the Russian market.

## EU

As the most developed part of Serbia, Vojvodina has unique economic and trade relations with the European Union and other European countries, which have enabled customs free export of all products bearing the Serbian origin label, excluding wine and baby beef. In addition, the EU FTA abolished customs duties and quantitative restrictions for import of Serbian textile products and guarantees to maintain the same policies in the future. Using this strategy the Serbian export of these products will become entirely free.

## US

Within the Generalized System of Preferences (GSP) approved by the USA, the preferential duty-free entry for more than 4,650 products, including most manufactured and intermediate goods and selected agricultural and primary industrial products, has been enabled. The products that have been excluded from this list generally fall in the categories of textile products, leather goods and footwear.

## BELARUS

The FTA has been signed on March 31, 2009 providing mutual removal of custom duties and other taxes with the exception of sugar, alcohol, cigarettes, used cars, buses and tyres that will continue to be subject to taxation.

## TURKEY

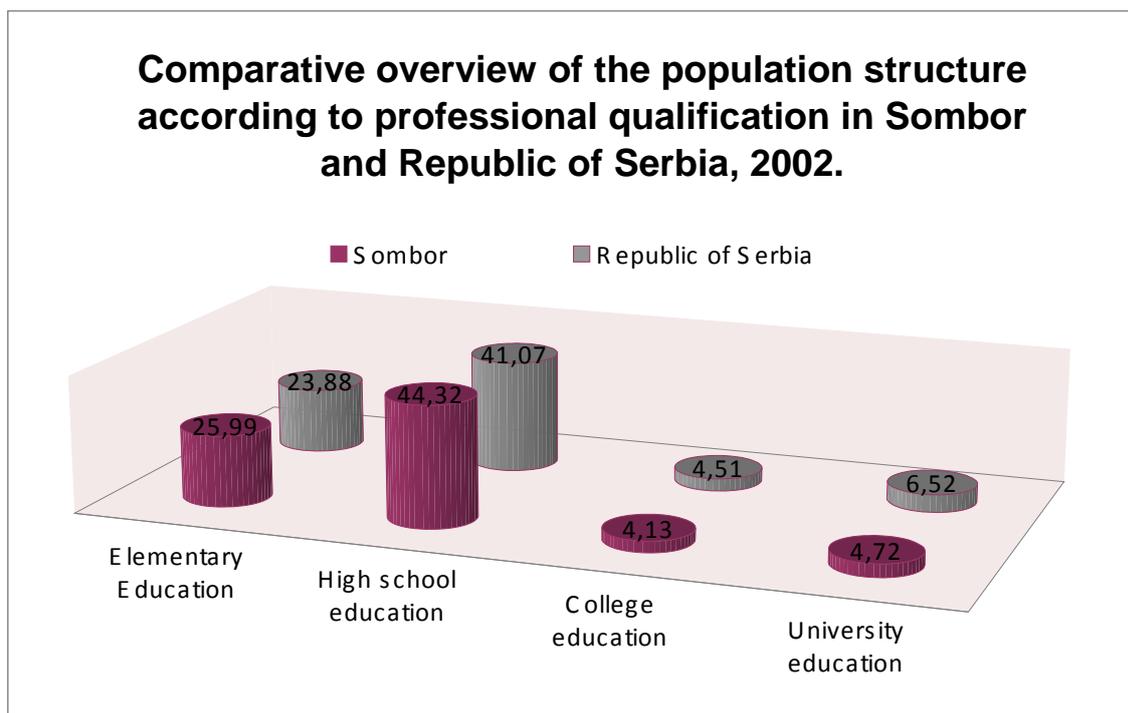
The agreement signed on June 1, 2009 will be implemented in compliance with an asymmetric trade liberalization model by January 1, 2010. It will enable customs free export from Serbia to a 75 million Turkish market, while the reciprocity will be achieved in three phases until 2015.

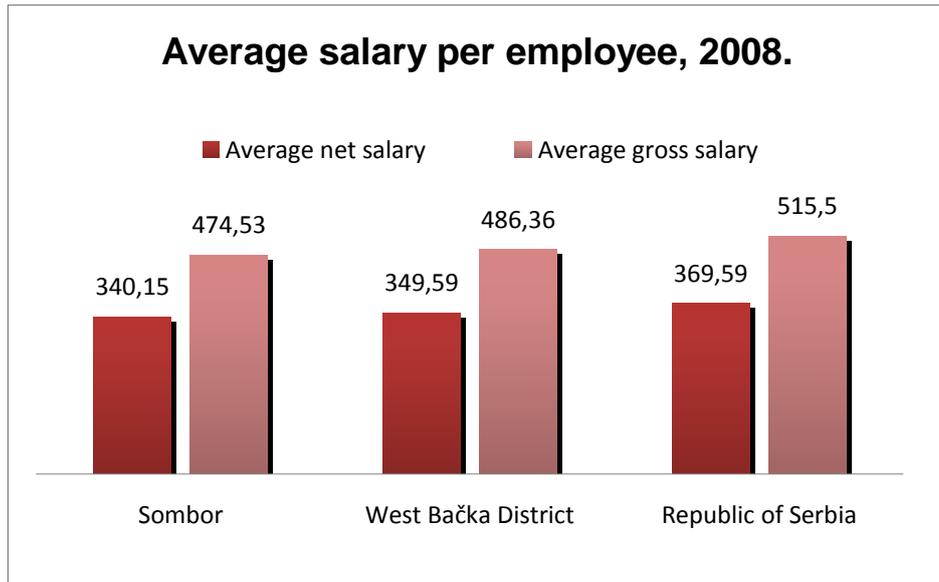


## Labour Advantages

- Labour cost are lower than in the member states of the EU and in candidate countries
- Strong education system which continuously provides the market with the young educated staff
- Multiethnic diversity with 21 nationality

Sombor has the biggest percentage of population of the working age with high school education, skills and abilities of adaptation to the needs of the relocated trans-European economy, both in short and long term period. The mentality of working industrial culture originates from the period of the Austro-Hungarian Monarchy, which now helps the EU management feel at home with the labour situation. In 2008, the average monthly salary was around 340 euro. It will take years to catch up with West European average, and for the cost of work to become uncompetitive.





Sombor has a population of 97.263 inhabitants (46.839 men or 48, 16% and 50.424 women or 51, 84%) of which 42.235 are active work force.

The appearance of the bourgeoisie / middle class society in Sombor was conducive to relatively early development of wide range of education and diverse cultural life. It was registered that in 1717 Sombor got the first elementary school with programme taught in Serbian and only 5 years later a programme taught in Hungarian began. In 1759 the first secondary school was founded, and in 1763 the first Grammar school. The most important year for education in Sombor was 1778 when Avram Mrazović, supervisor of Serbian schools in East Hungary, found "Norm", the first school for teacher education, precursor of the famous Sombor "Preparandija" — present Pedagogical University. Today, Sombor has 6 secondary schools and 2 Faculties.

Sombor is a multiethnic city with 21 registered nationalities.



## Advantages of the natural environment

-  **The greenest city in Serbia**
-  **Inexhaustible source of healthy food and water**
-  **Special Nature Reserve "Gornje Podunavlje" The Upper Danube Basin**

Sombor is a green oasis of Bodjoši (*Celtis occidentalis*) and at the same time the greenest city in our country. When we state this, we bare in mind that fact the only in public greenery there are 18.600 trees, and that every citizen of Sombor has a 27m<sup>3</sup> of green crowns above his head.

The city area is predominantly flat; from the Danube River in the West to its central parts, and slightly sloping (hilly) toward the Telečka plateau in the East, with average height of 90 m.

The agricultural area makes up 100.661 ha of the total city area of 117.722 ha. Chernozem, which is the most fertile type of soil, covers the largest area of the city, providing the great potentials for development of the modern agriculture production. The climate of the area is temperate continental climate with average annual temperatures of 10.8°C, average temperature of the coldest month (January) of -1.8°C and average temperature of the warmest month (July) of 21.3°C.

The city's territory is comprised of fifteen settlements - villages which represents the inexhausting source of healthy food and water which can be exported to any part of Europe within 24 hours.

A special characteristic of this area is the untouched nature, with undisturbed indigenous forests, ponds and swamps of the Special Nature Reserve "Gornje Podunavlje". This nature reserve is a part of a big inundated zone covered by marshes and swamps in the middle course of Danube, with a habitat of 280 species of birds and the natural hatchery for about 50 species of freshwater fish.



"Gornje podunavlje"



"Gornje podunavlje"

## Life quality

- 🏛️ "Free royal city" since 1749.
- 🎨 City of culture, art, sport
- 👥 Safe city of well-intentioned people
- 🛒 Value of the consumer basket is lower by 1/3 compared to the republic CPI

Every citizen of Sombor will state, at the mention of its name, that Sombor is a centuries old pearl of Bačka, the city of green alleys, art, city of youth, culture and sport. It is a safe city of well-intentioned people, and enviable life style.

Value of the consumer basket on the territory of Sombor is lower by 1/3 compared to the republic one. The price of residential object in wider city area is around 700 eur/m<sup>2</sup>, while the price in the bigger neighbour cities (Novi Sad, Belgrade, Podgorica, Budapest, Zagreb) is even higher than 1200eur/m<sup>2</sup>. Completed gasification of the urban core, high quality local roads, reconstructed water supply system and ambulances, as well as newly opened kinder gardens in all inhabited places, provide preconditions for the quality life.

Cultural and educational concept of this regional centre is created by the National Theatre of Sombor, City Museum and City Library, Gallery "Milan Konjević" and many other galleries and ateliers, Serbian Reading-Room and Singers association.

Sport and recreation facilities are accommodated to the needs of the city and the region. Currently, there are 118 sport clubs, whose members have at a disposal a total of 107 sport objects (one per 1.000 inhabitants).

"Free royal city" offers a high quality of life to his citizens and travellers since 1749.



Nationa Theatre



City Museum



City Library



Gallery Milan Konjević



Serbian Reading-Room

# WHERE TO INVEST IN SOMBOR

## Locations suitable for investments (Infrastructure)

-  Industrial zone
-  Number of location for greenfield and brownfield investments
-  Diversity of branches of economics suitable for investments

### Sites of industrial zones/parks

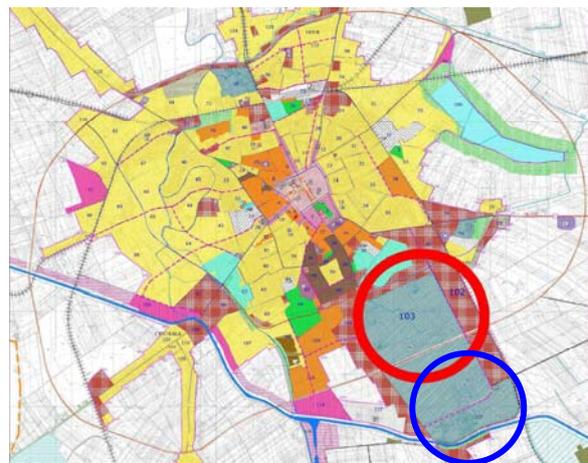
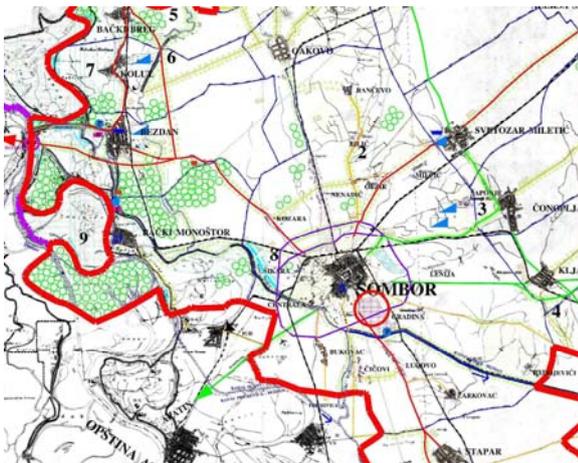
The industrial zone of Sombor is located next to the south-west border of the city. Total area of the industrial zone is approximately 500 ha. The proximity of other important locations:

- Belgrade 185 km
- Surcin airport 180 km
- Motorway E75 60 km
- borders to Croatia and Hungary 25 km
- The river Danube 20 km

 Location of the industrial zone

 Blok 102, 103

 Blok 114, 115, 127



## **Access roads**

The access roads are:

- M-18- highway
- “South 3” a major route connecting the regional route R-17.1
- Access route, the road to the oil factory from the regional route R-17.1 from Novi Sad and Subotica.

The Industrial zone is close to the Great Backa Canal, only about 600m by air, and about 5 kilometres from the military airport, which could be made into a civil airport.

The industrial zone has an exit to the M-18 route, with two intersections where left turn allows the access to the route.

The plans for the new ring-road cut through the industrial zone (there is an internal route in the industrial zone currently, marked in the regulation plan for the blocs 102, 103 and 104 as route S-4)

## **Available utility infrastructure**

### **Electrical**

Industrial zone is supplied with electricity from the 20 kV “Borovo” line, and 20 kV “Selenca” line, from 110/20 kV “Sombor 1”. There is a newly build power transformation station of 400MW. This means that an intensified demand could be satisfied. Current available capacities of electric power in the industrial zones are about 4 MW.

### **Water supply**

The industrial zone is supplied by water from the “Jaros” company with a capacity of 200 litres per second. Water is supplied to the industrial zone through water pipes of 500 and 300mm in diameter. There are three deep wells in the zone which can supply 30 litres of water per second. There is a water supply network bringing water to all the present and future users.

### **Sewer system**

There is a dual sewer system. The waste water is collected through the pipeline system for purification of water (equalling capacity for 80.000 people). Two major pipelines of 800 mm and 600 mm in diameter take water from the industrial zone. The network of pipelines takes to and from all the existing and potential users. Storm water sewer takes the water through an open system of canals to the Great Backa Canal

The investors are obliged to build a storm water sewer system and connect it to the existing system class A2.

### **Gas line**

There is a gas line in the industrial zone, the primary network is made of steel, and the sub-networks are made of poly-ethylene.

### **Telephone network**

There is an optical cable at the site, as well as a local network for the existing users.

### **The Internet**

There is a possibility of using an ADSL connection in the zone, provided by “Telekom” Serbia.

## Other investment locations

Besides available investment locations in Sombor industry zone, there is a list of Greenfield and Brownfield investment opportunities. The most attractive offers chosen from the regularly updated location data base are:

1. 702 m<sup>2</sup> - catering establishment with 900 m<sup>2</sup> of surrounding area – Brownfield
2. 3652 m<sup>2</sup> - for production halls at a 1,5 ha lot - Brownfield
3. 218 ha – agricultural land– B. Monoštor
4. 240 ha – agricultural land– Stapar
5. 860 ha - agricultural land– k.o. Sombor II
6. 400 m<sup>2</sup> – a warehouse at a 1200 m<sup>2</sup> lot – Brownfield
7. 4873m<sup>2</sup> – production halls and a warehouse at a 2 ha lot – Brownfield
8. 760 m<sup>2</sup> – textile processing production plant at a 5422 m<sup>2</sup> lot – Brownfield
9. 2832 m<sup>2</sup> – production hall and a 1019 m<sup>2</sup> business building at a 5930 m<sup>2</sup> lot in the centre of Sombor – Brownfield
10. 2,5 ha – construction land with infrastructure - Greenfield

## Diversity of branches of economics suitable for investments

Thanks to its geographic location and climate, the area of Sombor is suitable for various business activities. Special Nature Reserve Gornje Podunavlje, a part of which belongs to the area of Sombor, and a significant cultural and historical heritage and tradition of old crafts and agriculture, make an excellent foundation for the development of various types of tourism.

Republic of Serbia, by creating and adopting a Master plan of Gornje Podunavlje tourist destination, recognised this area as one of the most perspective tourism areas. Significant investment potentials are also in spa, rural and health and recreation tourism.



The City of Sombor spreads on the territory of 17 cadastre municipalities with a total area of 117,722 ha 36 acres and 90 m<sup>2</sup>. Average cadastre municipality has an area of 69 km<sup>2</sup>, which makes Sombor the largest local self-government in Serbia. Therefore, Sombor has the largest area of agricultural land , as well as the largest area of agricultural land owned by the state, and represents an ideal site for investments in agricultural production and an excellent base for food industry.

**Land Structure, 2009.**

	Municipality (km <sup>2</sup> )	Share in the total municipal area (%)	Municipal share in the areas of the same type in Serbia (%)	Serbia (km <sup>2</sup> )
Total area	1.177.000,00	100	2,74	88.361.000
Agricultural land	972.804,68	82,65	1,92	50.530.000
Arable land	59.657,37	5,07	0,14	42.278.000
Forest area	164.705,38	13,99	0,68	19.845.000



Foreign investors recognized the agricultural potential of the city and invested significant funds in improvement of milk and dairy products industry. Domestic businessmen also participate in this market segment and by their good business results certify the quality and quantity of agriculture goods.



From a historical perspective, Sombor has a rich tradition of textile processing. Nowadays, there are successful companies in leather-works, shoe and knitwear industry. Owing to a large number of Brownfield locations and skilled labour educated in Secondary Textile School in Sombor there is wide area of investment opportunities in textile industry



A good climate and land quality suitable for forestry creates an excellent wood industry potential. Public Company *Vojvodinašume*, which manages and exploits forest land, systematically looks after the sufficient supply of wood of constant quality and quantity. Furniture industry, a segment of wood industry, is the most developed industry branch in Sombor and the raw material capacities are more than sufficient for additional investments and strengthening of this type of production.



# HOW TO START A BUSINESS IN SOMBOR

## Registration of a Company

-  **One-Stop Shop**
-  **Place: Serbian Registers Agency (SBRA)**
-  **Required time: 5 days**

### LLC Forming

The following documents are submitted along with the application for registration:

1. Original application for company registration
2. Proof of identity of the founder (copy of ID or passport for a natural person and/or Certificate of Registration issued by the Register in which the legal entity is registered)
3. Articles of Association (Decision or Agreement), with certified signatures of the founders
4. Bank certificate on deposit of the monetary contribution to a interim account or a certified statement of the founder that he/she has provided the monetary contribution (250€ deposit and additionally 250€ within 2 years of formation)
5. Decision on the appointment of the company representative, unless the representative was designated in the Articles of Association
6. Certified signature of the authorized representative
7. Receipt of Payment
  - Registration fee
  - Tax for the procurement of a registration number through the Agency

Registration forms and instruction are available on-line at the Serbian Registers Agency website [www.apr.gov.rs](http://www.apr.gov.rs)

### Remark for Investors

1. Documentations from the foreign legal entity should be provided with official seal of authentication (Apostille)
2. Certified translation into Serbian by an official court interpreter must be attached

**REGISTRATION FEE: 3,600.00 RSD \***

**TAX FOR THE PROCUREMENT OF A REGISTRATION NUMBER: 1,750.00 RSD \***

Companies registered with the Serbian Business Registers Agency (SBRA) receive:

- registration number
- Tax identification number (PIB)

Serbian Business Registers Agency (SBRA), after registration, automatically sends required documentation to:

- Pension Fund (PIO)
- Health Fund

After the registration, company should:

- Create a stamp
- Open a permanent bank account

## How to get permits

-  Planning permit
-  Construction permit
-  Usage permit

10 steps for Greenfield investment establishment in Vojvodina (Building on Construction Land):

1. Search for an investment location
2. Proof of urban planning compliance for a selected investment location
3. Acquisition of an investment location
  - Public auction
  - Acquisition from a private land owner
4. Obtain the infrastructure and utility requirements and payment of the fees for infrastructure development and utility connections supply
5. Development of the construction project
6. Obtain a construction permit
7. Selection of a construction company and a construction supervisor
8. Notice of construction works and the beginning of construction
9. Technical approval and usage permit
10. Registry with the public authority

CITY OF SOMBOR, OFFICE FOR LOCAL ECONOMIC DEVELOPEMENT

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