**Information for potential applicants and partner organizations from Serbia about VAT on projects which will be financed within Interreg IPA Romania – Serbia Programme**

Having regard to,

Article 64 of EU Regulation 2021/1060 which stipulates that Value Added Tax is not eligible expenditure, except for operations the total cost of which is below 5 million euro (including VAT) and for operations the total cost of which is at least 5 million euro(including VAT) where it is non--coverable under national VAT legislation,

Annex F to the Guidelines for Applicants, approved by Monitoring Committee Decision No. 2 of 19 September 2022, which stipulates that value added tax (VAT) is not eligible, except where it is non-recoverable under national VAT legislation,

Republic of Serbia will not have legal grounds for VAT exemption for costs incurred within Cross-border Cooperation Programme with Romania in programming period 2021-2027**, therefore VAT exemption will not be performed.**

This further implies that **costs in relation to procurement of services, supplies and works are eligible in gross amount meaning with VAT included.** Future applicants should make sure that parts of their project budget referring to Serbian partners **include also VAT.**

**Additional note:** When filling in Annex 2 Project Partner Statement, under point 8, field referring to VAT for Serbian partners should stay UNTICKED.