

**FOREIGN EXCHANGE LAW**  
**(“Official Gazette of the FR Yugoslavia”, No. 23 of April 27, 2002)**

**I. GENERAL PROVISIONS**

**Article 1**

The present Law shall govern the following:

- 1) Payments and collection of payments using means of payment in operations among residents and nonresidents and transfer of such means;
  - 2) Payments and collections using foreign means of payment in operations among residents;
  - 3) Purchase and sale of means of payment among residents and nonresidents and purchase and sale of foreign means of payment among residents;
  - 4) Unilateral transfers of means of payment from and into the country which do not emanate from operations among residents and nonresidents;
  - 5) Current and deposit accounts of residents abroad and of residents and nonresidents in the country other than Dinar current and deposit accounts of residents in the country.
- Payment, collection, transfer, purchase and sale, para 1. hereof shall be performed pursuant to this Law, good business practice and ethics.

Payment, collection, transfer, purchase and sale operations referred in para 1. shall be subject to foreign exchange control. The controlling authorities will have the right to request all documentary evidence on such payments, collections, transfers, purchases and sales as well as other documents necessary for such foreign exchange control.

The National Bank of Yugoslavia shall be authorized to issue regulations supporting the enforcement of provisions of this Law.

**Article 2**

For the purpose of this Law certain terms have the following meanings:

**(1) Residents**

*Residents are:*

- 1) Legal entities registered in the country (hereinafter: legal entities), with the exception of representative offices of such entities located outside the country;
- 2) Branches of foreign legal entities entered into the register of the authorized agency in the FRY;
- 3) Entrepreneurs - natural persons who singly pursue activities aimed at making profits and are registered with an authorized agency (hereinafter: entrepreneurs);
- 4) Natural persons residing in the country, except natural persons with temporary residence abroad for over one year;
- 5) Natural persons foreign citizens residing in the country on the basis of residence permits, and/or work permits for over one year;
- 6) State agencies and organizations, diplomatic offices abroad, as well as persons employed in these offices and their family members.

## **(2) Nonresidents**

Nonresidents are all persons not listed under the term resident.

## **(3) Authorized Bank and Bank**

An *authorized bank* shall be a legal entity established and doing business pursuant to Law on banks and other financial organizations and possessing an authorization issued by the National Bank of Yugoslavia to carry out foreign transactions.

A *bank* shall be a legal entity established and doing business pursuant to Law on Banks and other Financial Organizations, not possessing an authorization of the National Bank of Yugoslavia to carry out foreign transactions.

## **(4) Means of Payment**

*Means of payment* are Dinar, national securities and foreign means of payment.

National securities are securities emitted by a resident.

National securities denominated in foreign currency shall be understood to mean shares, bonds, bank bills, commercial papers, government bills, and certificates of deposits as well as financial derivatives traded at the exchange pursuant to Law on securities; Foreign means of payment shall mean foreign exchange, foreign cash, and foreign securities of which:

- 1) Foreign exchange shall mean claims abroad denominated in foreign currency;
- 2) Foreign cash shall mean claims in cash, i.e. banknotes and/or coins denominated in foreign currency; and
- 3) Foreign securities shall mean securities emitted by a nonresident, denominated in foreign currency.

## **(5) Payment instruments**

*Payment instruments* shall be understood to mean: letters of credits, remittances, payment cards, bills of exchange, checks and other banking and financial documents that can be collected in foreign currency.

## **(6) Foreign exchange market**

*Foreign exchange market* shall be understood to be the market at which foreign exchange and foreign cash are purchased and sold.

## **(7) Exchange operations**

*Exchange operations* shall be understood to mean purchase operations from natural persons and sales operations to such persons of foreign cash and checks denominated and cashable in foreign currency.

## **(8) Current Account Transactions**

*Current account transactions* shall be the transactions concluded between residents and nonresidents the purpose of which is not a capital transfer.

Payments and transfers with respect to current account transactions shall be free and shall comprise:

- 1) Payments with respect to foreign trade transactions and other current account transactions with abroad including services;
- 2) Payments of interest on loans and net income from other investments;
- 3) Payments of a portion of loan principal, withdrawal of direct investments and transfer of profit from direct investments;
- 4) Payments and transfers for coverage of moderate family subsistence expenses.
- 5) All payments due in connection with foreign trade, other current business, including services and normal short-term banking and credit facilities;
- 6) Payments due as interest on loans and as net income from other investments
- 7) Payments of moderate amount for amortization of loans or for depreciation of direct investments and
- 8) moderate remittances for family living expenses.

## **(9) Capital Account Transactions**

*Capital account transactions* shall be understood to mean the transactions between residents and nonresidents the purpose of which are not current account transactions with abroad. The capital transactions referred to in para 1 hereof shall include the following:

- direct investments;
- investment in real estate;
- transactions with long-dated securities in capital market;
- transactions with short-dated securities in money market;
- transactions with investment funds;
- credit transactions;
- sureties and guarantees;
- life insurance transactions; and
- unilateral transfers of property (personal and physical).

**(10) Direct Investments**

*Direct investments* shall be understood to mean any investment of a resident abroad and of a nonresident in the country that the investor makes for the purpose of establishing continuing economic relations, and effecting significant control over legal entity management pursuant to Foreign Trade Law and Foreign Investment Law.

Establishment of continuing economic relations and significant control over legal entity management shall be understood to mean:

- 1) incorporation of a legal entity or increase of its basic capital fully owned by the investor, incorporation of a legal entity segment (branch) or buyout of the existing legal entity fully owned by the investor and investment for the purpose of performing entrepreneur's activities;
- 2) investment into a new or existing legal entity if the investor by that shall acquire 10 or more percent share in the basic capital, namely more than 10 percent of votes having met the conditions in para 1 hereof;
- 3) credits for the purpose of establishing continuing economic relations, with five year or longer term if being subordinate credits.

**(11) Security Transactions**

*Security transactions* shall be understood to mean the transactions in capital and money markets, as well as the transactions with investment funds other than direct investments. For the purpose of this Law, securities traded in the capital market shall be understood to mean shares, bonds and other debt securities issued in a series with maturity of over one year.

For the purpose of this Law, securities traded in the money market shall be understood to mean securities issued in a series with maturity of up one year, such as bank bills, commercial papers, certificates of deposits and banker's acceptances.

**(12) Credit Transactions**

*Credit transactions* shall be understood to mean legal transactions pursuant to this Law and Law on foreign credit transactions:

- among residents to whom a resident grants loans or borrows in the country,
- between residents and nonresidents, for whom resident borrows from nonresidents abroad in order to pursue its activity
- between nonresidents and residents where a resident grants a loan to a nonresident for an activity for which it is registered.

Sureties and guarantees are governed by the Law on credit transactions with abroad, apart from performance bonds.

**(13) Life insurance transactions**

*Life insurance transactions* shall include payments of premiums and insured amounts based on a contract between an insurance company - nonresident and a resident beneficiary, as well as between an insurance company – resident and a nonresident beneficiary pursuant to the Law on property and personal insurance.

***(14) Unilateral Transfers of means of payment***

*Unilateral transfers of means of payment* shall be understood to mean transfers from the country abroad or from abroad to the country that do not arise from the performance of a transaction between a resident – natural person and a nonresident – natural person and which may be personal or physical.

Personal transfers of means of payment from and into the country shall include gifts and aid, inheritance, rent, debt settlement of immigrants in the country of origin and transfer of means owned by emigrants abroad.

Physical transfers of means of payment shall include any transfer of cash in Dinars and transfer of foreign cash and securities denominated in foreign currency from and into the country.

## **II. BASIC PROVISIONS**

### ***Payments and Collections in Means of Payments***

#### **Article 3**

Residents and nonresidents shall use foreign exchange for making payments abroad unless otherwise specified by the present Law.

#### **Article 4**

Payments, collections, transfers and expenditures in the country among residents, between residents and nonresidents and among nonresidents shall be effected in Dinars.

Exceptionally from para 1. hereof, payment, collections and transfers from that paragraph may be effected in foreign exchange as well for:

- 1) sale and renting of flats, office space and other real estate;
- 2) Debt-servicing of foreign currency loans in the country; and
- 3) Collection of insurance premiums from nonresidents
- 4) Collection of premiums and transfers based on life insurance contract, and transfer of amount of damage claims based on compulsory insurance of owners of motor vehicles against liability contracted by such an owner with a foreign registration plate.
- 5) purchase and sale of national securities denominated in foreign currency;
- 6) payments into guarantee fund of a member of Central register, deposit and clearing of securities.

Payments and collections and expenditure hereof can also be effected in foreign cash, as

- 1) disbursement of foreign cash from foreign currency savings book and foreign currency account;
- 2) sale and purchase of consignment goods and in duty free shops.

### ***Payments, collections and transfers with respect to current and capital account transactions***

## **Article 5**

Payments, collections and transfers with respect to current and capital account transactions between residents and nonresidents permitted by this law shall be effected through an authorized bank.

The National Bank of Yugoslavia shall effect payments, collections and transfers for residents – state authorities and organizations.

An authorized bank and the National Bank of Yugoslavia shall not effect a remittance order or a transfer abroad if such payment and/or transfer are not permitted by this law. Payment cards cannot be used for payment with respect to capital account transactions.

The National bank of Yugoslavia shall stipulate conditions and terms of payment, collections and transfers with respect to current and capital account transactions in foreign exchange and in Dinars.

### ***Payments, collection and transfer with respect to current account transactions***

## **Article 6**

Payments, collections and transfer with respect to current account transactions between residents and nonresidents shall be free pursuant to this law.

## **Article 7**

Every resident that earned foreign currency abroad and every resident that transferred foreign currency but has not made use of it abroad shall be obliged to repatriate the foreign currency pursuant to this law.

## **Article 8**

Every resident – legal entity and every entrepreneur shall be obliged to repatriate the profit accrued from pursuing some economic activity and unused as prescribed by Law on Foreign Trade, within eight workdays following the date when such profit is stated.

## **Article 9**

Every resident- legal entity and entrepreneur shall be obliged to collect payment for export of goods and services abroad within the contractual time limit, not later than within 8 workdays after the expiry of that period.

Every resident – legal entity shall be obliged to repatriate the accrued profit from investment works abroad and the amount of foreign currency that the client ordering the investment project had withheld as warranty for the proper performance of work, within eight work days after the completion of investment works and/or the date of expiration of the guarantee period.

Export of goods and services abroad for which the contracted date for collection of payment falls 90 days after the date when customs clearance of goods in export was

carried out and/or after the date when a service was provided abroad shall be understood to be a credit transaction that must be registered with the National Bank of Yugoslavia.

#### **Article 10**

Every resident - legal entity and an entrepreneur shall import the goods and services paid for in advance from abroad within the contracted time limit.

If the resident, para 1. hereof fails to import the goods and services from abroad though paid in advance, he shall be obliged to repatriate the paid amount of foreign currency within eight workdays from the date of expiration of the contracted time limit.

The import of goods and services with a contracted import period in excess of 90 days following the execution of payment order shall be deemed credit activity, that has to be registered with the National Bank of Yugoslavia.

#### ***Payments, collections and transfers with respect to capital account transactions***

#### **Article 11**

Payments, collections and transfers with respect to capital account transactions between residents and nonresidents shall be free unless otherwise stipulated in this law.

#### **Article 12**

Residents shall be allowed to freely effect payment and transfer of capital with respect to acquiring, selling and liquidating direct investments abroad only if such transactions are registered and performed pursuant to the Foreign Trade Law.

Nonresidents shall be allowed to freely effect payment and transfer of capital with respect to acquiring, selling and liquidating direct investments in the country only if such transactions are registered and performed pursuant to the Foreign Trade Law.

#### **Article 13**

A resident shall not be allowed to effect payment and transfer of capital with respect to acquiring real estate ownership abroad unless otherwise stipulated by law or international agreement.

The provision in para 1. hereof does not apply to residents – state authorities and organizations, diplomatic offices abroad and persons employed in such offices and their family members.

A nonresident shall not be allowed to effect payment with respect to acquiring real estate in the country unless otherwise stipulated by law or international agreement.

The ban, para 3 hereof shall not apply to a nonresident – natural person temporarily residing abroad for over one year.

#### **Article 14**

Residents shall not be allowed to effect payment with respect to purchasing foreign securities in foreign and national capital markets if otherwise stipulated in the Law on securities, Foreign Trade Law or in an international agreement. Nonresidents shall be allowed to effect payments with respect to purchasing national securities only under the conditions stipulated in the Law on securities, Law on obligations covering foreign currency savings of nationals, Foreign investment law or international agreement.

#### **Article 15**

Residents shall not be allowed to effect payments with respect to purchasing foreign shortdated securities on international and national money markets, with the exception of authorized banks under the conditions prescribed by the National Bank of Yugoslavia. Nonresidents shall not be allowed to effect payments with respect to purchasing national short-dated securities.

#### **Article 16**

Residents shall not be allowed to effect payments with the aim to invest in foreign investment funds.

#### **Article 17**

Payments and collections with respect to credit transactions shall be free only if contracted pursuant to this law and Law on credit transactions with abroad. Granting of credits in Dinars between a resident and a nonresident shall not be allowed.

#### **Article 18**

A resident – natural person shall not be allowed to pay life insurance premiums to a nonresident-insurance company abroad.

#### **Article 19**

Physical transfer of means of payment shall be effected pursuant to this law. The National Bank of Yugoslavia shall stipulate terms and method of personal and physical transfers of means of payment.

### ***Foreign Currency Loans among Residents in the Country***

#### **Article 20**

An authorized bank shall not be allowed to extend credit in foreign currency to a resident except to a resident– legal entity and to an entrepreneur for payment of imported goods and services from abroad.

### ***Foreign Currency Clause***

#### **Article 21**

Deals in foreign currency in the country shall be allowed providing that any payments and collection of payments exclusively be in Dinars.

### ***Foreign Exchange Accounts of residents and***

## ***nonresidents in the Country and Abroad***

### **Article 22**

An authorized bank and a bank shall not be allowed to keep foreign currency in the country with another resident except another authorized bank, the National Bank of Yugoslavia and an institution in charge of Central register, clearing and balance of securities.

An authorized bank shall not be allowed to keep foreign currency in accounts held with nonresidents, except with foreign banks.

### **Article 23**

Every resident – legal entity and entrepreneur may keep foreign currency in the foreign currency account with an authorized bank and bank or sell them to such bank.

Exceptionally from para 1. hereof, a resident – legal entity may hold foreign currency with the institution in charge of Central register, clearing and balance of securities.

A resident – legal entity and an entrepreneur shall not be allowed to hold foreign currency account with a bank abroad unless in cases stipulated by the National Bank of Yugoslavia.

A resident – state authority and organization shall not be allowed to hold foreign currency accounts with an authorized bank, and/or bank except with the National bank of Yugoslavia.

A resident – state authority and organization that earns foreign currency and foreign cash shall sell such foreign currency and/or such foreign cash to the National Bank of Yugoslavia.

A resident – natural person shall not be allowed to hold open foreign currency account with a bank abroad while natural persons – foreign nationals residing in the country against residence permits and/or work permits for over one year and persons employed in diplomatic offices abroad and their family members shall be allowed.

### **Article 24**

Foreign currency acquired pursuant to this law may be held by a nonresident in a foreign currency account with an authorized bank and/or bank or sold that that bank.

A nonresident shall not hold Dinars in an account with an authorized bank and a bank, not earned through collection of payments with respect to current account transactions or capital account transactions permitted by this law.

A nonresident shall not be allowed to purchase foreign exchange from an authorized bank and/or bank up to the amount exceeding the Dinar counter value that the nonresident has realized pursuant to this law.

### ***Transfer of means of payment from a nonresident's account***

### **Article 25**

No transfer of funds shall be permitted from a foreign currency or dinar account with an

authorized bank, i.e. a bank, of a non-resident that has not met all his/her tax liabilities, paid customs duties or other obligations to the state related to the particular business transaction that gave rise to the transfer.

### **III. THE FOREIGN EXCHANGE MARKET AND THE EXCHANGE RATE OF THE DINAR**

#### ***Foreign Exchange Market***

##### **Article 26**

Foreign currencies and foreign cash may be purchased and sold on the foreign market for uses permitted by this Law.

Exceptionally from para 1 hereof, an authorized bank, and/or bank may in its name and for its account purchase and sell foreign currency and foreign cash in the foreign exchange market if needed for its business in compliance with the foreign exchange risk indicator stipulated by Law on banks and other financial organizations.

##### **Article 27**

Foreign currency and foreign cash shall not be allowed to be purchased and sold outside of the foreign exchange market.

##### **Article 28**

The foreign exchange market shall comprise all purchases and sales of foreign currencies in the country carried out in the following manner:

##### **1) indirectly:**

- between authorized banks and banks and residents and between authorized banks and banks and nonresidents;
- among authorized banks and/or banks;
- between authorized banks and banks;
- between authorized banks, banks residents that possess authorization for exchange operations and the National Bank of Yugoslavia
- between authorized banks, and/or banks and residents possessing authorization for exchange operations;

##### **2) at the sessions of interbank foreign exchange market:**

-among authorized banks and between such banks and the National Bank of Yugoslavia.

The foreign exchange market shall comprise purchase and sale of foreign cash carried out by an authorized bank, a banks, the National Bank of Yugoslavia and other residents that perform exchange operations in accordance with this Law.

##### **Article 29**

Authorized banks, and banks shall purchase and sell foreign exchange and foreign cash on their own behalf and for their own account, on their own behalf but for account of

residents and nonresidents, and on their own behalf and for the account of residents and nonresidents.

#### **Article 30**

Exchange operations may be carried out by authorized banks, by banks, by the National Bank of Yugoslavia and by residents – legal entities and entrepreneurs possessing authorization of the National Bank of Yugoslavia thereto.  
The National Bank of Yugoslavia shall prescribe the conditions and manner of conducting exchange operations and control procedures relating thereto.

#### **Article 31**

The National Bank of Yugoslavia shall prescribe conditions and manner of foreign exchange market operation.

### ***Dinar Exchange Rate***

#### **Article 32**

The exchange rate of the Dinar to other foreign currencies in the foreign exchange market shall be determined freely in accordance with supply of and demand for foreign exchange.

#### **Article 33**

The official exchange rate of the Dinar shall be determined as stipulated in regulation to be issued by the National Bank of Yugoslavia.  
The exchange rate shall be applied when needed in bookkeeping and statistics.  
For the calculation of customs duties and other import duties the medium official exchange rate shall be applied as determined on the last business day in a week preceding the week in which the amount of customs duties and other import duties is established, in conformity with the law on customs duties.

## **IV. PHYSICAL TRANSFER OF MEANS OF PAYMENT**

#### **Article 34**

Foreign cash, payment cards and checks denominated in foreign currency may be brought into the country freely.

Payment cards may be taken out of the country freely.

### ***Dinar taking out of the country and bringing in it***

#### **Article 35**

The National Bank of Yugoslavia shall prescribe the conditions under which residents and nonresidents-natural persons may take Dinars out of the country and bring in the country as well as conditions under which an authorized bank may take Dinars out of the country.

## ***Bringing into and Taking out Foreign Cash, checks and Securities***

### **Article 36**

The National Bank of Yugoslavia shall prescribe the amount of foreign cash and checks that a resident natural person may take abroad as well as the conditions and the manner for taking out securities, and the conditions under which an authorized bank may take abroad foreign cash and securities.

The National Bank of Yugoslavia shall prescribe the conditions under which a nonresident natural person may take abroad foreign cash and securities, that the non resident natural person acquired in compliance with the law and /or bring into the country foreign cash and securities.

## ***Prevention of Money Laundering***

### **Article 37**

When crossing the state border, residents and nonresidents shall be obliged to declare to the customs authority if bringing into and taking out of any foreign cash, Dinars and securities in the amount exceeding the amounts prescribed by the law governing prevention of money laundering.

## **V. REPORTING**

### ***Obligation to Report***

### **Article 38**

The National Bank of Yugoslavia and/or the relevant state authority shall stipulate for residents and nonresidents an obligation to report on payment, collection of payment, transfer, purchase and sale, Article 1 of this Law and stipulate requirements and manner of such reporting.

Residents and nonresidents under an obligation to report shall without delay produce business books for inspection to the National Bank of Yugoslavia and the relevant state authority and shall also make available or submit other necessary documentation.

Residents and nonresidents, para 2. hereof shall keep business documentation not less than five years.

### **Article 39**

The National Bank of Yugoslavia shall make a projection of the balance of payments of the country based on data contained in reports, Art.38 hereof as an analytical basis for determining objectives and tasks of monetary policy and shall monitor its realization.

## **VI. FOREIGN EXCHANGE CONTROL**

### **Article 40**

Control of foreign exchange operations, governed by the present Law and regulations passed on the basis thereof, shall be exercised by the National Bank of Yugoslavia, the Federal Foreign Exchange Inspectorate and/or authorities of the member republics and the customs authorities.

#### **Article 41**

The National Bank of Yugoslavia shall exercise control of the foreign exchange operations of authorized banks, banks and other financial organizations, exchange offices as well as of residents and nonresidents connected by property, management and business relations with the authorized bank, the bank, and the other financial organization and exchange office respectively .

#### **Article 42**

The customs authority shall exercise control of taking out of the country and bringing into the country foreign exchange, dinars, checks, securities and gold in passenger, goods and mail traffic.

#### **Article 43**

Customs authority may temporarily seize from residents and nonresidents at border crossings an amount of Dinars, foreign cash, checks and securities denominated in foreign currency that exceeds the amount prescribed by the National Bank of Yugoslavia, against a certificate.

#### **Article 44**

The Federal Foreign Exchange Inspectorate shall exercise control over the foreign exchange operations of residents and nonresidents.

The Federal Foreign Exchange Inspectorate shall exercise the control over the foreign exchange operations of the persons, Article 41 of the present Law if they are connected with the persons, para 1 hereof, by property, management and business relations. Relevant state authority shall prescribe the manner of exercising control over the foreign exchange operations referred to in para 1 hereof.

#### **Article 45**

The Federal Foreign Exchange Inspectorate shall conduct infraction proceedings and decide in the first instance, as stipulated in the present Law and other regulations. Against the decision para 1 hereof an appeal may be lodged with the Federal Misdemeanor Bench. Infraction proceedings stipulated in this law shall comply with the Law on infractions of federal regulations.

#### **Article 46**

Controlling bodies shall be obliged to deposit foreign cash, checks, securities and dinars, temporarily seized due to well founded suspicion of a criminal act or infraction into the dedicated account of the Federal Foreign Exchange Inspectorate held with the National Bank of Yugoslavia, or they shall deposit them in the National Bank of Yugoslavia within two business days from the date when the money was temporarily seized.

#### **Article 47**

Controlling bodies shall be obliged to collaborate in the exercise of foreign exchange control and make available data, findings and information in their possession, should these be necessary for exercising foreign exchange control and shall, if need be, involve other competent bodies, too.

## **VII. PROTECTIVE MEASURES**

### **Article 48**

If the objectives of economic and monetary policies are not being achieved, the National Bank of Yugoslavia may take protective measures, namely:

- 1) limit payments for current and capital account transactions;
- 2) limit or prohibit taking abroad and bringing in from abroad of dinars, foreign cash and securities denominated in foreign currency;
- 3) adopt conditions under which a resident and a nonresident may hold foreign currency with an authorized bank and a bank and foreign financial markets;
- 4) introduce an obligation to keep non-interest-bearing foreign exchange deposit with the National Bank of Yugoslavia;
- 5) introduce the compulsory sale of foreign currency from foreign exchange accounts;
- 6) limit or prohibit purchases and sales of specific foreign currencies and foreign cash on the foreign exchange market;
- 7) limit or prohibit forward transactions in purchasing or selling foreign currency; and
- 8) other measures.

The measures referred to in para 1 hereof may be applied while the underlying disturbances last, but no longer than six months from the date of their introduction.

## **VIII. PENALTY CLAUSES**

### **1. Criminal acts**

#### **Article 49**

Whoever effects payment with respect to capital account transactions contrary to the regulation of the National bank of Yugoslavia shall be punished for such a criminal act by prison sentence of six months to five years.

#### **Article 50**

Whoever buys from natural persons and sells to such persons foreign cash and checks denominated and cashable in foreign currency without authorization by the National Bank of Yugoslavia shall be punished for such a criminal act by prison sentence of six months to five years.

### **2. Infractions**

#### **Article 51**

Every resident – legal entity, state authority and organization, authorized bank and/or bank and every nonresident – legal entity shall be punished by a fine of Din. 4 200 to 630 000 for an infraction if it:

- 1) uses foreign currency contrary to the provisions of this law (Art.3);
- 2) effects payment, collection, transfer and expenditures in the country contrary to the provisions of Article 4 of the present law (Art.4);
- 3) fails to effect payment, collection and transfer with respect to current account and capital account transactions through an authorized bank (para 1, Art.5);
- 4) effects a payment order and a transfer abroad while such payment and transfer are not allowed by this law (para 3, Art. 5);
- 5) effects payment with respect to capital account transactions with payment cards (para 4, Art.5);

- 6) effects payment, collection and transfer of foreign currency and dinars with respect to current and capital account transactions contrary to the regulation of the National Bank of Yugoslavia (para 5, Art. 5);
- 7) fails to repatriate foreign currency earned abroad and foreign currency taken by it abroad but not made use of it pursuant to this law (Art.7);
- 8) contrary to Art.8 of this law fails to repatriate into the country, profit accrued from economic activities abroad within eight workdays from the date of profit statement (Art. 8);
- 9) fails to collect payment within the contracted term for exported goods and service provided abroad within eight workdays after the expiry of the period (para 1, Art. 9);
- 10) fails to repatriate the accrued profit from investment works abroad and the amount of foreign currency that the client ordering the investment project had withheld, pursuant to guarantee periods, as warranty for the proper performance of work, within eight work days after the completion of investment works and/or the date of expiration of the guarantee period. (para 2, Art. 9);
- 11) fails to register with the National Bank of Yugoslavia an export transaction of goods and services abroad with contracted date for collection of payment not longer than 90 days (para 3, Art. 9);
- 12) fails to import the goods and services paid in advance within the contracted period (para 1, Art. 10);
- 13) fails to register with the National bank of Yugoslavia as credit transaction the import of goods and services with the 90 days and longer contracted period of import after the date when the payment order was effected (para 3, Art. 10);
- 14) effects payment and transfer of capital with respect to acquiring, selling and liquidating direct investments abroad contrary to the provisions of Art. 12, para 1. of this Law (para 1, Art.12);
- 15) effects payment and transfer of capital with respect to acquiring, selling and liquidating direct investments in the country contrary to the provisions of Article 12, para 2 of this law (para 2, Art.12);
- 16) effects payment and transfer with respect to acquiring real estate ownership abroad contrary to the provisions of Art.13, para 1 of this law (para 1, Art.13);
- 17) effects payment with respect to acquiring real estate ownership in the country contrary to the provisions of Art. 13, para 3 of this law (para 3, Art. 14);
- 18) effects payment to purchase securities in foreign and national capital markets contrary to the provisions of Art. 14, para 1 of this law (para 1, Art. 14);
- 19) effects payment to purchase national securities contrary to the provisions of Art. 14, para 1 of this law (para 1, Art.14);
- 20) effects payment to buy foreign short-dated securities in foreign and capital money market contrary to the provisions of Art.15, para 1 of this law and conditions to be stipulated by the National Bank of Yugoslavia (para 1, Art.15);
- 21) effects payment to purchase national short dated securities (para 2, Art.15);
- 22) effects payment in order to invest into foreign investment funds (Art. 16);
- 23) effects payment and collects payment with respect to credit transactions contrary to the provision of Art. 17, para 1 of this law (para 1, Art.17);
- 24) grants Dinar credits contrary to the provisions of Art.17 para 2 of this law (para 2, Art. 17);
- 25) grants a foreign exchange credit contrary to the provisions of Art. 20 of this law (Art.20);
- 26) fails to keep foreign currency in the country with other authorized bank, the institution in charge of Central register, clearing and balance of securities or with the National Bank of Yugoslavia (para 1, Art.22);

- 27) fails to hold foreign currency abroad with foreign banks (para 2, Art.22);
- 28) fails to hold foreign currency in the country in the foreign exchange account with the authorized bank and/or bank (para 3, Art. 23);
- 29) holds foreign currency account with an authorized bank and /or bank contrary to the regulation of the National Bank of Yugoslavia (para e, Art.23);
- 30) holds foreign exchange accounts with an authorized bank and a bank contrary to the provisions of Art. 23, para 4 of this law (para 4, Art.23);
- 31) fails to sell to the National Bank of Yugoslavia foreign exchange and/or foreign cash earned through its business operations (para 5, Art. 23);
- 32) fails to keep foreign currency earned pursuant to this law with an authorized bank and/or bank (para 1, Art. 24);
- 33) holds dinars in an account with an authorized bank and/or bank, not realized through collection of payments with respect to current account transactions or capital account transactions permitted by this law (para 2,Art.24);
- 34) purchases foreign exchange from an authorized bank and/or bank up to the amount exceeding the Dinar counter value that the nonresident has realized pursuant to this law (para 3,Art. 24);
- 35) transfers resources from a foreign currency and Dinar account with an authorized bank and/or bank while failing to meet all tax, duty, and other statutory obligations to the state with respect thereto. (Art. 25);
- 36) purchases and sells foreign currency outside a foreign currency market (Art. 27);
- 37) performs exchange operations contrary to the regulation of the National Bank of Yugoslavia (para 2, Art. 30);
- 38) fails to apply the exchange rate from Art. 33 of this law in bookkeeping and statistics and for computation of customs duty and other import dues (paras 2,3,Art. 33);
- 39) takes out Dinars from the country contrary to the regulation of the National Bank of Yugoslavia (Art. 35);
- 40) takes out foreign cash and securities from the country contrary to the regulation of the National Bank of Yugoslavia (para 1, Art.36);
- 41) attempts to transfer across the state border, without declaring to the customs officer foreign cash, Dinars and securities in the amount exceeding the amounts prescribed by the law governing prevention of money laundering. (Art.37);
- 42) fails to comply with the prescribed obligatory reporting (para 1,Art.38);
- 43) fails to make available business books for inspection by the National Bank of Yugoslavia and the relevant state authority or submit other necessary documentation. (para 2, Art.38);
- 44) fails to keep business documentary evidence five years at least (para 3, Art.38);
- 45) fails to deposit foreign cash checks, securities and Dinars, into a dedicated account of the Federal Foreign Exchange Inspectorate or deposit them in the National Bank of Yugoslavia within two business days from the date when the money was seized.(Art. 46);
- 46) acts contrary to measures in Art.48 of this law (Art.48);

For acts in para 1 of this Article the responsible person in the resident – legal person or nonresident and the responsible person in the authorized bank and/or bank shall be punished by a fine of 200 to 21,000 Dinars.

For acts in para 1 of this article, the responsible person in the state authority and organization shall be punished by a fine of 200 to 21.000 Dinars.

Every resident – legal person and entrepreneur shall be punished by a fine double in Dinar equivalent to the amount of foreign currency, goods and services if it fails to repatriate the amount of foreign currency for goods and service paid in advance within eight workdays after the expiration of the contracted period.

For acts in para 1 of this Article every resident – natural person and non-resident – natural person shall be punished by a fine of 200 to 21 000 Dinars.

For acts in para 1 hereof, the resident – legal entity may be, besides being fined, also be further prohibited from performing its activities for a period of three months to one year.

### **Article 52**

Every resident – entrepreneur shall be punished by a fine of Din. 200 to 21,000 for an infraction due to acts indicated in Art. 51 of this law.

For acts in para 1 Art. 51 of this law, besides the fine a protective measure of prohibition of performing self-activity may be pronounced.

### **Article 53**

Every resident – natural person shall be punished by a fine of Din. 200 to 21,000 for an infraction if it:

- 1) pays life insurance premiums abroad to nonresident – insurance company contrary to the provisions of Art. 18 of this Law (Art. 18);
  - 2) effects physical and personal transfer of means of payment contrary to the regulation of the National Bank of Yugoslavia (Art.19);
  - 3) holds open foreign currency accounts with a bank abroad contrary to the Art.23 of this law (para 6, Art.23);
  - 4) attempts to take or takes out Dinars from the country or attempts to bring into or brings Dinars in the country contrary to the regulation of the National Bank of Yugoslavia (Art.35);
  - 5) attempts to take out or takes out foreign cash, checks and securities contrary to the regulation of the National Bank of Yugoslavia (para 1, Art.36);
- Every nonresident – natural person shall be punished by the fine from para 1 hereof of this article for an infraction if it attempts to take out or takes out foreign cash and securities or attempts to bring into or brings into foreign cash and securities contrary to the regulation of the National Bank of Yugoslavia (para 2, Art.36);

### **Article 54**

For infractions Art.51 through to Art.54 of this law, besides the fine a protective measure shall be pronounced of seizing the objects used or intended to be used to commit infraction or are due to the infraction committed

The objects in para 1 hereof may be seized even if not being the property of the violator or the violator not disposing of them.

Exceptionally from the provisions of para 1 hereof, objects used or intended to be used to commit infraction or due to such infraction may be seized partially if a motive or other circumstances of so committed infraction indicate that seizure of the whole object is not justified.

For infractions, Art. 53 of this Law a protective measure shall be pronounced of seizure of a transport and/or moving vehicle if its secret and concealed space was used to hide the object of infraction and if the value of the object of infraction exceeds by one third the customs basis for the transport and/or moving vehicle concerned.

Every transport and/or moving vehicle providing services of public transport can be seized pursuant to para 4 hereof through not owned by the violator but if its owner knew or could know that it was used to commit infraction from Art. 53 of this Law.

#### **Article 55**

Infraction proceedings under this law cannot be initiated if three years elapse after the date they are committed.

#### **Article 56**

The objects relating to a criminal act and infraction committed under this law will be deposited to a dedicated account of the Federal Foreign Exchange Inspectorate and/or with the National Bank of Yugoslavia.

Foreign cash guarantee by the nonresident-natural person in criminal and infraction proceedings and in a dispute case before a foreign trade arbitration tribunal shall be paid into the account in para 1 of this Article.

#### **Article 57**

Fines, property benefits and means of payment and Dinar equivalent obtained by sale of objects used or intended to be used in committing a criminal act and infraction or due to committed criminal act an infraction shall be paid into federal budget.

Foreign cash seized as an object of committed criminal act, economic violation or infraction shall be sold to the National Bank of Yugoslavia and it will pay its Dinar equivalent into the federal budget.

### ***Legal consequences of the sentence***

#### **Article 58**

A resident – natural person for whom a decree absolute was passed and prison sentence instituted for a criminal act against constitutional order and security of the country, against the economy and office shall not be allowed to perform foreign exchange and credit transactions with abroad.

#### **Article 59**

A resident – natural person for whom a decree absolute was passed for a criminal act pursuant to this law and for infraction under this law and was punished by a fine of over 10 000 Dinars shall not be allowed to perform jobs and tasks associated with foreign exchange operations.

The ban, para 1 hereof shall last three years from the day of the sentence came into effect.

## **IX. TRANSITIONAL AND FINAL PROVISIONS**

### ***Date for issuance of bylaws***

#### **Article 60**

The National Bank of Yugoslavia and the relevant state authority shall issue regulations based on this law not later than within 60 days from the date it comes into force.

#### **Article 61**

Procedures initiated prior to the date when this law comes into force shall be finalized in compliance with the law applicable at the time the act was committed

#### **Article 62**

On the date this law comes into force ceases the validity of Law on foreign exchange operation (" Official Gazette FRY" 12/95, 29/97, 44/99, 74/99 and 73/2000 and

regulations based on it except

- 1) Decree on conditions and method of operation of a single foreign exchange market ("Off. Gazette FRY" 74/2000, 19/2001 and 36/2001);
- 2) Decision on kinds of foreign currency bought and sold in single foreign exchange market ("Off. Gazette FRY" 72/2001);
- 3) Decision on kinds of foreign currency used in the intervention of the National Bank of Yugoslavia at the interbanking foreign exchange market ("Off. Gazette FRY" 72/2001);
- 4) Decision on the manner of executing payment operations with abroad ("Off. Gazette FRY " 20/95, 28/97, 10/99 and 57/2001);
- 5) Decision on conditions allowing holding of foreign exchange in an account abroad ("Off. Gazette FRY" 28/95, 7/98 and 59/2001);
- 6) Decision on the way of reporting on turnover and statement of accounts abroad and payment and collection of payment for services through a current account and other data and dates for submission of such reports ("Off. Gazette FRY" 8/96);
- 7) Decision on keeping evidence on contracted foreign trade transactions with abroad ("Off. Gazette FRY" 74/200);
- 8) Decision on conditions of issue of authorization to banks to perform transactions with abroad and conditions of forfeiting such authorizations ("Off. Gazette FRY" 35/95, 59/96, 4/97, 17/98 and 21/2000);
- 9) Decision on conditions for doing exchange operations ("Off. Gazette FRY" 25/2000, 57/2000, 69/2000, 9/2001, 19/2001, 36/2001, 63/2001 and 7/2002);
- 10) Decision on the manner of keeping a foreign currency account and foreign currency savings book for a national and foreign natural person ("Off. Gazette FRY" 3/96 and 57/2001);
- 11) Decision on sale of foreign currency to national natural persons ("Off. Gazette FRY" 62/95);
- 12) Decision on taking out and bringing in dinar cash in passenger traffic with abroad ("Off. Gazette FRY" 23/95 and 39/2001);
- 13) Decision on conditions of taking out or sending from Yugoslavia and bringing in Yugoslavia money and securities in mail and other parcels ("Off. Gazette FRY" 23/95, 41/97, 38/98, 58/2000, 34/2001, 39/2001 and 57/2001);
- 14) Decision on amounts and conditions of taking out foreign cash for payment abroad and conditions of bringing in foreign cash into the country ("Off. Gazette FRY" 3/98, 20/99 and 54/99);
- 15) Decision on conditions and manner of performing foreign exchange documentary control ("Off. Gazette FRY" 1/2001).

### **Article 63**

This law shall come into force on the day following its publication in the "Official Gazette FRY".