

GENDER BIASES IN SERBIAN PERSONAL INCOME TAXATION: THE ROAD AHEAD

Abstract:

This paper focuses on the interaction between the Serbian personal income tax legislation and gender equality. It aims at analysing gender biases contained in the current legislation regulating personal income taxation in Serbia. The objective of this analysis is to reveal the ways in which the existing system of personal income taxation perpetuates and, in some instances, even amplifies gender inequality. Despite the fact that the Serbian personal income tax system does not presuppose explicit gender biases, it is permeated by implicit gender biases, which in practice are far more difficult to recognize and address.

After setting the theoretical framework for a gendered analysis of the Serbian personal income tax system, the author will identify and explain the most pressing (implicit) gender biases within it. Without purporting to be exhaustive, the analysis is intended to initiate the introduction of a gender dimension into the discussion of a fundamental and long-overdue redesign of the Serbian personal income tax. The examination of the most critical implicit gender biases will be complemented by *de lege ferenda* recommendations, aimed at ensuring more gender-responsive personal income taxation in Serbia.

I. INTRODUCTION

This paper explores the interaction between the Serbian personal income tax system and gender equality. It identifies the most pressing gender biases in the current legislation regulating personal income taxation in Serbia, including an analysis of the mandatory social security contributions (hereinafter: SSC) to the extent they are complementary to the personal income tax.¹ The objective of this analysis is to examine the ways in which the existing system of personal income taxation perpetuates and at times even amplifies the existing level of gender inequality in Serbia.

The underlying rationale for focusing, in particular, on the system of personal income taxation is twofold. First, from a general perspective, in comparison to other types of taxes personal income tax is more tightly intertwined with decisions regarding labour supply and distribution of caring responsibilities, which have profound gender implications. As a result, personal income tax is by nature more prone to gender biases.² Second, certain features of the

* Lidija Živković, PhD., Assistant Professor, University of Belgrade – Faculty of Law, Address: Bulevar kralja Aleksandra 67, 11000 Belgrade, e-mail: lidija.zivkovic@ius.bg.ac.rs

¹ Despite the fact that there is a very clear theoretical distinction between the personal income tax system, on the one hand, and the social security system, on the other hand, the latter is usually considered to be integral to the personal income tax system. Their joint research is usually justified by the fact that the collection of mandatory SSC is tied to the collection of tax on certain types of income (e.g. wages), as well as by the fact that, historically speaking, modern tax systems have moved away from high personal income taxes by lowering personal income tax rates and broadening their tax base in favour of higher mandatory SSC. Pasquale Pistone, et. al, *Fundamentals of Personal Income Taxation* (IBFD 2025) para. 1.1.2.

² Maria Coelho, Aieshwarya Davis, Alexander Klemm, Carolina Osorio Buitron, ‘Gendered Taxes: The Interaction of Tax Policy with Gender Equality’ (2022) IMF Working Paper 2022/026, 5 <<https://www.imf.org/en/publications/wp/issues/2022/02/04/gendered-taxes-the-interaction-of-tax-policy-with-gender-equality-512231>> accessed 17 February 2026.

Serbian personal income tax make it especially susceptible to gender biases. Most importantly, Serbia applies the composite model of personal income taxation, which is a fairly uncommon and outdated approach to taxing personal income. Given its predominant reliance on a variety of schedular taxes, high threshold for complementary global taxation and certain other features, which will be analysed in more detail, it represents a breeding ground for gender biases. Having in mind that the reform of this particular segment of the tax system is by far the most pressing issue Serbian policy-makers are facing, this research intends to encourage the introduction of a gender dimension into its redesign.

Of course, it should be underlined that the manner in which personal income tax is currently designed in Serbia is not only problematic from the perspective of gender equality, but in many aspects fails to honour the principle of tax fairness, which is one of the cornerstones of modern tax systems.³ Therefore, it will be apparent from the following analysis that removing features that challenge the principle of gender equality will, at the same time, contribute to a broader goal of bringing this tax in line with the principles of horizontal and vertical equity.

Drawing from previous research, the next chapter (Ch. 2) provides definitions and a concise analysis of the key concepts underlying author's research. After laying out the theoretical framework, the following chapter (Ch. 3) will provide a brief outline of the current personal income tax system in Serbia. The core part of the paper (Ch. 4) will be dedicated to identifying and explaining the critical gender biases in the Serbian personal income tax system. Once gender biases have been identified and their underlying causes analysed, the author will conclude (Ch. 5) by providing *de lege ferenda* recommendations, which could ensure more gender-responsive personal income taxation in Serbia.

II. SETTING THE THEORETICAL FRAMEWORK

It has long been recognized that there are two types of gender-based discrimination in tax systems: direct and indirect discrimination.⁴ They are also referred to as: explicit and implicit gender biases.

Explicit gender bias presupposes that tax legislation explicitly treats men and women differently. As such, it largely depends on the language used in a particular piece of tax legislation.⁵ It is, therefore, fairly easy to identify: textual interpretation of the legislative provision in question should suffice.⁶ Unlike implicit gender bias, explicit gender bias is by its very nature intentional. In developed countries, repeated reforms since the 1980s have largely (although not completely) removed explicit gender biases from tax legislation. However, in certain regions of the world, there are still examples of various explicit gender biases (e.g. in certain African, Middle Eastern, or Caribbean countries).⁷

³ And is a principle enshrined in the Serbian constitution. See: Art. 91, para. 2 of the Serbian Constitution, *Official Gazette of the RS*, no. 98/06 and 115/21.

⁴ Janet Stotsky, 'Gender Bias in Tax Systems' (1996) IMF Working Paper 1996/99, 1 <<https://www.imf.org/en/publications/wp/issues/2016/12/30/gender-bias-in-tax-systems-2074>> accessed 17 February 2026.

⁵ *ibid.*

⁶ Marco Cedro, Eleonor Kristoffersson, Teresa Pontón Aricha, Lidija Živković, 'Gender Equitable Taxation' in Dragica Vujadinović, Mareike Fröhlich, Thomas Giegerich (eds), *Gender-Competent Legal Education* (Springer 2023) 385.

⁷ For example, in Dominican Republic, personal income tax is to be declared jointly, unless a woman demonstrates that she generates her own income. Corina Rodriguez, Deborah Itriago, 'Do taxes influence inequality between women and men?' (2019) Oxfam Research Report, 5 <<https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620852/rr-taxes-influence-gender-inequality-lac-200819-summ-en.pdf>> accessed 17 February 2026.

Implicit gender bias means that the tax provision itself does not differentiate explicitly between men and women. However, despite not differentiating *prima facie* between men and women, such a tax provision has a different effect on their wellbeing. This difference arises from divergent underlying socioeconomic positions of men and women⁸ in the observed society, which are rooted in established gender roles. For example, a tax provision may have a different effect on men and women due to: the underlying gender pay gap; the way in which caregiving responsibilities are distributed between men and women; the difference in their workforce participation; the difference in entrepreneurship levels; the difference in their risk aversion; the differences in their consumption patterns, savings, level of tax morale, etc.⁹ Implicit gender biases are usually not intentional and are far more difficult to identify.^{10,11} This is because identifying (and remedying) implicit gender biases presupposes that we have a good grasp of behavioural patterns of men and women, which vary across different countries (and cultures), and across different periods within the same society.¹² For this reason, an analysis of implicit gender biases necessarily draws on a variety of socioeconomic indicators that are country-specific and vary over time.¹³

Acknowledging the concept of implicit gender bias moves away from the formal analysis of tax provisions' interaction with gender equality. It allows for the adoption of a more comprehensive concept of *substantive* gender equality, whereby it endorses the understanding of equality as equality of opportunity and outcome, as opposed to only equality of treatment.¹⁴

III. STRUCTURAL FEATURES OF THE SERBIAN PERSONAL INCOME TAX

Serbia applies the composite system of personal income taxation. A doyen of comparative tax law, Victor Thuronyi, described the composite model as “*a somewhat anachronistic step in the shift from schedular to global systems*” of personal income taxation.¹⁵ The composite model combines features of both schedular and global model of personal income tax. It does so by subjecting individual categories of income to different schedular taxes, while the amounts taxed under each schedule are later combined and subjected to a complementary global tax under a progressive rate schedule.¹⁶ More precisely, during the taxable year, different schedular taxes are imposed at different flat rates upon the receipt of a number of different categories of income. In addition, individuals whose annual combined income exceeds the prescribed *de minimis* threshold are also liable to complementary global

⁸ Stotsky (n 4) 1.

⁹ Kathleen Barnett, Caren Grown, *Gender Impacts of Government Revenue Collection: The Case of Taxation*, (Commonwealth Secretariat 2004), 6; Svetislav Kostić, Lidija Živković, ‘Rodna dimenzija u poreskom pravu’, in Dragica Vujadinović, Vojislav Stanimirović (eds) *Pravo i rod* (Pravni fakultet Univerziteta u Beogradu 2025) 339.

¹⁰ Daria Tisch, Manuel Schechtl, ‘The gender (tax) gap in parental transfers. Evidence from administrative inheritance and gift tax data’ (2025) 23 Socio-Economic Review 671, 676.

¹¹ This is not to say that explicit gender biases are always easy to eliminate in a *political* sense. Entrenched cultural norms may hinder efforts to remove explicit gender biases, despite the fact that they are easy to spot and straightforward to eliminate in a *technical* sense.

¹² Janet Stotsky, ‘How tax systems treat men and women differently’ [1997] Finance & Development, 1997, 30, 31 <<https://www.imf.org/external/pubs/ft/fandd/1997/03/pdf/stotsky.pdf>> accessed 17 February 2026.

¹³ For an analysis of explicit and implicit gender biases *en general*, i.e. across different categories of taxes and in a non-country specific framework, see: Kostić & Živković (n 9), 337-353.

¹⁴ Casper Kikken, ‘What is the True Meaning of Gender Equality in Personal Income Taxation? Substantive Equality and Family-Related Tax Provisions’ (2025) 17 World Tax Journal 405, 409.

¹⁵ Victor Thuronyi, *Comparative Tax Law* (Kluwer Law International 2003) 241.

¹⁶ *ibid.*

income tax at a progressive rate.¹⁷ *De minimis* threshold triggering liability to complementary global tax is three times the average annual salary, according to the data provided by the Statistical Office of the Republic of Serbia.¹⁸

Within Serbia's composite system, schedular taxes include: 1) salary tax, 2) tax on self-employment income, 3) tax on income from intellectual property rights, 4) tax on capital income, 5) tax on income from immovable property, 6) capital gains tax and 7) tax on other income.¹⁹ Their nominal rates are fairly varied: 10%, 15% or 20%. In addition, because schedular framework allows for the recognition of different deductions and other kinds of preferential treatments across different schedular taxes, their effective tax rates are even more diverse.²⁰ For example, when it comes to salary tax, a standard deduction is granted to all taxpayers, whereby indirect progressivity is induced. This means that, despite the nominally flat rate of 10%, salary tax is indirectly progressive, because its effective tax rate rises with the amount of salary. On the other hand, when it comes to income from immovable property, standard deduction amounts to 25%,²¹ whereas income from capital is not subject to any kinds of deductions. This renders their effective tax rates identical, despite the differences in their nominal rates (which are 20% and 15%, respectively). Schedular taxes paid in the course of the taxable year are deducted from the complementary global tax base.²²

Complementary global tax is a progressive tax whose rate schedule consists of two tranches: 10% (on income subject to tax above *de minimis* threshold but below 6 times the average annual salary) and 15% (on income subject to tax above 6 times the average annual salary).²³ It is important to note that not all income categories subject to schedular taxes are additionally subjected to complementary global income tax.²⁴ Most importantly, capital gains and income from capital are exempt from it.

Serbian personal income tax is assessed on an individual basis. In other words, the assessment unit is the individual taxpayer, rather than a family or a married couple.²⁵ This means that each individual is taxed on their own income, irrespective of whether they are married or single. From a gender equality perspective, this is a commendable feature of the Serbian personal income tax. As a general rule, individual assessment units are considered to be more gender-neutral as compared to joint assessment units, because of the latter's adverse effect on female labour supply.²⁶ The reason is that, with individual assessment units, marginal rates faced by each partner are independent. The tax rate (in the progressive schedule) is determined on the basis of the individual's own income, rather than being influenced by his/her

¹⁷ Art. 87, para. 1 of the Law on Personal Income Tax, *Official Gazette of the RS*, no. 24/01, 80/02, 80/02, 135/04, 62/06, 65/06, 31/09, 44/09, 18/10, 50/11, 91/11, 7/12, 93/12, 114/12, 8/13, 47/13, 48/13, 108/13, 6/14, 57/14, 68/14, 5/15, 112/15, 5/16, 7/17, 113/17, 7/18, 95/18, 4/19, 86/19, 5/20, 153/20, 156/20, 6/21, 44/21, 118/21, 132/21, 10/22, 138/22, 144/22, 6/23, 92/23, 116/23, 6/24, 94/24, 101/24, 8/25, 19/25, 109/25, 115/25 and 6/26.

¹⁸ For the 2024 taxable year, this *de minimis* threshold amounted to RSD 4.874.508 (app. EUR 41.500). It should be noted that only the amount above the said threshold is subject to complementary global personal income tax.

¹⁹ Art. 3 of the Law on Personal Income Tax.

²⁰ The effective tax rates range from 8% to 20%. Fiskalni savet Republike Srbije, *Dve decenije zakona o porezu na dohodak građana: Mogućnosti i potrebe za sistemskom reformom* (Fiskalni savet RS 2021), 9 <https://fiskalnisavet.rs/doc/analize-stavovi-predlozi/2021/FS_2021_Reforma_poreza_na_dohodak.pdf> accessed 17 February 2026.

²¹ Art. 65v, para. 1 of the Law on Personal Income Tax.

²² Art. 87, para. 3 of the Law on Personal Income Tax.

²³ Per tranche progression is prescribed. Art. 89 of the Law on Personal Income Tax.

²⁴ Art. 87, para. 2 of the Law on Personal Income Tax.

²⁵ Usually referred to as joint or family-based taxation.

²⁶ Amadeo Fuenmayor, Rafael Granell, Mauro Mediavilla, 'The effects of separate taxation on labor participation of married couples. An empirical analysis using propensity score' (2018) 16 *Review of Economics of the Household* 541, 556; Håkan Selin, 'The rise in female employment and the role of tax incentives. An empirical analysis of the Swedish individual tax reform of 1971' (2014) 21 *International Tax and Public Finance* 894, 916.

spouse's income. Therefore, there is no danger that adding earnings of the spouse on top of the earnings of the main breadwinner in the family will push their joint income into the higher bracket. As a result, the earnings of the spouse (i.e. secondary earner) will not be subjected to higher marginal rates, in comparison to the situation in which spouse's earnings were to be taxed separately. So, unlike joint assessment, individual assessment does not introduce what is referred to as *secondary earner's bias*, which affects women more adversely, because they largely remain secondary earners: not only do they earn less, but they are more likely to drop out of labour force due to caring responsibilities.²⁷ Although the way in which tax assessment unit is defined makes the Serbian personal income tax gender-neutral, this is not to say that there are no other features which introduce gender discrimination into the system. The following chapter examines these features.

IV. IDENTIFYING IMPLICIT GENDER BIASES UNDER SERBIAN PERSONAL INCOME TAX SYSTEM

Serbian personal income tax does not contain explicit gender biases. However, due to its peculiar design, which was described in the previous chapter, it does contain several implicit gender biases. The following analysis focuses on what the author identified as the most critical implicit gender biases resulting from the manner in which personal income tax and SSC are regulated in Serbia. The analysis is not intended to be comprehensive. Rather, it aims at providing a more thorough understanding of some of the more prominent forms of indirect gender discrimination in the Serbian personal income tax system.

1. Redistributive capacity

Viewed in a broader context, the first feature of the Serbian personal income tax, which brings into question its conformity with the principle of gender equality, is its virtually absent progressivity. A more progressive tax system raises relatively more revenue from high-income taxpayers, so it is able to afford lower tax rates for low-income taxpayers, ensuring the same overall revenue as a flat rate tax.²⁸ This is important because, just like in other countries across the globe, in Serbia women are overrepresented among low income earners and underrepresented among high income earners. Moreover, as a general rule, more substantial redistribution would allow for higher revenues which could fund services that predominantly benefit women (e.g. reproductive and maternal health services, family planning, childcare and eldercare services, domestic violence shelters, etc.).

As explained previously, the only truly progressive element within the Serbian personal income tax system is the complementary global tax. However, its redistributive function is severely constrained through some of its design features. First, due to its fairly high *de minimis* threshold and the fact that certain categories of passive income are exempt from it, the share of taxpayers who are actually liable to complementary global tax is very small. According to some estimates, less than 1% of all personal income taxpayers are subject to this progressive tax.²⁹ And even in respect to individuals who do happen to be liable to complementary global tax, the existing rate schedule consists of only two tranches with, comparatively speaking, fairly low marginal rates – 10% and 15%.

The modest progressivity of personal income tax system is even more problematic when analysed against the backdrop of other taxes, whose fiscal relevance is far greater, but

²⁷ Tonya Major Gauf, 'Eliminating the Secondary Earner Bias: Lessons from Malaysia, the United Kingdom, and Ireland' (2009) 4 Northwestern Journal of Law and Social Policy 424, 432-434.

²⁸ Coelho et. al (n 2) 8.

²⁹ Miloško Arsić, et al. *Poreska politika u Srbiji – Pogled unapred* (USAID 2010) 47.

which are by their very nature indirectly regressive.³⁰ The most notable example in this respect is value added tax. Just like in the case of other former transition countries, in Serbia value added tax represents by far the largest source of tax revenue: For the year 2026 projected revenues from value added tax are expected to be more than 7 times larger than revenues generated from personal income tax (all schedular taxes and complementary global tax combined).³¹

It could, however, be argued that salary tax – one of the schedular taxes within the personal income tax system – is progressive, albeit only indirectly. Although salaries are taxed at a flat rate of 10%, indirect progression is achieved by way of a standard deduction, i.e. basic tax-free amount to which employees are entitled to.³² The underlying rationale for the standard deduction is to leave out from taxation the amount of salary deemed necessary for the taxpayer to cover basic living costs.³³ As such, it reflects the principle of the protection of human dignity. Nevertheless, indirect progression induced thereby is very modest, because the amount of the standard deduction is relatively low and, therefore, ensures only a slow increase of effective tax rates with the increase in salaries.³⁴

2. Basic tax-free amount

Additionally, the standard deduction is problematic from a gender equality perspective because it is granted only to taxpayers of salary tax.³⁵ This has important implications for gender equality, because in Serbia substantially less women than men participate in formal employment. The gender gap in employment is almost 15 percentage points: whereas the employment rate of women is 43.2%, it reaches 57.9% in the case of men.³⁶ The employment gender gap is even more pronounced in the case of women aged over 45.³⁷ These differences mean that substantially less women than men earn salaries, for which reason less women than men are able to avail themselves of this concession.

³⁰ Value added tax is said to be *indirectly* regressive because, although its statutory rate(s) are flat (rather than regressive per se), indirect regression stems from the fact that it takes away a higher proportion of income from low-income members of the society than from high-income individuals. This is the result of a higher marginal propensity to consume in the case of low-income individuals. In other words, low-income individuals are „forced“ to spend, i.e. consume a larger share of their income than high-income individuals. The same is true for consumption taxes in general. Neil Warren, ‘A review of studies on the distributional impact of consumption taxes in OECD countries’ (2008) OECD Social, Employment and Migration Working Papers No. 64, 57 <https://www.oecd.org/en/publications/a-review-of-studies-on-the-distributional-impact-of-consumption-taxes-in-oecd-countries_241103736767.html> accessed 17 February 2026.

³¹ By tax revenues the author denotes revenues from taxes *stricto sensu*, while revenues generated from mandatory SSC are not taken into account. Ministarstvo finansija Republike Srbije, ‘Interaktivni budžet: Pregled planiranih prihoda i primanja po strukturi budžeta’ (*Budžetski portal*, 17 February 2026), <<https://budzet.mfin.gov.rs/sr-lat/interactive-budget>> accessed 17 February 2026.

³² Standard deduction is adjusted for inflation each year. For taxable 2025, the standard deduction was RSD 28.423 (app. EUR 240). Art. 15a of the Law on Personal Income Tax. It should be noted that in recent years, the increase in the amount of the standard deduction is in excess of what is needed for the purpose of inflation adjustment, but attempts to correspond with the increase in minimum wages. Fiskalni savet Republike Srbije, *Ocena Predloga Zakona o budžetu za 2026. godinu* (Fiskalni savet RS 2025), 15 <https://www.fiskalnisavet.rs/doc/ocene-i-misljenja/2025/fiskalni-savet_ocena-predloga-zakona-o-budzetu-za-2026.-godinu.pdf> accessed 17 February 2026.

³³ Dejan Popović, *Poreko pravo* (Pravni fakultet Univerziteta u Beogradu 2023) 79.

³⁴ Fiskalni savet Republike Srbije (n 20) 11.

³⁵ The choice of employees as the only beneficiaries of the standard deduction within the personal income tax system was justified by Serbian policy makers by the fact that salary tax targets by far the largest number of personal income taxpayers and is fiscally the most important tax within the personal income tax system.

³⁶ Statistical Office of the Republic of Serbia, ‘Women and Men in the Republic of Serbia’ (2024), 214 <<https://publikacije.stat.gov.rs/G2024/Pdf/G20246004.pdf>> accessed 17 February 2026.

³⁷ Udruženje Žene na prekretnici, *Uskraćivanje prava na dostojanstven rad: Tržište rada u Srbiji – Položaj žena 45+* (Udruženje Žene na prekretnici 2017) 9.

Another implicit gender bias embodied in the standard deduction results from the fact that, as its name itself suggests, the deduction stays the same irrespective of the amount of salary and regardless of the employee's personal and family circumstances. This means that identical benefit is granted to each employee, irrespective of the number of his/her dependents. At first glance, this feature appears to be unfair to both male and female taxpayers. However, it is especially problematic in the case of single parents, among which the vast majority are women.³⁸ Namely, around 70% of all single parents in Serbia are women. This matters especially because, according to recent data, two thirds of all divorced fathers do not pay child support regularly.³⁹

To be fair, Serbian personal income tax is not completely oblivious to the fact that taxpayers' ability to pay is affected by the costs of raising children and/or caring for disabled family members. Complementary global tax does allow for deductions for dependant family members, in an amount equal to 15% of the average annual salary.⁴⁰ However, as mentioned earlier, only a fraction of personal income taxpayers are subject to this tax, for which reason these deductions are of limited relevance. Moreover, given the lower share of women in formal employment and the gender pay gap, it is clear that this feature is indirectly discriminatory against women. This is even more true if we look at other types of income which are aggregated and subjected to complementary global tax. E.g. when it comes to income from self-employment, bias is even more apparent given that women represent only 34% of all registered entrepreneurs.⁴¹ Moreover, when it comes to income from immovable property, women are sole owners of real estate only in 25.59% of the cases, while they are co-owners in only 12.77% of the cases.⁴² In other words, women are considerably less likely to be subject to complementary global tax and, therefore, to benefit from the described deduction.

Last but not least, taxpayers working part-time are granted only the corresponding share of the standard deduction.⁴³ Therefore, regardless of whether the taxpayer works part-time in order to be able to care for her/his child(ren), elderly or disabled family member(s), the taxpayer may claim standard deduction only on a pro rata basis. This, again, is indirectly discriminatory against women, because they are the ones who bear the brunt of unpaid care work. According to the most recent data, in Serbia women do 73.8% of unpaid care work, while the share of care work done by men is only 26.2%.⁴⁴

³⁸ Svetislav Kostić, *Gender Analysis of Taxation Policy in Serbia: Report* (UN Women 2024) 11.

³⁹ Comparatively speaking, only one quarter of divorced mothers fails to pay child support regularly. Snežana Banjac, *Položaj samohranih roditelja u Srbiji i državna podrška na delu* (Radionica ekonomskog novinarstva 2024) <<https://ekonomskonovinarstvo.edu.rs/wp-content/uploads/2024/07/Snezana-Banjac.pdf>> accessed 17 February 2026.

⁴⁰ Irrespective of the number of dependants, the overall deduction (including the taxpayer's personal deduction) must not surpass 50% of taxpayer's income subject to tax. Art. 88 of the Law on Personal Income Tax.

⁴¹ E-šalter za nepokretnosti, 'Rodna analiza sa predlogom indikatora' (2020) 6 <<https://upisnepokretnosti.rs/Files/00071/Rodna-analiza-sa-predlogom-indikatora.pdf>> accessed 17 February 2026.

⁴² Tanjug, 'APR: U Srbiji je na kraju prošle godine registrovano 108.575 preduzetnica' (*Tanjug*, 15 March 2024) <<https://www.tanjug.rs/ekonomija/srbija/79073/apr-u-srbiji-je-na-kraju-prosle-godine-registrovano-108575-preduzetnica/vest>> accessed 17 February 2026.

⁴³ Individual working 20 hours a week will have the right to only 50% of the amount of standard deduction.

⁴⁴ European Anti-Poverty Network, 'Poverty Watch Serbia 2024: Toward a Systemic Approach to Social Protection' (2024) Poverty Watch Working Paper, 7 <<https://secons.net/wp-content/uploads/2025/01/Poverty-Watch-Serbia-2024-za-sajt.pdf>> accessed 17 February 2026.

3. The base for calculating SSC

Similar problems result from the minimum SSC base. Namely, within the Serbian social security system, the minimum base for the calculation of mandatory SSC is 35% of the average monthly salary in Serbia.⁴⁵ As a result, even if an employee earns less than 35% of the average monthly salary, SSC will still be calculated on the minimum base. What this means is that employees earning less than the minimum SSC base, which are more likely to be women,⁴⁶ are faced with a high tax wedge.⁴⁷ The same approach to calculating SSC is applied in regards to part-time employees: the minimum SSC base is not adjusted for hours actually worked. So, even when the employee works less hours and, therefore, earns less than 35% of the monthly average salary, the SSC cost for the employer will be fixed to the minimum SSC base. Consequently, instead of providing incentives for employers to accommodate employees in need for part-time engagement, the existing social security system disincentivizes such arrangements.⁴⁸ Since women are, as discussed above, faced with a disproportionately high burden of unpaid care work, this feature affects women far more adversely. This is one of the reasons why part-time engagement is far more common among women employed in the informal sector: 46.7%, as compared to only 4.8% women in formal employment.⁴⁹ On the other hand, the Serbian social security system also sets the maximum base for the calculation of SSC, which amounts to five times the average monthly salary.⁵⁰ This means that, even if an individual generates income (e.g. salary, self-employment income) exceeding five times the monthly average salary, their SSC will be calculated on the maximum SSC base. This makes mandatory SSC highly regressive, because low- and moderate-income taxpayers pay a higher share of their income in SSC in comparison to high-income earners. Again, considering the previously mentioned gender pay gap in Serbia, as well as the fact that the gap is widest at the top of the income distribution,⁵¹ it is clear that the described feature is indirectly discriminatory against women. While the cap on SSC would not pose a major concern in a country with a highly progressive personal income tax, combining this feature with a personal income tax with barely any redistributive capacity only exacerbates the problem. Getting rid of the cap on SSC, i.e. the maximum base for their calculation would also improve the social security system's financial outlook, which due to demographic trends appears very bleak at the moment.

4. Preferential treatment of passive income

From a comparative perspective, a very prevalent implicit gender bias results from the manner in which tax systems treat passive income. Passive income is a category of income that presupposes little or no active effort to generate or maintain. It covers returns from owning various types of assets, rather from active labour.⁵² It usually includes dividends, interest,

⁴⁵ Art. 37, para. 1 of the Law on Mandatory Social Security Contributions, *Official Gazette of the RS*, no. 84/04, 61/05, 62/06, 5/09, 52/11, 101/11, 7/12, 8/13, 47/13, 108/13, 6/14, 57/14, 68/14, 5/15, 112/15, 5/16, 7/17, 113/17, 7/18, 95/18, 4/19, 86/19, 5/20, 153/20, 6/21, 44/21, 118/21, 10/22, 138/22, 6/23, 92/23, 6/24, 94/24, 8/25, 109/25 and 6/26. Official data on monthly average salaries is provided by the Statistical Office of the Republic of Serbia.

⁴⁶ In 2022, 9.3% of women earned less than the minimum base for mandatory SSC, compared to 6.1% of men. World Bank, *Public Finance Review: Fiscal Policy for a High-Income Serbia* (World Bank Group 2025) 35.

⁴⁷ For a more thorough analysis on the effects of the minimum base for SSC on low wage earners, see: Jelena Žarković-Rakić, Saša Randelović, Marko Vladislavljević, 'Labour Market Effects of Social Security Contributions Reform in Serbia' (2016) 61 *Economic Annals* 73, 75-78.

⁴⁸ This is one of the reasons why part-time working arrangements are far less common in Serbia than across the EU. Only 3.1% men and 4.8% of women work part-time in Serbia. Jelena Žarković-Rakić, Marko Vladislavljević, *Women's Access to Economic Opportunities in Serbia* (World Bank 2016) 5 and 27.

⁴⁹ *ibid.*, 27-28.

⁵⁰ Art. 42, para. 1 of the Law on Mandatory Social Security Contributions.

⁵¹ Sonja Avlijaš, N. Ivanović, Marko Vladislavljević, Sunčica Vujić, *Gender Pay Gap in the Western Balkan Countries: Evidence from Serbia, Montenegro and Macedonia* (FREN 2013) 4.

⁵² It is also referred to as investment or unearned income.

royalties, rents, and capital gains.⁵³ Passive income is frequently subject to preferential treatment (e.g. it is subject to lower (flat) tax rate or is exempt from taxation), as compared to earned income.⁵⁴ The problem with preferential treatment of passive income is that women are far less likely than men to be recipients of these categories of income. Serbian personal income tax system is no exception in this regard. As mentioned in the previous chapter, dividends, interest, capital gains, and even gambling winnings are not subject to progressive complementary global tax. This gives rise to indirect gender discrimination, because men and women differ in the levels of asset ownership, as well as savings and investment decisions.⁵⁵

For example, only slightly more than a quarter of all firms in Serbia have female participation in their ownership,⁵⁶ for which reason they are less likely to generate dividends and benefit from the described preferential treatment.

5. Exemption for pensions

One peculiarity of the Serbian personal income tax system, which embodies an implicit gender bias, is the full exemption of pensions.⁵⁷ The bias results from the underlying structure of pension beneficiaries and amounts of pensions paid out. Firstly, when looking at individuals who fulfilled the conditions to be qualified as pension beneficiaries in 2022, 58.8% of them were men, while only 41.2% were women.⁵⁸ This discrepancy may be explained by a number of factors, among which the most important is the previously mentioned lower share of women in formal employment.⁵⁹ Furthermore, even if we were to consider only women who do receive pensions, their pensions are on average 17% lower than those received by men.⁶⁰ This is the result of the fact that, in Serbia, women are less likely to be employed full-time, their career span is five years shorter than that of men's,⁶¹ while gender pay gap⁶² is 12.1%.⁶³ It is, therefore, clear that the existing full exemption of pensions is indirectly discriminatory against women, as they are less likely (or to a lower degree) able to benefit from this preferential tax treatment.⁶⁴

⁵³ Under certain conditions, some of these categories of income may also be qualified as active income. For example, in the case of royalties which are generated as a part of the taxpayer's primary business activity.

⁵⁴ Earned income includes income which presupposes active effort on the side of the recipient (e.g. employment income and self-employment income).

⁵⁵ Barnett and Grown (n 9) 5.

⁵⁶ World Bank, *Gender Data Portal* <<https://genderdata.worldbank.org/en/indicator/ic-frm-femo-zs>> accessed 17 February 2026.

⁵⁷ Art. 9, para. 1, item 17) of the Law on Personal Income Tax.

⁵⁸ These figures reflect the share of men and women among the old-age pension beneficiaries, while the share of men and women among disability pension beneficiaries is: 57.5% and 42.5%, respectively. Statistical Office of the Republic of Serbia (n 36) 240.

⁵⁹ This is especially true for women who participate in family business, but are not formally employed. Žarković-Ristić & Vladislavljević (n 48) 27.

⁶⁰ Statistical Office of the Republic of Serbia (n 36) 236 and 239.

⁶¹ Tim za socijalno uključivanje i smanjenje siromaštva, *Indeks rodne ravnopravnosti u Republici Srbiji* (Vlada Republike Srbije 2016) 40.

⁶² Gender pay gap is the difference in average gross hourly salary of employed men and women and is determined considering salaries before income tax and SSC are deducted. European Parliament, 'Understanding the gender pay gap: definition, facts and causes' (*European Parliament*, 13 March 2025) <<https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-facts-and-causes>> accessed 17 February 2026.

⁶³ The gender pay gap in Serbia is very close to the EU average. However, this figure does not take into account the employees' level of education. Due to the fact that women are far more often than men working at jobs below their qualification level, the gender pay gap is significantly higher. Centre Dialogue – Social Forum, 'Debate: Gender Gap in Serbia: Progress on Paper, Stagnation in Practice?' (*Center for Democracy Foundation*, 8 July 2025) <<https://centaronline.org/en/debate-gender-gap-in-serbia-progress-on-paper-stagnation-in-practice/#:~:text=She%20stated%20that%20%E2%80%9Cthere%20is,primarily%20due%20to%20career%20choices>> accessed 17 February 2026.

⁶⁴ Kostić & Živković (n 9) 344.

V. CONCLUSION

Similar to other European ex-socialist countries, the post-2000 reforms of the Serbian tax system reflected a strong influence of neoliberal ideology.⁶⁵ Equity concerns gave way to the need to ensure efficiency and administrability of the newly established tax system. However, very soon it became apparent that, when it comes to personal income taxation, a more substantial reform is needed. Despite the broad consensus among experts, academics and civil society that Serbia's personal income tax deserves a complete overhaul, more than two decades later comprehensive reform remains pending.⁶⁶

Against this backdrop, the aim of this paper was to introduce a gender perspective into the analysis of the current design of personal income tax in Serbia. Without claiming to be exhaustive, the analysis focused on the most acute gender biases in the applicable personal income tax legislation. It showed that, to a large extent, implicit gender biases are closely intertwined with the weak redistributive capacity of the Serbian personal income tax, coupled with pervasive particularisation which is facilitated by its (predominantly) schedular structure enabling questionable differentiations among taxpayers. This means that, looking from a gender equality perspective, patchwork remedies, which, so far, were the preferred approach of the Serbian policy makers, would not be the right way forward.

Given that partial and temporary remedies run the risk of further exacerbating indirect gender discrimination within the personal income tax system, what is needed seems to be a transformation into a truly global personal income tax. Global model of personal income taxation would enable the application of progressive rates to a far broader scope of taxpayers than is the case today. Such a system would render the existing *de minimis* threshold unnecessary, while the rate schedule could have more than two tranches. Global model would enable the basic tax-free exemption to be granted across recipients of different categories of income (salary, self-employment income, income from intellectual property, etc.), while at the same time linking its amount to the number of taxpayer's dependents. In addition, the amount of basic tax-free exemption could also be made dependent on whether the taxpayer is a single parent. When it comes to SSC, both the minimum and maximum base should be reconsidered and, ideally, removed. It is also clear that the existing treatment of passive income and pensions cannot be justified if a gender responsive personal income tax is strived for.

Alas, considering global trends, as well as domestic political priorities and administrative capacities, it is hard to imagine that the described approach would be the Serbian policy makers' preferred option. At best, the proponents of gender responsive taxation can hope for a dual income tax with modest redistributive impact and, hopefully, better sensitivity towards taxpayers with dependents. In the meantime, expenditure side of the budget should be utilized towards policies that improve the economic position of women in Serbia.

Bibliography:

1. Appel, H, M. Orenstein, 'Why did Neoliberalism Triumph and Endure in the Post-Communist World?' (2016) 48 Comparative Politics 313.
2. Arsić, M, et al. *Poreska politika u Srbiji – Pogled unapred* (USAID 2010).
3. Avlijaš, S, N. Ivanović, M. Vladislavljević, S. Vujić, *Gender Pay Gap in the Western Balkan Countries: Evidence from Serbia, Montenegro and Macedonia* (FREN 2013).

⁶⁵ Hilary Appel, Mitchell Orenstein, 'Why did Neoliberalism Triumph and Endure in the Post-Communist World?' (2016) 48 Comparative Politics 313, 313.

⁶⁶ Popović (n 33) 341.

4. Banjac, S, *Položaj samohranih roditelja u Srbiji i državna podrška na delu* (Radionica ekonomskog novinarstva 2024) <<https://ekonomskonovinarstvo.edu.rs/wp-content/uploads/2024/07/Snezana-Banjac.pdf>> accessed 17 February 2026.
5. Barnett, K, C. Grown, *Gender Impacts of Government Revenue Collection: The Case of Taxation* (Commonwealth Secretariat 2004).
6. Cedro, M, E. Kristoffersson, T. Pontón Aricha, L. Živković, 'Gender Equitable Taxation' in Dragica Vujadinović, Mareike Fröhlich, Thomas Giegerich (eds), *Gender-Competent Legal Education* (Springer 2023).
7. Coelho, M, A. Davis, A. Klemm, C. Osorio Buitron, 'Gendered Taxes: The Interaction of Tax Policy with Gender Equality' (2022) IMF Working Paper 2022/026 <<https://www.imf.org/en/publications/wp/issues/2022/02/04/gendered-taxes-the-interaction-of-tax-policy-with-gender-equality-512231>> accessed 17 February 2026.
8. E-šalter za nepokretnosti, 'Rodna analiza sa predlogom indikatora' (2020) <<https://upisnepokretnosti.rs/Files/00071/Rodna-analiza-sa-predlogom-indikatora.pdf>> accessed 17 February 2026.
9. European Anti-Poverty Network, 'Poverty Watch Serbia 2024: Toward a Systemic Approach to Social Protection' (2024) Poverty Watch Working Paper <<https://secons.net/wp-content/uploads/2025/01/Poverty-Watch-Serbia-2024-za-sajt.pdf>> accessed 17 February 2026.
10. Fiskalni savet Republike Srbije, *Dve decenije zakona o porezu na dohodak građana: Mogućnosti i potrebe za sistemskom reformom* (Fiskalni savet RS 2021) <https://fiskalnisavet.rs/doc/analize-stavovi-predlozi/2021/FS_2021_Reforma_poreza_na_dohodak.pdf> accessed 17 February 2026.
11. Fiskalni savet Republike Srbije, *Ocena Predloga Zakona o budžetu za 2026. godinu* (Fiskalni savet RS 2025) <https://www.fiskalnisavet.rs/doc/ocene-i-misljenja/2025/fiskalni-savet_ocena-predloga-zakona-o-budzetu-za-2026.-godinu.pdf> accessed 17 February 2026.
12. Fuenmayor, A, R. Granell, M. Mediavilla, 'The effects of separate taxation on labor participation of married couples. An empirical analysis using propensity score' (2018) 16 Review of Economics of the Household 541.
13. Kikken, C, 'What is the True Meaning of Gender Equality in Personal Income Taxation? Substantive Equality and Family-Related Tax Provisions (2025) 17 World Tax Journal 405.
14. Kostić, S, *Gender Analysis of Taxation Policy in Serbia: Report* (UN Women 2024).
15. Kostić, S, L. Živković, 'Rodna dimenzija u poreskom pravu', in Dragica Vujadinović, Vojislav Stanimirović (eds) *Pravo i rod* (Pravni fakultet Univerziteta u Beogradu 2025).
16. Major Gauf, T, 'Eliminating the Secondary Earner Bias: Lessons from Malaysia, the United Kingdom, and Ireland' (2009) 4 Northwestern Journal of Law and Social Policy 424.
17. Ministarstvo finansija Republike Srbije, 'Interaktivni budžet: Pregled planiranih prihoda i primanja po strukturi budžeta' (*Budžetski portal*, 17 February 2026), <<https://budzet.mfin.gov.rs/sr-lat/interactive-budget>> accessed 17 February 2026.
18. Pistone P, et. al, *Fundamentals of Personal Income Taxation* (IBFD 2025).
19. Popović, D, *Poreko pravo* (Pravni fakultet Univerziteta u Beogradu 2023).
20. Rodriguez, C, D. Itriago, 'Do taxes influence inequality between women and men?' (2019) Oxfam Research Report, <<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620852/rr-taxes-influence-gender-inequality-lac-200819-summ-en.pdf>> accessed 17 February 2026.

21. Selin, H, 'The rise in female employment and the role of tax incentives. An empirical analysis of the Swedish individual tax reform of 1971' (2014) 21 *International Tax and Public Finance* 894.
22. Statistical Office of the Republic of Serbia, 'Women and Men in the Republic of Serbia' (2024) <<https://publikacije.stat.gov.rs/G2024/Pdf/G20246004.pdf>> accessed 17 February 2026.
23. Stotsky, J, 'Gender Bias in Tax Systems' (1996) IMF Working Paper 1996/99 <<https://www.imf.org/en/publications/wp/issues/2016/12/30/gender-bias-in-tax-systems-2074>> accessed 17 February 2026.
24. Stotsky, Janet, 'How tax systems treat men and women differently' [1997] *Finance & Development* 30 <<https://www.imf.org/external/pubs/ft/fandd/1997/03/pdf/stotsky.pdf>> accessed 17 February 2026.
25. Thuronyi, V, *Comparative Tax Law* (Kluwer Law International 2003).
26. Tim za socijalno uključivanje i smanjenje siromaštva, *Indeks rodne ravnopravnosti u Republici Srbiji* (Vlada Republike Srbije 2016).
27. Tisch, D, M. Schechtl, 'The gender (tax) gap in parental transfers. Evidence from administrative inheritance and gift tax data' (2025) 23 *Socio-Economic Review* 671.
28. Udruženje Žene na prekretnici, *Uskraćivanje prava na dostojanstven rad: Tržište rada u Srbiji – Položaj žena 45+* (Udruženje Žene na prekretnici 2017).
29. Warren, N, 'A review of studies on the distributional impact of consumption taxes in OECD countries' (2008) OECD Social, Employment and Migration Working Papers No. 64 <https://www.oecd.org/en/publications/a-review-of-studies-on-the-distributional-impact-of-consumption-taxes-in-oecd-countries_241103736767.html> accessed 17 February 2026.
30. World Bank, *Public Finance Review: Fiscal Policy for a High-Income Serbia* (World Bank Group 2025).
31. Žarković-Rakić, J, S. Randelović, M. Vladislavljević, 'Labour Market Effects of Social Security Contributions Reform in Serbia' (2016) 61 *Economic Annals* 73.
32. Žarković-Rakić, J, M. Vladislavljević, *Women's Access to Economic Opportunities in Serbia* (World Bank 2016).
33. Internet sources:
34. Centre Dialogue – Social Forum, 'Debate: Gender Gap in Serbia: Progress on Paper, Stagnation in Practice?' (*Center for Democracy Foundation*, 8 July 2025) <<https://centaronline.org/en/debate-gender-gap-in-serbia-progress-on-paper-stagnation-in-practice/#:~:text=She%20stated%20that%20%E2%80%9Cthere%20is,primarily%20due%20>>
35. European Parliament, 'Understanding the gender pay gap: definition, facts and causes' (*European Parliament*, 13 March 2025) <<https://www.europarl.europa.eu/topics/en/article/20200109STO69925/understanding-the-gender-pay-gap-definition-facts-and-causes>> accessed 17 February 2026.
36. Tanjug, 'APR: U Srbiji je na kraju prošle godine registrovano 108.575 preduzetnica' (*Tanjug*, 15 March 2024) <<https://www.tanjug.rs/ekonomija/srbija/79073/apr-u-srbiji-je-na-kraju-prosle-godine-registrovano-108575-preduzetnica/vest>> accessed 17 February 2026.
37. World Bank, *Gender Data Portal* <<https://genderdata.worldbank.org/en/indicator/ic-firm-femo-zs>> accessed 17 February 2026.
38. Legal sources:
39. Constitution of the Republic of Serbia, *Official Gazette of the RS*, no. 98/06 and 115/21.

40. Law on Personal Income Tax, *Official Gazette of the RS*, no. 24/01, 80/02, 80/02, 135/04, 62/06, 65/06, 31/09, 44/09, 18/10, 50/11, 91/11, 7/12, 93/12, 114/12, 8/13, 47/13, 48/13, 108/13, 6/14, 57/14, 68/14, 5/15, 112/15, 5/16, 7/17, 113/17, 7/18, 95/18, 4/19, 86/19, 5/20, 153/20, 156/20, 6/21, 44/21, 118/21, 132/21, 10/22, 138/22, 144/22, 6/23, 92/23, 116/23, 6/24, 4/24, 101/24, 8/25, 19/25, 109/25, 115/25 and 6/26.
- ⁴¹. Law on Mandatory Social Security Contributions, *Official Gazette of the RS*, no. 84/04, 61/05, 62/06, 5/09, 52/11, 101/11, 7/12, 8/13, 47/13, 108/13, 6/14, 57/14, 68/14, 5/15, 112/15, 5/16, 7/17, 113/17, 7/18, 95/18, 4/19, 86/19, 5/20, 153/20, 6/21, 44/21, 118/21, 10/22, 138/22, 6/23, 92/23, 6/24, 94/24, 8/25, 109/25 and 6/26.