

Due to the legal procedure for electricity price increase, higher bills will arrive in three months. Kilowatt price higher by 15 percent. New levy in the form of excise introduction. CONSUMERS will receive electricity bills higher by 15 percent no sooner than with May payment slips. As announced by the Prime Minister Aleksandar Vučić, the Serbian Government will discuss electricity price increase between 15<sup>th</sup> and 20<sup>th</sup> March, and only after this will the EPS send the official request for increasing the kilowatt price.

Although, according to the Letter of Intent agreed with the International Monetary Fund, the electricity price increase has been scheduled for April, it is practically impossible to increase the kilowatt price in this month precisely. The procedure is such that it requires 30 days for informing the consumers before increasing the electricity price.

In the Energy Agency, which gives the approval for electricity price change, they stress that there is still no request of the “Electric Power Industry of Serbia” for a price increase.

- When the EPS has prepared the calculations, they will be analyzed by the Agency experts who are also entitled to make objections - it is said in the Agency. - The price increase is then approved by our Council, and published in the Official Gazette. The EPS must inform the consumers one month before increasing the prices and this through the media.

The IMF prescribed that the electricity price would be higher by 15 percent in Serbia as of this spring, and six to eight percent of this amount will go into the State Budget through the latest state levy which is still being calculated - the excise duty.

- Even with a higher price resulting from a price increase, electricity will remain a social category in Serbia - Branko Kovačević, Chairman of the EPS Supervisory Board explains. - However, the amount that the Ministry of Finance will take for itself and how much they will give to the EPS is a big and significant issue for the development of our largest and probably most valuable public enterprise. If the money obtained from the electricity price increase should be invested in boosting the “Electric Power Industry of Serbia”, this company really has a chance for development.

In the European Union, the practice of the state directly “intercepting” the levy from the electricity sale has been in force for years already. Therefore, the minimum excise duty for households amounts to one euro per megawatt-hour, whereas business consumers pay at least 0.5 euros per one megawatt-hour.

- All the countries within the region that have undergone the EU accession process had to introduce the excise duty on electricity before the accession - says Ms. Biljana Bujić from the tax department of KPMG, a global network for providing audit, tax and advisory services.

Economy must also pay

The Head of the EPS Supervisory Board Branko Kovačević comments that the electricity price increase will not directly affect the economy, because it negotiates prices on a free market now. However, households cannot be the only ones responsible for bringing the EPS

back to its feet.

- The problem is that, whatever price we determine for the economy, they do not pay the electricity - says Kovačević. - We have to increase the collection in industry if we are to recover the EPS.