THE IMPACT OF THE TAX SYSTEM
ON SERBIA'S COMPETITIVENESS

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Abstract

Foreign direct investment (FDI) is an effective strategy for exploiting a country's competitive advantages. This paper aims to assess the importance of certain factors of the tax system for the activity of foreign investors in Serbia. In particular, it aims to determine how the national tax structure affects Serbia's ability to improve its competitiveness in attracting FDI. The research was conducted in the second quarter of 2023 and included an online survey of 88 foreign companies that had invested in Serbia between 2001 and 2019. The study used the one-way analysis of variance (ANOVA) and the independent samples t-test. Four factors were analysed, namely the tax rate and the corporate tax base, as well as the tax rate and the personal income tax base. The results show that the corporate tax rate is the most important factor influencing the decision of foreign investors to invest in Serbia.

Key words: tax system, competitiveness, foreign direct investment, corporate income tax, personal income tax.

УТИЦАЈ ПОРЕСКОГ СИСТЕМА
НА КОНКУРЕНТНОСТ СРБИЈЕ

Апстракт

Стране директне инвестиције (СДИ) представљају један од ефикаснијих начина стварања компаративне предности једне земље. Циљ рада јесте да утврди значај појединих фактора пореског система на пословање страних инвеститора у Србији, односно у којој мери домаћи порески систем утиче на јачање националне конкурентности Србије када је у питању привлачење СДИ. Истраживање је спроведено у другом кварталу 2023. године путем онлјн анкетирања 88 страних компанија које су инвестирале у Србију у периоду од 2001. до 2019. године. Методологија кориш-

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ћена у овом истраживању базирана је на једнофакторској анализи варијансе различитих група (АНОВА) и т-тесту независних узорака. Анализа је обухватила четири фактора: пореску стопу и пореску основицу код пореза на добит предузећа, и пореску стопу и пореску основицу код пореза на доходак грађана. Резултати истраживања су показали да је стопа пореза на добит предузећа најзначајнији фактор за стране инвеститоре приликом одлучивања о инвестирању у Србију.

Кључне речи: порески систем, конкурентност, стране директне инвестиције, порез на добит предузећа, порез на доходак грађана.

INTRODUCTION

Foreign direct investment (FDI) is a key force in the global economy, driving economic, technological and social progress. It promotes integration between nations, shaping the global economic landscape. Multinational enterprises play an important role in FDI, highlighting the interconnectedness of economies and the potential for mutual benefit. FDI promotes economic growth, job creation and competitiveness, making it important for both developed and developing countries (Domazet et al., 2022).

Tax policy is an effective tool for governments to influence economic conditions and attract FDI. By strategically adjusting tax policy, governments can create an environment that is conducive to FDI while balancing the need for revenue for essential public services. Striking the right balance is important, as both high and low taxes can have unintended effects on investment and economic growth. A sustainable and balanced tax policy is crucial to promoting long-term economic health and competitiveness on the global stage.

The main objective of this paper is to determine how the national tax system affects Serbia's ability to improve its competitiveness in attracting FDI. The research was conducted in the second quarter of 2023 and involved an online survey of 88 foreign companies that had invested in Serbia between 2001 and 2019. The study used one-way analysis of variance (ANOVA) and the independent samples t-test. Four factors were analysed, including the tax rate and tax base for corporate income tax, and the tax rate and tax base for personal income tax.

The paper comprises five sections. After the introduction, the second section provides a thorough overview of the recent literature on the competitiveness of national tax systems and their impact on FDI inflows. The third section describes the research methodology, and the fourth section presents the results and discussion. Finally, the fifth section contains concluding remarks.

LITERATURE REVIEW

FDI is generally recognised as an important driver of economic growth (Haudi et al., 2020). Global capital flows emphasise its indispensable role in promoting national economic expansion, making it essential for all countries to attract foreign investment (Marjanović & Domazet, 2021a; Stevanović et al., 2022). This requires prioritising production and exports to ensure sustainable economic progress (Djaković et al., 2023), with FDI being a key component in achieving this goal (Xiong & Sun, 2021). Impact investment and industrial policy measures further accelerate economic growth and structural transformation (Domazet et al., 2024), with FDI being consistently recognised as a catalyst for growth in the host economy (Majeed et al., 2021).

Foreign investment has significantly grown in importance over the last decade (Osei & Kim, 2023) and exerts a considerable influence on global economic activity. Countries have increasingly opened to FDI through deregulation, financial incentives, and international agreements (Pandya, 2016) to attract long-term investment for sustainable economic growth, especially in emerging economies (Marjanović et al., 2022). A slowdown in investment can lead to structural inflation, which underlines the importance of FDI and infrastructure development as key drivers of investment.

Various factors such as the size of the market, gross capital formation and corporate tax rates affect the flow of FDI. Bruno et al. (2021) found that EU membership increases FDI into the host economy by about 60% from non-EU sources, and by about 50% from the EU, applying a structural gravity framework to annual bilateral FDI data from 1985 to 2018. Countries are actively seeking FDI as they believe that MNEs will boost economic growth by creating jobs, increasing capital accumulation and improving productivity (Desbordes & Wei, 2017). Economic status is an important determinant of investment decisions, and the availability of an educated workforce can reduce the cost of doing business abroad (Marjanović et al., 2022). Although FDI in developing countries has risen sharply, its share of global foreign direct investment remains unchanged (Pankova & Pekhalskiy, 2023). Factors such as technological progress, competitiveness, labour market characteristics and economic potential have a significant impact on the destinations of FDI, while labour regulations and market size have less influence (Contractor et al., 2020; Domazet et al., 2023).

By offering tax breaks to multinational corporations (MNCs), the governments of many developing countries hope to attract FDI. The tax laws of the MNCs' home countries have a significant impact on how beneficial these tax breaks are, especially if these countries tax foreign revenues globally (Da Fonseca & Jucá, 2020; Marjanović et al., 2020).

In developed countries, market size is a more important factor for companies when allocating capital under FDI programs (Jovanović et al., 2023). Lower corporate tax rates in industrialised countries should strengthen the national economy and not stimulate competition between countries for FDI (Sujarwati & Qibthiyyah, 2020). Egger and Raff (2015) found that governments strategically adjust corporate tax rates in response to changes in other countries' tax policies, especially after regional trade integration. Gamze (2020) observed a statistically significant negative correlation between corporate tax rates and FDI inflows in a panel of 35 countries between 2005 and 2016. Bella and Yudianto (2021) examined the impact of tax incentives such as tax exemptions and corporate tax rates on FDI in Indonesia from 1981 to 2020. They found that tax exemptions have a positive effect on FDI inflows, while corporate tax rates have a negative effect. Dewi et al. (2023) examined the effects of macroeconomic variables and corporate tax rates on FDI inflows in the ASEAN region from 2013 to 2019 and found significant effects of both factors. Pesiri (2023) examined the complex relationship between tax rates, especially corporate income tax, and FDI, and concluded that not all tax incentives have the same effect. Policy makers should consider this relationship and invest in additional factors beyond taxation to increase the attractiveness of their region.

RESEARCH METHODOLOGY

This study examined how factors of the Serbian tax system, including the corporate tax rate and tax base, as well as the personal income tax rate and tax base affect the country's competitiveness. The research, which was conducted from April to June 2023, used a quantitative approach through online surveys. The survey method, facilitated by structured questionnaires, was chosen for its advantages, including faster response times, data accessibility, improved data quantity and quality, cost-effectiveness, reduced interviewer bias and the ability to monitor survey progress. By limiting the respondents' choices, the survey ensures consistent data collection.

Due to the email distribution and the large target group, we included all 300 largest foreign investors (FIs) in the survey instead of using a random sample. The Ministry of Economy of the Republic of Serbia provided the list of large investors between 2001 and 2019. The questionnaires were sent electronically to all 300 official email addresses of FIs, addressed to investment managers, managing directors or company owners. Only authorised personnel familiar with the company's operations in Serbia were invited to complete the questionnaire. Of the 300 FIs included in the study, 88 responded within the given timeframe, which corresponds to a response rate of 29.3%.

The characteristics of the FIs that took part in the survey are presented according to the frequency and percentage scheme as follows (Figure 1):
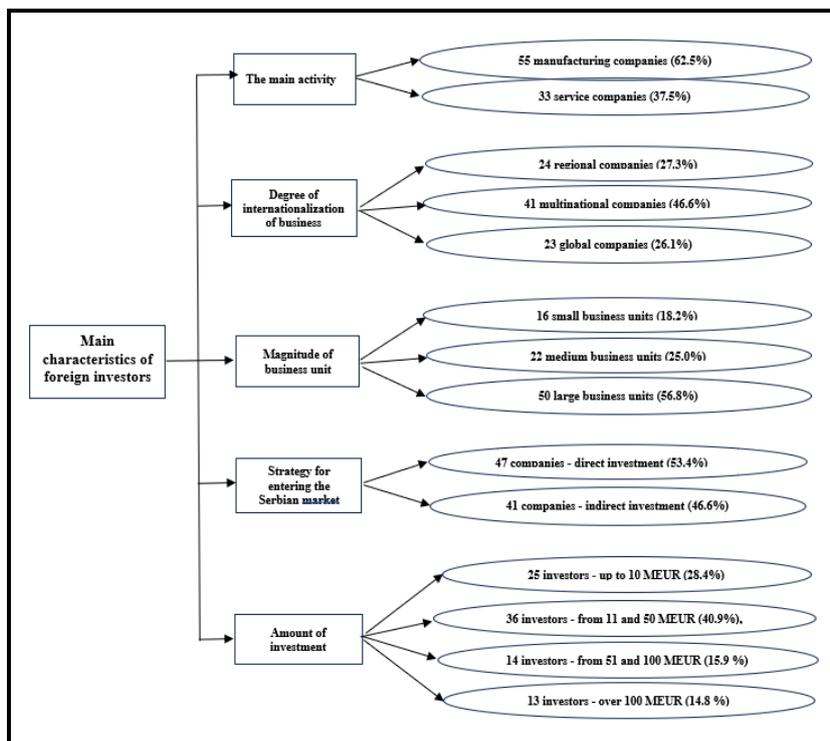

Figure 1. Main characteristics of foreign investors (FI)
Source: Authors' research

The research methodology was based on t-tests and a one-way ANOVA.

RESULTS AND DISCUSSION

The study examined the views of FIs operating in Serbia regarding the importance of certain elements of the national tax system. These elements included the corporate income tax (CIT) rate, personal income tax (PIT) rate, and the tax base determination systems (SDTB) for both CIT and PIT. Figure 2 shows the results of this analysis.
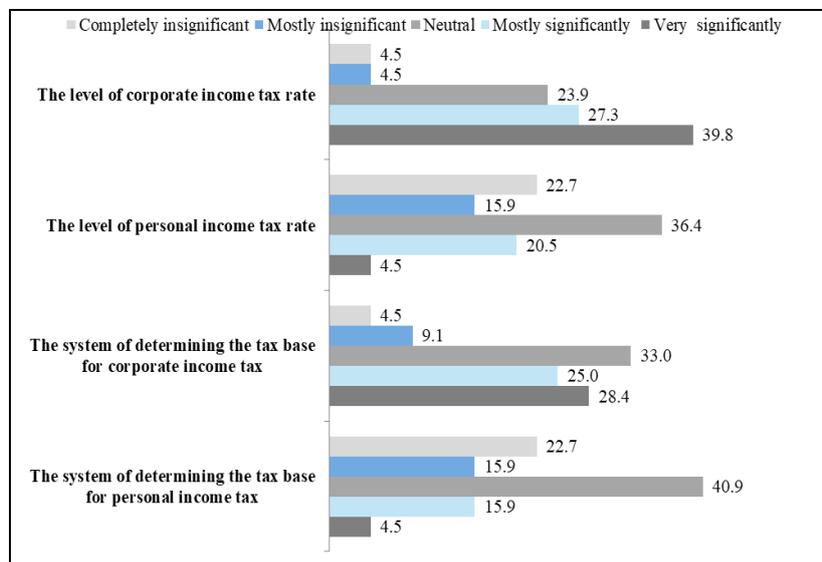
Figure 2. Analysis of the factors of the national tax system
Source: Authors' research

The results show that most FIs (39.8%) believe that the CIT rate has a very large impact on Serbia's overall tax competitiveness and, thus, on their investments and business in Serbia. On the other hand, a significant number of FIs (36.4%) believe that the impact of the PIT rate on the overall tax competitiveness of Serbia is neutral. FIs assess the influence of SDTB for CIT as neutral (33.0%), as they do the influence of SDTB for PIT (40.9%). More detailed data on the results of the importance of factors of the national tax system for the tax competitiveness of Serbia are presented in Table 1.

Table 1. Analysis of factors of the national tax system - descriptive statistics

	Degree of valuation					M	SD	V
	1	2	3	4	5			
	$f(\%)$	$f(\%)$	$f(\%)$	$f(\%)$	$f(\%)$			
The level of CIT rate	4	4	21	24	35	3.9318	1.11206	1.237
	(4.5)	(4.5)	(23.9)	(27.3)	(39.8)			
The level of PIT rate	20	14	32	18	4	2.6818	1.16998	1.369
	(22.7)	(15.9)	(36.4)	(20.5)	(4.5)			
SDTB for CIT	4	8	29	22	25	3.6364	1.12630	1.269
	(4.5)	(9.1)	(33.0)	(25.0)	(28.4)			
SDTB for PIT	20	14	36	14	4	2.6364	1.13646	1.292
	(22.7)	(15.9)	(40.9)	(15.9)	(4.5)			

Note: CIT (corporate income tax); PIT (personal income tax);
SDTB (the system of determining the tax base).
Source: Authors' research

The statistically significant differences between FIs in determining the degree of relevance of national tax system variables for Serbia's tax competitiveness were analysed using the ANOVA and t-test. The analysis included (a) the activity of FIs, (b) the degree of the internationalisation of FI business, (c) the way FIs entered the Serbian market, (d) the size of the business unit in Serbia, and (e) the amount of investment of FIs in Serbia.

The Influence of National Tax System Factors on Serbia's Tax Competitiveness, Depending on the Activities of FIs

Table 2 shows the results of the t-test regarding the existence of statistically significant differences between FIs whose main activity is in the manufacturing sector and those whose main activity is in the service sector.

Table 2. Importance of national tax system factors depending on the activities of FIs

	M (S D)		$M D$	95 % $C I D$		t	p^*
	M.A. N=55	S.A. N=33		Lower	Upper		
The level of CIT rate	4.0727 (0,97856)	3.6970 (1.28659)	0.37576	-0.14536	0.89687	1.446	0.154
The level of PIT rate	2.8364 (1.19820)	2.4242 (1.09059)	0.41212	-0.09535	0.91959	1.614	0.110
SDTB for CIT	3.8000 (1.09545)	3.3636 (1.14067)	0.43636	-0.05060	0.92333	1.781	0.078
SDTB for PIT	2.7091 (1.21217)	2.5152 (1.00378)	0.19394	-0.30467	0.69255	0.773	0.442

*At the level $p < 0.05$, a statistically significant difference is present
Note: M.A. (manufacturing activity); S.A. (service activity); CIT (corporate income tax); PIT (personal income tax); SDTB (the system of determining the tax base).
Source: Authors' research

Depending on the activities of the FIs, the results of the t-test showed that there are no statistically significant differences between the FIs in the assessment of the degree of relevance of specific aspects of the national tax system for Serbia's tax competitiveness.

In other words, no statistically significant difference ($p < 0.05$) was found in the assessment of the importance of certain components of the Serbian tax system for tax competitiveness by foreign investors (FI) in the manufacturing sector group and in the services sector group. These components include the corporate income tax (CIT) rate, personal income tax (PIT) rate, and the tax base determination systems (SDTB) for both CIT and PIT for foreign investors (FI) in the manufacturing and services sectors.

The Influence of Factors of the National Tax System on the Tax
Competitiveness of Serbia, Depending on the Degree of the
Internationalisation of FI Companies

Table 3 shows the results of ANOVA conducted to determine whether there are statistically significant differences in the perception of the importance of certain factors of the Serbian tax system for tax competitiveness, depending on the degree of the internationalisation of the business activities of FIs.

Table 3. Importance of factors of the national tax system depending on the degree of the internationalisation of business activities of FI companies

		M (S D)	95 % C I M		F	p*
			Lower	Upper		
The level of CIT rate	R.C. N=24	4.0833 (1.21285)	3.5712	4.5955	0.714	0.493
	M.C. N=41	3.7805 (1.21475)	3.3971	4.1639		
	G.C. N=23	4.0435 (0.76742)	3.7116	4.3753		
The level of PIT rate	R.C. N=24	2.6667 (1,27404)	2.1287	3.2046	1.292	0.280
	M.C. N=41	2.5122 (1.07522)	2.1728	2.8516		
	G.C. N=23	3.0000 (1.20605)	2.4785	3.5215		
SDTB for CIT	R.C. N=24	3.6667 (1.12932)	3.1898	4.1435	0.081	0.922
	M.C. N=41	3.5854 (1.20365)	3.2054	3.9653		
	G.C. N=23	3.6957 (1.01957)	3.2548	4.1365		
SDTB for PIT	R.C. N=24	2.8333 (1.16718)	2.3405	3.3262	2.268	0.110
	M.C. N=41	2.3659 (1.06668)	2.0292	2.7025		
	G.C. N=23	2.9130 (1.16436)	2.4095	3.4165		

*At the level $p < 0.05$, a statistically significant difference is present
Note: R.C. (regional companies); M.C. (multinational companies);
G.C. (global companies); CIT (corporate income tax); PIT (personal income tax);
SDTB (the system of determining the tax base).
Source: Authors' research

The ANOVA results indicate that there are no statistically significant differences in the assessment of the importance of certain elements

of the Serbian tax system for tax competitiveness based on the extent of the globalisation of their business activities.

When assessing the importance of certain elements of the Serbian tax system for tax competitiveness, no statistically significant differences at the level of $p < 0.05$ were found. This includes variations in the corporate income tax (CIT) rate, personal income tax (PIT) rate, CIT base determination system and PIT base determination system among foreign investors (FIs) in different groups: R.C., M.C., and G.C.

The Influence of Factors of the National Tax System on the Tax Competitiveness of Serbia, Depending on the Way FI Enters the Serbian Market

Table 4 shows the results of the t-test used to determine whether there are significant differences between FIs who entered the Serbian market directly or indirectly in terms of the perceived importance of certain factors within the national tax system for Serbia's tax competitiveness.

Table 4. Importance of factors of the national tax system depending on the type of entry of FI into the Serbian market

	M (SD)		M D	95 % CID		t	p[*]
	D.I. N=47	I.I. N=41		Lower	Upper		
The level of CIT rate	3.7660 (1.10754)	4.1220 (1.09989)	-0.35599	-0.82499	0.11300	-1.509	0.135
The level of PIT rate	2.9574 (1.14127)	2.3659 (1.13481)	0.59159	0.10804	1.07515	2.432	0.017
SDTB for CIT	3.6170 (1.11420)	3.6585 (1.15347)	-0.04152	-0.52268	0.43965	-0.172	0.864
SDTB for PIT	2.9149 (1.11958)	2.3171 (1.08257)	0.59782	0.12945	1.06619	2.537	0.013

[*] At the level $p < 0.05$, a statistically significant difference is present
Note: D.I. (direct investment); I.I. (indirect investment); CIT (corporate income tax); PIT (personal income tax); SDTB (the system of determining the tax base).
Source: Authors' research

The following statistically significant differences were determined by the results of the t-test:

1. When evaluating the influence of the PIT rate t(86)=2.432, p=0.017, MD=0.59159, 95% CID: from 0.10804 to 1.07515 between FIs that invested directly in the Serbian market (M=2.9574, SD=1.14127) and those that invested indirectly in the Serbian market (M=2.3659, SD=1.13481). As can be seen from the Eta-squared indicator, the difference between these two FI groups is η2=0.064, which can be considered a mean difference.

This means that FIs that have invested directly in the Serbian market attach greater importance to the influence of the PIT rate on Serbia's tax competitiveness than FIs that have invested indirectly in the Serbian market.

2. When evaluating the influence of the income tax base determination system t(86)=2.537, p=0.013, MD=0.59782, 95% CID: from 0.12945 to 1.06619 between FIs that invested directly in the Serbian market (M=2.9149, SD=1.11958) and those that invested indirectly in the Serbian market (M=2.3171, SD=1.08257). According to the Eta-squared indicator, the difference between these two FI groups is η2=0.069, which corresponds to a medium difference. According to the Eta-squared indicator, the difference between these two FI groups is η2=0.069, which can be regarded as a mean difference.

This indicates that foreign investors who have entered the Serbian market directly consider the impact of the income tax base determination system on Serbia's tax competitiveness to be higher than foreign investors who have entered the market indirectly.

The influence of Factors of the National Tax System on the Tax Competitiveness of Serbia, Depending on the Size of the Business Unit of FI in Serbia

Table 5 shows the results of the ANOVA, along with the tests performed to see if there are statistically significant differences in the assessment of the relative importance of specific national tax system factors on the tax competitiveness of Serbia, based on the size of the FI's business unit in Serbia.

The ANOVA results show that, based on the size of FI's business unit in Serbia, there were no statistically significant differences in the perceived importance of specific components within the national tax system for Serbia's tax competitiveness.

In another words, no statistically significant differences were found (p < 0.05) in assessing the significance of specific national tax system components for Serbia's tax competitiveness. This includes differences in the corporate income tax (CIT) rate, personal income tax (PIT) rate, CIT base determination system, and PIT base determination system between the FI in the Small Business Entity (S.B.E.) group and those in the Medium Business Entity (M.B.E.) group, between FI in the M.B.E. group and those in the Large Business Entity (L.B.E.) group, and between FI in the S.B.E. group and those in the L.B.E. group.

Table 5. Importance of factors of the national tax system depending on the size of the business entity of FI in Serbia

		M (SD)	95% CIM		F	p^*
			Lower	Upper		
The level of CIT rate	S.B.E. N=16	4.1250 (0.88506)	3.6534	4.5966	0.624	0.538
	M.B.E N=22	3.7273 (1.51757)	3.0544	4.4001		
	L.B.E. N=50	3.9600 (0.96806)	3.6849	4.2351		
The level of PIT rate	S.B.E. N=16	3.2500 (0.44721)	3.0117	3.4883	2.380	0.099
	M.B.E. N=22	2.5455 (1.47122)	1.8932	3.1978		
	L.B.E. N=50	2.5600 (1.14571)	2.2344	2.8856		
SDTB for CIT	S.B.E. N=16	3.8750 (0.88506)	3.4034	4.3466	0.468	0.628
	M.B.E. N=22	3.6364 (1.46533)	2.9867	4.2861		
	L.B.E. N=50	3.5600 (1.03332)	3.2663	3.8537		
SDTB for PIT	S.B.E. N=16	3.1250 (0.34157)	2.9430	3.3070	1.913	0.154
	M.B.E. N=22	2.4545 (1.40500)	1.8316	3.0775		
	L.B.E. N=50	2.5600 (1.14571)	2.2344	2.8856		

* At the level $p < 0.05$, a statistically significant difference is present
Note: S.B.E. (small business entity); M.B.E. (medium business entity); L.B.E. (large business entity); CIT (corporate income tax); PIT (personal income tax); SDTB (the system of determining the tax base).
Source: Authors' research

The Influence of Factors of the National Tax System on the Tax Competitiveness of Serbia, Depending on the Level of Investment of FI in Serbia

Table 6 shows the results of ANOVA regarding the possible existence of statistically significant differences in the assessment of the importance of specific national tax system factors for Serbia's tax competitiveness based on the amount of investment in Serbia.

The results of the ANOVA revealed the following statistically significant differences.

Table 6. Importance of factors of the national tax system depending on the amount of investment made in Serbia

		M (SD)	95 % CIM		F	p*
			Lower	Upper		
The level of CIT rate	≤10 No=25	4.2800 (0.97980)	3.8756	4.6844	9.246	0.002
	11-50 No=36	3.6944 (1.19090)	3.2915	4.0974		
	51-100 No=14	3.2857 (1.06904)	2.6685	3.9030		
	≥100 No=13	3.1954 (0.50637)	2.3094	3.9214		
The level of PIT rate	≤10 No=25	2.8400 (1.34412)	2.2852	3.3948	0.341	0.796
	11-50 No=36	2.6944 (1.03701)	2.3436	3.0453		
	51-100 No=14	2.5714 (1.22250)	1.8656	3.2773		
	≥100 No=13	2.4615 (1.19829)	1.7374	3.1857		

* At the level p < 0.05, a statistically significant difference is present
Note: ≤10 (less than 10 MEUR); 11-50 (from 11 to 50 MEUR); 51-100 (from 51 to 100 MEUR);
≥100 (over 100 MEUR); CIT (corporate income tax); PIT (personal income tax).
Source: Authors' research

When evaluating the influence of the CIT rate, the result is $F(3,84)=9.246$, $p=0.002$, whereby the size of the variation between the different FI groupings, expressed by the Eta-squared indicator, is $\eta2=0.061$ and can be regarded as a mean difference. The following comparison using the T-HSD test, the results of which are presented in Table 7, shows that a statistically significant differences exist between the group of FIs that invested up to 10 MEUR (M=4.2800, SD=0.97980), on the one hand, and those that invested between 51 and 100 MEUR (M=3.2857, SD=1.06904) and over 100 MEUR (M=3.1954, SD =0.50637), on the other.

This means that FIs who have invested up to 10 MEUR place greater importance on the effects of the CIT rate than those who have invested between 51 and 100 MEUR and over 100 MEUR.

When evaluating the impact of the CIT base determination system, $F(3,84)=4.740$, $p=0.004$, the magnitude of the variation among the various FI groupings, expressed by the Eta-squared indicator, is $\eta2=0.081$ and can be considered a difference of medium magnitude. The comparison that follows makes use of the T-HSD test, the results of which are presented in Table 8 and showed a statistically significant difference between the group of FI who invested up to 10 MEUR (M=4.2800, SD=0.89069) and those who invested from 11 to 50 MEUR (M=3.3889, SD=1.24849), from 51 to 100 MEUR (M=3.1429, SD=1.02711) and over 100 MEUR (M=3.1154, SD=0.76795).

Table 7. Results of the T-HSD test on the differences between FI depending on the amount of investment made in Serbia when assessing the impact of the CIT rate level

	(I)	(J)	M D (I-J)	p*	95 % C I M Lower	Upper
	≤10	11-50	0.58556	0.141	-0.1232	1.2943
		51-100	0.99429	0.026	0.0855	1.9031
		≥100	1.28460	0.001	0.2663	1.5955
	11-50	≤10	-0.58556	0.141	-1.2943	0.1232
		51-100	0.40873	0.597	-0.4488	1.2662
The level of CIT rate		≥100	0.49976	0.336	-1.8019	-0.0400
	51-100	≤10	-0.99429	0.026	-1.9031	-0.0855
		11-50	-0.40873	0.597	-1.2662	0.4488
		≥100	-1.32967	0.057	-2.3783	-0.2811
	≥100	≤10	-1.28460	0.001	-0.5955	1.2663
		11-50	0.49976	0.336	0.0400	1.8019
		51-100	1.32967	0.057	0.2811	2.3783

* At the level p < 0.05, a statistically significant difference is present
Note: ≤10 (less than 10 MEUR); 11-50 (from 11 to 50 MEUR);
51-100 (from 51 to 100 MEUR);
≥100 (over 100 MEUR); CIT (corporate income tax)
Source: Authors' research

Table 8. Results of the T-HSD test on the differences between FI depending on the amount of investment made in Serbia when assessing the impact of the CIT base determination system

	(I)	(J)	MD (I-J)	p*	95% CIM Lower	Upper
	≤10	11-50	0.89111	0.009	0.1677	1.6145
		51-100	1.13714	0.010	0.2096	2.0646
		≥100	1.16466	0.005	-0.2855	1.6147
	11-50	≤10	-0.89111	0.009	-1.6145	-0.1677
		51-100	0.24603	0.882	-0.6291	1.1212
		≥100	-0.22650	0.912	-1.1256	0.6726
SDTB for CIT	51-100	≤10	-1.13714	0.010	-2.0646	-0.2096
		11-50	-0.24603	0.882	-1.1212	0.6291
		≥100	-0.47253	0.655	-1.5427	0.5977
	≥100	≤10	-1.16466	0.005	-1.6147	0.2855
		11-50	0.22650	0.912	-0.6726	1.1256
		51-100	0.47253	0.655	-0.5977	1.5427

* A statistically significant difference exists at the level p < 0.05
Note: ≤10 (less than 10 MEUR); 11-50 (from 11 to 50 MEUR);
51-100 (from 51 to 100 MEUR);
≥100 (over 100 MEUR); SDTB (the system of determining the tax base);
CIT (corporate income tax)
Source: Authors' research

This means that FI who invested up to 10 MEUR place more importance on the system for determining the CIT rate than those who invested from 11 to 50 MEUR, from 51 to 100 MEUR and over 100 MEUR.

The research findings highlight the importance of national tax system factors for Serbia's competitiveness, especially regarding the investment decisions of FIs. Our analysis highlights the central role of the CIT rate in influencing Serbia's overall tax competitiveness. FIs, especially those with investments below 10 million euros, perceive the CIT rate as very influential. This underlines the importance of competitive corporate tax rates in attracting foreign investment and promoting economic growth.

Conversely, the results indicate a more nuanced view of the impact of the PIT rate on Serbia's tax competitiveness. The majority of FIs believe the income tax rate has a neutral effect, suggesting that it may not be a primary factor influencing investment decisions. Similarly, FIs' assessments of the CIT and PIT base determination system are mostly neutral, suggesting that other factors may play a more important role in shaping Serbia's overall tax competitiveness.

In addition, our analysis shows that the attitude of FIs differs depending on the nature of their entry into the Serbian market. FIs that make direct investments emphasise the influence of the tax rate more than those that enter the market indirectly. This underlines the importance of considering the type of market entry when assessing the impact of tax policy on investment decisions.

CONCLUSION

The research results illustrate the complex interplay between national tax policy and Serbia's competitiveness in attracting foreign investment. While the CIT rate emerges as a critical factor, other aspects of the tax system, such as the PIT rate and the tax base determination system, should be further investigated. In addition, understanding the different perspectives of FIs depending on the mode of entry can provide valuable insights for policy makers trying to make Serbia more attractive for foreign investors.

Despite an important limitation, namely the response rate of the questionnaire, which was one third of the sample, the study nevertheless provides valuable insights into the factors that influence the decisions of foreign investors in Serbia.

Future research efforts should focus on overcoming this limitation by using larger sample sizes. This will allow policy makers to make more informed decisions aimed at increasing Serbia's attractiveness to foreign investors and promoting economic growth.

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УТИЦАЈ ПОРЕСКОГ СИСТЕМА
НА КОНКУРЕНТНОСТ СРБИЈЕ

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Резиме

Стране директне инвестиције могу имати јак утицај како на земљу домаћина (где се улагање врши) тако и на матичну земљу (земљу инвеститора). Оне играју веома важну улогу у обликовању глобалне економије, подстицању економског развоја, промовисању међународне пословне сарадње, позиционирању на глобалном тржишту, али и јачању конкурентности земље. Позитивни ефекти преливања страних директних инвестиција доприносе економском развоју и помажу у стратешком позиционирању земље на глобалном тржишту. Земље које ефикасно привлаче стране директне инвестиције и управљају њима у већини случајева имају конкурентске предности у односу на неке друге замље, што доприноси њиховом одрживом економском расту. Порески систем игра кључну улогу у утицају на конкурентност једне земље. Добро осмишљен, конкурентан и ефикасан порески систем значајно доприноси позитивном пословном окружењу, привлачи инвестиције и глобално повећава укупну конкурентност земље. Порески систем значајно обликује пословно окружење за стране инвеститоре, утичући на њихову одлуку да инвестирају и послују у одређеној земљи. Порески систем је веома важан за пословање страног инвеститора у једној земљи и као такав може утицати на инвестиционе одлуке, оперативне трошкове и укупне пословне стратегије. У раду су анализирани одабрани фактори пореског система кроз утицај који могу имати на страног инвеститора приликом доношења одлуке о инвестирању у Србији. Анализа је обухватила пореску стопу и пореску основицу код пореза на добит предузећа, као и пореску стопу и пореску основицу код пореза на доходак грађана. Истраживање је спроведено у периоду од априла до јуна 2023. године, при чему је основни скуп у истраживању чинило 300 највећих инвеститора који су инвестирали у Србију у периоду од 2011. до 2019. године (не рачунајући године 2020–2022, с обзиром да је ово период пандемије корона вируса). Од укупног броја страних инвеститора којима је послат електронски упитник, 88 инвеститора је попунило упитник и доставило га у назначеном року. У истраживању је коришћена методологија заснована на т-тесту независних узорака и једнофакторској анализи варијансе различитих група (АНОВА). На основу добијених резултата може се закључити да је стопа пореза на добит предузећа веома значајан фактор за страног инвеститора приликом одлучивања о улагању капитала у Србију. Што се тиче осталих фактора пореског система, анализа је показала да су они углавном неутрални, односно да нису од круцијалног значаја за стране инвеститоре када је у питању њихово инвестирање у Србију.