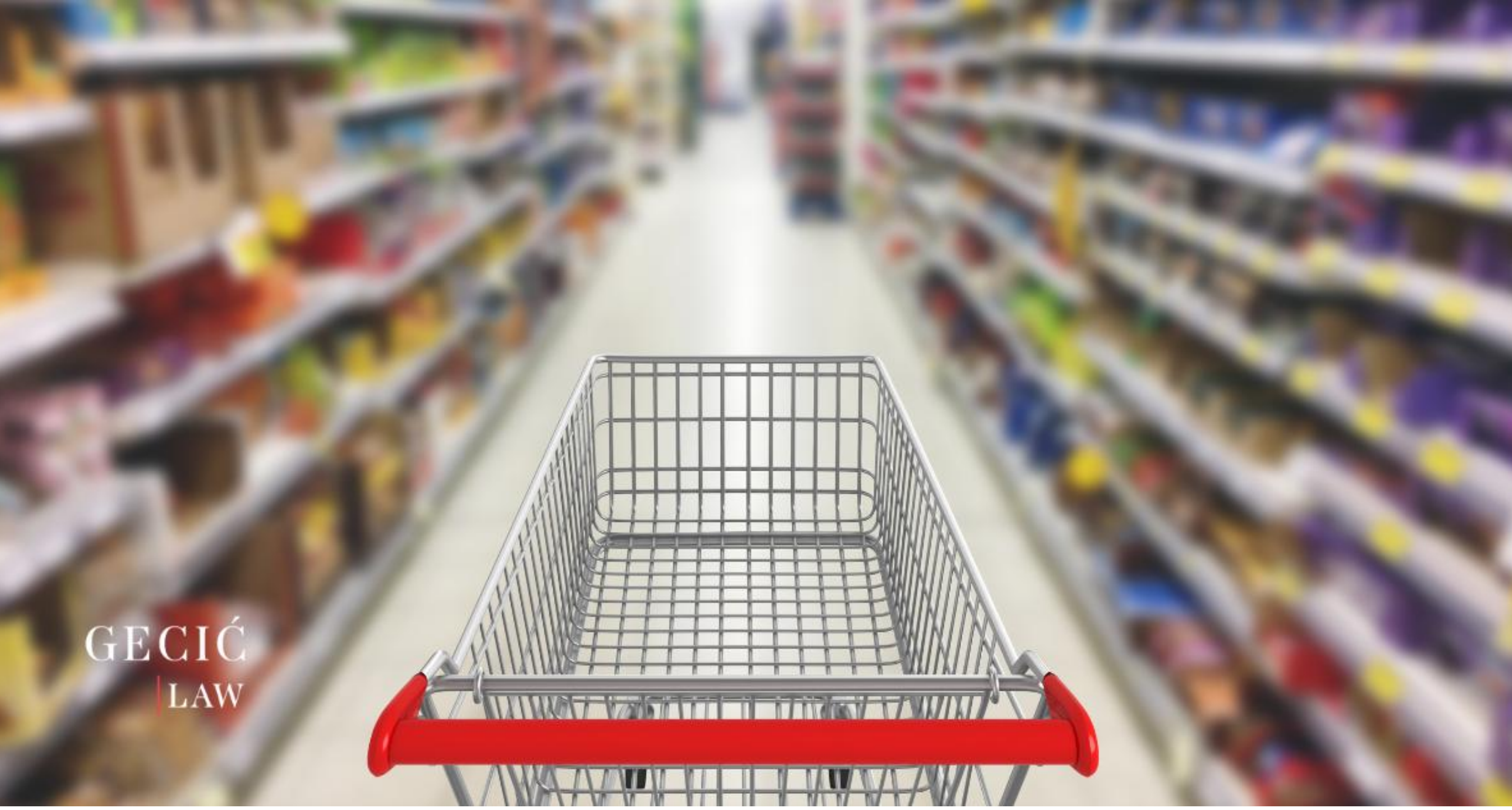

What is the Cost of Non-compliance? Financial Measures, Penalties, and Reputational Exposure

For boards and CFOs, the most dangerous shortcut is to reduce Serbia's new regime to the phrase 'the fine is 0.2%'. The Act actually starts with a basic amount of 0.1% or 0.2% of total annual revenue generated in Serbia and then adjusts that amount by reference to specified statutory circumstances. Procedural and periodic penalties, corrective measures, and public enforcement exposure sit alongside that calculation.

Why the CFO and board should track this risk

Unfair-trading-practice exposure is not confined to the legal team. The basic amount is tied to the party's total annual revenue generated in Serbia in the year preceding the year in which proceedings are opened. A relatively small percentage can therefore translate into a material cash amount for businesses with substantial Serbian revenue.

The financial measure is only one layer. The SCA may also impose an interim stop on the conduct and, in a final decision, order the alignment of general terms, standard contracts, internal guidelines, and other practices so that the same or similar conduct is permanently removed across all suppliers. For management, the exposure should therefore be treated simultaneously as a financial, operational, and governance issue.

0.1% and 0.2% are starting points, not a flat tariff

Article 44 provides for a protective measure against unfair trading practices in the form of a monetary payment. The basic amount is 0.1% of total annual revenue for Article 7 grey-list practices and 0.2% for practices under Articles 6 and 8 - the black list and commercial retaliation.

The important qualification is that this is not automatically the final amount. The Act expressly requires the basic amount to be adjusted by the statutory reduction and increase criteria. Statements such as 'the maximum fine is 0.2%,' or 'a breach costs 0.1%' are therefore legally imprecise and can produce poor internal risk modeling.

For illustration only, not as a prediction of any specific case: if the relevant annual revenue in Serbia were RSD 10 billion, 0.1% would be RSD 10 million, and 0.2% would be RSD 20 million before any applicable statutory adjustments. A sensible exposure model, therefore, starts with the revenue base and legal classification, then maps the facts that may affect the adjustment.

When the basic amount may be reduced

The Act recognizes conduct that reduces the basic amount, including early cessation, non-implementation of an agreed practice, shorter duration, and admission. Specifically, the basic amount is reduced by:

- 20% if the buyer stopped the unfair practice before proceedings were opened and provided valid evidence;
- 20% if the buyer did not implement the agreed unfair trading practice;
- 10% if the buyer stopped the practice by the time the notice of material facts established in the proceedings was issued;
- 20% if the practice was implemented for up to three months;
- 10% if it was implemented for more than three but less than 12 months;
- 20% if the buyer admits the existence of the unfair trading practice.

These percentages are not a basis for backward engineering an acceptable level of non-compliance. Their application depends on the facts and the SCA's decision. The management point is different: early detection, documented cessation, and a controlled response can have direct regulatory value.

What increases the basic amount - and why incident response must be designed in advance

The Act is equally clear about conduct that increases the basic amount. The most sensitive situations are those in which the problem continues or worsens after regulatory intervention or during the investigation itself. The basic amount is increased by:

- 20% if the buyer continues to propose, agree, or implement the practice after an interim measure has been imposed;
- 10% if the buyer fails to cooperate during an inspection or unannounced inspection;
- 10% if the buyer conceals evidence or provides false data or information;
- 20% if the buyer induces the supplier to accept the unfair trading practice;
- 20% if the buyer threatens retaliation against the supplier during proceedings;
- 20% if the unfair practice forms part of the general terms of business or standard adhesion contracts;
- 100% if the buyer repeats the same unfair trading practice for which the SCA has already adopted a final decision.

This is why incident response is not separate from substantive compliance. Once a serious signal arises, the business needs to know who can stop the conduct, who preserves documents, who manages SCA communications, and who instructs the commercial team. Improvisation during proceedings can become more expensive than the original compliance failure.

Repeat infringement is a distinct board-level warning signal

The largest single statutory increase in Article 44 concerns repetition of the same practice after a final SCA decision: 100% of the basic amount. That is a strong reason to treat every final decision as a trigger for systemic, rather than local, remediation.

If the issue sat in a standard clause, price list, approval workflow, or central commercial policy, the corrective response should not stop with the supplier involved in the case. The organization should identify every business unit and relationship where the same pattern may exist, preserve evidence of closure, and test whether the legacy process reappears in day-to-day operations.

Procedural penalties: RSD 500,000 per day can become material quickly

Article 45 provides for a procedural penalty of RSD 500,000 for each day of conduct contrary to a request or order in an SCA conclusion, or failure to comply with such a request or order. The same daily amount may be imposed for obstructing an authorized official during an inspection or evidence-securing measure.

Article 46 also provides for a periodic penalty of RSD 500,000 per day for failure or partial failure to provide requested data and documents in a special sector inquiry. A regulatory-response protocol, therefore, needs operational deadline tracking and ownership, not only legal arguments on the merits.

For monetary measures under Articles 44-46, the decision sets the payment method and deadline, and the payment period may not exceed ten days. That makes early involvement of finance in scenario planning particularly important.

Reputational and operational exposure may outlast the monetary measure

The Act provides that the conclusion of the opening proceedings and the final decision are published on the SCA's website, with protected information omitted. The SCA also keeps records of buyers found to have imposed unfair trading practices and prepares an annual report in this area.

Enforcement can therefore become a public governance issue. It may trigger questions from suppliers, business partners, auditors, financing counterparties, and other stakeholders, as well as a need to explain corrective action. Reputational exposure cannot be quantified by the same formula as the administrative measure, but boards should not treat it as a soft add-on to the financial analysis.

The operational cost can also be substantial: large-scale contract review, amendment of standard templates, stopping or redesigning a charge, team training, reconfiguration of approval processes, forensic review of communications, and continued reporting on implementation. In some cases, that remediation workload can become a larger management challenge than the basic amount calculation itself.

Seven board-level controls for managing exposure

A sound governance model should translate the Article 44 mechanism into measurable controls. For boards and senior management, seven points are particularly useful:

- quantify the relevant annual revenue in Serbia and map material practices to the applicable legal test;
- maintain a register of higher-risk practices with an owner, status, and evidence assessment;
- define who has authority to impose an immediate operational stop;
- implement a document-preservation and regulatory-response protocol;
- test standard contracts and actual workflows through transaction sampling;
- ensure commercial teams understand retaliation rules and acceptable conduct during an investigation;
- report open gaps, remediation status, and closure evidence to management.

The key change is to stop treating exposure as a single percentage and start treating it as a mechanism: the basic amount, adjustment factors, procedural risk, operational measures, and reputational consequences. Only when those elements sit on a single map can the CFO, GC, and board realistically prioritize remediation.

Gecić Law can assist with quantifying regulatory exposure, conducting scenario analysis, and facilitating a board-level workshop that connects legal criteria with financial and operational controls.

Legal basis: Law on Trade Practices for Certain Types of Products (Official Gazette of the Republic of Serbia No. 35/2026), in particular Articles 37 and 41-47.