

# **LAW**

## **ON INNOVATION ACTIVITY**

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### **I INTRODUCTORY PROVISIONS**

#### **Scope**

##### **Article 1**

This Law regulates basic principles, goals and organization of application of scientific knowledge, technical and technological knowledge, inventive faculties and inventiveness, for the purpose of creation and realization of new and improved products, processes and services as a driving force for the development of the Republic of Serbia, as compared to the currently existing technical and technological base.

##### **Article 2**

The following expressions used in this law shall have the following meanings:

1) national innovation system means a sum of organizations, institutions and their relationships aimed at generating, diffusion and application of scientific and technological knowledge in the Republic of Serbia;

2) innovation activity means the activities which are undertaken for the purpose of creation of new products, technologies, processes and services or implementation of significant changes in the existing ones, in accordance with the market needs;

3) invention means a concept, idea and method for obtaining a new product or a process, including the discovery of a new technology (a product or a process) for utilization of natural resources;

4) innovation means a successful market application of an invention, that is to say, an application of a new or a significantly improved product, process or service (including significant improvements of technical characteristics, components and materials, built-in software, user orientation or other functional characteristics) or marketing methods or new organizational methods in business, organization of work or relationships between a legal entity and environment, and therefore it can take the form of:

- product innovation, as the application of a new or significantly improved product, being new for the respective legal entity (which does not have to be new in market terms), but which does not mean a change of aesthetic nature or only sales of innovated products, manufactured or developed by another legal entity;

- process innovation, as the application of a new or significantly improved production or delivery methods (including significant changes in the technique, equipment or software, but not solely the organizational and managerial changes), which is new or advanced for the legal entity concerned, irrespective of the developer thereof;

- innovation of the organization, as the application of new or significant changes in management structure or methods, intended to improve in the respective legal entity the application of knowledge, quality of products or services, or to increase the business flow efficiency;

- marketing innovation, as the application of a new marketing method, including significant changes in the product design, package, marketing and promotion of such product and charge thereof;

5) subject of innovation activity means a legal entity or a natural person performing the innovation activity, including also legal entities established to provide services in the innovation field;

6) registered subject of innovation activity means an innovation activity subject entered into the innovation activity registry, pursuant to this law;

7) carrier of realization of innovation activity means a legal entity or a natural person integrating and coordinating the innovation activities which are co-funded from the budget of the Republic of Serbia;

8) innovation project means the group of activities implementing programmes, resulting in the creation of new products, technologies, processes and services or significant change in the existing ones in accordance with the market needs;

9) development project means the group of activities implementing programmes, and integrating the applied and development research in a specific scientific and technological sphere;

10) innovation infrastructure means the environment formed in the sphere of information and communication technologies, technical and technological equipment, physical infrastructure (spatial, transport, Internet and Intranet), and in the sphere of knowledge infrastructure as well (resources of scientific and research organizations and other educational and consulting resources), being a driving force aimed at the business sector restructuring and networking of the subjects of the innovation activity from the academic sector and the economic sector;

11) technoentrepreneurship means an activity encompassing the knowledge, skills and abilities aimed at initiating, organizing, developing and innovating of technological processes, having as a basic objective the creation of a new market and the profit making;

12) newly established company means a company from the establishing of which till the moment of its applying for funding from the budget of the Republic Serbia, in compliance with the law, have not elapsed more than two years.

## **Innovation Policy**

### **Article 3**

The innovation policy means the setting of objectives and ensuring of system conditions for creation, development and application of innovations.

As a strategic document, the innovation policy is established by the Government for a five-year period, upon proposal of the ministry in charge of the innovation activity, in line with the resources, restrictions and trends in the technological development of the state.

### **Article 4**

The innovation policy is implemented through innovation activity programmes, in compliance with this law.

With respect to priorities as defined in the innovation policy, the ministry in charge of the innovation activity provides the conditions and monitors the implementation of the innovation activity programmes, and, if needed, submits proposals to the Government regarding the measures for elimination of problems detected.

### **Article 5**

With respect to the performance of the innovation activity and the use of incentive measures, the private and the public sector shall have equal rights.

## **The Ministry in Charge of Innovation Activity**

### **Article 6**

The ministry in charge of the scientific and research activity and technological development (hereinafter referred to as: the Ministry) shall be responsible for establishing and implementation of the innovation policy, stimulation of technoentrepreneurship, transposition of knowledge and technologies into the economy, development and upgrading of the innovation system in the Republic of Serbia and regulations in the sphere of protection and sales of intellectual property rights.

### **Article 7**

The Ministry shall:

- 1) co-operate with other ministries for the purpose of stimulating the development of the overall innovation capacities in the Republic of Serbia;
- 2) submit proposals to the Government as to the policy in the sphere of innovation activity, and as to the innovation activity programmes as well;

- 3) monitor the fulfilment of the existing operations within the innovation activity and propose the programmes in line with the development potential of the Republic of Serbia; pass a document on the way of implementation and funding of the innovation activity programmes in line with the development potential of the Republic of Serbia, a document on the conditions of applying for competitions, criteria on the selection of executor and conditions under which the innovation activity programmes are implemented and funded, perform allocation of funds from the budget of the Republic of Serbia for financing thereof and control their designated use in compliance with this law;
- 4) carry out public invitation matters for the innovation activity funding, in compliance with the law;
- 5) carry out international cooperation and take care on the inclusion of the innovation activity carriers into the European and international innovation sector, in compliance with the law;
- 6) present to the Government at least once a year a report on the situation and results of the innovation activity in the Republic of Serbia.

### **Article 8**

The minister in charge of the innovation activity (hereinafter referred to as: the Minister) shall form a Committee for Monitoring the Development and Commercial Exploitation of Innovations (hereinafter referred to as: the Committee).

The Committee shall:

- 1) prepare expert analyses in the innovation activity field;
- 2) analyze the international practice in this field;
- 3) initiate amendments to the applicable laws and other regulations in this field, aimed to stimulate the innovation activity.

The Committee shall adopt a rulebook on its work.

### **Article 9**

The Minister can form special bodies for monitoring and stimulation of the innovation activity in specific areas and industrial branches for the purpose of coordination of the work, realization of common interests, purchase and use of the necessary equipment, premises and expert publications, and in particular for the purpose of nourishing of expert criticism and valuation of own innovation work.

## **Article 10**

The Ministry shall maintain electronic and publicly available database and record database on the registered innovation activity subjects, innovation and development projects and innovation activities by means of which the innovation activity programmes are carried out, pursuant to this law.

## **II INNOVATION ACTIVITY REGISTRY**

### **Article 11**

The Ministry shall maintain the Innovation Activity Registry (hereinafter referred to as: the Registry).

The form, contents and method of maintaining the Registry are prescribed by the Minister.

The Registry is a part of the electronic and publicly available database maintained by the Ministry, in compliance with this law.

The beneficiaries of the state incentive measures and budgetary funds for the development of the innovation activity can be only the subjects entered into such Registry.

The Minister shall establish the conditions regarding the required organizational and professional structure of a legal entity, as well as regarding the qualifications and performance of the natural person, under which such legal entity or natural person can be entered into the Registry, and also regarding the conditions for deletion thereof from the Registry.

### **Article 12**

All the subjects involved in the innovation activity, and maintained at the Registry, shall submit annual reports to the Ministry about their work, state of the equipment and resources and plans for their use.

Content, term for submission and acting in case of non-submission of the annual reports referred to in paragraph 1 of this Article shall be prescribed by the Minister.

## **Technology Companies**

### **Article 13**

The data on technology companies are separately maintained at the Registry.

As the technology companies at the Registry are recorded those companies, which apply or develop the technology as an important component of their business activities,

and deal with research and development, either their own or ordered from other companies, organizations, establishments or individuals.

The Minister shall prescribe the conditions under which a company referred to in paragraph 1 of this Article can be recorded at the Registry, and also the conditions under which the investments in research and development are verified.

The subjects under paragraph 1 of this Article are funded from the budget of the Republic of Serbia, under a special programme, in line with this law.

The records under paragraph 1 of this Article are a part of the electronic and publicly available database maintained by the Ministry, in compliance with this law.

In respect of financing technology companies from the budget of the Republic of Serbia under a special programme, the law governing small value state aid (de minimis) shall be applied, as well as secondary regulations and other general acts adopted for the purpose of its enforcement.

### **III ORGANIZATIONS FOR THE PERFORMANCE OF INNOVATION ACTIVITY**

#### **Article 14**

A legal entity can be entered into the Register as the organization for the performance of the innovation activity, if registered in line with the law governing the establishment and business activities of companies, and the law governing the procedure for entering into the registry of business entities, basically for the performance of activities in the sphere of research and experimental work in natural sciences and technology development, in compliance with the law governing the classification of business activities and the registry of classification units, including the option of performance of other activities as well.

#### **Article 15**

For the purpose of the performance of activities related to the research, creation, development, application and sales of innovations, and also for the purpose of obtaining a status of the organization for the performance of innovation activity (hereinafter referred to as: innovation organization) with the Ministry can be registered as follows:

- 1) development and production centre;
- 2) research and development centre;
- 3) innovation centre.

A decision on registration of the innovation organization is issued by the Ministry within 45 days from the date of receipt of the application from a business entity.

## **Development and Production Centre**

### **Article 16**

A development and production centre is an innovation organization creating innovations, applying new technologies, involved in the sales of products, services and technologies, based on its own innovative work and development.

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities under which a legal entity can be entered into the Registry in the capacity of the development and production centre, and also regarding the conditions for deletion thereof from the Registry.

## **Research and Development Centre**

### **Article 17**

A research and development centre is an innovation organization in which the applied and development research is performed and innovations are created, and the transposition of new knowledge and technologies, either in the own production and services, or in the production and services of other business entities is carried out.

### **Article 18**

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities under which a legal entity can be entered into the Register in the capacity of the innovation centre research and development centre, as well as regarding the conditions for deletion thereof from the Registry.

## **Innovation Centre**

### **Article 19**

An innovation centre is an innovation organization in which in an original and systematic way are applied own and others' scientific results and modern technological processes for the purpose of creating innovations, development of prototypes, new products, processes and services, or improvement of the existing ones in a specific sphere, and is simultaneously performed a transposition of knowledge and technologies into the production and services of other business entities.

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities under which a legal entity can be entered into the Registry in the capacity of the innovation centre, as well as regarding the conditions for deletion thereof from the Registry.

## IV ORGANIZATIONS FOR RENDERING INFRASTRUCTURAL SUPPORT TO INNOVATION ACTIVITY

### **Article 20**

A company established for the purpose of rendering infrastructural support and networking of research and development organizations, or innovation organizations and business entities, can be registered with the Ministry as:

- 1) business and technology incubator;
- 2) science and technology park;
- 3) organization for stimulation of innovation activities in the priority field of science and technology;
- 4) centre for transfer of technologies.

A decision on registration is issued by the Ministry within 45 day from the date of receipt of the application from a legal entity.

### **Business and Technology Incubator**

#### **Article 21**

A business and technology incubator is a company the basic business activity of which is to put at disposal, for a certain consideration, business premises, administrative, technical and other services to newly established companies, for a maximum period of five years from the date of their establishing.

The rights and obligations of the users of the services and of the business and technology incubator are regulated by a mutual agreement.

All the subjects using the services of the business and technology incubator obtain a status of the business and technology incubator inhabitants.

#### **Article 22**

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities, under which a legal entity can be entered into the Registry in the capacity of the business and technology incubator, as well as regarding the conditions for deletion thereof from the Registry.



## **Science and Technology Park**

### **Article 23**

A science and technology park is a company which within a defined space provides infrastructural and professional services to higher education establishments, scientific and research and innovation organizations, and also to high-technology and medium-technology companies within a specific scientific, research and development or production group aiming at their networking and the fastest possible application of new technologies, creation and sales of new products and services on the market.

All the subjects using the services, rendered by a science and technology park, shall obtain a status of the member of such science and technology park, to which the science and technology park in one or several locations enables spatial and infrastructural conditions for work and at the same time provides other services for the purpose of upgrading the level of high education, scientific and research, development, innovation or production work.

The mutual rights and obligations of the member and the science and technology park are regulated by an agreement.

### **Article 24**

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities under which a legal entity can be entered into the Registry in the capacity of the science and technology park, as well as regarding the conditions for deletion thereof from the Registry.

### **Article 25**

A business and technology incubator and a science and technology park can provide the following services:

- 1) use of business premises for work, which can be furnished with the furniture, equipment and installations;
- 2) use of shared business premises, which serve for business meetings, receptions, and other purposes;
- 3) secretarial services;
- 4) administrative services;
- 5) bookkeeping and accounting services;
- 6) advertising and sales services;
- 7) business consulting services;

- 8) telecommunication and information services, including, but not limited to, access to the telephone, fax, e-mail and Internet;
- 9) business planning services;
- 10) financial consulting services;
- 11) preparation and training services;
- 12) financial services;
- 13) technical and other services, in compliance with the law.

A science and technology park can provide to its member to use a part of the land within such science and technology park for the construction of development and production capacities, in line with the basic activity of the park.

### **Organization for Encouragement of Innovation Activities in the Priority Sphere of Science and Technology**

#### **Article 25a**

The organization for encouragement of innovation activities in the priority sphere of science and technology is a company established solely for the performance of activities related to the encouragement of innovation activities in the priority spheres of science and technology set under the strategic document.

The organisation referred to in paragraph 1 of this Article shall stimulate innovation activities first of all through investment in newly established companies from the priority spheres under paragraph 1 of this Article, which have a business concept with a potential to ensure the profit and growth on the basis of a commercial success of innovation and which develop, produce or sell innovative products and services with high involvement of scientific knowledge and new technologies.

#### **Article 25b**

The encouraging of innovation activities can be performed only by the organization under Article 25a of this law having the legal form of a limited liability company and on the basis of the consent from the Ministry, pursuant to the law.

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities, under which a legal entity can be entered into the Registry in the capacity of the organisation for encouragement of innovation activities in the priority sphere of science and technology, and also regarding the conditions for deletion thereof from the Registry.

## **Centre for Transfer of Technologies**

### **Article 25c**

A centre for transfer of technologies is a company set up only to perform the technology transfer for the purpose of application of technological innovations, which includes in particular a search for ideas and partners for the transfer of technologies, assessment of the commercial potential of such transfer, incentives for realization and commercialization of the technology transfer and rendering support at protection of intellectual property to the technology companies which develop, produce and sell innovative products, processes and services with a high level of know-how and new technologies.

The Minister shall prescribe the conditions regarding the required programme, spatial and professional capacities under which a legal entity can be entered into the Registry in the capacity of the centre for transfer of technologies, as well as regarding the conditions for deletion thereof from the Registry.

### **Article 26**

The Republic of Serbia, autonomous province, local self-governance units, companies, scientific and research and educational organizations, other legal entities and natural persons, pursuant to the law, can be the funders or co-funders of innovation organizations or companies for infrastructural support to the innovation activity, under Art. 15 and 20 of this law.

## **V INNOVATION ACTIVITY PROGRAMMES**

### **Article 27**

In order to support the development of innovative products and services, stimulate the application and commercialization of scientific and research results, support the use of modern technologies and the building of innovation organizations infrastructure, the Government shall, upon proposal of the Minister, adopt programmes for the innovation activity for the next budgetary year.

The way of implementation of a particular innovation activity programme shall be prescribed by the Minister.

### **Innovation and Development Projects**

### **Article 28**

The programmes under Article 27 of this law are implemented through innovation and development projects.

As a rule, the duration of innovation projects is up to one year, and of development projects up to two years.

If a project is carried out by several organizations, the carrier of the execution of the project is determined by a mutual agreement.

### **Article 29**

The Minister shall prescribe:

- 1) conditions to apply for innovation and development projects and criteria for the selection of executors of the projects which are funded from the budgetary funds and majority state-owned funds;
- 2) conditions of funding the projects or building the infrastructure designated for the execution of innovation and development projects;
- 3) procedure of recording, presentation of contents and results achieved on innovation and development projects.

### **Article 30**

The Ministry shall keep records at the Registry as to innovation and development projects, such records being a part of the electronic and publicly available database maintained by the Ministry, pursuant to this law.

Within 30 days following the completion of the period provided for the project execution, the project participants shall submit to the Ministry a report on results achieved.

### **Article 31**

The control of earmarked spending of funds from the budget of the Republic of Serbia and implementation of innovation and development projects shall be carried out by the Ministry in accordance with the contract approving co-financing of innovation activities from the budgetary funds, in accordance with this Law.

## **Intellectual Property Rights to Results of Innovation and Development Projects**

### **Article 32**

The intellectual property (invention, industrial design, integrated circuit topography), created during the execution of an innovation and development project funded also from the budget of the Republic of Serbia, shall belong to the organization where such intellectual property has been created.

The organization referred to in paragraph 1 of this Article shall be entitled to protect the invention (the right to obtain the patent and minor patent), industrial design and integrated circuit topography.

The inventor, design author and author of the integrated circuit topography shall be entitled to be indicated in such capacity in the application for the patent, minor patent, industrial design and integrated circuit topography recognition, as well as in the appropriate records, registries, documents, and other publications.

Should a patent or a minor patent be economically used, the inventor referred to in paragraph 3 of this Article shall be entitled to a compensation amounting to at least 50% of the profit realized by the organization under paragraph 2 of this Article due to utilization of the patent or the minor patent.

If an invention has been created by several participants in the project, i.e. several inventors, the share in the profit shall be determined subject to their individual contribution to the creation of such invention.

### **Article 33**

*(Deleted)*

### **Article 33a**

The organization which co-funded the execution of innovation and development project shall be entitled to use the intellectual property under Article 32 paragraph 1 of this law.

### **Article 33b**

The carrier of the innovation activity execution and the person appointed as the manager of the project funded from the budget of the Republic of Serbia shall take measures for investigation of potential novelty of the product and procedures created during the execution of the project as against the existing state of the technology, and in case of positive findings they shall take care, in line with Article 32 paragraph 2 of this law, that such products or procedures should be protected by a patent or a minor patent in the Republic of Serbia. They shall without any delay inform the Ministry on submitted domestic or international applications for the patents or the minor patents and on the rights obtained.

### **Article 33c**

Each participant in the project who creates an invention shall immediately, following the creation of the invention, submit a written report to the organization in which such patent was created and to the person appointed as the project manager, informing them on the invention.

The organization in which the invention was created shall, within 60 days from the receipt of the report referred to in paragraph 1 of this Article, investigate a potential

novelty of the invention, possibility of its economical utilization and justification of protection of the invention by the patent, i.e. the minor patent.

The deadline under paragraph 2 of this Article can be extended as agreed with the inventor.

If the organization in which the invention was created takes within the terms under paragraphs 2 and 3 of this Article a decision to apply for the patent, or the minor patent, it shall notify the inventor thereon in writing.

A participant in the project who creates an invention directly linked to the project, is not entitled to announce it, or to make it otherwise available to the public, until the application for the patent, i.e. the minor patent, has been submitted by the organization in which the invention was created.

Should the project executor within the terms under paragraphs 2 and 3 of this Article fail to inform the inventor on his intention to apply for the patent, or the minor patent, or fail to inform him on his intention not to submit such application, the inventor shall be entitled to apply for the patent, or the minor patent, in his own name.

## **VII INNOVATION ACTIVITY FUNDING**

### **Article 34**

The Republic of Serbia, autonomous province and local self-governance units can provide the funding of the innovation activity in order to accomplish the innovation policy goals.

The economical instruments for ensuring and stimulating the innovation activity are as follows:

- 1) funds from the budget of the Republic of Serbia;
- 2) funds from the budget of the autonomous province;
- 3) funds from the budget of the local self-governance units;
- 4) funds provided by international financial organizations;
- 5) innovation activity fund;
- 6) other funds;
- 7) economical incentive measures and other measures, pursuant to the law.

### **Funds from the Budget of the Republic of Serbia**

### **Article 35**

For the innovation activity funding, the funds from the budget of the Republic of Serbia can be used under the following conditions:

- 1) that the innovation activity is funded using budgetary grants;
- 2) that the funds from the budget of the Republic of Serbia should not exceed 50% of the funds necessary for the fulfilment of certain innovation activities and projects.

In respect of financing of innovation activity from the budget of the Republic of Serbia, the law governing small value state aid (de minimis) shall be applied, as well as secondary regulations and other general acts adopted for the purpose of its enforcement.

### **Article 36**

The funds from the budget of the Republic of Serbia can be granted on the basis of the public invitation for submission of applications to be granted funds.

### **Funds from the Budget of the Autonomous Province**

#### **Article 37**

The autonomous province can provide within its budget the funds for stimulating and funding of special innovation activity programmes and innovation organizations infrastructure in its territory.

### **Funds from the Budget of the Local Self-Governance Unit**

#### **Article 38**

A local self-governance unit can within its budget provide the funds for stimulating and funding of special innovation activity programmes and innovation organizations infrastructure in its territory.

### **Funds from International Financial Organisations**

#### **Article 39**

When performing the innovation activity, for the purpose of execution of certain projects and programmes, the funds from international financial organisations can also be used.

## **VII INNOVATION ACTIVITY FUND**

### **Article 40**

For the purpose of provision of the funds for encouraging innovativeness, the Innovation Activity Fund shall be set up (hereinafter referred to as: the Fund).

The Fund shall have the capacity of a legal entity.

The seat of the Fund shall be in Belgrade.

The Fund shall be entered into the Business Entities Registry.

## **Business Activities of the Fund**

### **Article 41**

The Fund shall carry out business activities related to the funding of the preparation, execution and development of the programmes, projects and other activities in the sphere of implementation of the innovation policy, in particular:

- 1) expert and other tasks, related to obtaining of financial means of the Fund, managing of such means and the use thereof;
- 2) intermediation activities, related to the funding of the innovation activity from the funds of international organisations, financial institutions and bodies, as well as of domestic and foreign legal entities and natural persons, in particular in the spheres of science and technology established by the strategic documents as priorities;
- 3) maintaining the database on the programmes, projects and other activities in the field of the innovation activity funded by the Fund, as well as on the required and available financial means for the realization thereof;
- 4) stimulating, establishing and carrying out the cooperation with international and domestic financial institutions and other legal entities and natural persons, for the purpose of the innovation activity funding, in line with the innovation policy and other strategic plans and programmes and also with international agreements executed for the purposes set under this law.

## **Fund Revenues**

### **Article 42**

The revenues of the Fund are realized from:

- 1) budgetary funds of the Republic of Serbia;
- 2) donations, contributions, gifts and assistance;
- 3) funds earned from realization of the innovation, the development of which was financed by the Fund, in line with the rights to the intellectual and other property as determined under the contract;



- 4) funds earned from the sales of its share in the ownership to a company and other organizations, realized through investment of the Fund in the innovation development;
- 5) revenues realized on the basis of international bilateral and multilateral cooperation on programmes, projects and other activities within the innovation activity sphere;
- 6) revenues from the management of the cash flow of the Fund;
- 7) other sources, pursuant to the law.

## **Use of Financial Means of the Fund**

### **Article 43**

When performing its activities, in particular when planning and using its financial means, the Fund shall apply the principles of impartiality and responsibility, internationally recognized standards of good practice and transparency of operation and public decision taking.

The financial means of the Fund are used for the innovation activity funding, in particular for:

- 1) investments in realization and sales of market-oriented innovations of newly established business entities;
- 2) stimulation of innovativeness in the priority spheres of science and technology;
- 3) performance of the activities of the Fund.

In respect of financing of innovation activity from the budget of the Republic of Serbia, the law governing small value state aid (de minimis) shall be applied, as well as secondary regulations and other general acts adopted for the purpose of its enforcement.

The Fund can take part in co-funding of the programmes, projects and other activities for the purposes set under paragraph 2 of this Article, provided they are organized and funded by international organisations, financial institutions and bodies or other foreign and domestic legal entities and natural persons.

## **Programmes of the Fund**

### **Article 44**

The Fund shall:

- 1) pass an annual and mid-term work programme;
- 2) establish a financial plan, interim financial statement and annual financial statement;

3) monitor the implementation of the programme and perform the control of the rational use of the financial means;

4) decide on other issues and perform other activities as established under the statute of the Fund.

Consent to the mid-term programme of work of the Fund is rendered by the Government, and to the annual work programme by the Ministry.

The Fund shall submit to the Ministry a report on the execution of the work programme for the past year not later than March 31st of the current year, as well as at any time upon request of the Ministry.

## **Bodies of the Fund**

### **Article 45**

The bodies of the Fund are: Managing Board, Director and Supervisory Board.

The members of the Managing and Supervisory Board are appointed and dismissed by the Government.

The Managing Board shall have 5 members, of whom 3 members shall be the representatives of the Government, and two members shall be appointed under a proposal of the Fund, one to be an employee of the Fund and the other representative of the Fund to be an independent expert in the field of innovation activity.

The Chairperson of the Managing Board is appointed by the Government from among the members, upon proposal from the Minister.

The Supervisory Board consists of three members, namely: two representatives from the Government and one representative of the Fund.

The Chairperson of the Supervisory Board is appointed by the Government from among the members, upon proposal of the Minister.

The Director of the Fund, upon the Minister's proposal and the opinion obtained from the Managing Board, is appointed by the Government.

The members of both the Managing and the Supervisory Boards and the Director of the Fund are appointed for the period of four years.

## **General Deeds of the Fund**

### **Article 46**

The Fund has a statute and other general deeds in line with the law and the statute.

The Statute is adopted by the Managing Board of the Fund upon the consent by the Government.

By the Statute of the Fund the following issues are regulated: the organization and business activities of the Fund, the way of proposing the employee representatives to the bodies of the Fund, the competences of the Managing Board, Supervisory Board and Director of the Fund, the representation and acting for and on behalf of the Fund, the rights, obligations and responsibilities of the employees of the Fund, the way of organizing the business activities and other issues relevant to the operation and business activities of the Fund.

### **Public Nature of Work the Fund**

#### **Article 47**

The work of the Fund is of a public nature.

The Fund shall in a timely manner and truly inform the public on the performance of the activity it was founded for, in the way prescribed by the Statute of the Fund.

Upon request of the public, the Fund shall provide information on the performance of operations falling within its scope of activities.

### **Performance of Expert and Other Operations**

#### **Article 48**

The expert and administrative and technical operations are performed by the employees of the Fund.

The employees of the Fund have rights and obligations pursuant to the law regulating the work thereof.

## **VIII CHANGE OF THE LEGAL FORM OF THE FUND**

#### **Article 49**

The Managing Board can, upon consent of the Government, take a decision on the change of the legal form of the Fund into a joint stock company.

Should such decision on the change of the legal form of the Fund into the joint stock company be passed, at the selling of shares it must be provided that the share of the state-owned capital in the equity of the Fund should be at least 51%.

## **IX FUNDS OF THE AUTONOMOUS PROVINCE AND LOCAL SELF-GOVERNANCE UNITS**

#### **Article 50**

The autonomous province, local self-governance unit, or two or more local self-governance units, can establish the innovation activity fund, which will be funded from the revenues earned in their territory.

To the Fund under paragraph 1 of this Article shall respectively apply the provisions of Art. 40-49 of this Law.

## **X ECONOMICAL INCENTIVE MEASURES**

### **Article 51**

For legal entities and natural persons, applying modern technologies, creating and selling innovative products and services, executing patent solutions or financially supporting the innovation activity development, the tax, duty and other facilities or exemption from payment obligations can be set, under the conditions and in the way established by the law.

For the companies and entrepreneurs, investing in their work in the development and increase in the volume of innovativeness and inventions, special incentive measures can be set in the form of subventions, deposit and its re-funding, under the conditions and in the way established by the law.

## **XI ANNUAL REPORT ON INNOVATION ACTIVITY**

### **Article 52**

The autonomous province and local-self government unit shall submit to the Ministry annual report on the results and situation as to the innovation activities in its territory, as well as on the own budgetary financial means spent for such purpose, which represents the integral part of the overall annual report on the situation in the innovation activity field in the Republic of Serbia.

The contents and the term for submission of annual reports referred to in paragraph 1 of this Article are prescribed by the Minister.

## **XII TRANSITORY AND FINAL PROVISIONS**

### **Article 53**

The competent bodies shall within three months from the day of entering of this law into force adopt by-laws for its enforcement.

### **Article 54**

The Innovation Activity Fund shall commence its work not later than within six months from the date of entering of this law into force.

## **Article 55**

The Chairperson of the Managing Board, the members of the Managing and Supervisory Boards and the Director of the Fund will be appointed by the Government within 90 days from the day of entering of this law into force.

The Government may, upon the Minister's proposal, prior to appointing the Director of the Fund, appoint the acting director.

The Government may, upon the Minister's proposal, appoint representatives of the Fund in the first term of the Fund management bodies, till the conditions for their proposal have been met in accordance with the Statute of the Fund.

The Managing Board shall adopt the Statute of the Fund within 30 days from its appointing.

## **Article 56**

This law shall enter into force on the eighth day after having been published in «Official Gazette of the Republic of Serbia».

### ***Independent Articles of the Law on Amendments to the Law on Innovation Activity***

*("Off. Gazette of the RS", No. 18/2010)*

## **Article 41**

The realization and funding of the innovation activities commenced under the provisions of the Law on Innovation Activity «The Official Gazette of the RS», No. 110/05) shall be ended pursuant to the provisions of that law.

Before the respective regulations on the basis of this law have been adopted, the by-laws shall be applied, passed on the basis of the Law on Innovation Activity ("The Official Gazette of the RS", No. 110/05), unless they are contrary to the provisions of this law.

## **Article 42**

The Legislative Committee of the National Assembly is authorized to establish a clean text of the Law on Innovation Activity.

## **Article 43**

This law shall enter into force on the eight day after it has been published in "Official Gazette of the Republic of Serbia".

***Independent Articles of the Law on Amendments to the Law on Innovation Activity***

*("Off. Gazette of the RS", No. 55/2013)*

**Article 12**

Harmonization of secondary acts for enforcement of this Law and Charter of the Fund shall be made within 3 months from the date of this Law entering into force.

**Article 13**

The President and the members of the Managing Board of the Fund shall be appointed by the Government in accordance with this Law and within 3 months from the date of this Law entering into force.

The terms of office of the President and the members of Managing Board appointed in accordance with the Law on Innovation Activity ((the Official Gazette of RS, nos. 110/05 and 18/10) shall cease to have effect as from the date of adoption of the act on appointment referred to in paragraph 1 of this Article.

**Article 14**

This law shall enter into force on the eight day after it has been published in "Official Gazette of the Republic of Serbia".