



Blockchain & Cryptocurrency Regulation

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Montenegro

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Government attitude and definition

Cryptocurrencies are not regarded as an official means of payment in Montenegro, although their use is not prohibited. In a recent informal statement published on its website, the Central Bank of Montenegro restated that as virtual currencies are not a legal means of payment in Montenegro, any transaction facilitated through virtual currencies is performed at one's own risk. The Central Bank also confirmed that they do not have information on how many individuals and companies are issuing and managing these currencies, including conversion services to conventional currency and *vice versa*.

Given the country's strong desire to join the European Union, the Central Bank of Montenegro and other competent state authorities tend to align their official positions with the current European position and legislation concerning cryptocurrencies, which still remain reserved and to a certain extent doubtful, mostly due to the anonymity surrounding cryptocurrencies, which may lead to potential money laundering, terrorist financing and tax evasion.

Cryptocurrency regulation

There is no relevant legislation regarding cryptocurrency in Montenegro. However, there have been several proposals to regulate particular aspects of cryptocurrency, in particular those relating to money transmission and anti-money laundering. For more details please see under "Money transmission laws and anti-money laundering requirements" below.

Sales regulation

There is no legislation regarding the sale of bitcoins or other tokens in Montenegro.

Taxation

Cryptocurrency is not subject to special tax law procedures in Montenegro. Accordingly, Montenegrin tax rules do not include any special tax rules for income, profits or gains arising from transactions involving cryptocurrencies. In fact, all transactions performed in Montenegro using cryptocurrencies have had their values expressed in euros as well.

Namely, there have been several transactions concerning the purchase and sale of immovable property in Montenegro using cryptocurrencies as a means of payment (in particular, bitcoins). However, all such contracts contained a price in euros in parallel. The Tax Authority of Montenegro applied taxes only on the corresponding value of the property expressed in euros, and not in bitcoins. Concerning these several cases, the Tax Authority

explained that the trade of real estate, goods and services in Montenegro can be performed using virtual currencies, but that the corresponding value needs to be stated not only in bitcoins but in the official currency as well in order to enable the calculation and collection of the value added tax or real estate transfer tax.

Money transmission laws and anti-money laundering requirements

Currently, there is no money transmission and anti-money laundering regulation concerning cryptocurrencies in Montenegro. The currently applicable Prevention of Money Laundering and Financing of Terrorism Act does not specifically regulate cryptocurrencies, though by wider interpretation it could be concluded that cryptocurrencies should also be included under the term ‘assets’ and should therefore come within the scope of this act.

However, in 2018 the Government proposed the Amendments to the Prevention of Money Laundering and Financing of Terrorism Act (*Prijedlog izmjena i dopuna Zakona o sprječavanju pranja novca i finansiranju terorizma*), which, among others, provide that all legal and natural persons shall report transactions with cryptocurrencies exceeding the equivalent value of EUR 15,000. However, these amendments have not yet been adopted.

Promotion and testing

At the moment we are not aware of any “sandbox” or other programmes intended to promote research and investment in cryptocurrency in Montenegro.

Ownership and licensing requirements

In Montenegro, there are no restrictions on investment managers owning cryptocurrencies for investment purposes, nor are there any licensing requirements imposed on someone who holds cryptocurrency as an investment advisor or fund manager.

Mining

The mining of bitcoins and other cryptocurrencies is also not regulated in Montenegro. Having that in mind, it should not be considered as prohibited. However, there is a complete lack of regulatory framework and supervision over mining activities in Montenegro.

Border restrictions and declaration

There are no border restrictions nor obligations to declare cryptocurrency holdings.

Reporting requirements

Please see under “Money transmission laws and anti-money laundering requirements” above.

Estate planning and testamentary succession

There is no legislation, nor case law, confirming and explaining the use of cryptocurrencies for the purposes of estate planning and testamentary succession in Montenegro.

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Ms Vlajković is a partner with a strong track record in employment and corporate/commercial law in Serbia and the wider region. She enjoys many long-standing relationships with clients who she advises on a daily basis, including United Group, CBRE, Sitel, Mastercard, OMV and Cooper Standard. Her assignments also include representing clients in labour disputes. Marija also manages Schoenherr's office in Montenegro. In addition, Marija is a data protection expert and heads Schoenherr's data protection practice in Serbia, Bosnia and Herzegovina, North Macedonia and Montenegro. Marija gives advice on data protection matters to clients like Nepi, Sitel, ImmoFinanze, Mastercard, Ingram Micro and Ball Corporation. She has held numerous conferences and training on data protection, especially concerning GDPR and its extended application to Serbia, and as well on the newly adopted Data Protection Act.

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