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PHYSICAL PERSONS AS TOURIST SERVICE PROVIDERS IN AGRITOURISM

Janko Veselinović¹

Summary

The goal of the paper is to analyse the normative regulation which creates the conditions under which physical persons offer tourist services in agritourism. The results of this work identify the Law on Tourism as a good legal framework for the inclusion of physical persons who are not registered as entrepreneurs in the performance of tourism activities in rural areas. The results also confirm that agritourism is one of the forms of economic activity which does not yield significant economic results in Serbia. The paper can lead to a conclusion that the creation of a normative framework for the inclusion of a widest range of service providers in agritourism opens a host of possibilities for the development of this kind of tourism, but also the parallel development of agriculture, cattle breeding and the overall development of rural areas. New legal frameworks create possibilities for physical persons to engage in providing services of accommodation and lodging, as well as catering homemade food and drink. Lawmakers offer this possibility to the unemployed and employed alike, but also to the retired persons and even older minors – persons over 16 years of age. These legal possibilities should also be followed by certain measures of national, provincial and local institutions. The methods used are those of analysis and comparison.

Key words: *physical persons, agritourism, normative regulation, tourist services*

JEL: *M43, O12*

Introduction

The field of agrarian development, along with agritourism is, generally, a neglected area, which has, through the years, led to the demise of the countryside. This, in turn, led to able-bodied population abandoning the villages, migrations into cities and devastation of villages. In the Autonomous Province of Vojvodina alone, there are tens of thousands of abandoned houses, especially in the villages, with desolate properties and land. Population structure, age-wise and qualification-wise is at a low level. In the past two years, the

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state has, on the other hand, normatively regulated this area through the normative regulation of agriculture, rural development and development of tourism. In a large number of EU countries, rural tourism was included into regional and rural development strategies, helping prevent migrations, creating new work places and contributing to the socio-economic advancement of less-developed and undeveloped areas. Nearly half the inhabitants of Vojvodina live in villages and the region has exceptional natural and anthropogenic resources for the development of all forms of rural tourism².

The economic nature of tourism has remained a basic fact even today, when the theoreticians increasingly question the social effects of this activity.

The *Law on Agriculture and Rural Development* and the *Law on Rural Development* were passed. A number of accompanying regulations were passed so as to ensure the implementation of these laws. On the other hand, Serbia can expect employment in the field of agritourism only if the passed laws are accompanied by the activity of all segments of population which can give a contribution. According to the statistic data, tourism today employs 260,000,000 people worldwide. Out of 100 employed people in France, 6 have tourism as their primary source of income, in Switzerland – 9, Spain – 11, Greece – 12, Austria – 15³. It is evident that some of these countries do not have a seaside and that employment in tourism is not related to summer holidays at the seaside. Switzerland and Austria pay significant attention to rural tourism, as do Slovenia and some other countries.

We often wonder why a village in Europe is so different from ours and what else should be done to come closer, at least for a step, to such life⁴. The economic nature of tourism has remained a basic fact even today, when the theoreticians increasingly question the social effects of this activity⁵. Perhaps one of the answers lies in strengthening the capacities of agritourism, which includes normative frameworks for such activities, as well. Apart from that, normative activities did not follow social relations. This refers to the regulation of a status position of subjects engaging in tourism, including their activity⁶.

This paper presents legal frameworks for performing tourism-related business activities by physical persons in the countryside. Hence, we are trying to give the answer to the question of the easiest way to start agritourism business on the territory of the Republic of Serbia.

For performing tourism-related business activities in the field of agritourism, it is not necessary to found a company or enterprise. It is not even necessary to register the entrepreneurial firm. The new *Law on Tourism* allows for engaging in

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- 2 Bela, M., (2010): Ruralni turizam kao faktor revitalizacije sela u Vojvodini-izazovi i pravci razvoja, *Ekonomika poljoprivrede*, vol. 57, br. 3.
 - 3 Pejanović, R., Vujović, S., (2008): Ruralni razvoj i agroturizam, *Agroturizam*, br. 37-38.
 - 4 Tabaković, S. (2008): Ruralni razvoj i agroturizam, *Agroturizam*, br. 37-38
 - 5 Gajić, T., Džigurski, A., Dragin, A. (2011): Analiza turističkog prometa u Srbiji i njihov uticaj na ekonomski razvoj, *Ekonomika poljoprivrede*, vol. 58, br. 2.
 - 6 Veselinović, J. (2011): Pravni uslovi i forme obavljanja delatnosti u oblasti turizma u našem pravu, *Agroekonomika*, Faculty of Agriculture, Novi Sad.

agritourism and tourism in general to the physical persons, as well, provided they meet the required criteria.

Due to our villages having fallen behind and this situation being followed by the unfavourable demographic situation and extensive agriculture which yields lower incomes, the development of rural tourism would create conditions for a life in the countryside that would be more economically justified⁷.

Physical person as a provider of hospitality services in a household

According to the *Law on Tourism*⁸, a physical person can offer tourists hospitality services of accommodation, preparation and providing of meals in an own house, apartment or room, in premises with the capacity of up to 30 beds. This comes as an exception to the general rule that the business activity can be performed solely through the firm (entrepreneur), through a company or other business subject. In this case, the activity of providing hospitality services in the household can be performed by an employed or unemployed physical person, retired person, not excluding the possibility of the person being an older minor (older than 16 years of age), as the only condition is that the person is an owner of the premises with the accommodation capacities. This is certainly a very liberal regulation and also favourable to the increase of interest in offering hospitality services in a household.

Physical person offering hospitality services in a household is inscribed into the Tourist registry, kept by the Serbian Business Registry Agency.

The law⁹ prescribes conditions under which services can be offered in the households. The first condition is that the physical person offering hospitality services in a household has to fulfil the medical prerequisites and undergo regular medical check-ups in accordance with the law that regulates health protection.

Houses, apartments and rooms rent by physical persons have to meet the required minimum of technical and sanitary-hygienic conditions and have to be categorised. One of the significant regulations says that physical persons can offer services of food preparation and catering only to those tourists to which they offer the services of accommodation.

Even though a physical person is not obliged to register as an entrepreneur, the *Law on Tourism*¹⁰ has foreseen that the physical person offering hospitality services within a household and renting out a house, an apartment or a room, has to do so through a local tourist organisation, tourist agency, business subject or another legal person, registered to perform activities of business economy, based on the signed contract. The physical person is obliged to provide the competent authorities of the local self-government with the mentioned contract, for the purpose of registration.

7 Veselinović, J. (2011): *Ugovori i sredstva plaćanja u turizmu*, monografija, Faculty of Agriculture, Novi Sad

8 Law on Tourism, article 72.

9 Law on Tourism, articles 73-75.

10 Law on Tourism, article 74.

The competent organ of a unit of the local self-government keeps records of categorised houses, apartments and rooms as a part of the assigned task and is obliged to provide the *Tourism registry* with the written records of it (in paper and electronically) on a quarterly basis.

The physical person offering hospitality services in an own household is obliged to do as follows:

- 1) put out a category mark prescribed by the decision of a competent organ in a house, apartment or room (this obligation also refers to the physical persons offering hospitality services in a tourist household in the countryside);
- 2) maintain rooms and equipment, offering services according to the prescribed standards for the category of the house, apartment and room prescribed by the decision of a competent organ;
- 3) publicly put out the prices of services offered, as well as the fee of the residence taxes, adhering to those fees;
- 4) establish food norms if it provides catering services and adhere to the established norms;
- 5) keep a daily guest record.

These obligations also refer to the physical persons offering hospitality services in a rural tourist household.

The minister, with the approval of a minister competent of interior affairs, prescribes the form, content, place and manner of keeping guest records within a household and the rural tourist household.

Physical person as a provider of hospitality services in a countryside tourist household

Physical person offering hospitality services in a countryside tourist household is allowed to offer the services of accommodation, food and drink preparation and catering in the premises with up to 30 beds to an organised tourist group of up to 50 persons who do not use the accommodation services, only hospitality services of food and drink preparation and catering. *The Law on tourism*¹¹ prescribes the conditions for performing hospitality activities in a rural household.

The physical person offering tourist services in a rural tourist household is registered with the competent organ of the local self-government unit, which is obliged to file in a quarterly report to the Tourism registry led by the Serbian Business Agency Registry.

This concerns physical persons who offer hospitality services in the premises in the countryside. It can be assumed that the creation of conditions for physical persons to engage in the hospitality business, without registering as entrepreneurs, is foreseen with the development of rural tourism in mind. It is not required for the service provider to also be the owner of the premises. Hence, premises can be rented. In them, the physical person can, apart from the service of accommodation, cater the self-prepared food.

¹¹ Law on Tourism, articles 76-79.

It is possible to offer hospitality services to an organised tourist group in a rural tourist household (food and drink preparation and catering) without the accommodation service. The group is not to be over 50 members. The lawmaker insists that the tourist group be organised. In this way, the effect is achieved that these premises do not have the character of open premises, as the services are offered to both the persons using the services of accommodation and food/drink preparation and catering, as well as the persons who come as an organised group to use only the hospitality services of food/drink preparation and catering.

A physical person in a rural tourist household can offer services of preparation and catering of self-prepared food and drink. It is thus presumed that the physical person engages in a related agricultural and/or cattle-breeding production, offering the products thus produced to the guests.

Physical person who deals in providing services in a rural tourist household must fulfil the health criteria and perform regular medical check-ups, in accordance with the law which regulates health protection.

Premises in which hospitality services are offered in a rural tourist household must fulfil the minimal technical and sanitary-hygienic conditions.

Physical person offering hospitality services in rural tourist household rents out the premises through a local tourist organisation, tourist agency, business subject or another legal person registered to perform business activities based on the contract. The physical person provides the competent organ of local self-government with this contract, for the purpose of registration.

The competent organ of a unit of the local self-government keeps records of rural tourist household as a part of the assigned task and is obliged to provide the *Tourism registry* with the written records of it (in paper and electronically) on a quarterly basis.

The physical person offering hospitality services in a countryside tourist household is obliged to:

1. put out a category mark prescribed by the decision of a competent organ in a rental house, apartment or room;
2. maintain the rooms and equipment, offering services according to the prescribed standards for the categories of houses, apartments and rooms defined by the decision of a competent organ;
3. publicly put out the prices of services offered, as well as the fee of the residence taxes, adhering to those fees;
4. establish food norms (if food-related services are offered) and adhere to those norms;
5. keep a daily guest record.

The competent minister, with the approval of a minister competent of interior affairs, prescribes the form, content, and manner of keeping guest records within a rural tourist household. The competent minister, with the approval of the minister competent for

health matters prescribes the minimum technical and sanitary-hygienic criteria that are to be fulfilled by the premises in which hospitality services in households and rural tourist households are offered.

The lawmakers recognise the distinction between offering services in households (own homes) and rural tourist households. The most significant difference lies in the very possibility to offer hospitality services of food preparation and catering independently from the accommodation of the organised groups of up to 50 tourists in a rural tourist household. Such possibility does not exist in the households themselves.

Apart from that, food and drink in a rural tourist household have to be made of predominantly own products. Due to these differences, it can be concluded that the domestic household services are possible in all tourist places (cities, countryside, spas, mountains, etc.), while the service in a rural tourist household is related to the countryside in which agricultural production, cattle-breeding, as well as fishing and beekeeping are possible. The term implies that the rural tourist household could be inscribed into the registry only if it is situated in countryside, that is, outside the urban settlement.

As the physical person offering hospitality services in a rural tourist household rents out objects through a local tourist organisation, tourist agency, business subject or another legal person registered to perform such business activities based on a contract, we enclose an example of such a contract.

Conclusion

The new *Law on Tourism* gives the possibility for the hospitality and other tourism-related activities to be performed through business companies and enterprises (firms), while the possibility is also given to the physical persons to perform, under legally established terms, some of the hospitality-related activities. Education, as a way to get acquainted with the legal possibility to start an the activity in the field of tourism is a prerequisite for the development of tourism in Serbia. In this way, a range of possibilities is opened for the development of this kind of tourism, but also a parallel development of agriculture, cattle-breeding and an overall development of rural areas. Normative conditions do not suffice if the help to this kind business economy is not aided by the state through incentive measures, but also by the provincial and local authorities.

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FIZIČKA LICA KAO PRUŽAOCI TURISTIČKIH USLUGA U AGROTURIZMU

Janko Veselinović¹²

Rezime

Cilj rada je analiza normativne regulative koja stvara uslove za pružanje turističkih usluga u agroturizmu od strane fizičkih lica. Rezultati ovog rada govore o Zakonu o turizmu kao dobrom pravnom okviru za uključivanje fizičkih lica, koja nisu registrovana kao preduzetnici, u obavljanje turističke delatnosti na ruralnim područjima. Takođe, rezultati potvrđuju da agroturizam predstavlja jedan od vidova privređivanja koja u Srbiji ne daje značajnije ekonomske efekte. Iz rada se može izvesti zaključak da stvaranje normativnih okvira za uključivanje najšireg kruga davaoca usluga u agroturizmu otvara niz mogućnosti za razvoj ove vrste turizma, ali i uporednog razvoja poljoprivrede, stočarstva i ukupnog razvoja ruralnih područja. Novi zakonski okviri stvaraju mogućnost da se fizička lica bave pružanjem usluga smeštaja i pansiona, kao i usluživanjem domaće hrane i pića. Zakonodavac daje tu mogućnost kako nezaposlenima, tako i zaposlenima, penzionerima, pa čak i starijim maloletnicima – licima od preko 16 godina. Ove zakonske mogućnosti trebale bi da prate i određene mere državnih, pokrajinskih i lokalnih organa. Korišćen je metod analize i uporedni metod.

Ključne reči: fizička lica, agroturizam, normativno regulisanje, turističke usluge

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