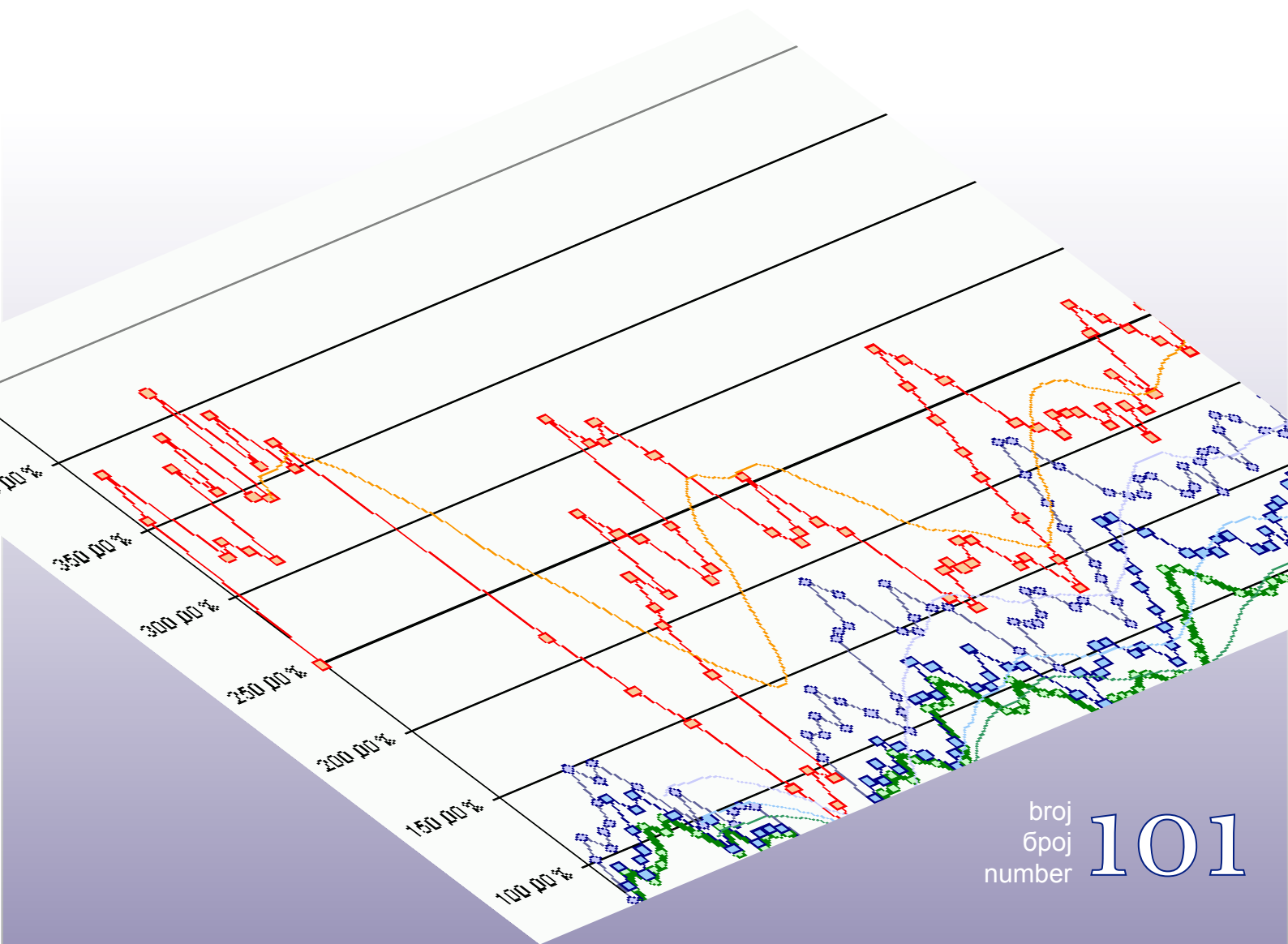




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

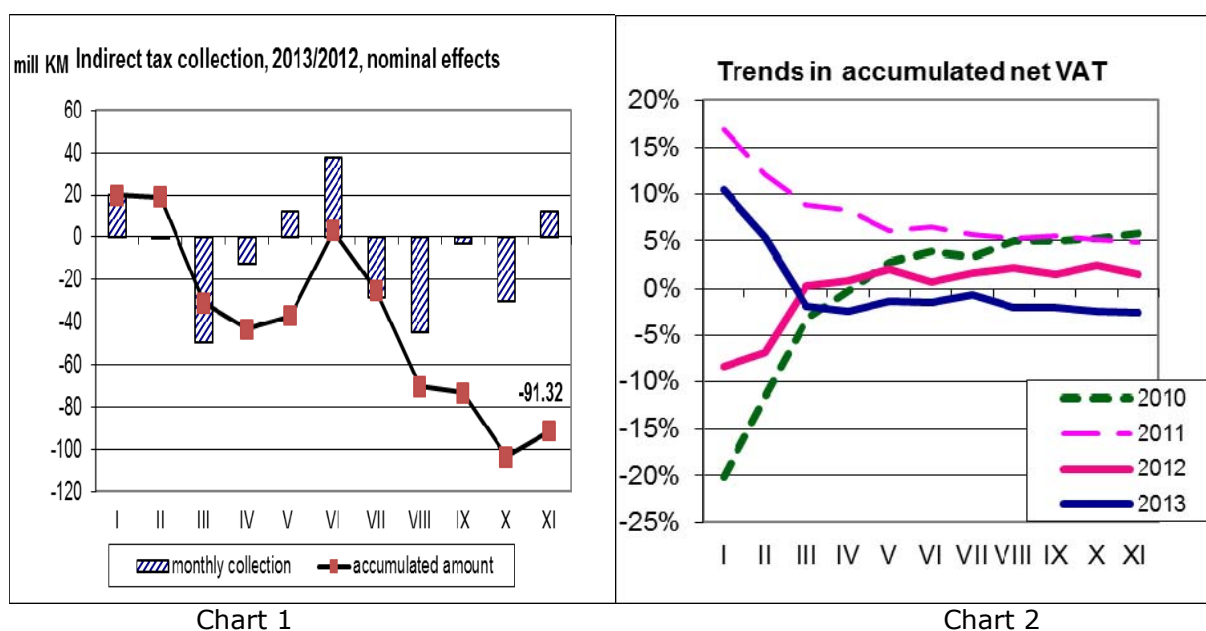
# *Oma Bilten*



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number **101**

## With this issue

According to the preliminary ITA report there have been positive trends in gross and net collection of indirect taxes in November 2013. The collection of gross revenue increased by 14,3 million KM in comparison with November 2012, while the net collection increased by 12,1 million KM due to a slight growth in refunds. Positive developments in November brought a decrease in accumulated deficit. In the period from January to November it was collected 91,3 million KM less of revenues compared to the same period in 2012 (Chart 1). The fall in cumulative collection of -2% for the eleven months ranges within the framework of the revised projections of the Unit (see the document in the Bulletin).



It could be seen that the trends in net VAT collection diverge in comparison to the pattern from the last three years. The Chart 2 shows that the collection of VAT in the second half of the years 2010, 2011 and 2012 always had a positive growth compared to the previous year (2009, 2010, 2011, respectively). The first signs of troubles with VAT collection could be seen in the second half of 2012, when the growth rates, although positive, had been below the growth rates in previous years. In 2013, the cumulative net collection have been continuously negative for nine months, ranging from -0,7% to -2,6%, with tendency of deterioration in recent months.

Dinka Antić, PhD  
Head of Unit

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Technical design: Sulejman Hasanović, IT expert  
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## Preliminary revised Indirect tax revenue projections for the period 2013-2016

### I. ASSUMPTIONS

Indirect tax revenue projections for the period 2013-2016 are based on the following assumptions:

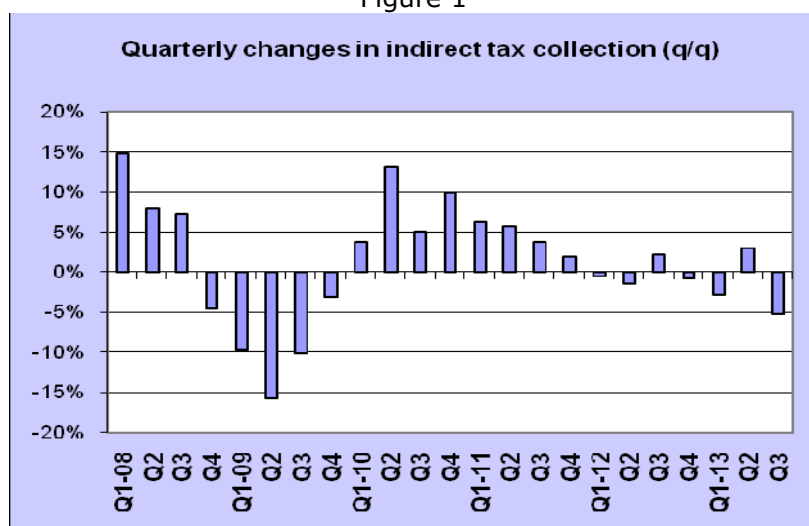
- a. The forecasts of macroeconomic indicators developed by the Directorate for Economic Planning (DEP) for the above period,
- b. Policies in the field of indirect taxes relating to:
  - Abolishing customs duty on the imports of goods originating in the EU as part of the last phase of liberalization provided for in the Stabilization and Association Agreement. The effects are felt only in 2013;
  - Application of Article 21 of the Law on Excise Duties which provides for continuing harmonization of excise duty rates in BiH with minimum standards in the EU. Projections include the effects of increase of the specific excise on tobacco in 2013 from KM 0.60 to 0.75 per packet, as well as the planned continuing increase thereof in 2014 and 2015 by KM 0.15 per packet of cigarettes.
- c. Current indirect tax revenue collection trends.

The Baseline Scenario projections include the above assumptions, and also includes the estimate of additional effects of Croatia's joining the EU on indirect tax revenue and estimate of effects of the two amendments to the Law on Excise Duties that are in the adoption procedure, and refer to the introduction of specific excise on cut tobacco and introduction of differentiated rates of excise duty on beer.

### II. CURRENT COLLECTION TRENDS

The comparison of quarterly collections in 2013 and 2012 shows sharp oscillations in indirect tax collections in 2013. After a revenue fall in the first quarter of 2.8%, the second quarter witnessed a rise of 3%, followed by a fall of revenue of 5.7% in the fourth quarter (Figure 1).

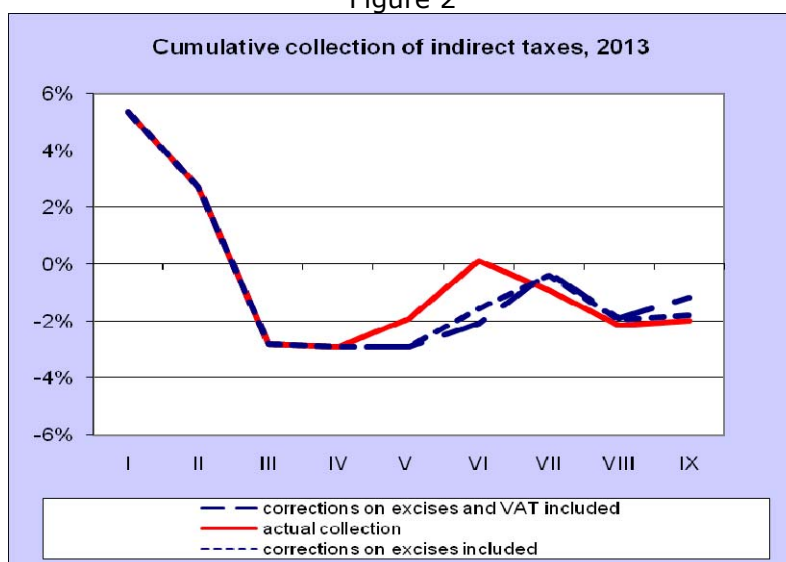
Figure 1



Revenue collection in the second and third quarters was strongly affected by an enormous growth in revenue from excise on cigarettes imported from Croatia preceding its entry into the EU. The business policy of importers of cigarettes from Croatia, in terms of amassing stocks of cigarettes for several months prior to July 1, was reflected in monthly excise revenue collections in the

period between May and October 2013, but also in the net VAT revenue collections, through increased gross collection in June and increased refunds in September 2013. Putting aside the effects of amassing stocks of cigarettes, it may be observed that the cumulative net collection has constantly been in the negative since March. (Figure 2).

Figure 2



According to the preliminary ITA report, in the period January – September 4.366 billion of gross revenue was collected from indirect taxes, or up by 0.3% on the same period in 2012 (Table 1). However, the rise in refunds of 13.3% not only offset the positive effects of gross collection, but brought the net effects into the negative by KM 73 million. By revenue type, VAT exhibited the largest drop of KM 52.6 million, followed by customs duty revenue with KM 11.6 million. Excises and road tolls also exhibited a decline.

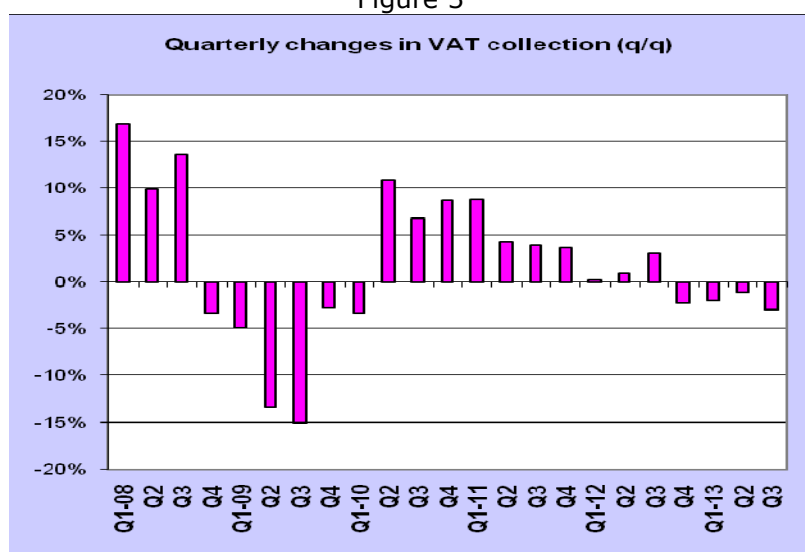
Table 1 Indirect Tax Revenue Collection (in millions of KM)

I-IX (cumulative)	2012	2013	2013/2012	difference KM
gross	4,352.820	4,366.401	0.31%	13.581
refunds	-652.231	-739.188	13.33%	-86.957
<b>net</b>	<b>3,700.589</b>	<b>3,627.213</b>	<b>-1.98%</b>	<b>-73.376</b>

### VAT

For the nine months of 2013, the net VAT revenue collected was 2.3% lower than in the same period of 2012. Quarterly comparisons (Figure 3) show that the net VAT collections were negative for four consecutive quarters. From the trend analysis of gross VAT components it may be concluded that from March 2013 onwards, the collections of import VAT was consistently below the 2012 collections, as a result of lower imports. On the other hand, domestic VAT collection was continuously positive, although a slight deceleration in the last several months can be observed.

Figure 3

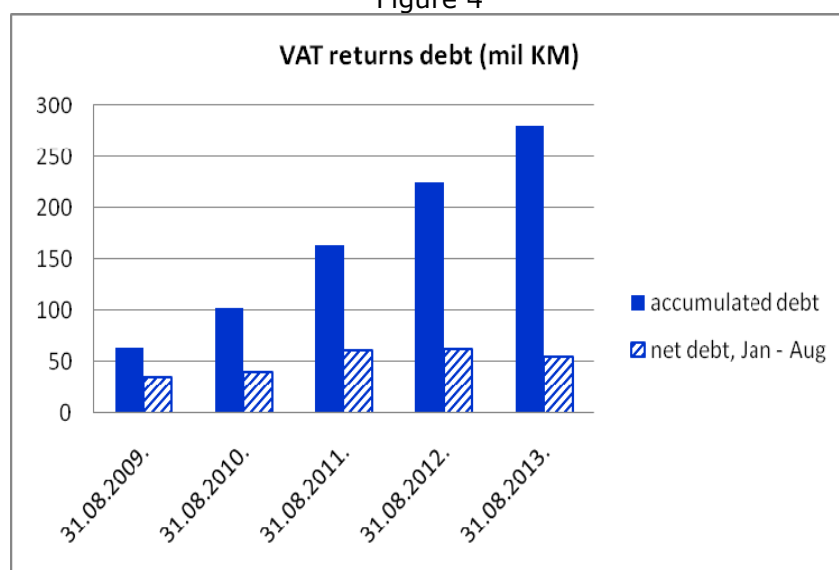


VAT refunds in the period January-September 2013 were up by 11.6% on the same period of 2012, while refunds to international organizations and projects increased by as much as 40.8% on the same period of 2012. Payments to taxpayers were KM 67.5 million higher in nominal terms than in the nine months of last year.

Table 2 Indirect tax refunds (I-IX)

Refunds	2012	2013	2013/2012 (%)	Difference (+/-) KM
VAT to taxpayers	583.0	650.5	11.58%	67.5
VAT to international projects and organizations	57.4	80.8	40.76%	23.4
Other indirect tax refunds	12.3	7.8	-36.13%	-4.4
<b>Total</b>	<b>652.7</b>	<b>739.2</b>	<b>13.25%</b>	<b>86.5</b>

Figure 4

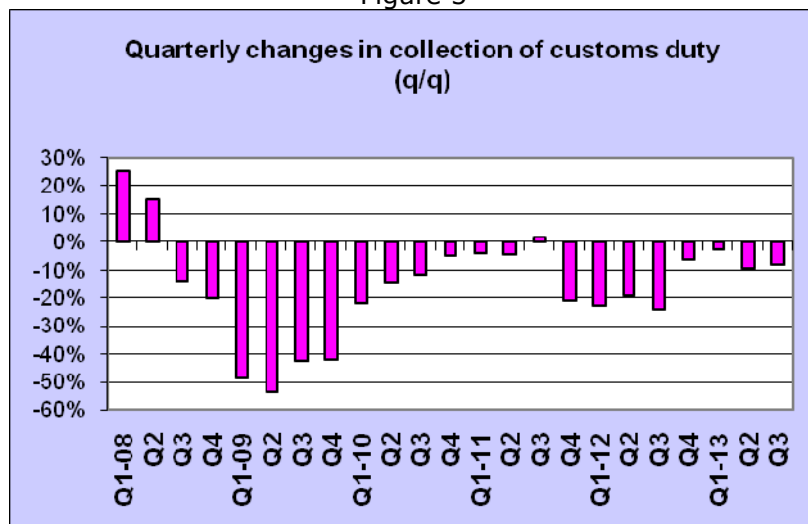


Cumulative arrears from declared but unpaid VAT as at August 31, 2013 amount to KM 279 million. Net increase of arrears in the eight months of 2013 amounts to KM 54.3 million. Although this amount is significant, comparisons with 2012 and 2011 show that the arrears are decelerating (Figure 4). Please note, however, that the arrears figures do not include debt under installment agreements.

### Customs duties

Quarterly comparisons do not indicate any great change in customs duty collections during 2013. As could be expected considering the implementation of the last phase of the Agreement with the EU, customs duty revenue is lower than last year. However, although the decline in cumulative collections is steady and expected, there has been an observable improvement in monthly collections since July, which may have resulted in the changes to the customs regime for the imports of certain goods from Croatia after Croatia left CEFTA (Figure 5).

Figure 5



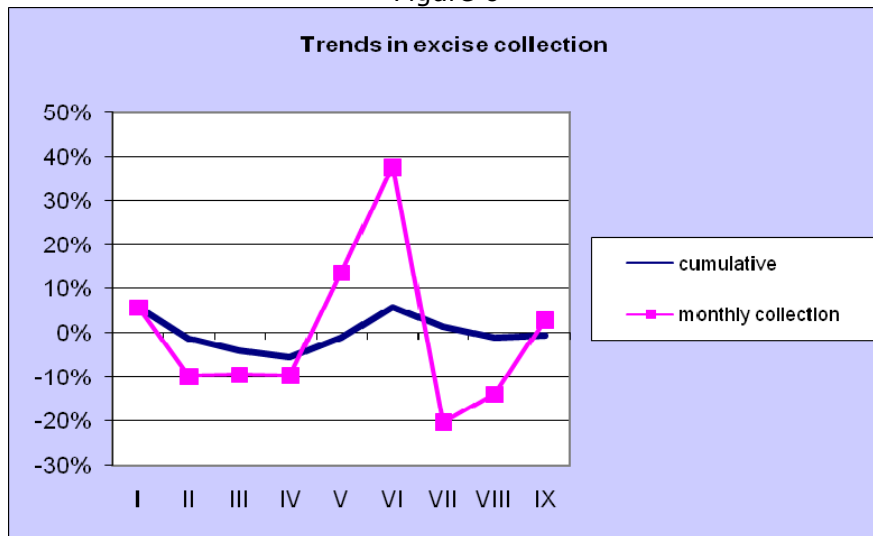
### Excises

In the period January – September 2013, the collection of excise revenue was 0.5% lower than in the same period of 2012. Monthly trends show that excise collections for the most part of 2013 were below 2012 collections, except in the months of May and June, when there was a strong increase in the import of cigarettes from Croatia prior to its entry into the EU, and in the month of September (Figure 6).

Quarterly comparisons (Figure 7) fully illustrate the dominant impact of collections of excises on tobacco on the overall excise collection. After a strong growth of revenue from cigarette excise in the second quarter, the third quarter expectedly witnessed a large drop in revenue.

Continuous increase of the specific excise on cigarettes since July 01, 2009, when the new Law on Excise Duties came into force in BiH, has so far led to a strong rise in cigarette prices, which, as could be expected, caused a significant fall in consumption measured by the number of issued excise stamps, primarily of lower priced brands. As the increase of cigarette excises was not accompanied by adequate and continuous increase of excises on other tobacco products (cut tobacco and other tobacco for smoking), a high increase in retail prices of cigarettes caused a widening of the gap between the tax burden on cigarettes and cut tobacco, as the main substitute.

Figure 6



Substitution of cigarette consumption with tobacco consumption in the last two years has become increasingly widespread. The result of large scale switching to the consumption of cut tobacco constitutes avoidance, if the tobacco used is taxed with *ad valorem* excise, but also evasion, in the form of tobacco smuggling and illegal production of cigarettes in the country. The consequence of the widening tax burden gap between cigarettes and cut tobacco is the fall in excise and VAT revenue from cigarette taxation, while the effects of rising revenue from cut tobacco excise are minor. Consequently, there were 7.8% less excise stamps issued for cigarettes in 2011, and already 12.2% less in 2012. Despite the continuing increase of tax burden, the revenue growth rate has slowed down. In 2011, cigarette excise revenue grew by 16.4% and in 2012 by 5.9%. In 2013, the trends have continued to deteriorate. In the first nine months, 18% less excise stamps were issued, while the excise revenue was down by 0.9% on the same period of 2012.

Figure 7

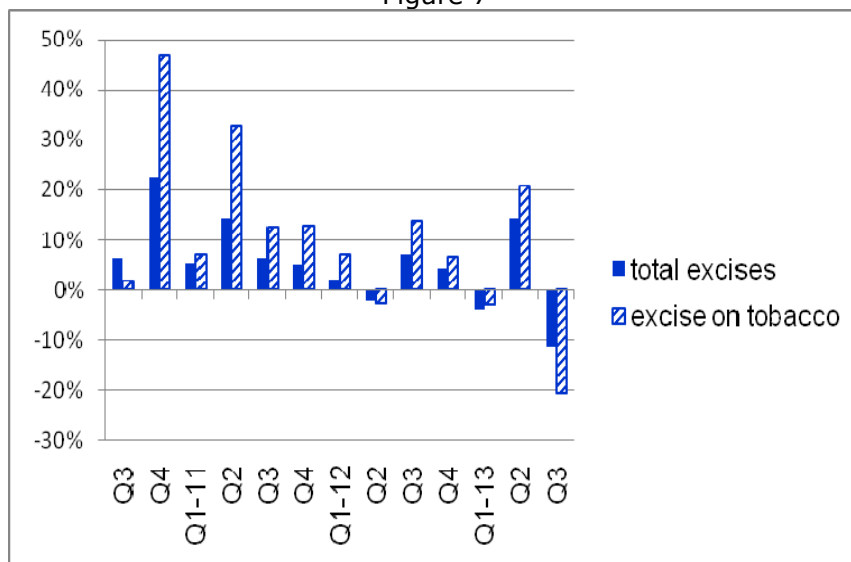


Table 3 Excise revenue collection (I-IX)

	<b>Cumulative I-IX 2013/ 2012</b>
Total tobacco	-0.9%
imported tobacco	1.8%
domestic tobacco	-7.3%
Oil products	-0.4%
imported	2.7%
domestic	-4.2%
Coffee	-1.6%
Alcohol, bear	0.6%
Road tolls, net	-0.8%

Oil product excise collection (Table 3) exhibits a narrowing trend in collections of excises on imported and domestic products, although one is positive and the other negative; that is, negative trends continue in the case of the collection of excises and road tolls on domestic oil products. Despite the increase in excise collection in September, cumulative collection of coffee excise constantly remained in the negative, while the cumulative increase in revenue from excises in the alcohol, beer and alcoholic beverages group is marginal.

### III. REVENUE PROJECTIONS – BASELINE SCENARIO

#### 2013

The projected amount of total indirect tax revenues for 2013 is KM 4.890 billion, which is 2% lower than the amount collected last year.

The April projections underlined that the estimates of macroeconomic indicators were more optimistic than the past trends in indirect tax revenue collections. Such trends were reflected in the projections at the time in that the projected revenue growth rates were not at the level of projected rates for relevant macroeconomic indicators, and total collections for 2013 were planned at the level marginally above the previous year. The latest trends in revenue collection are also below those that should be expected looking at updated DEP projections from November 2013. In comparison with projections of macroeconomic indicators from March, the projections of GDP, investment and export growth for 2013 were revised upward. On the other hand, consumption growth projections were reduced, and the projections of imports, unlike previously expected stable growth, are actually in the negative in the updated projections.

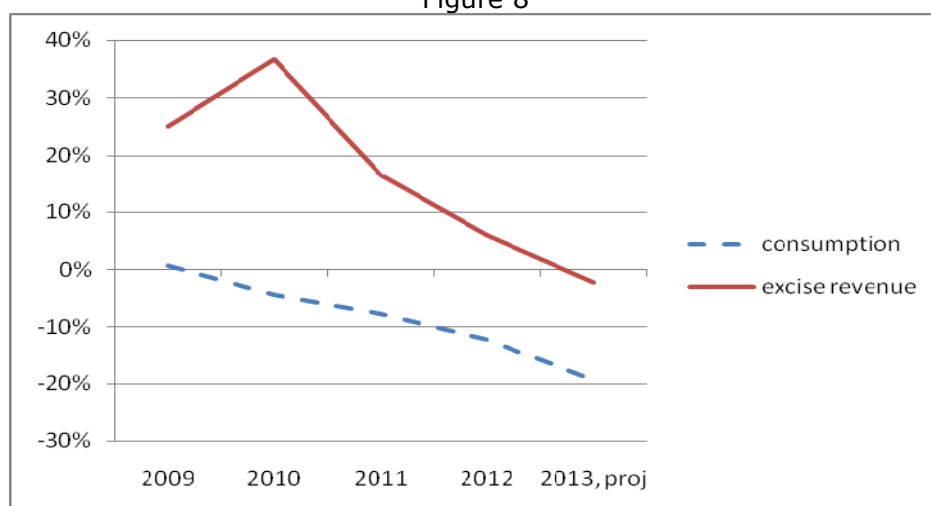
Following the indirect tax revenue collections can lead to a conclusion that the main causes of negative trends lie in the strong rise in refunds, which can partly be ascribed to export trends and also to the increase of refunds carried forward from the previous year. It arises from the analysis of current trends that, among other things, factors of revenue decline include negative import trends, fall in taxable tobacco consumption, as well as the expected liberalization of customs duties on the goods originating in the EU, which is in its last phase in 2013.

Projected trends for all types of revenue for 2013 are in the negative. The largest drop is expected in customs duties (-9.5%), due to the declining imports and decreased customs duties for the goods originating in the EU. VAT revenue is expected to follow (-1.9%) due to a growth in refunds and fall of VAT on imports that partly offset the positive trends in domestic VAT collection. The projected fall in excise revenue amounts to KM 18 million (-1.4%), arising from the decrease in taxable tobacco consumption as the collections of other types of excise duty are expected to be at the similar level as last year.



Considering the continuing increase of substitution of cigarettes with cut tobacco until the end of 2013, further deterioration of trends in cigarette excise collections may be expected to continue, which would ultimately result in lower collection of excise revenue than in 2012.

Figure 8



Road toll and other revenue projections do not significantly deviate from the collections in 2012.

### 2014-2016

The projections of indirect tax revenue for the period 2014-2016 are based on the assumptions listed in Section I as well as projected collections for 2013.

The projection of total revenue in 2014 amounts to KM 5.018 billion, which is 2.6% higher than the collections expected in 2013.

Growth rates projected for 2015 and 2016 are 3.2% and 3.9% respectively.

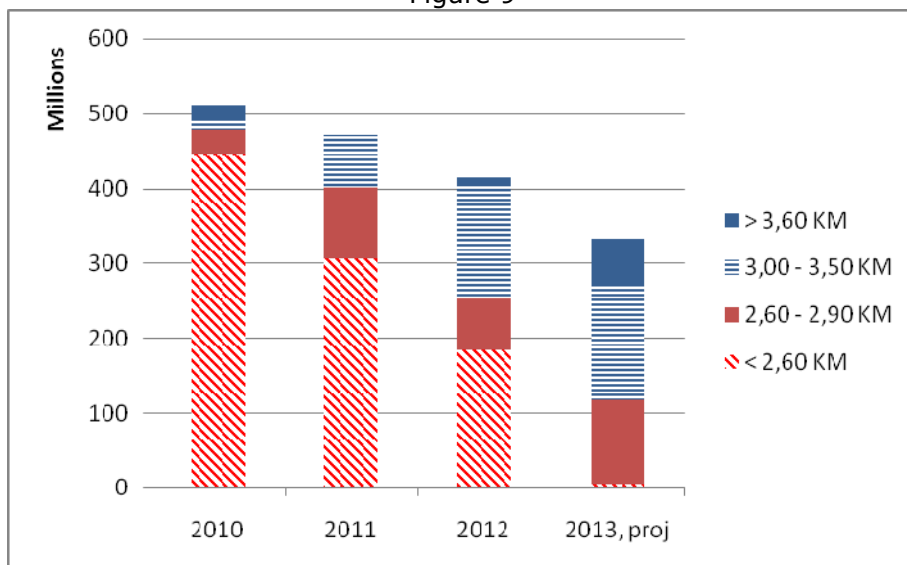
Driven by the current collection trends and the principle of caution, the projected growth rate for VAT revenue in 2014 does not reach the projected consumption growth. Excise revenue in 2014 is expected to grow by KM 22 million, of which almost a half refers to the modest effects of increasing the tax burden on tobacco. Taking into account numerous factors, particularly the end of the negative import trend from 2013, no further liberalization of trade with the EU, and the effects of Croatia's entry into the EU, a strong rise in customs duty revenue of 8.2% is projected for 2014.

The Unit expects the excise burden on all cigarette brands in Bosnia and Herzegovina, including the cheapest ones, to reach the legal excise minimum of KM 126 /1,000 cigarettes in 2015. The data on cigarettes, broken down by price category (Figure 9), show deep changes in consumer stratification. In the previous years, the number of consumers of cheaper brands drastically decreased, while the medium-priced and more expensive brand categories saw a significant rise in consumption. It may be concluded that low income consumers cut down on their smoking cigarettes or switched to smoking cheaper tobacco. Obviously the limits to the cigarette substitution with cut tobacco depend on the ability of the remaining consumers of cheaper brands to keep pace with the rise in retail cigarette prices in the next two years. A conservative projection scenario envisages that all those who consumed cheaper cigarettes in 2013 will switch to smoking

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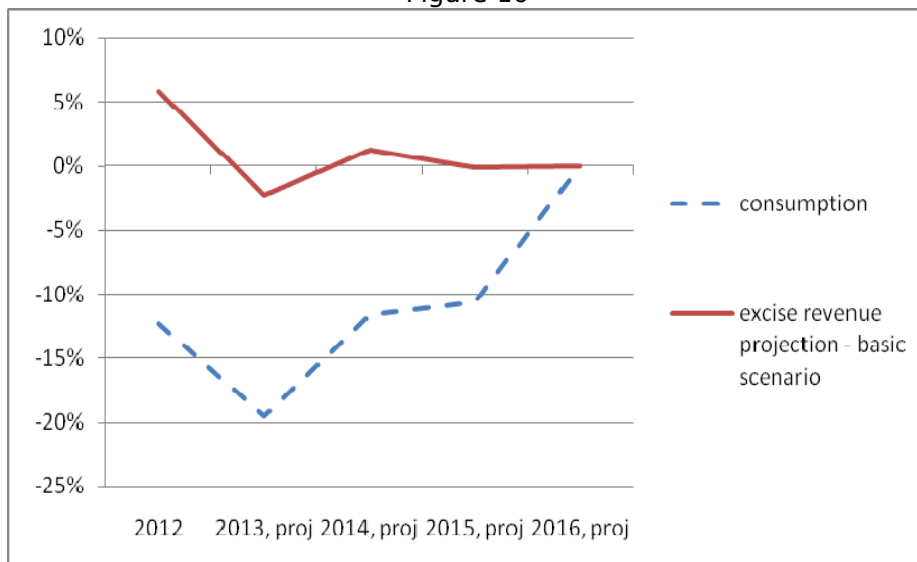
'home made' cigarettes in the next two years. On the other hand, the Unit envisages that the number of issued stamps for more expensive cigarettes will remain stable despite the retail price rise, which should lead to a slight increase of excise revenue, as a result of increased specific excise.

Figure 9



The continuing process of substituting cigarettes with cut tobacco by the remaining cheap cigarette consumers will result in increasing revenues from excises on other tobacco products, but this will be insufficient to achieve the revenue from 2012. Unless the legal minimum for excise burden on cigarettes increases, from 2016 onwards the collection of excise on tobacco products is expected to be stable at the level of collections in 2015. (Figure 10).

Figure 10



## PROJECTIONS OF INDIRECT TAX REVENUE (2013-2016), NOVEMBER 2013

## BASELINE SCENARIO

	Type of revenue (net)	in millions of KM					growth rate			
		2012	2013	2014	2015	2016	2013	2014	2015	2016
I	VAT	3.162,8	3.103,7	3.185,3	3.306,9	3.459,1	-1,9%	2,6%	3,8%	4,6%
II	Excises	1.299,2	1.281,1	1.302,9	1.316,2	1.333,8	-1,4%	1,7%	1,0%	1,3%
III	Customs duties	223,5	202,2	218,8	234,1	257,5	-9,5%	8,2%	7,0%	10,0%
IV	Road tolls	285,7	285,0	292,8	301,0	311,6	-0,2%	2,7%	2,8%	3,5%
V	Other	18,2	17,9	17,9	17,9	17,9	-1,2%	0,0%	0,0%	0,0%
VI	TOTAL	4.989,4	4.890,0	5.017,7	5.176,3	5.379,9	-2,0%	2,6%	3,2%	3,9%
VII	Road toll (0.10 KM/l)	-114,3	-114,0	-117,1	-120,4	-124,6	-0,2%	2,7%	2,8%	3,5%
VIII	FUNDS FOR DISTRIBUTION	4.875,1	4.775,9	4.900,6	5.055,9	5.255,3	-2,0%	2,6%	3,2%	3,9%

Table 4

#### IV. COMPARISON WITH APRIL 2013 PROJECTIONS

Revenue projections have been revised down from the projections developed in April, for all years in the period 2013-2016 (Table 5).

Difference between November and April Projections, in millions of KM

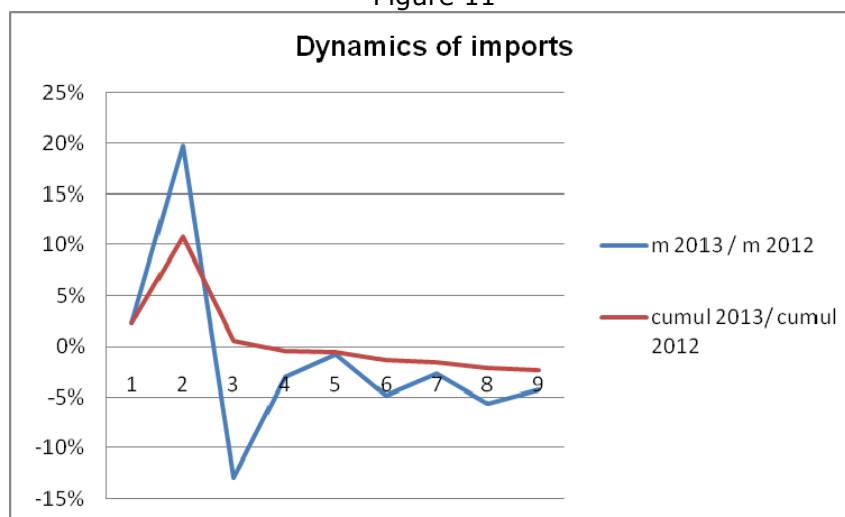
	Type of revenue (net)	2013	2014	2015	2016
I	VAT	-99,7	-82,5	-78,4	-64,5
II	Excises	-13,2	-11,2	-21,1	-36,3
III	Customs duties	-6,1	-4,9	-9,2	-13,1
IV	Road toll	7,4	17,6	18,6	9,6
V	Other	-1,7	-2,1	-2,4	-2,8
VI	TOTAL	-113,4	-83,1	-92,6	-107,1
VII	Road toll (0.10 KM/l)	-3,0	-7,0	-7,4	-3,8
VIII	FUNDS FOR DISTRIBUTION	-116,3	-90,2	-100,0	-110,9

Table 5

#### 2013

The 2013 projection was revised down by KM 113 million versus April projections, primarily for the revenue from VAT and tobacco excise. The starting point for developing the April projections was the positive projection of import growth of 4.1% (DEP, March 2013) indicated by import data from the beginning of the year. March saw the beginning of a declining import trend, and the DEP projections of imports from November are in the negative.

Figure 11



VAT revenue projection is down by KM 99.7 million, due to a strong growth in refunds and a reverse trend in imports. The rise in VAT refunds was observed at the very beginning of the year as well, but was accompanied by gross revenue increase due to positive trends in the collections of import VAT (almost a 10% growth in the period I-II 2013) and domestic VAT.

Customs duty revenue projections are closely linked with import trend projections, so the unexpected negative import trends resulted in the customs duty projection adjusted by KM -6.1 million.

The expected collection of tobacco excises is significantly lower, which is offset to an extent by the upward revising of projected oil product excises due to improvements in collection trends compared to the beginning of the year. The adjustment of aggregate excise amounts to KM -13.2 million. As in the case of oil product excise, due to the improving collection trend, the road toll revenue was revised upward (KM 7.4 million).

#### 2014-2016

Unlike 2013, projections of growth rates for macroeconomic indicators in the period 2014-2016 do not depart significantly from the DEP projections of March 2013. However, taking into account a lower base for the following years' projections (2013), there was a substantial downward adjustment of projections for the period 2014-2016. Therefore, as in the case of 2013 adjustments, the greatest differences relate to revenue from VAT and tobacco excises.

### **V. RISKS TO PROJECTIONS**

Considering the basic assumptions of indirect tax projections and overall economic situation in BiH and globally, the achievement of the projected level of indirect tax revenue in the period 2013-2016 is subject to the following risks:

- (i) Indirect tax revenue projections are strongly linked to the projections of macroeconomic indicators developed by the Directorate for Economic Planning. Any deviation from these parameters from projected values is a risk to revenue projections;
- (ii) Deceleration of economic recovery of Bosnia and Herzegovina's main export partners (EU, CEFTA countries) increases the level of risk to the achievement of macroeconomic projections, and, thus, to indirect tax revenue projections as a whole;
- (iii) Continuing increase of specific excise on cigarettes aimed at reaching the EU standards has become counterproductive as effective political and operational measures directed towards closing the gap in tax burden between cigarettes and cut tobacco and curbing tax evasion, illegal tobacco imports and illegal cigarette production are lacking. Considering the width of the tax burden gap, the proposed rate of specific excise on cut tobacco will obviously not be sufficiently discouraging to bring tobacco consumers into the regular market flows. However, regardless of excise policy measures, it will not be possible to consolidate revenue from excise on tobacco products without coordinated and efficient operating measures of the competent BiH and entity institutions. Similar distortions of excise revenue and market in the following years may be caused by the announced introduction of differentiated rates of excise duty on beer;
- (iv) Any policy changes in the field of indirect taxation (differentiated VAT rates, significant increase in standard rate, differentiation in excises) may destabilize the existing VAT system and revenue collection, reduce the efficiency of ITA operations, create a burden for businesses, and significantly increase the risk of fraud;
- (v) Weak revenue collection in 2013 also results in part from increasing fraud. The Unit bases its projections on the expectations that ITA activities aimed at curbing fraud and the publication of the list of top debtors will result in revenue stabilization in 2014 and its growth in the following years. An increased volume of frauds and arrears would mean not only further erosion of indirect tax revenue and a threat to the funding of all levels of government, but also a distortion of the regular market and disruption of the business environment for local companies and foreign investors.

## VI. PROGRAM SCENARIO

The Program Scenario for indirect tax revenue includes:

- Estimated additional effects of Croatia's entry into the EU on indirect tax revenue
- Estimated effects of the introduction of differentiated rates of excise duty on beer
- Estimated effects of the introduction of specific excise on cut tobacco.

### Effects of Croatia's entry into the EU

The Baseline Scenario of customs duty revenue projections also includes the revenue from customs duty on the imports of goods originating in Croatia after this country's entry into the EU. Due to high level of uncertainty about the trends for the imports of goods originating in Croatia, the projection of customs duty revenue is highly conservative and relies entirely on the current import trends in the third quarter of 2013. Imports from Croatia fell by 9.5% in the nine months of 2013 compared to the same period in 2012. However, in the period July – September 2013 alone, imports from Croatia fell by 15% on the same period of 2012. In depth analysis of imports in July and August 2013 and comparison with the imports in the same months of 2012 showed that imports of goods from Croatia whose customs regime changed on July 01, 2013 were down by as much as 60%. In these three months, only KM 3.3 million was collected in customs duties on imports of goods from Croatia. Since the ban on imports of Croatian goods that do not meet the EU standards came into force at the same time, it is impossible to reliably conclude whether such huge drop in imports of goods from Croatia where we could expect additional customs duty collections was a result of importers' business moves, reduced demand in BiH, or imports ban by competent BiH institutions. In any case, the fall in imports is much greater than expected, so realizing any additional customs duty revenue is highly uncertain. Considering that the baseline scenario for customs duty revenue follows the current import trends, including those from Croatia, in the case of recovery of imports of goods from Croatia subject to customs duty to the level of 80-85% of 2012 imports, additional KM 12 to 15 million of customs duty revenue per year could be expected in the period 2014-2016.

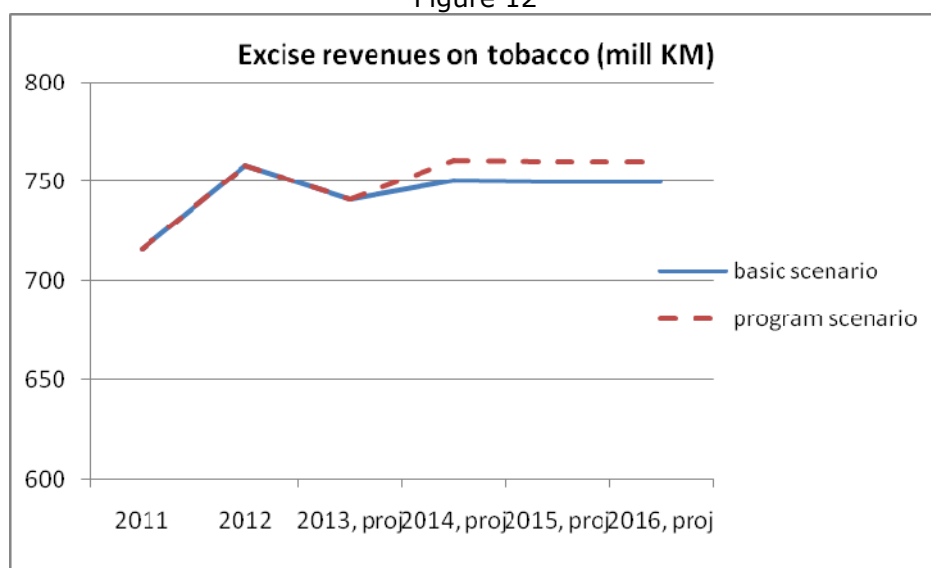
### Effects of the introduction of differentiated rates of excise duty on beer

In March 2013, the Governing Board of ITA supported the initiative to introduce differentiated rates of excise duty on beer. According to the ITA GB proposal, in addition to the existing excise of KM 0.20/l, a higher excise rate for taxpayers whose annual production exceeds 400,000 hl should be introduced. At the time of developing the projections, proposed amendments to the Law were in the parliamentary procedure, with very uncertain outcome with regard to the announced amendments (higher rate level, rate scale, etc.). Since the criteria for the application of the lower rate, provided for in the amendments to the Law, can for the most part be met by domestic breweries, the Unit expects that the introduction of differentiated rates of excise duties on beer will encourage the substitution of imported beers with local brands. The Unit developed several scenarios for the projection of beer excise revenue in 2013 and the following years, depending on the percentage of substitution of consumption of imported, higher taxed beer with the consumption of local, lower taxed beer. However, the effects of substitution on the amount of excise revenue cannot be significant, as the share of local beer in total consumption in the past years ranged between 35 and 37%, which carries a small weight in terms of impact on the total collected excise revenue. The Program Scenario assumes the application of differentiated rates of excise duty on beer as from January 01, 2014. According to the Conservative Scenario, which assumes the redistribution of beer consumption in such a way that the consumption of imported beer falls by 10% annually, and the consumption of local beer rises by 10% annually, additional KM 5 million in beer excise can be expected in 2014. The following years' collections are correlated to the projected growth of consumption (DEP). The effects in 2015 and 2016 amount to KM 6.2 million and KM 7.9 million, respectively.

### Effects of the introduction of specific excise on cut tobacco

The Program Scenario assumes that the implementation of the Law on Excise Duties will start on January 01, 2014. In July 2013, the Governing Board of ITA adopted the changes to the Law on Excise Duties introducing a specific excise on cut tobacco of KM 10/kg. The amendments to the Law, at the time of developing the projections, were still in the procedure, and the date the implementation will start is highly uncertain. Due to this, the Unit will include the estimated effects of the amendments to the Law in the Program Scenario of projections. In a situation in which the process of BiH harmonization with EU standards demands continuing increases of excise duties on cigarettes, the gap between the tax burden on cigarettes and cut tobacco may be reduced only if the taxation of cut tobacco as a substitute for cigarettes follows the taxation of cigarettes. The proposed rates of excise duty on cut tobacco constitute a minimal increase on the tax burden, and are, therefore, considered by the Unit to be insufficient to deter consumers from purchasing tobacco and rolling 'home made' cigarettes. Retaining a large gap between cigarette and cut tobacco taxation will continue to be a strong incentive to use cut tobacco. In the case the amendments to the Law on Excise Duties relating to cut tobacco taxation come into force on January 01, 2014, the Unit expects the effects of introducing the specific excise on tobacco to be in the region of KM 10 million annually. However, the Unit envisages that even that will not be enough to exceed the 2012 collection of tobacco excise (Figure 12).

Figure 12



The total effect of the above indirect taxation policy changes are presented in Table 6.

Table 6 (in millions of KM)

	2014	2015	2016
Additional revenue	27	29.2	32.9

## Consolidated reports

(Author: Aleksandra Regoje)

**Table 1 (Consolidated report: B&H institutions, entities, SA)**

The preliminary consolidated report includes

- revenues from indirect taxes collected by the Indirect Tax Authority on the Single Account,
- transfers from the ITA Single Account,
- revenues and expenditures of the institutions of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Republika Srpska.\*

Report doesn't include unadjusted revenues collected on ITA SA.

*\*Includes: (A) Budget of the Republic and extra-budgetary funds recorded in Treasury General Ledger of the RS, (B) total foreign debt for the projects realized through municipalities and companies, and (C) Budget users who have their own bank accounts (including some foreign project implementation units established by ministries)*



*To all our associates in Ministries of Finance of BiH, Federation, Republika Srpska, Brčko District, cantons, municipalities and extra budgetary funds,  
as well as to all readers,  
we wish happy and successful New 2014!*





## Preliminary report: B&amp;H Institutions, entities and SA, I-X 2013

	I	II	III	IV	V	VI	VII	VIII	IX	X	Total
Revenue	434,7	382,4	446,3	489,5	554,8	560,5	550,8	492,9	490,4	530,8	4933,1
Taxes	409,4	348,7	402,9	424,1	477,1	478,0	473,9	455,1	460,4	468,5	4398,0
Direct taxes	22,7	29,7	53,5	45,4	27,0	31,6	39,1	27,3	27,8	28,8	332,7
Taxes on income, profits and capital gains	22,0	29,0	52,5	44,3	25,9	30,6	37,9	26,2	26,8	27,7	323,1
Taxes on property	0,6	0,7	0,9	1,1	1,0	0,9	1,2	1,1	0,9	1,1	9,6
Indirect taxes (net)	386,7	318,9	349,4	378,3	450,1	445,9	434,5	427,6	432,6	439,6	4063,6
VAT	240,7	210,2	227,6	243,4	274,7	254,2	291,5	269,6	280,0	289,2	2581,1
Excises	112,0	76,4	82,4	93,0	129,9	150,3	99,2	111,2	103,7	103,1	1061,1
Road fee	20,3	16,8	18,9	22,5	26,6	23,9	25,6	28,2	27,8	24,9	235,3
Customs	12,6	14,5	18,9	18,2	17,4	16,2	16,8	17,3	19,7	20,7	172,2
Other indirect taxes	1,0	1,0	1,7	1,3	1,5	1,3	1,5	1,3	1,4	1,7	13,8
Other taxes	0,0	0,0	0,1	0,4	0,0	0,5	0,3	0,2	0,0	0,1	1,7
Social security contributions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Foreign grants	1,4	0,7	1,8	2,4	0,8	2,9	3,5	0,7	0,2	0,7	15,2
Other (non-tax) revenue	23,9	33,0	40,2	64,3	76,6	79,4	73,2	37,1	29,8	60,7	518,2
Transfers from other general government units	0,0	0,0	1,4	-1,4	0,2	0,2	0,2	0,0	-0,1	1,0	1,6

	I	II	III	IV	V	VI	VII	VIII	IX	X	Total
Expenditure	411,9	400,9	410,4	416,0	459,3	478,6	532,1	492,2	462,5	505,6	4569,4
Expense	407,5	397,9	402,9	411,1	455,9	469,1	515,3	485,2	452,6	488,1	4485,6
Compensation of employees	123,1	124,6	126,9	124,2	125,0	128,9	130,5	124,4	128,3	135,0	1270,9
Use of goods and services	14,6	24,1	28,3	24,7	24,6	37,9	26,2	29,2	31,6	26,9	268,2
Social benefits	52,6	54,4	53,4	53,3	51,7	57,4	55,3	55,3	59,3	62,8	555,4
Interest	4,2	7,1	18,9	8,7	13,7	23,1	5,4	9,9	15,0	10,8	116,8
Interest payments to non-residents	2,3	5,5	10,1	6,0	6,2	14,1	3,1	5,4	7,9	5,8	66,6
Interest payments to residents	2,0	1,6	8,8	2,7	7,5	9,0	2,3	4,4	7,1	5,0	50,2
Subsidies	2,2	2,4	6,0	3,7	8,3	19,3	19,2	24,5	20,6	15,2	121,5
Grants (to non-residents)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Transfers to other general government units	40,3	42,2	41,5	37,8	42,4	49,7	60,1	48,3	48,6	47,9	458,9
Transf.from SA (BD, cant, munic, funds, road f.)	165,4	134,4	119,1	153,2	184,6	144,8	197,2	187,9	142,5	182,7	1611,7
Other expense	5,1	8,6	8,9	5,4	5,6	8,0	21,4	5,8	6,6	6,9	82,2
Net acquisition of nonfinancial assets	4,4	3,0	7,5	4,9	3,4	9,5	16,8	7,0	9,8	17,5	83,8
Acquisition of nonfinancial assets	4,6	3,3	8,2	5,6	3,9	10,1	17,4	7,2	10,7	18,1	89,1
Disposal of nonfinancial assets	0,2	0,2	0,7	0,7	0,5	0,6	0,5	0,2	0,9	0,7	5,3
Gross/Net operating balance (revenue minus expense)	27,1	-15,5	43,3	78,4	98,9	91,4	35,5	7,8	37,8	42,7	447,4
Net lending /borrowing (revenue minus expenditures)	22,8	-18,5	35,9	73,5	95,4	81,9	18,7	0,8	27,9	25,3	363,7
Net financing = (Minus) Net lending /borrowing	-22,8	18,5	-35,9	-73,5	-95,4	-81,9	-18,7	-0,8	-27,9	-25,3	-363,7

Table 1