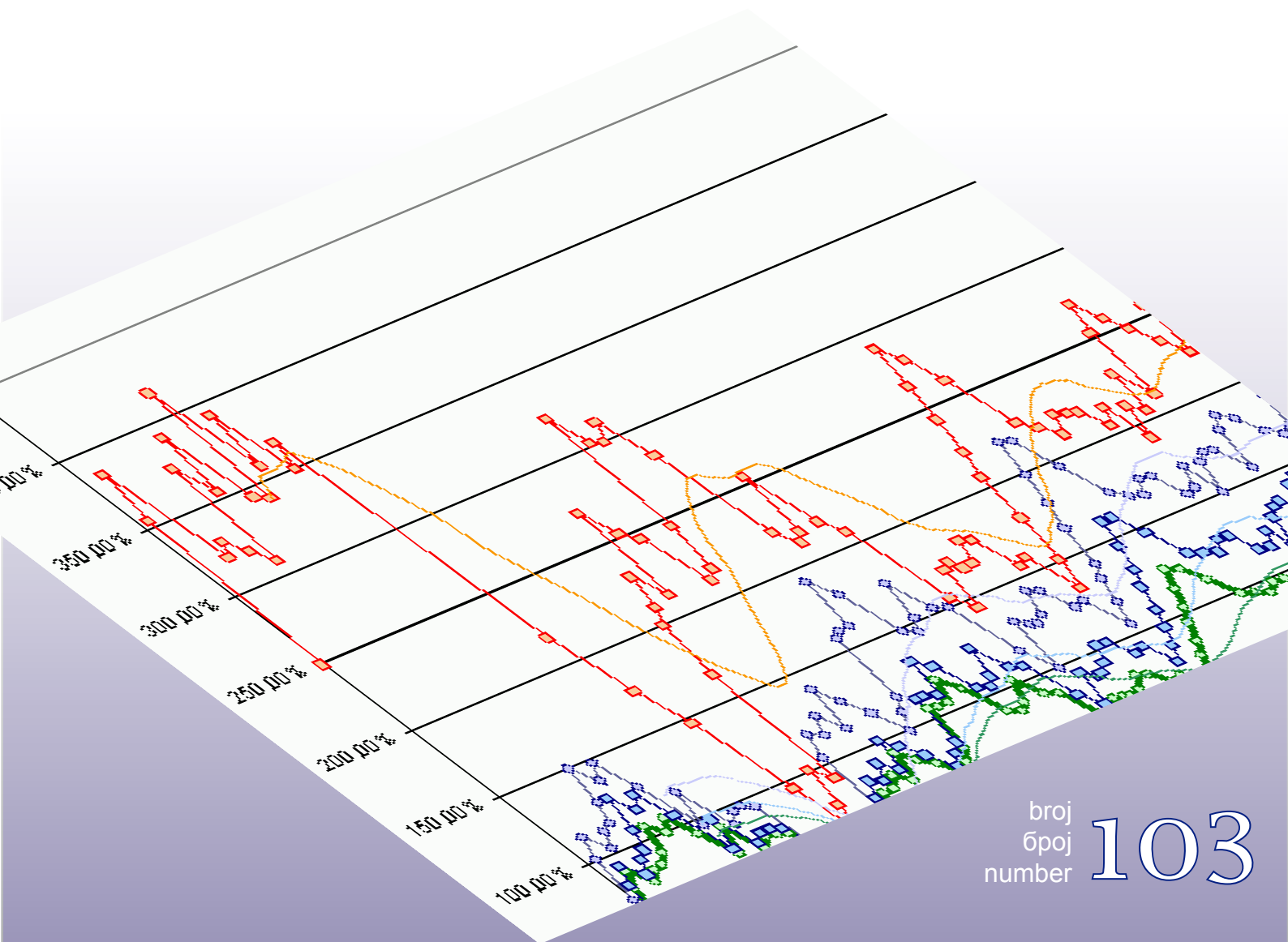




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

The past fiscal year was characterized by diverging trends in collection of indirect taxes. Despite a modest economic recovery, the net effects of indirect tax collection in 2013 were negative. The dynamics of nominal GDP growth and of indirect taxes was coherent until 2012, with the fluctuations in the movement of indirect taxes being sharper than the movement of the economy, thus proving the conclusion of an empirical study of the IMF economists, that the changes in revenues from VAT, as a dominant category of the consumption taxes, are sharper in relation to the changes in economic trends (Sancak, Velloso, Xing, 2010). However, since 2012 it can be noted not only that revenues from indirect taxes do not follow the growth of the economy, but that these trends are divergent as well (Chart 1).

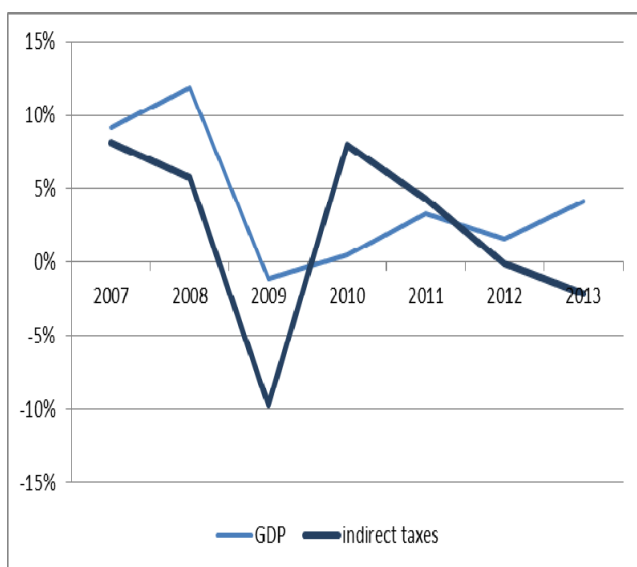


Chart 1

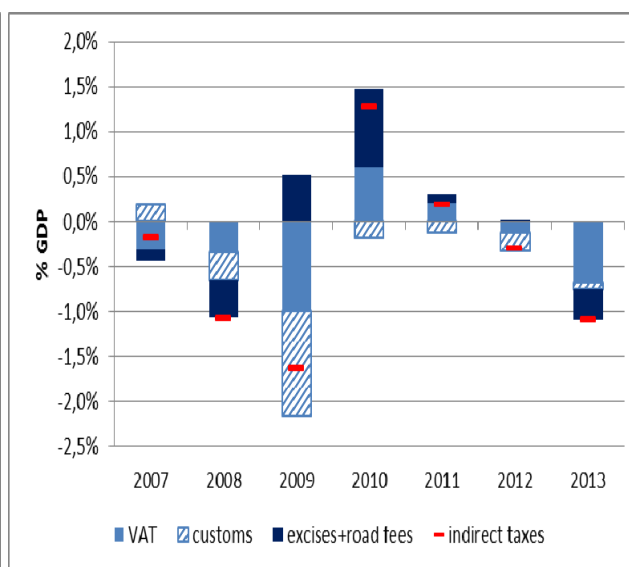


Chart 2

Total indirect taxes in 2013 amounted to 17,2% of GDP (DEP estimation, November 2013), which is lower by 1,1 pp in comparison with 2012. Unlike previous years, when the drop in customs revenues due to the liberalization of the tariff regime with the EU was compensated by growth in revenues from excises and VAT, since 2012 the negative trends have been recorded in VAT, and from 2013 in excises as well. Chart 2 shows the contribution of the each type of revenue to the current dynamics of total indirect taxes, expressed in % of GDP. This issue of the Bulletin provides the analysis of collection in 2013, with the assessment of the main factors and causes that have contributed to the current trends in revenue collection from indirect taxes in B&H.

Dinka Antić, PhD
Head of Unit

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Technical design: Sulejman Hasanović, IT expert
Reader/translator: Darija Komlenović, professor

Collection of revenue from indirect taxes in 2013

(Author: Dinka Antić, Phd)

INTRODUCTION

In fiscal terms, last year was a difficult year for financing budgets of all levels of B&H governments. After the initial impact of the global economic crisis, which has produced a sharp drop in revenue from indirect taxes in 2009, already in 2010 there has been a stabilization and then growth of revenue. A positive, upward trend of revenue is retained in 2011 but during 2012 there has occurred downturn and then a drop in revenue. Although, it was realistic to expect a moderate recovery of public revenue given the favorable forecasts for B&H economic growth, last year ended with a significant deficit in revenues from indirect taxes.

Analysis of the collection of indirect tax revenue in 2013 in this paper focuses on the major trends in the collection of total indirect taxes and the most important tax forms (VAT, customs duties, and excise taxes). We will publish continuously detailed analyses of individual tax forms in the next issues of Bulletin.

METHODOLOGICAL NOTES

Earlier issues of the Bulletin contain the conclusion that the collection of indirect tax revenue in B&H is largely dependent on business decisions of a small number of taxpayers such as big tobacco companies and Refinery. In previous years, revenue collection of excise taxes on tobacco in January and December, and thus the total indirect taxes for those years was dependent on the response of tobacco companies to the increase of excise tax on cigarettes. Depending on the decision whether to accumulate stocks in December or not, the effects have been pouring from one to the next fiscal year. It was similar with the general overhaul of the Refinery in November and December 2012, which surprisingly caused a decrease in revenue from VAT on imports in 2012, reducing expected collection in 2012 and then there was its spillover into 2013. In addition to the fact that business decisions of large taxpayers affected the final fiscal balance of the ITA and the financing budgets of lower levels of government in previous fiscal years, they were as 'irregular component' of trend leading to changes to the usual seasonal revenue collection scheme, making it difficult to create a projection of revenues from indirect taxes and therefore budgets for next years.

A similar situation marked the revenue collection from indirect taxes in 2013. In addition to the factors that regularly determine revenue collection from indirect taxes, the scheme of revenue collection in 2013 was significantly affected by the accession of Croatia to the EU. In order to avoid paying high rates of customs duty on cigarettes, in the months prior to 1 of July 2013, the quantities of cigarettes were imported from Croatia that would be sufficient for the demand in the next few months. According to the ITA data the share of excise stamps issued in the first half of the year of the total issued excise stamps for cigarettes in 2012 amounted to 45% and even 71% in 2013. Bearing in mind that cigarettes from Croatia have a market share around 30% a significant shift in imports of cigarettes from Croatia led to the displacement of seasonal scheme of collection of excise tax on tobacco and thus VAT and total indirect taxes.

Temporary sudden increase in revenue collection, which is the result of business decisions of importers of cigarettes from Croatia, largely obscures the actual trends in revenue collection from indirect taxes. In order to neutralize the impact of factor 'Croatia's accession to the EU' on the scheme of revenue collection from excise taxes, VAT and total indirect taxes during the analysis in this paper, in addition to historical data, adapted time series of data for 2013 have been used. Adaptation of time series of issued excise stamps (which measure the consumption of cigarettes)

in 2013 for cigarettes imported from Croatia is performed according to the seasonal scheme from 2012, taking into consideration the actual trends, i.e. actual decline of issued stamps in 2013 for this group of brands.

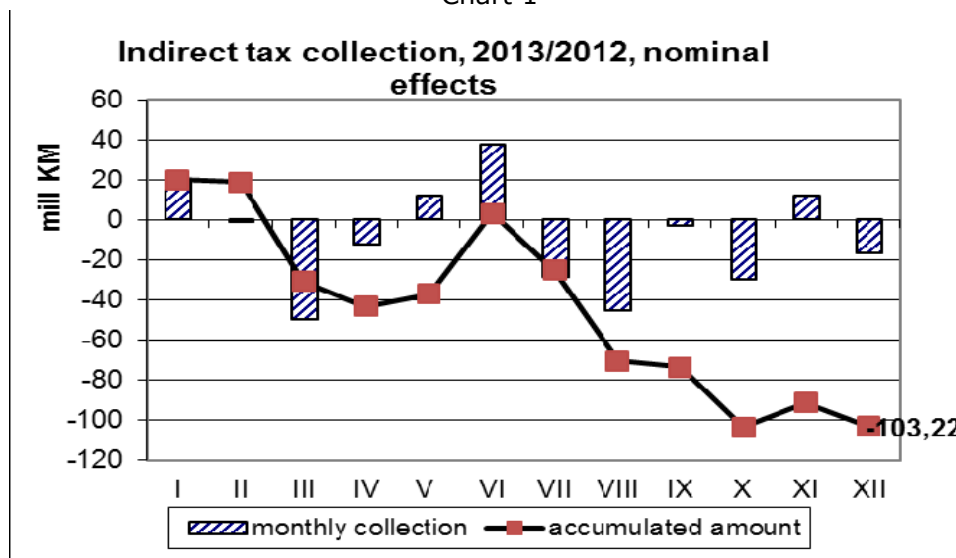
TOTAL COLLECTION

After the increase in collection of revenue from indirect taxes in November 2013 it was realistic to expect a continuation of positive trends in December as well, taking into account historical trends and traditional increase in spending at the end of the year due to holidays. According to the ITA report, it was collected 490,2 million KM gross revenues from indirect taxes in December 2013, which was at the level of December 2012. However, since the payments of refunds were higher by 15,8 million KM, the net collection in December was for 16,5 million KM lower compared to December 2012 or by 4%. The fall in revenue collected in December significantly affected the cumulative collection of the entire 2013, worsening the previous negative trends. Although the gross revenue collection in 2013 increased by 9,4 million KM related to 2012 (or by 0,2%), the net revenues were lower by 103,2 million KM (Chart 1) or by 2,1% compared to 2012, due to the increase in refunds of 112,7 million KM in comparison with 2012 (Table 1).

Table 1 Changes in collection of indirect taxes, G/G¹

	2008	2009	2010	2011	2012	2013
Gross collection	11,1%	-11,7%	6,8%	6,3%	-0,1%	0,2%
Refunds	50,5%	-21,0%	-1,6%	21,2%	0,2%	12,8%
Net collection	5,8%	-9,9%	8,2%	4,0%	-0,1%	-2,1%

Chart 1

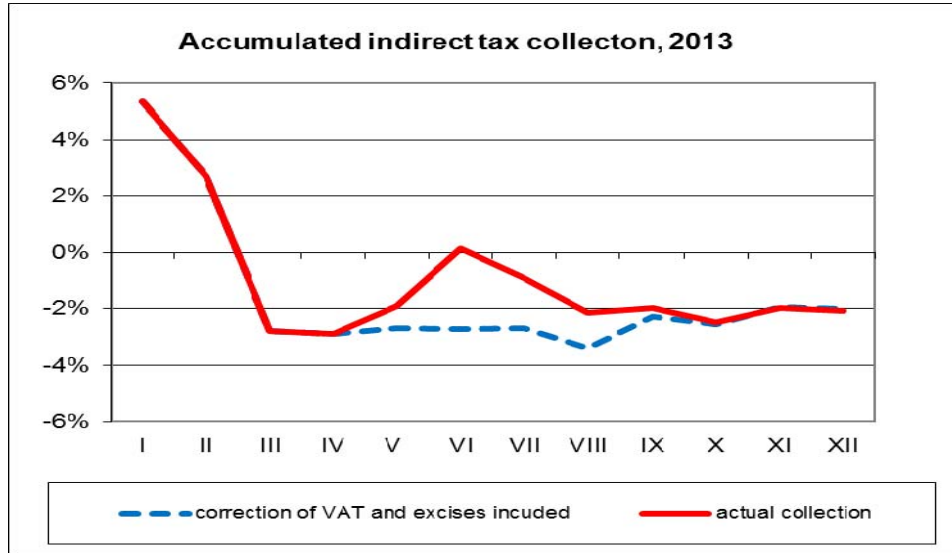


After eliminating the influence of the factor „Croatia’s accession to the EU’ on the scheme of revenue collection of indirect taxes in 2013, according to methodology mentioned in the introduction, instead of oscillating collection (Chart 2, solid line) a reduction of the average monthly amount of excise stamps for cigarettes from Croatia was made. Corrected curve of cumulative collection of indirect taxes in 2013 points to the conclusion that the trend of indirect

¹ It means the comparison of the collection in the year G_t with the one in the year G_{t-1}.

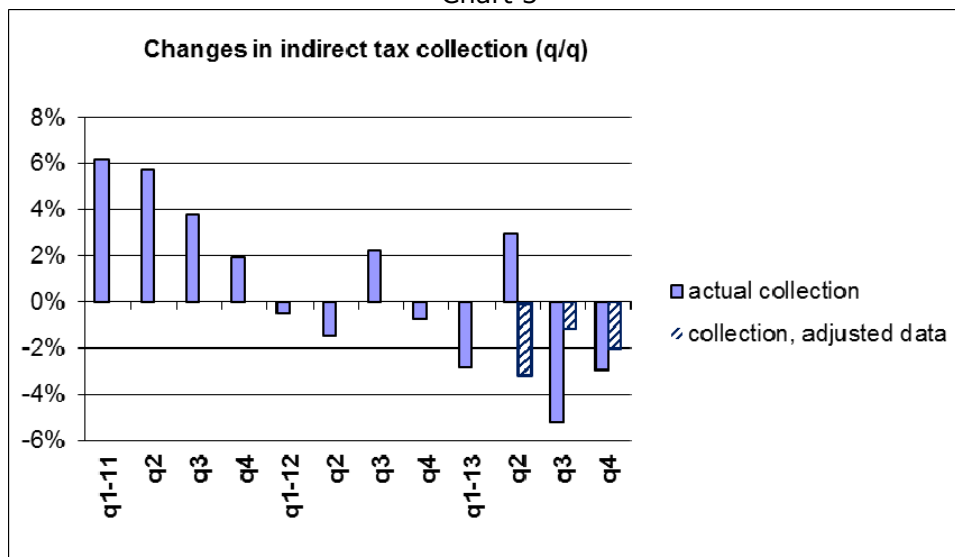
tax collection for ten months of 2013 was continuously negative ranging from -3,4% to -1,9% (Chart 2, dashed line).

Chart 2



Quarterly comparisons² (Chart 3) show strong fluctuations in the collection which ranged from -5,3% (third quarter) to +3% (second quarter). Eliminating the factor „Croatia’s accession to the EU” trends have been drastically changed. Instead of oscillations present in the actual collection, continuous negative trends in the collection of indirect taxes can be noted, which began in the fourth quarter 2012 and continue to last for five quarters in a row (Chart 3, corrected collection).

Chart 3



² It means comparison of the collection in the quarter of the year G_t with the one in the same quarter of the year G_{t-1} .

TRENDS BY TYPE OF REVENUE

Comparing the collection in December 2013 with the collection in the same month of 2012 by types of revenue it can be concluded that negative trends continued in all major types of revenue: 60,3 million KM of net VAT was collected less, excise tax and road toll were lower by 32,3 million KM and customs duty by 12,4 million KM (Chart 4). It should be emphasized that according to the preliminary report of the ITA, 5,3 million KM of revenue is currently unadjusted, and smaller deficits in VAT and other types of revenue can be expected after the harmonization.

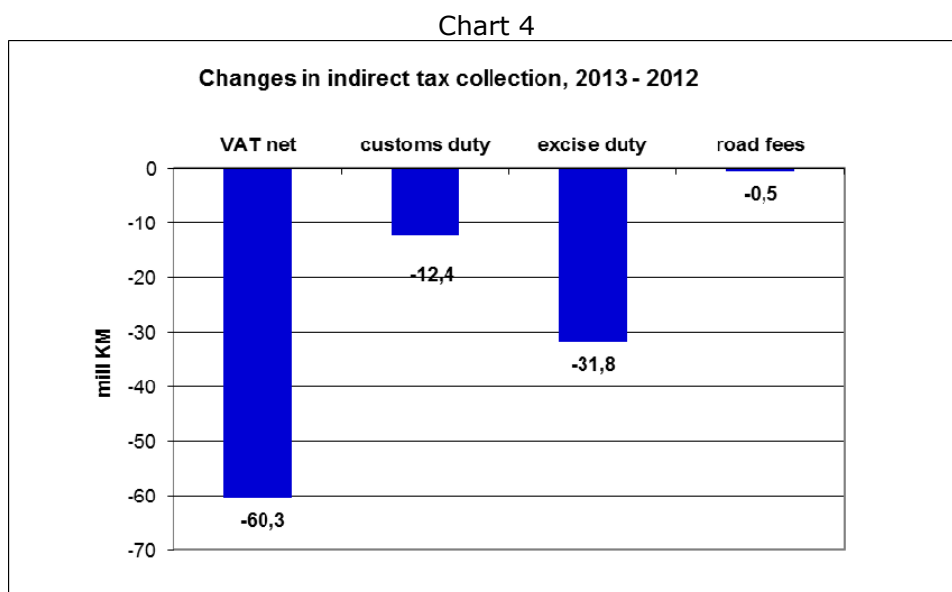


Table 2 Trends by type of revenue

	XII 2013 / XII 2012	Cumulative 2013/ 2012
Customs duty	1,5%	-5,6%
VAT	1,3%	-1,9%
Excise taxes	-8,0%	-2,5%

Customs duties

Revenues from customs duties increased by 1,5% (Chart 5) in December compared to the same month in 2012. At the level of the entire year there was a growing trend in the last few months. The same conclusion can be drawn from comparisons of quarterly revenues collected from customs duties (Chart 6). Improving trends in the collection of revenue from customs duties in the last quarter of 2013 may be linked to two factors:

- The growth in manufacturing products in the Refinery. In the last four months of 2013 oil imports from Russia increased by 87%³ compared to the same period of 2012, when the overhaul was completed;
- Changing the customs regime of certain goods originating from Croatia should lead to an increase in revenue from customs. Although after the Croatia's accession to the EU in the

³ Source: Announcement of the Agency for Statistics of B&H, www.bhas.ba

Banja Luka: Bana Lazarevića, 78 000 Banja Luka, Tel/fax: +387 51 335 350, E-mail: oma@uino.gov.ba
Sarajevo: Đoke Mazalića 5, 71 000 Sarajevo, Tel:+387 33 279 553, Fax:+387 33 279 625, Web: www.oma.uino.gov.ba

period July-December 2013 there was a sharp decline in imports of 15,4%, however, a positive growth of 5,8% was recorded in December ⁴.

Chart 5

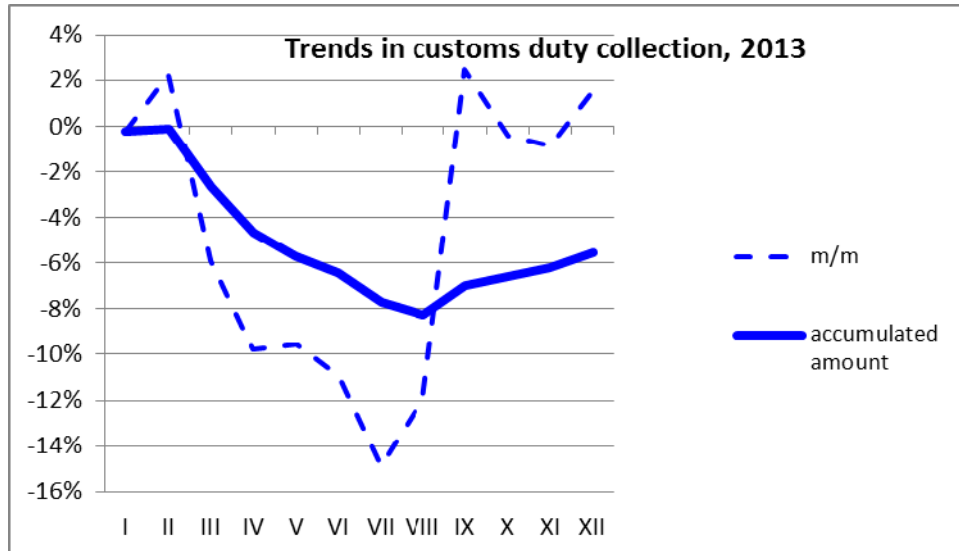
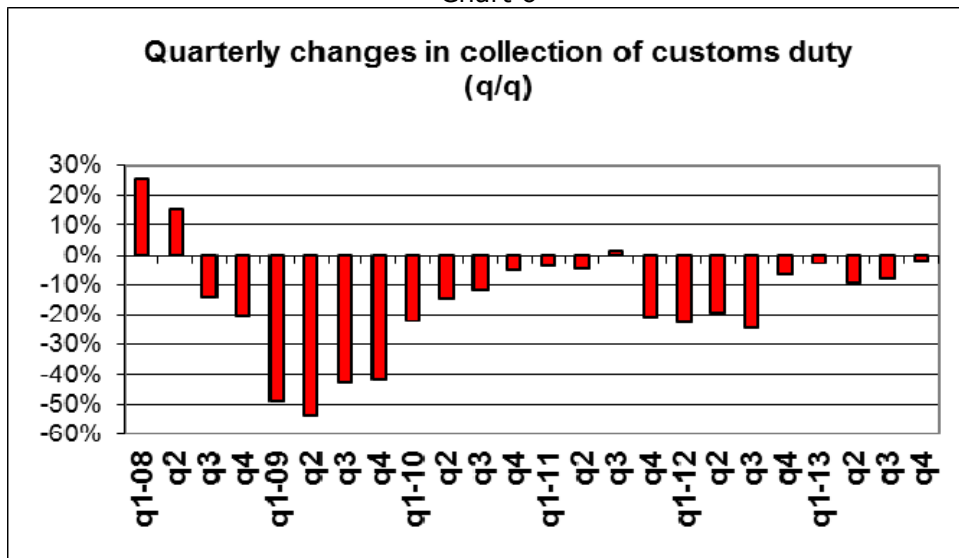


Chart 6

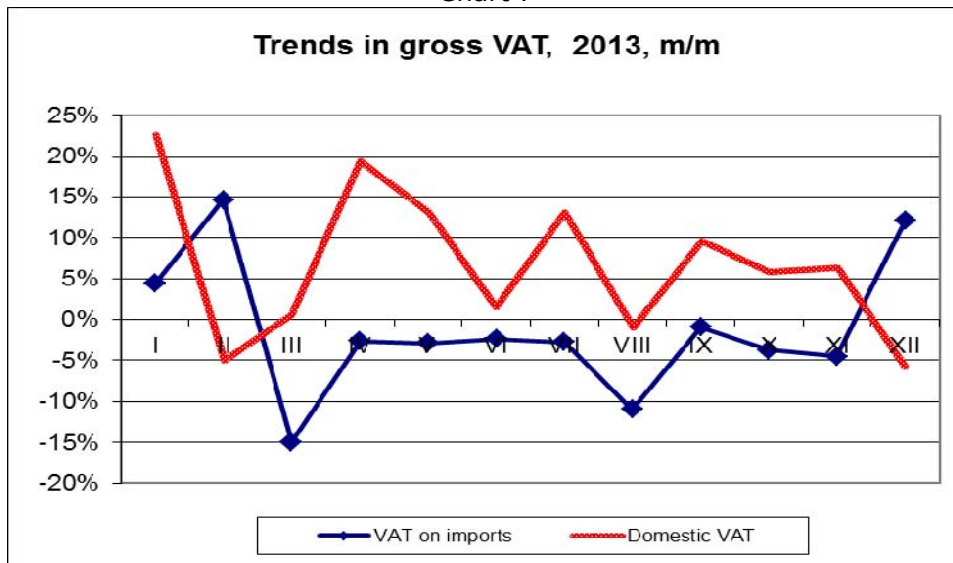


VAT

Gross VAT collection in December rose by 5,7% compared to the same month of 2012. For the first time after nine months a growth of VAT on imports in the amount of 12,1% was recorded related to December of 2012. On the other hand, after a long period of positive growth VAT collection in the country decreased by 4,4% (Chart 7). It is necessary to bear in mind the low base for comparison of VAT collection in December, because revenues from VAT on imports in December 2012 were significantly lower due to the overhaul of the Refinery.

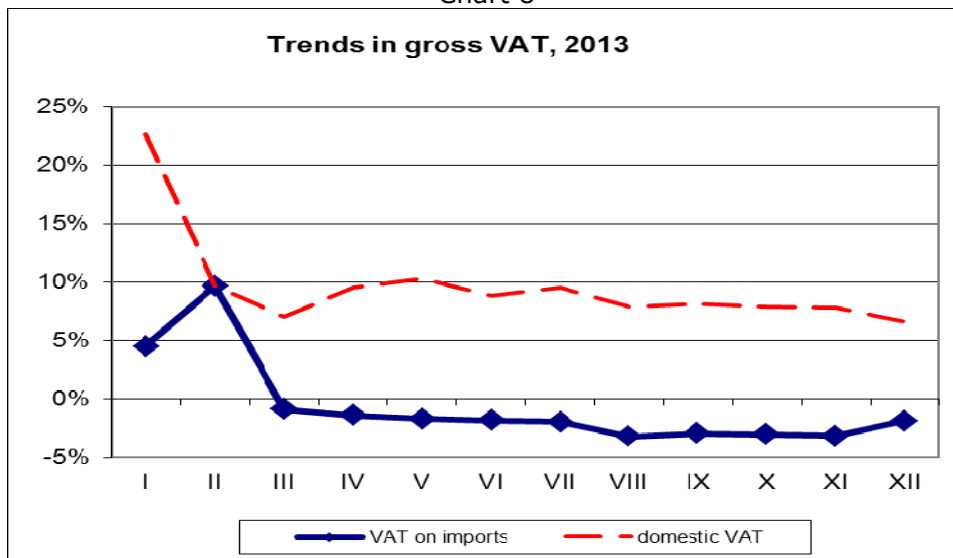
⁴ Ibid.

Chart 7



Disruption of seasonal scheme in VAT collection in 2012, caused by the Refinery overhaul, spilled over from 2012 in the first months of 2013, when, after the overhaul, a growth of oil imports and thus the collection of VAT occurred. These monthly turbulences reflected on the cumulative collection of gross VAT (Chart 8). In other months of 2013 trends in components of gross VAT were stable but of opposite sign. The trend in VAT on imports during the year was mainly negative in line with trends in imports, although there was a slight improvement in December, while domestic VAT trend was constantly positive with a slight slowdown in the past few months.

Chart 8



Net VAT collection in December, despite the strong growth of refunds, was positive compared to December 2012 (Chart 8).

Although positive trends in VAT as a dominant type of public revenues in B&H in the last two months of 2013 were very encouraging, it still was not enough to significantly improve the

collection in 2013. Cumulative net revenue from VAT was constantly negative for ten months, ranging from -2,4% to -0,7% (Chart 9). Despite the cumulative growth in gross revenue from VAT of 1,3% on an annual basis, a constant growing trend of VAT refunds during 2013 annulled the positive effects of gross collection and net revenue brought in a negative zone of growth of -1,9% (Chart 10).

Chart 9

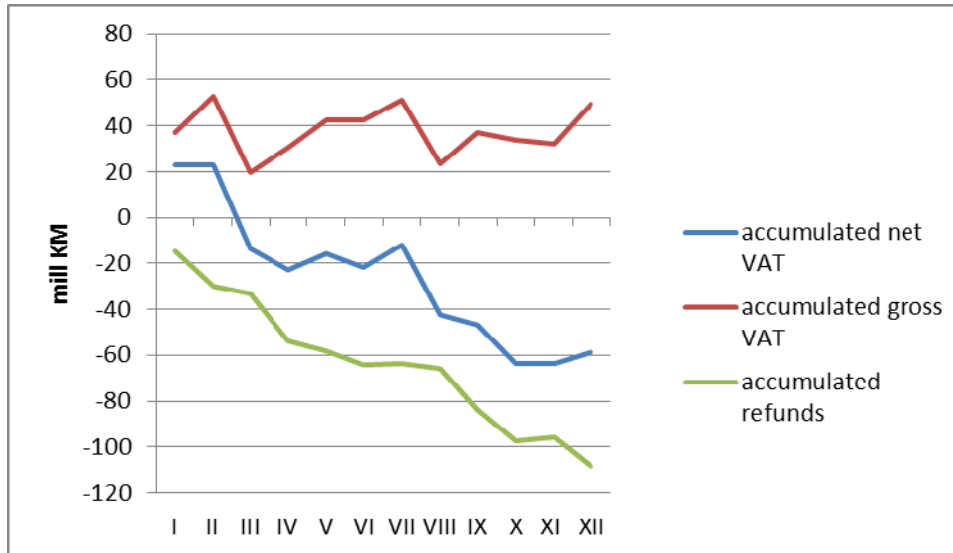
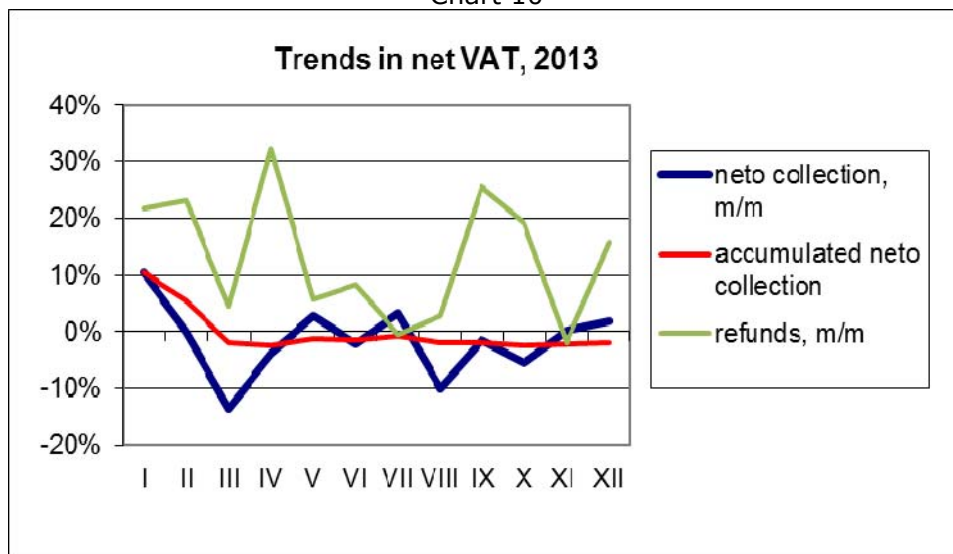


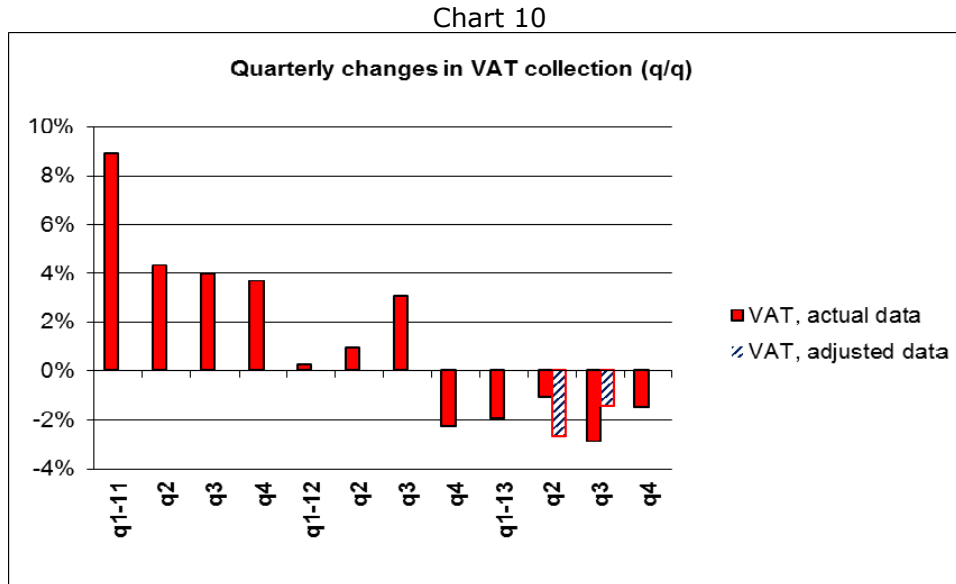
Chart 10



Adverse trends in VAT in the best way illustrate quarterly comparisons (Chart 10, "actual collection"). It is noted that the VAT net collection in the last five consecutive quarters is negative, but still a slowdown of negative trends in the fourth quarter of 2013 can be perceived. When making the conclusions one must be cautious due to the low base for comparison of the collection for the fourth quarter given that the drop in VAT collection started in the fourth quarter of 2012.

The effects of the factor "Croatia's accession to the EU" have emerged in the collection of VAT in the second quarter of 2013 through increased gross VAT on imports, and in the third quarter when

the VAT refund was paid to the importers of cigarettes from Croatia. If these effects are neutralized it can be concluded that the weak recovery of VAT collection began in the third quarter of 2013 (Chart 10, "corrected collection").



VAT refunds recorded a strong nominal growth of 116,8 million KM compared to 2012. VAT refunds to taxpayers increased by 93,8 million KM or for 12% in relation to 2012. 108,3 million KM of refund was paid on the basis of international projects, which, after the reduction in 2012, represents an increase of 23 million or 27%.

In addition to the strong nominal growth of VAT refunds, in 2013 the relative share of VAT refunds in gross revenue rose to 24,1%, which represents a maximum in the period of eight years from the introduction of VAT (Table 3).

Table 3 Share of refunds in gross revenues from VAT (2006-2013)

	2006	2007	2008	2009	2010	2011	2012	2013
% of VAT refunds	12,1%	17,7%	23,0%	20,6%	19,3%	21,6%	21,6%	24,1%
% refunds to taxpayers			21,8%	18,6%	17,3%	19,2%	19,4%	21,6%
% VAT refunds to international projects			1,1%	1,9%	2,0%	2,4%	2,1%	2,7%

Bearing in mind that VAT refunds *de facto* represent negative revenues, i.e. from the accounting point of view, VAT revenue reversal, calculated and paid on VAT returns from the previous phases of circulation, a nominal growth of VAT refunds should be followed by nominal growth of gross VAT revenues. There are several factors that can cause the discrepancy between the refund growth and movement of gross VAT collection:

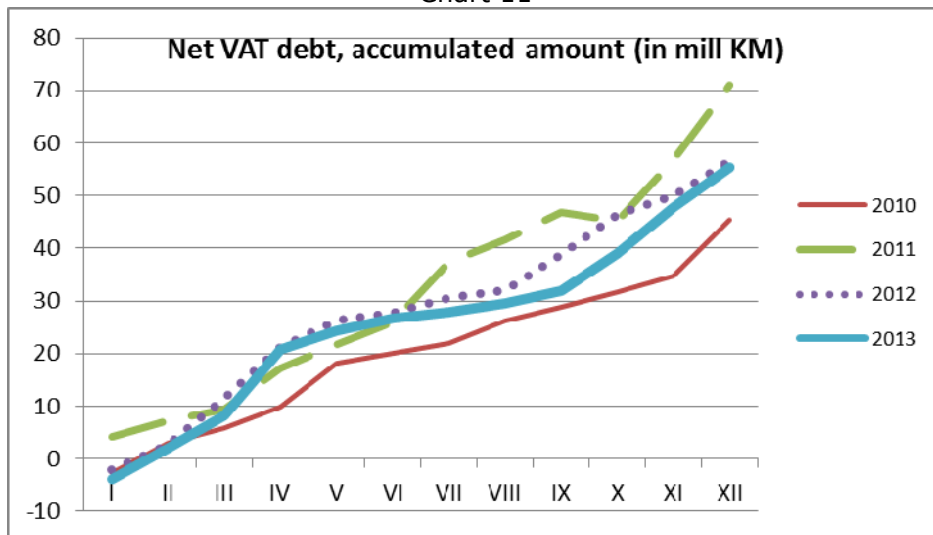
- Time gap between the calculation/payment of VAT from the previous phases and refunds paid in the transition from one year to another. Inconsistency in transactions is common for each fiscal year, and deviation can only occur if seasonal scheme of collection significantly changes or due to unforeseen situations (for example litigation).
- Tax credits. Time gap in tax credits only affects the gross VAT whereas, by definition, tax credits are not supposed to affect the amount of VAT refunds, so the payment of unused

tax credits should be a residual value, as a result of poor financial planning of taxpayers. Increased refund payments on the basis of unused credits, especially in times of crisis and insolvency, points to VAT frauds;

- Non-payment of VAT in stages preceding the stage of the claimed refund. If taxpayers from the previous stages do not pay VAT obligations based on returns, and VAT refund from those transactions is paid to taxpayers, gross collection does not increase, refunds increase and the net effect on revenue is negative;
- VAT frauds, such as exports and fictitious transactions in the country.

Cumulative state of VAT debts on the basis of notified and unpaid VAT on 31 of December 2013 amounted to 304.9 million KM which is an increase of approximately 7.6 million KM compared to the previous month. After a slowdown in debt, which was evident in September, an increase in net debt in the last quarter of 23,6 million KM approached the trend of debt in 2013 to the trend from 2012 (Chart 11). In addition to these debts, additional 68,7 million KM of debt is recorded in the system by automatic assessment for taxpayers who have not filed VAT returns, so that the total debt amounts to 373,6 million KM.

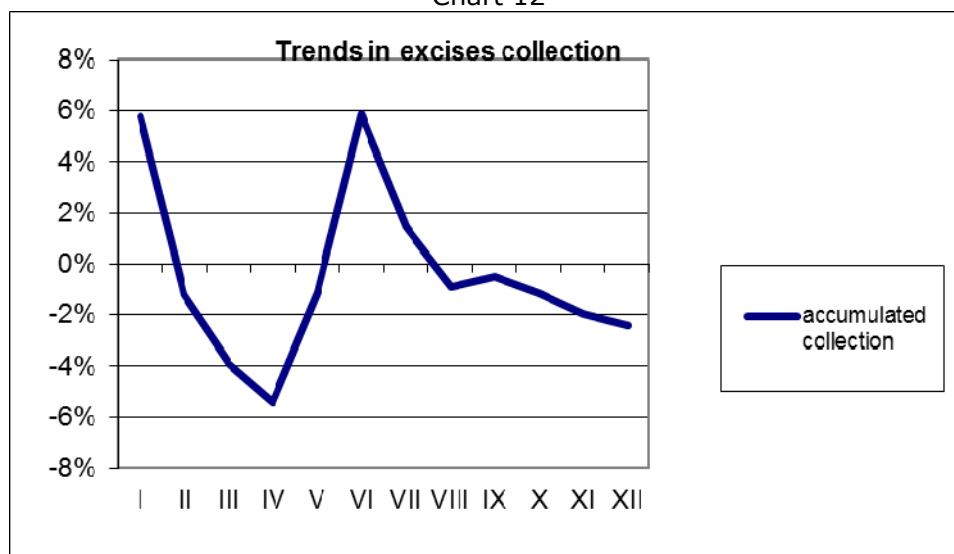
Chart 11



Excise tax

After a significant fall in the collection of revenue from excise taxes of 9.9% in November, the month of December has brought a continuation of negative trends. Collection of excise taxes in December dropped by 8% in comparison with the same month in 2012. Poor collection in the last two months had a negative impact on the cumulative collection which compared to 2012 decreased by 2,5% (Chart 12).

Chart 12



The largest decline in revenue from excise taxes in December was recorded in excise taxes on domestic tobacco, for even 30,6%, while the import of tobacco decreased by 7%. On the other hand, there has been a tremendous growth in revenues from excise taxes on coffee from 32,8% in December (Table 4).

Table 4 Collection of excise taxes in December 2013

	XII 2013 / XII 2012	Cumulative 2013 / 2012
Total tobacco	-14,4%	-4,1%
Tobacco imported	-7,0%	-1,5%
Tobacco domestic	-30,6%	-10,2%
Oil derivatives	0,0%	-0,1%
Imported	-0,8%	3,4%
Domestic	1,2%	-4,3%
Coffee	32,8%	2,3%
Alcohol, beer	-3,6%	-2,1%
Road tolls	1,8%	0,0%

Quarterly comparisons of collection of excise revenues in 2013 show strong fluctuations in the second and third quarter as a result of the factor „Croatia’s accession to the EU“ (Chart 13).

Since revenues from excise taxes on tobacco have the share of 57% in total revenues from excise taxes, decrease in revenues from excise taxes on tobacco largely determines trends in overall excise taxes. Given time spreading of the effect of Croatia’s accession to the EU on revenues from excise on cigarettes, the fourth quarter of 2013 in the best way reflects actual trends in the collection of revenues from excise taxes on tobacco (Chart 14).

Chart 13

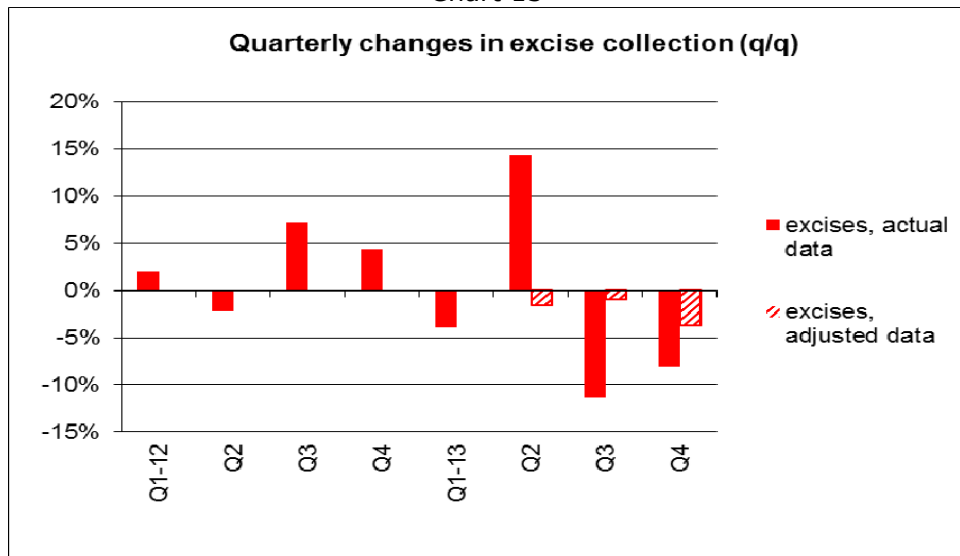
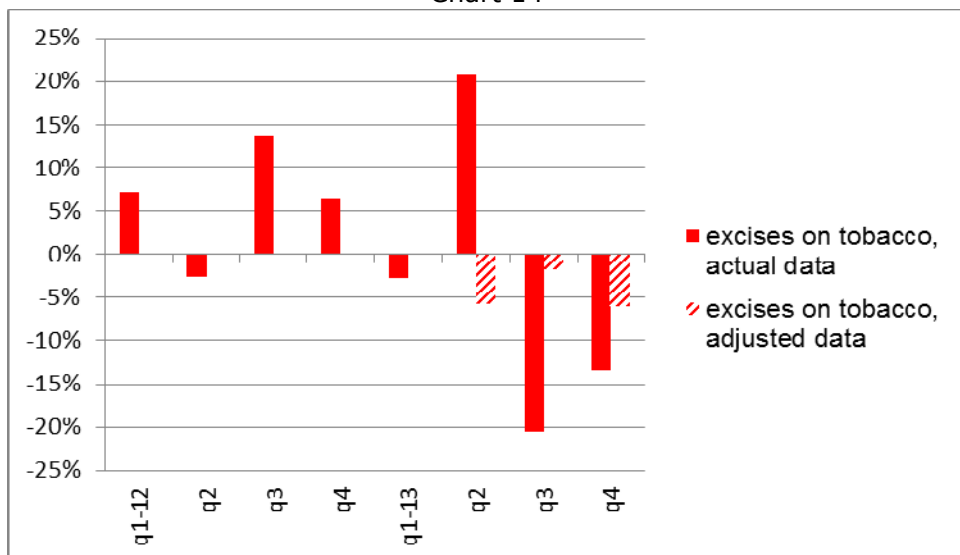
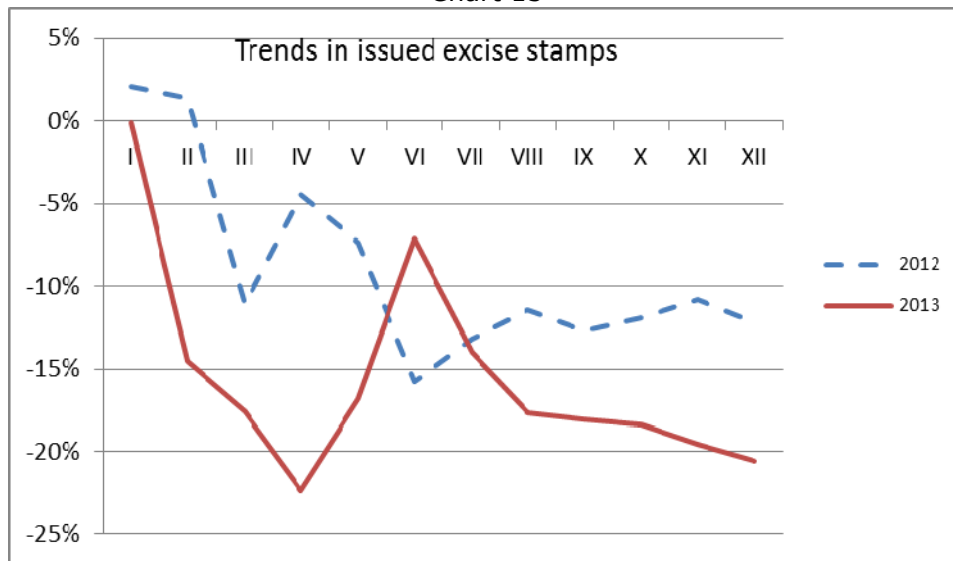


Chart 14



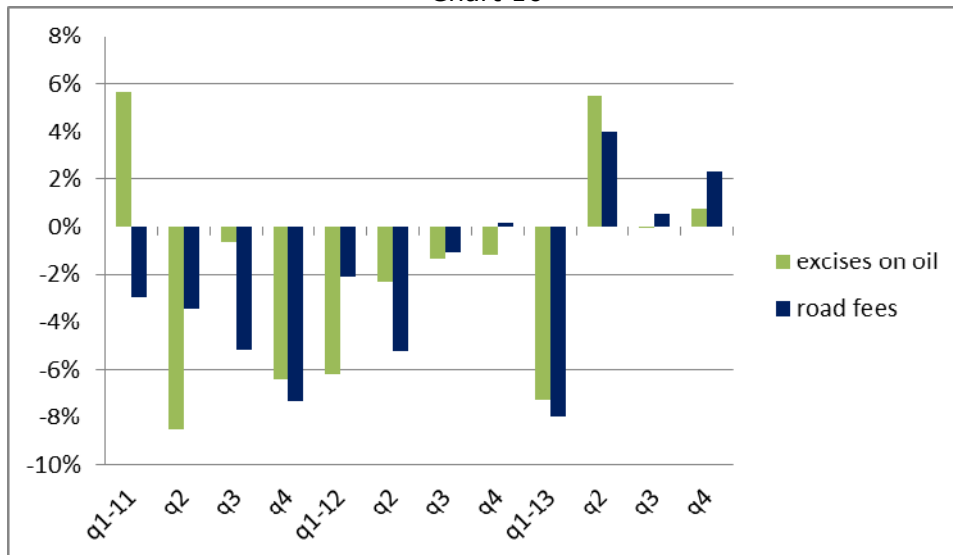
Deterioration in the collection of excise tax on tobacco in December could not be stopped, at least temporarily, not even by the new increase in excise tax on cigarettes from 1 of January 2014. The previous practice of companies in the tobacco industry, to, prior to the increase in excise taxes which results in the growth of retail prices, accumulate stocks of cigarettes due to the expected increased demand, this time did not happen. Regarding the reduction in stockpiles of cigarettes at the end of 2013, it is obvious that in January 2014 additional revenues will not be collected due to the increase of minimum excise tax on cigarettes in stockpiles to the same extent as previous years. Deterioration in the collection of excise taxes on tobacco in December was a result of further erosion of cigarette consumption. The fall in the quantity of cigarettes, measured by the number of issued excise stamps, in 2013 exceeded 20% in relation to the amount from 2012 (Chart 15). In comparison to 2009, there was a decline of 38% of issued excise stamps on cigarettes, while in the same period the weighted average retail price of cigarettes doubled.

Chart 15



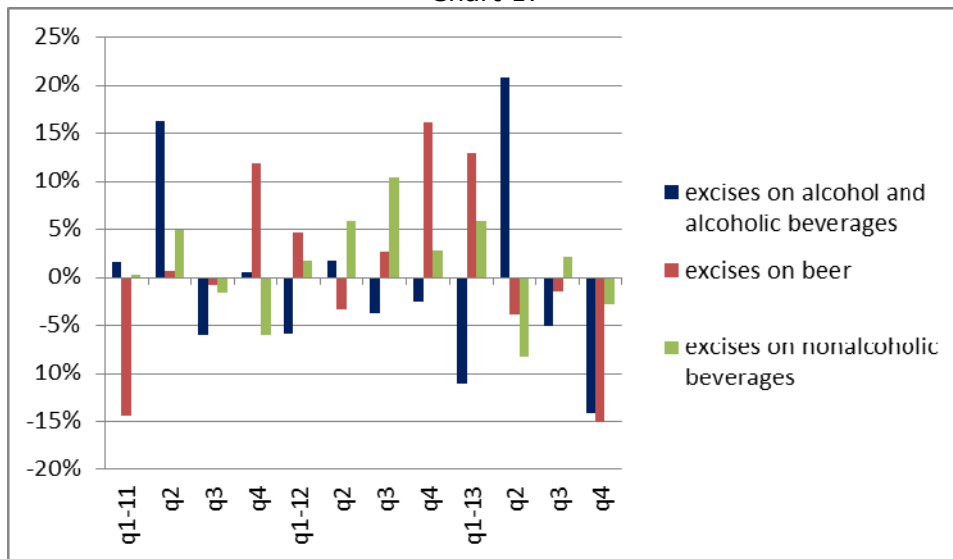
Quarterly comparisons of the collection of excise taxes on oil derivatives and road tolls indicate improving trends in the last three quarters of 2013. After a significant drop in the collection in the first quarter, which is the result of the late start of the Refinery after the general overhaul, there has been an increase in revenues in the next three quarters (Chart 16). However, negative trends in the first quarter annulled a positive trend in the rest of the year, so the annual performance of excise taxes on derivative was at the level of 2012.

Chart 16



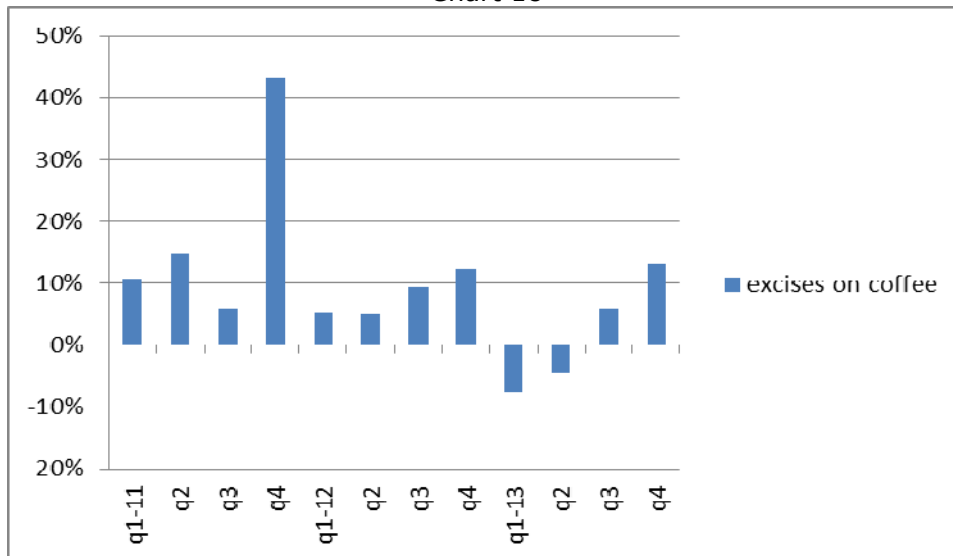
In December there was a further deterioration in revenues from excise taxes on alcohol, beer, alcoholic and non-alcoholic beverages so the revenue decline at the level of 2013 was -3,4% from beer, which holds about 50% of revenues from excise taxes of this product group and from alcohol -3,2% and non-alcoholic beverages -1,2%. Quarterly comparisons (Chart 17) indicate a sharp drop in excise taxes on beer and alcohol and alcoholic beverages in the fourth quarter of 2013.

Chart 17



Of all excise products a positive collection in 2013 was recorded only in excise taxes on coffee. Quarterly comparisons indicate a growing trend in the second half of the year after the first two quarters being negative (Chart 18).

Chart 18



COMPARISON WITH PROJECTIONS

Revenue decline of 2,1% is within the framework of the revised projections of the Unit from October 2013 (Chart 19). On the whole, the year 2013, in terms of projections of indirect tax collection, has brought a high dose of uncertainty. Bearing in mind the modest economic recovery it can be concluded that the collection of indirect taxes instead of following that recovery, goes in the opposite direction. In this sense, aligning the projections that the Unit was doing in the past year with the current trends is the necessity in order to determine the budgets of all levels of government in B&H for 2014 on more realistic basis.

Quarterly analyses of adjusted data series indicate that negative trends in the collection of indirect taxes have long continuity. The beginning of the revenue decline is recorded in the fourth quarter of 2012 and continued by growing pace throughout 2013.

Chart 19

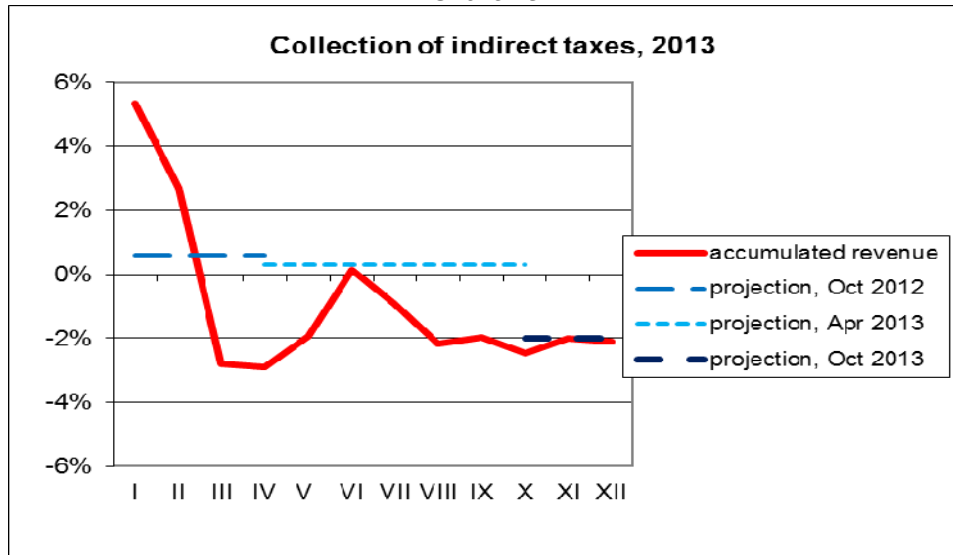
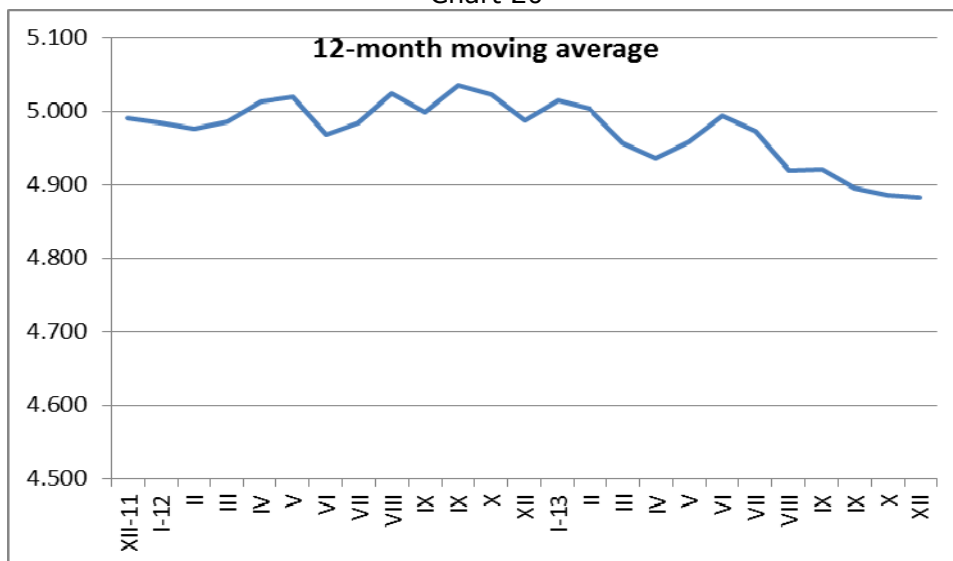


Chart 20



This growing pace of negative trend in indirect taxes is disturbing. This conclusion is also indicated by the downward trend in the moving 12-month cumulative (Chart 20). Although the positive revenue collection in January and February of 2013 retained the moving 12-month cumulative over the limit of 5 billion KM, a continuous decline in revenues in the rest of the year dropped the moving cumulative below 4,9 billion KM.

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.

Table 2 (Consolidated report: B&H Institutions, entities, BD)

Preliminary consolidated report includes:

- revenues and expenditures of the budget of Institutions of Bosnia and Herzegovina,
- revenues and expenditures of the budget of the Federation of B&H,
- revenues and expenditures of the budget of the Republika Srpska*,
- revenues and expenditures of the budget of Brčko District.

**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)*

Preliminary report: B&H Institutions, entities and SA, I-XII 2013

<i>(mil KM)</i>	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Revenue	434,7	382,4	446,3	489,5	554,8	560,5	550,8	493,0	490,4	531,9	479,2	528,3	5.941,7
Taxes	409,4	348,7	402,9	424,1	477,1	478,0	473,9	455,1	460,4	468,5	440,9	445,8	5.284,8
Direct taxes	22,7	29,7	53,5	45,4	27,0	31,6	39,1	27,3	27,8	28,8	28,5	38,3	399,5
Taxes on income, profits and capital gains	22,0	29,0	52,5	44,3	26,0	30,7	37,9	26,2	26,8	27,7	27,6	37,2	387,9
Taxes on property	0,7	0,8	0,9	1,1	1,0	0,9	1,2	1,1	0,9	1,1	0,9	1,1	11,6
Indirect taxes (net)	386,7	318,9	349,4	378,3	450,1	445,9	434,5	427,6	432,6	439,6	412,0	407,4	4.883,0
VAT	240,7	210,2	227,6	243,4	274,7	254,2	291,5	269,6	280,0	289,2	260,0	261,8	3.102,9
Excises	112,0	76,4	82,4	93,0	129,9	150,3	99,2	111,2	103,7	103,1	106,2	99,8	1.267,1
Road fee	20,3	16,8	18,9	22,5	26,6	23,9	25,6	28,2	27,8	24,9	25,8	24,2	285,3
Customs	12,6	14,5	18,9	18,2	17,4	16,2	16,8	17,3	19,7	20,7	18,7	20,1	211,0
Other indirect taxes	1,0	1,0	1,7	1,3	1,5	1,3	1,5	1,3	1,4	1,7	1,3	1,5	16,6
Other taxes	0,1	0,0	0,1	0,4	0,0	0,5	0,3	0,2	0,0	0,1	0,4	0,1	2,3
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	0,0	0,0
Foreign grants	1,4	0,7	1,8	2,4	0,9	2,9	3,5	0,7	0,2	0,7	10,1	16,5	41,8
Other (non-tax) revenue	23,9	33,0	40,2	64,3	76,6	79,4	73,2	37,1	29,8	61,8	27,7	65,9	612,9
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	0,5	0,2	2,2

(mil KM)	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Expenditure	411,9	400,9	410,4	416,0	459,3	478,6	532,1	492,2	462,5	498,9	464,7	729,7	5.757,1
Expense	407,5	397,9	402,9	411,1	455,9	469,1	515,3	485,2	452,6	481,1	453,5	691,1	5.623,3
Compensation of employees	123,1	124,7	126,9	124,2	125,0	128,9	130,5	124,4	128,3	127,3	129,2	138,3	1.530,7
Use of goods and services	14,6	24,1	28,3	24,7	24,6	37,9	26,2	29,2	31,6	28,8	29,0	101,6	400,7
Social benefits	52,6	54,4	53,4	53,3	51,7	57,4	55,3	55,3	59,3	63,1	58,3	80,2	694,3
Interest	4,2	7,1	18,9	8,7	13,7	23,1	5,4	9,9	15,0	10,8	15,4	16,2	148,3
Interest payments to non-residents	2,3	5,6	10,1	6,0	6,3	14,1	3,1	5,4	7,9	5,8	9,7	12,8	89,1
Interest payments to residents	2,0	1,6	8,8	2,7	7,5	9,0	2,3	4,4	7,1	5,0	5,6	3,4	59,2
Subsidies	2,2	2,4	6,0	3,8	8,3	19,3	19,2	24,5	20,6	15,2	18,9	98,2	238,5
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	0,1	0,1
Transfers to other general government units	40,3	42,2	41,5	37,8	42,4	49,7	60,1	48,3	48,6	46,4	44,7	108,9	611,0
Transf. from SA (BD, cant, munic, funds, road f.)	165,4	134,5	119,1	153,2	184,6	144,8	197,2	187,9	142,5	182,7	149,4	115,2	1.876,3
Other expense	5,1	8,6	8,9	5,4	5,6	8,0	21,4	5,8	6,6	6,9	8,7	32,6	123,4
Net acquisition of nonfinancial assets	4,4	3,0	7,5	4,9	3,4	9,5	16,8	7,0	9,8	17,8	11,2	38,6	133,8
Acquisition of nonfinancial assets	4,6	3,3	8,2	5,6	3,9	10,1	17,4	7,2	10,8	18,4	11,8	39,4	140,6
Disposal of nonfinancial assets	0,2	0,2	0,7	0,8	0,5	0,6	0,5	0,2	0,9	0,7	0,7	0,8	6,8
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	50,8	25,7	-162,8	318,4
Net lending /borrowing (revenue minus expenditures)	22,8	-18,5	35,9	73,5	95,5	81,9	18,7	0,8	27,9	33,1	14,6	-201,4	184,6
Net financing = (Minus) Net lending /borrowing	-22,8	18,5	-35,9	-73,5	-95,5	-81,9	-18,7	-0,8	-27,9	-33,1	-14,6	201,4	-184,6

Table 1

Preliminary Report: B&H Institutions, Entities and BD, I-XII 2013

(mil KM)	Q1	Q2	Q3	Q4	Total
Revenue	881,6	1.173,3	1.071,9	1.148,3	4.275,0
Taxes	773,7	940,1	916,8	959,4	3.590,0
Direct taxes	111,9	110,1	99,4	101,1	422,4
Taxes on income, profits and capital gains	107,4	104,5	94,0	95,2	401,1
Taxes on payroll and workforce	1,9	2,1	1,9	2,5	8,4
Taxes on property	2,5	3,5	3,5	3,4	12,9
Indirect taxes	661,5	828,9	816,7	857,3	3.164,3
Other taxes	0,4	1,2	0,7	1,0	3,2
Social security contributions	0,0	0,0	0,0	0,0	0,0
Foreign grants	3,9	6,1	4,5	27,3	41,8
Other (non-tax) revenue	101,5	227,2	150,6	160,5	639,7
Transfers from other general government units	2,6	-0,2	0,0	1,1	3,5
Expenditure	837,5	921,7	1.022,1	1.315,0	4.096,2
Expense	822,6	900,1	979,6	1.237,7	3.940,0
Compensation of employees	395,5	398,5	400,4	411,1	1.605,5
Use of goods and services	71,7	94,4	107,1	172,5	445,7
Social benefits	165,9	171,3	176,4	217,4	730,9
Interest	30,3	45,7	30,4	42,4	148,7
Interest payments to non-residents	17,9	26,4	16,5	28,3	89,1
Interest payments to residents	12,4	19,3	13,9	14,1	59,6
Subsidies	12,3	33,1	68,8	137,1	251,4
Grants	0,2	4,4	3,1	3,7	11,4
Transfers to other general government units	124,0	134,0	159,5	202,5	620,0
Other expense	22,6	18,9	33,9	51,1	126,4
Net acquisition of nonfinancial assets	14,9	21,6	42,5	77,3	156,2
Acquisition of nonfinancial assets	16,1	23,4	44,1	79,5	163,0
Disposal of nonfinancial assets	1,2	1,8	1,6	2,1	6,8
Gross/Net operating balance (revenue minus expense)	59,0	273,1	92,3	-89,4	335,0
Net lending /borrowing (revenue minus expenditures)	44,1	251,6	49,8	-166,7	178,8
Net financing = (Minus) Net lending /borrowing	-44,1	-251,6	-49,8	166,7	-178,8

Table 2