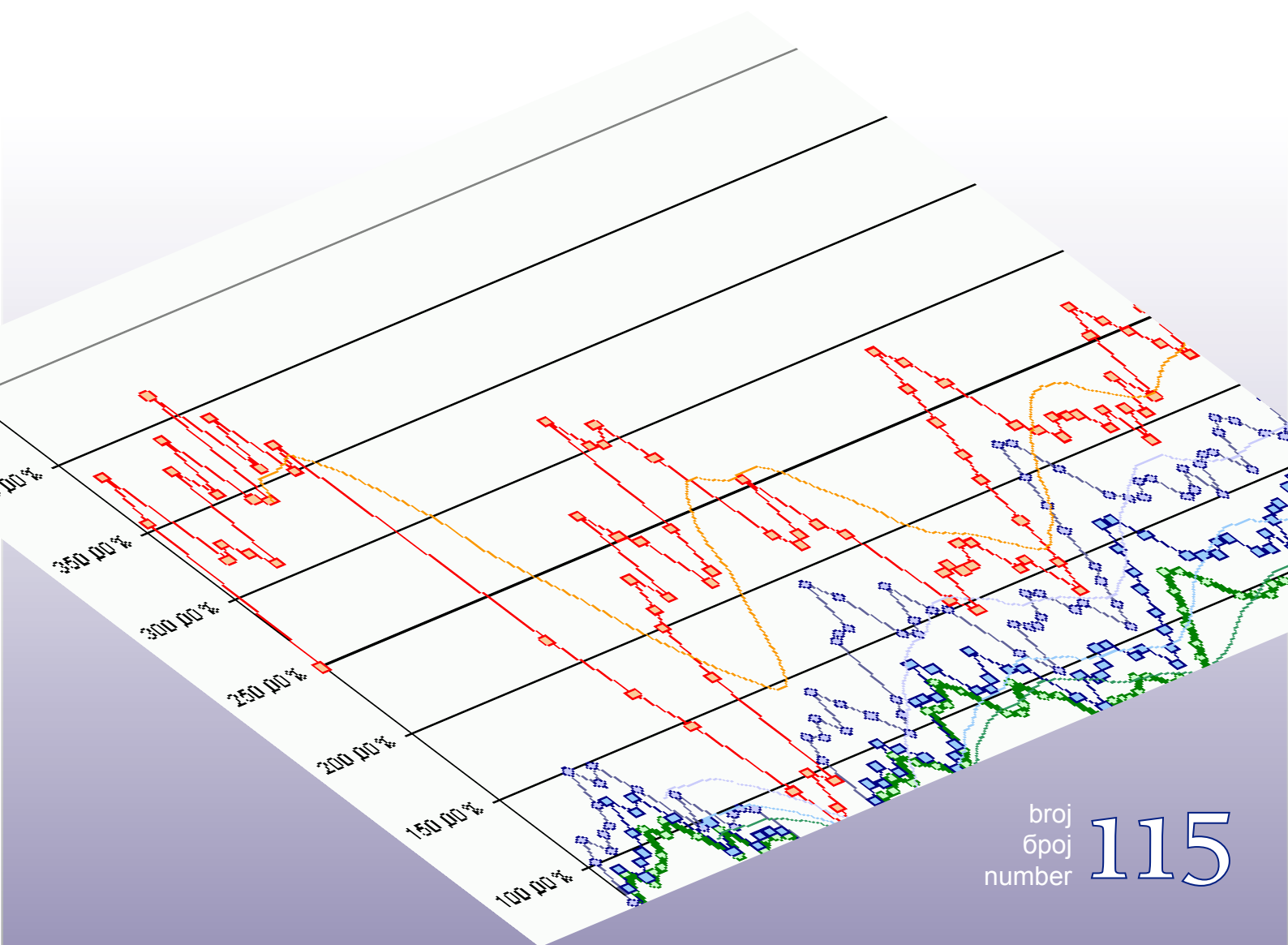




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

# *Oma Bilten*



broj  
број  
number **115**

## With this issue

It is not simply to determine the elasticity of individual type of indirect taxes to the appropriate macroeconomic indicator with a high degree of precision in Bosnia and Herzegovina, given the relatively short period since the establishment of the ITA and the fact that in almost every year certain legislative changes have been implemented with the significant reflection on the revenues. In addition, we should bear in mind the fact that this period coincides with the turbulences on the global level, the period of liberalization of trade with the EU, and with the effects of factors outside the tax system. Revenue collection in 2014 was also marked by the influence of the flooding, as well as by the dynamics and pace of reconstruction. The differences between the growth rates of collected and projected revenues occur mainly due to the differences in the realization of certain macroeconomic indicators and their projections. Very often the actual tax base does not correspond to the available macroeconomic indicator for which dynamics the revenue projection is linked, and its dynamics does not have to follow the dynamics of the same. For example, the VAT base is a narrower concept than the concept of consumption, and consumption growth does not have to correspond to the growth of the tax base. However, the use of customs (and that includes VAT) releases to a greater or lesser extent can lead to deviations in the trend of VAT base. This was the case in 2014 due to the shift of some companies that are engaged in internal processing on the standard regime of payment of VAT.

According to the latest projections of the indirect taxes (October 2014), it was predicted revenue growth of 2,5% for 2014. At the time of their preparation the preliminary data on collection of revenues for the period January-September 2014 were available. At that time, the increase in net revenues from indirect taxes compared to the same period of the previous year also amounted to 2,5%, and in addition to macroeconomic factors, had largely been affected by other factors (the effects of the changes of the Law on Excise Taxes, collection of old debts, change of the import duty payment regime with some companies involved in internal processing, etc.). The strong revenue growth was achieved in the fourth quarter, which led to the excess in October projections by almost 60 million BAM. The biggest difference between the actual collection and projection of revenue relates to the VAT (34,5 million BAM). The following are excises with the excess of 14,4 million BAM, and then customs and 'other revenues' with a higher collection than the planned of 6,3 and 3,5 million BAM respectively. Road tax collection was realized nearest to the projection (excess of 1,1 million BAM). Due to the large differences in the shares of certain types of revenues in total indirect taxes, it would be more correct to observe differences between the collected and projected revenue growth rates. In this case we get a different picture on which revenue was recorded the largest deviation of collection in comparison to the projections. Projections of revenues from VAT have been exceeded by 1,11 pp, excises by 1,14 pp, and customs by 2,99 pp. The greatest discrepancy was found with the item 'other revenues', which among others include the unadjusted revenues on SA whose level is determined solely by administrative factors. This difference has no significance to the discrepancy in the total level of revenues due to the negligible share of the item 'other revenues' in indirect taxes.

Dinka Antić, PhD  
Head of Unit

### Table of contents:

Analysis of collection of indirect taxes in 2014	2
Consolidated reports	16

Technical design: Sulejman Hasanović, IT expert  
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## Analysis of collection of indirect taxes in 2014

### Total collection

Despite the fall in revenue collection from indirect taxes in November 2014, it was realistic to expect a continuation of positive trends in December, taking into account historical trends and traditionally increase in consumption at the end of the year due to the holidays. However, data from the ITA report show that the positive expectations have been exceeded. Despite the growth of refunds of 19,6% revenue net collection of indirect taxes in December 2014 increased by 11% compared to the same month of 2013, due to the strong increase in gross collection. The unexpectedly strong growth in collection of indirect taxes in December has also increased the growth in net cumulative collection, so that the year 2014 ended with a surplus of 182,7 million BAM (Chart 1).

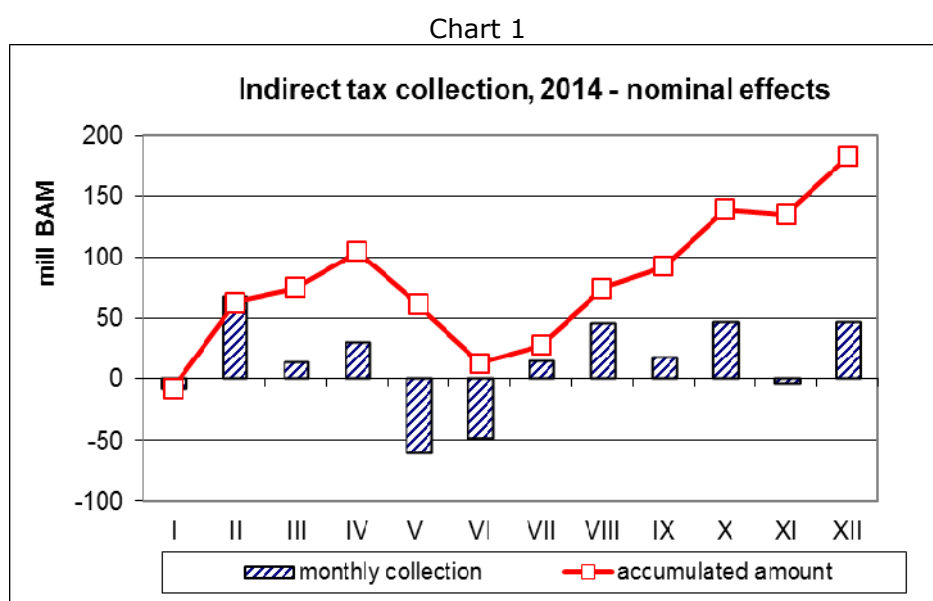


Table 1 Revenue collection of indirect taxes, December (2008-2014)

	2008	2009	2010	2011	2012	2013	2014	2014/ 2013	Difference BAM
<b>XII</b>									
gross	486,1	464,4	512,3	528,1	490,8	490,2	552,6	12,7%	62,5
refunds	-112,0	-77,6	-78,2	-91,0	-81,5	-97,3	-116,5	19,6%	-19,1
<b>net</b>	<b>374,0</b>	<b>386,8</b>	<b>434,1</b>	<b>437,1</b>	<b>409,3</b>	<b>392,8</b>	<b>436,2</b>	<b>11,0%</b>	<b>43,3</b>

Observing revenue collection in December in previous years it can be concluded that a historical maximum was reached in December 2014 (Table 1). During the year, in only three months collection was lower than in 2013, with two months coinciding with the catastrophic floods (Chart 1). Although revenue collection of indirect taxes in 2014 was by 3,7% higher than the collection in 2013, a comparison of collection in those two years does not provide a realistic picture because a decline of 103 million BAM was recorded in 2013. Therefore, in order to obtain a more realistic state of collection it is desirable to compare the collection in 2014 with previous years. Chart 2 shows that the collection in 2014 was more successful than collection in 2012 almost in all months except for the months when the floods occurred.

Chart 2

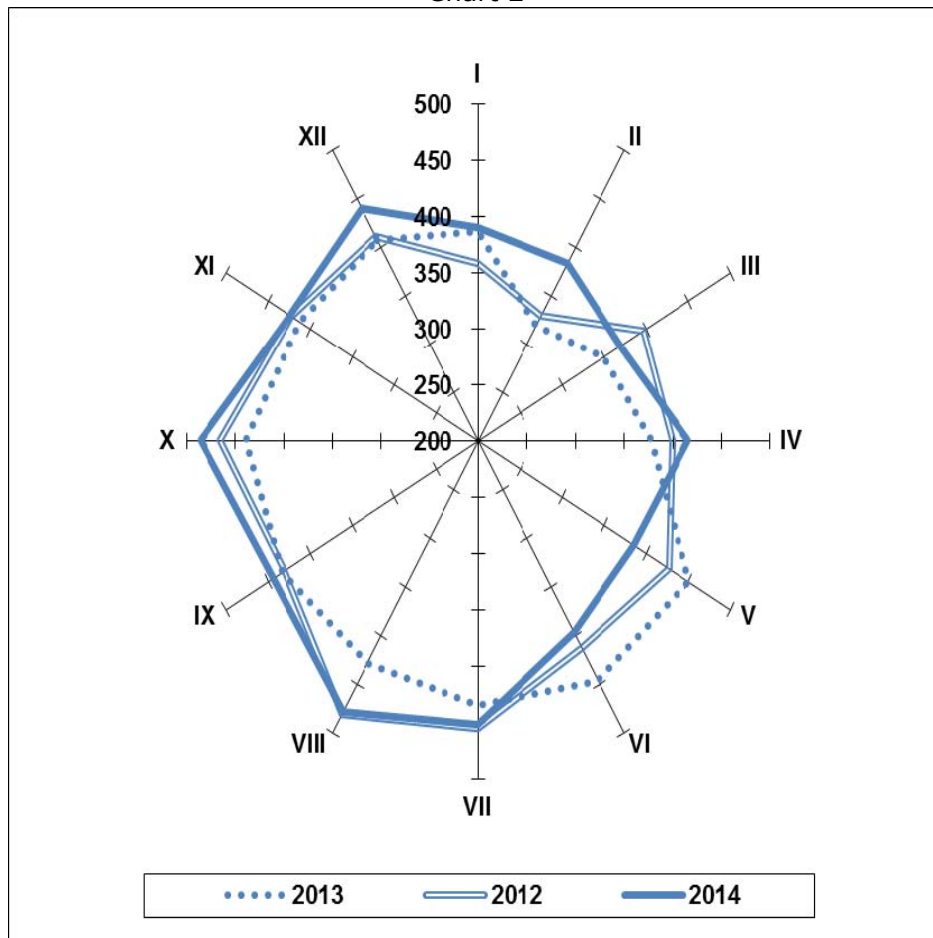
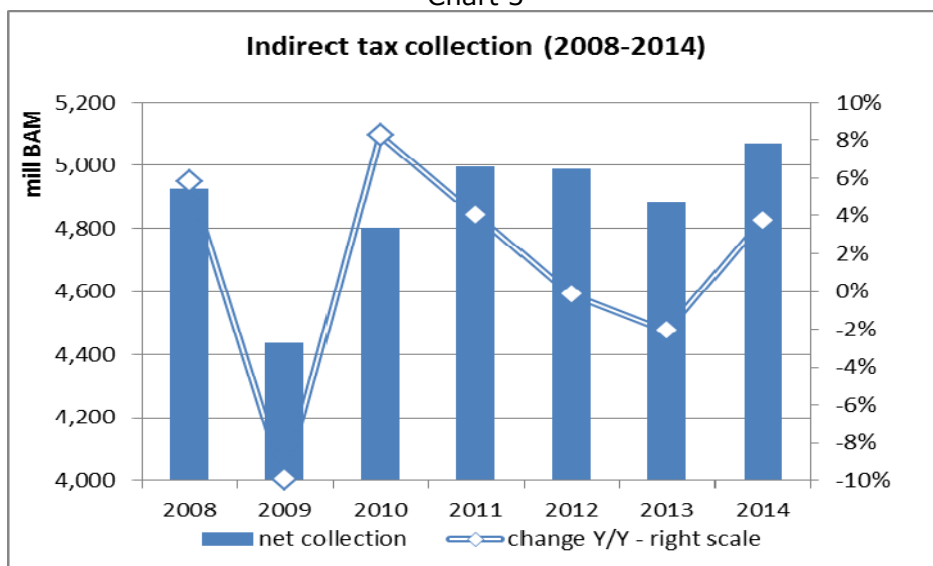
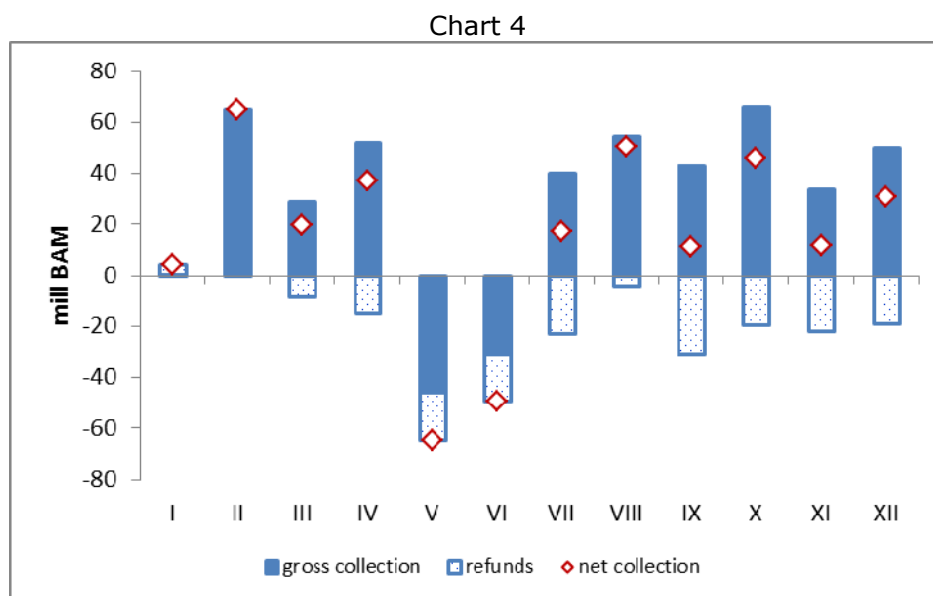


Chart 3



According to the review in Chart 3 the most successful years so far were 2011 and 2012. If these fiscal years are taken as the base, comparison of collection in 2014 with the mentioned years shows an increase of 1,4% and 1,6% respectively.

Monthly effects of inflow and outflow movements from the Single Account in 2014 (Chart 4) show that gross revenue grew in most of the year and the monthly growth was more than 60 million BAM. On the other hand, there is an obvious relationship between growing gross collection and refunds, especially from April.



The described trends indicate that the growth in gross collection was associated with imports for investments and for the production for exports. In the case of imports for investments charged VAT on importation of goods is returned in the form of refunds to the taxpayer in the next two months, while on the importation of raw materials for exports (finishing operations) deadline for VAT refunds is 30 days. Generally, gross VAT collection is neutralized by refunds throughout the year except for imports at the end of the year.

Both of these cases have characterized revenue collection of indirect taxes in 2014. Investment in TPP Stanari at the beginning of the year has brought strong growth in imports of capital goods from China and, consequently, increase in VAT collection on the import, which was later, in the statutory terms of refunds, returned to the investor<sup>1</sup>. With regard to the notice of the investor that the import of capital goods is finished and they can go into the installation and test production, a reduction in VAT collection at imports and reduction of refunds on that basis can be expected in 2015. It can be assumed that the December jump in VAT collection on imports is in connection with the final importation of necessary equipment. However, given that it is the end of the fiscal year, there will be no neutralization of VAT on imports by subsequent refund payments. VAT collection on imports has positively influenced the fiscal balance in 2014, while refunds will have negative impact on the fiscal balance in 2015. Second, at the beginning of the year some companies which are engaged in internal processing switched to the standard method of calculating VAT instead of using customs and VAT exemptions. The change in the method of calculating VAT has led to the growth in gross collection and then to refund payments in the

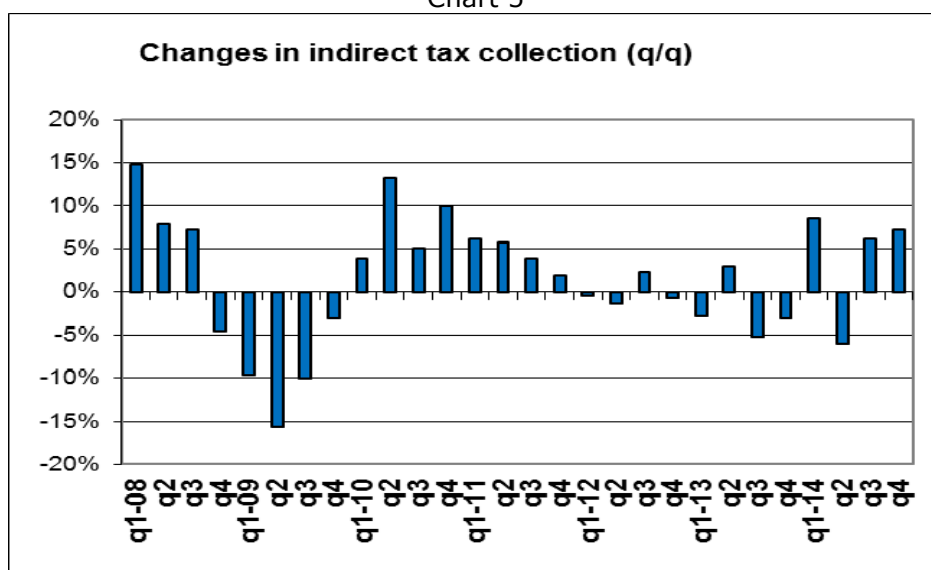
<sup>1</sup> According to the ITA data 75 million BAM was returned to the investor, which corresponds to 441 million BAM of value of imported equipment.

following month given that it is the production for exports<sup>2</sup>. This change had a significant effect on the pattern of revenue collection in 2014. If companies continue the same practice in 2015, the collection scheme will be stabilized and refunds that are associated with the importation of raw materials in December 2014 will only have the negative effects.

In addition to macroeconomic factors (growth of consumption and economic growth) significant effect on revenue collection of indirect taxes in 2014 had the collection of old debts based on VAT and excise duty in the first quarter of 2014. This effect, which has a one-time character on the collection, amounts to 0,5% p.p. of revenue growth.

Quarterly analysis of revenue collection of indirect taxes shows sharp quarterly fluctuations ranging from -6% to +8,4% (Chart 5).

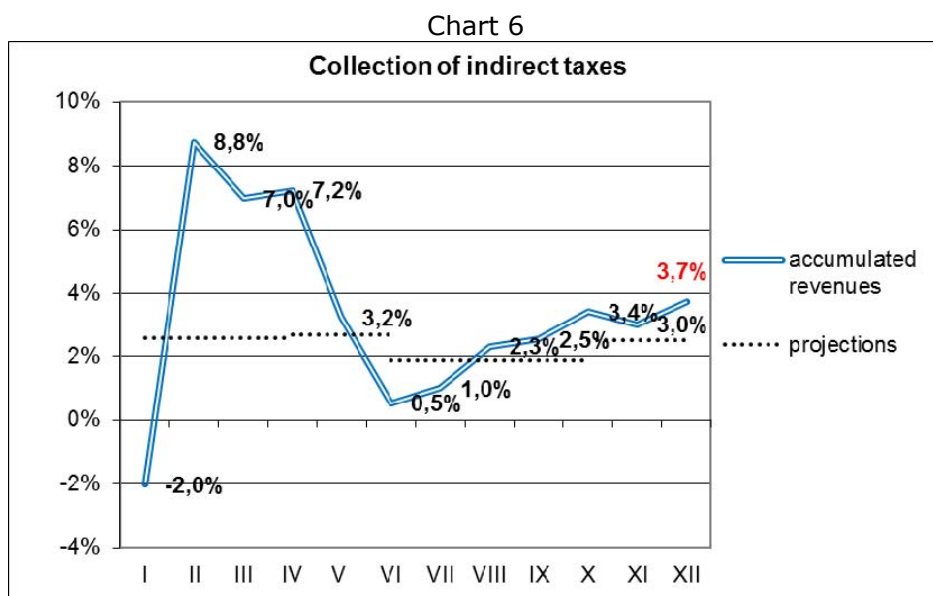
Chart 5



The growth in the first quarter can be explained by the collection of old debts, the beginning of imports for investment in TPP Stanari and the change in customs regime of companies engaged in internal processing. The second quarter is characterized by reduced gross collection due to floods in May, refund growth as an additional effect of growth in imports for investment and finishing operations, and the impact of increased statistical base from 2013 for comparison of revenue collection in May and June. Croatia's accession to the EU in these two months of 2013 produced a lot of stockpiling of cigarettes, which has resulted in enormous growth in revenues from excise duties on cigarettes and the corresponding VAT. Enlarged statistical base has resulted in lower rates of revenue growth in the second quarter of 2014. Logically, the third quarter of 2013 brought a lower base due to the decline in revenues from excise duties on cigarettes which had a positive effect on revenue growth in the third quarter of 2014. In addition, the third quarter of 2014 was also characterized by accumulation of fine cut tobacco and the growth of revenues from excise duties on tobacco before the application of amendments to the Excise Law. Amendments to the Law, which drastically increase excise duty on fine cut tobacco, have led to increased demand of tobacco companies for excise stamps for cigarettes, which resulted in strong growth in revenues from excise duties on cigarettes in the third and fourth quarter of 2014. The regular increase in the specific excise duty from 1 of January 2015 also influenced the growth of revenues from excise duties on cigarettes in the fourth quarter. Growth in the fourth quarter is also associated with the

<sup>2</sup> According to the ITA data 62 million BAM was returned to only one company on this basis, which corresponds to 365 million BAM of value of imported raw materials.

above described import for the purposes of investments and finishing operations, which would, through refunds, have a negative impact on the collection in the first quarter of 2015.



The growth in net collection of 3,7% is a major achievement considering the circumstances in B&H in 2014 (Chart 6). In relation to revised projections the execution is higher by 1,1 p.p. Projections of revenues from indirect taxes for 2014 have been revised three times during 2014, regularly in April and October, and exceptionally in June due to the consideration of the effects of floods. Projections were set extremely conservative. The reasons for this are many: strong fluctuations of collection during the year caused by various one-off factors, including floods, uncertainty about the recovery and the pace of rehabilitation after the floods, uncertainty related to the behavior of tobacco companies and the consumers' response to the increase in the specific excise duty on tobacco, and then to the increase of excise duties on cigarettes from 2015, complete uncertainty regarding execution of VAT refunds on international projects, the effects of oil price drop on the prices of oil products in B&H and the volume of consumption, etc. Until December cumulative net growth averaged around 3%. December unexpectedly brought strong growth in revenue collection, which will be partly offset by refunds in the first quarter of 2015. The effects of the transfer of refunds can be estimated at least at the level of 0,6 p.p. of the revenue growth, and more precise data will be known after processing VAT returns for December 2014.

### *Trends by type of revenue*

Comparing collection in December 2014 with the collection in the same month of 2013 by types of revenues it can be concluded that there has been strong growth in collection of revenues from customs duties and VAT while excise duty revenues declined. Positive trends in December increased the cumulative surplus in revenues from VAT to 104,2 million BAM and 24,3 million BAM in customs duty revenues. Negative trends in revenues from excise duties in December were not able to significantly threaten the cumulative growth, so that the surplus on excise duties and road taxes amounted to 50 million BAM (Chart 7). It should be noted that according to the ITA report there are currently 6,2 million BAM unadjusted revenues, and after adjusting it can be expected an even greater surplus in VAT and other types of revenues.



Chart 7

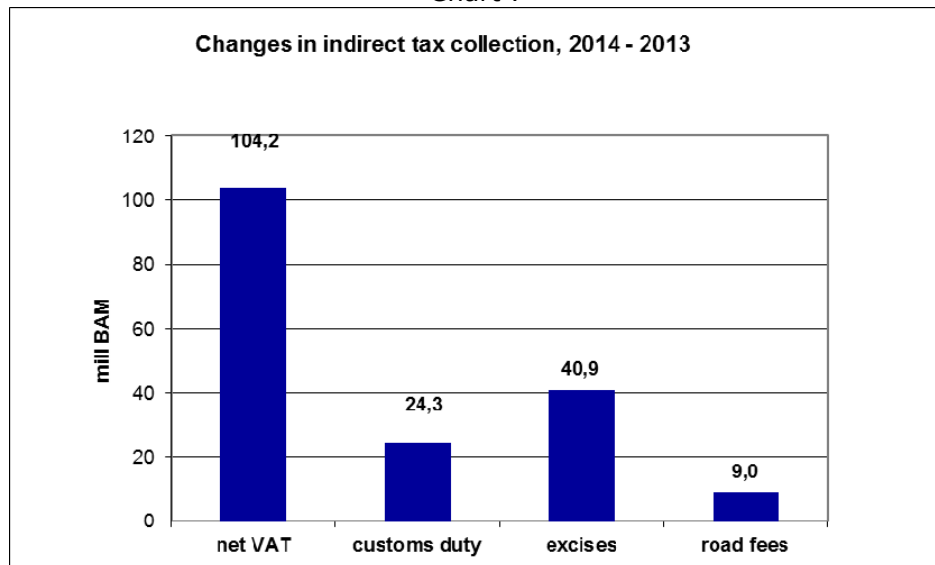


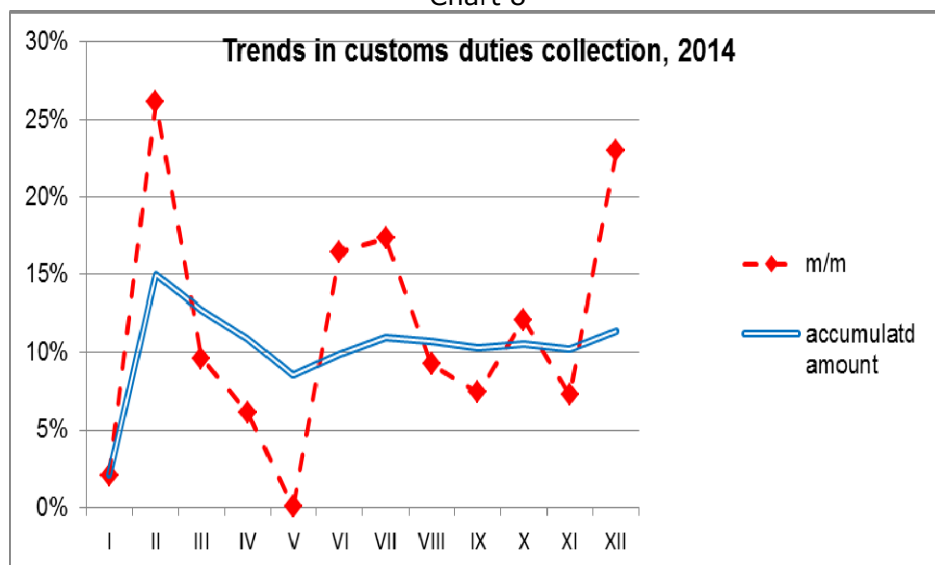
Table 2 Trends by type of revenues

	XII 2014 / XII 2013	Cumulative 2014/ 2013
customs	24,1%	11,5%
VAT	9,8%	3,4%
Excises	-1,9%	3,2%

### Customs duties

Revenues from customs duties in December rose by as much as 24,1% compared to the same month of 2013.

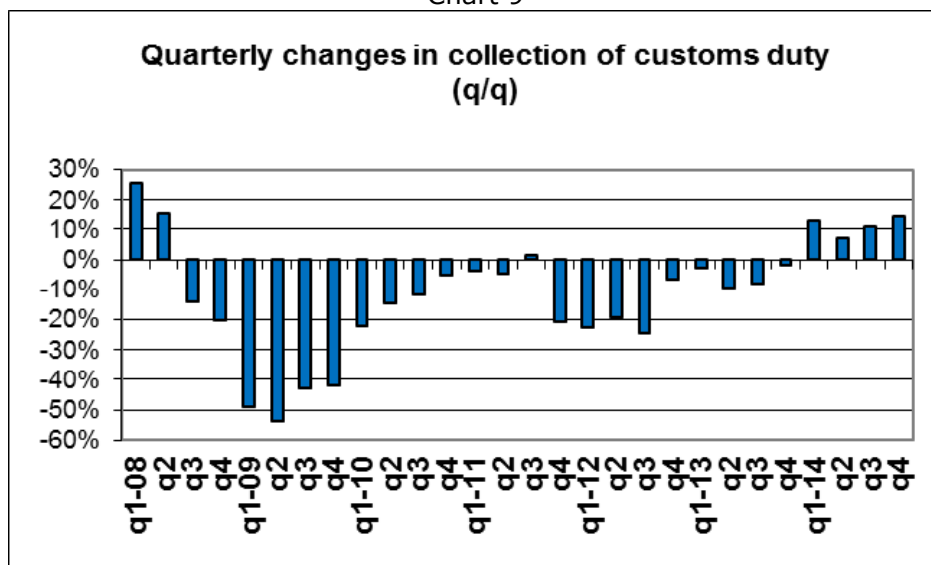
Chart 8





Strong growth in revenues from customs duties in December is a result of increased imports from the third countries, in the first place from China, both for investments in TPP Stanari and consumer goods. According to data from Agency for Statistics imports from China in 2014 increased by 48,7%. Despite the sharp monthly fluctuations cumulative growth of revenue from customs duties was around 10% most of the year, and after the increase in collection in December it was increased to 11,5% (Chart 8). The same conclusion about the stability of customs revenues during 2014 can be derived from the quarterly comparisons of collected revenues from customs duties (Chart 9).

Chart 9



## VAT

December has brought improvement in the collection of net revenues from VAT. On the one hand, there was an increase in gross collection of VAT, both in imports and VAT returns, and on the other hand, the growth in VAT refunds in December 2014 compared to the same month of 2013 was significantly weaker in relation to previous months (Chart 10).

However, despite these trends, the share of refunds in a monthly gross collection is high with the growing trend. Overall monthly VAT collection was oscillatory during 2014. Monthly fluctuations ranged from -10,6% to 15,7%, and in four months negative collection was recorded. Fluctuations in VAT collection can also be seen from the review of quarterly collection (Chart 11). The first quarter brought strong growth in VAT collection of 9,5% as a result of the increase in imports for TPP Stanari, changes in customs and VAT regime in finishing operations and the collection of old debts. Already in the second quarter a drop in collection of 4,6% was recorded due to growing payments of VAT refunds originating from the first quarter and a fall in gross collection due to the floods in May. The third and fourth quarters brought the recovery in collection of 2,8% and 6,3% respectively.

Chart 10

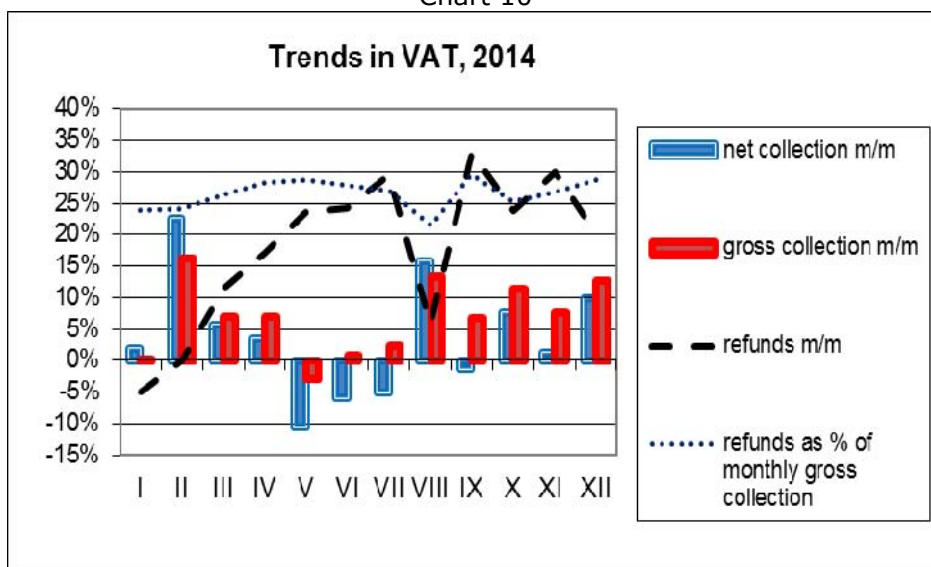
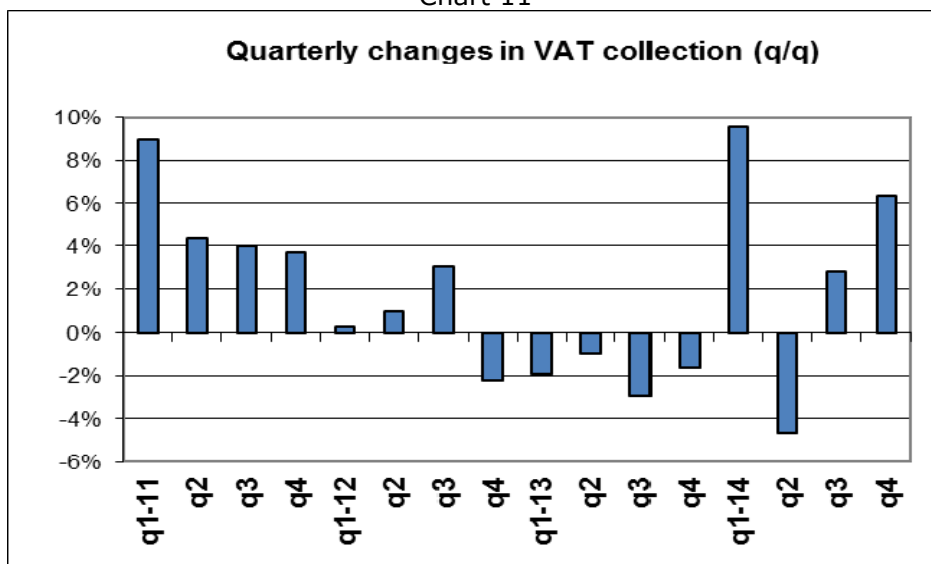


Chart 11



The reason for this is probably the recovery of the economy and consumption growth after the floods, especially regarding the rehabilitation of flooded buildings and infrastructure. The ITA reports on reported final consumption by returns for September, October and November 2014 show an increase in final consumption in B&H of 3,6% compared to the same period of 2013, and for eleven months of 2014 the increase of 1,9%.

Increasing VAT collection in the last two quarters of 2014 contributed to the stabilization in cumulative gross and net collection trends. After turbulent seven months of 2014 the growth of cumulative gross VAT collection finally reached 6,5% and net collection 3% (Chart 12).

Comparison with previous years indicates a recovery of VAT collection, bearing in mind a slowdown in the collection in 2012 and the fall in 2013. If the year 2013 is excluded as non-reference for comparison, it can be concluded that the cumulative net VAT collection exceeded the

collection from 2011 by 1,6% and the previous historical maximum from 2012 by 1,1% (Chart 13).

Chart 12

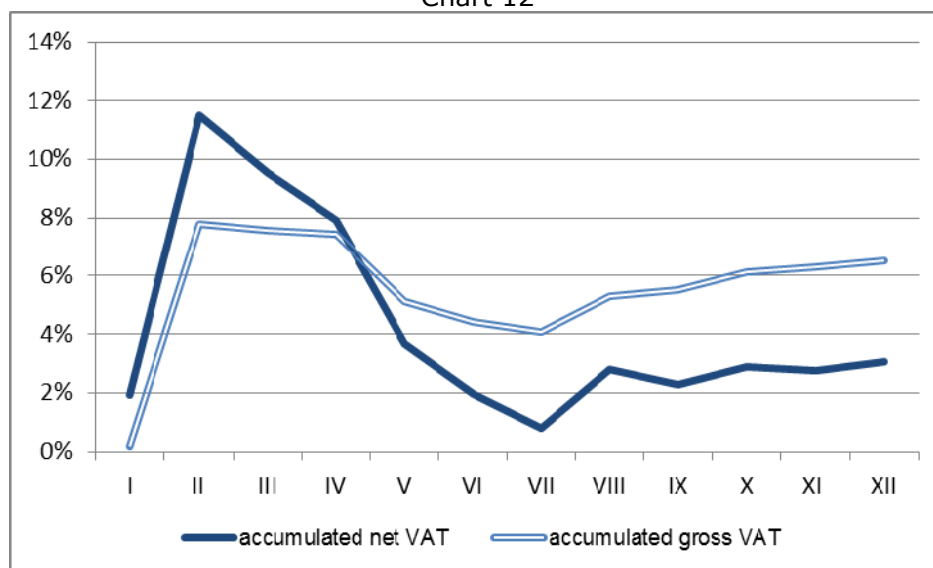
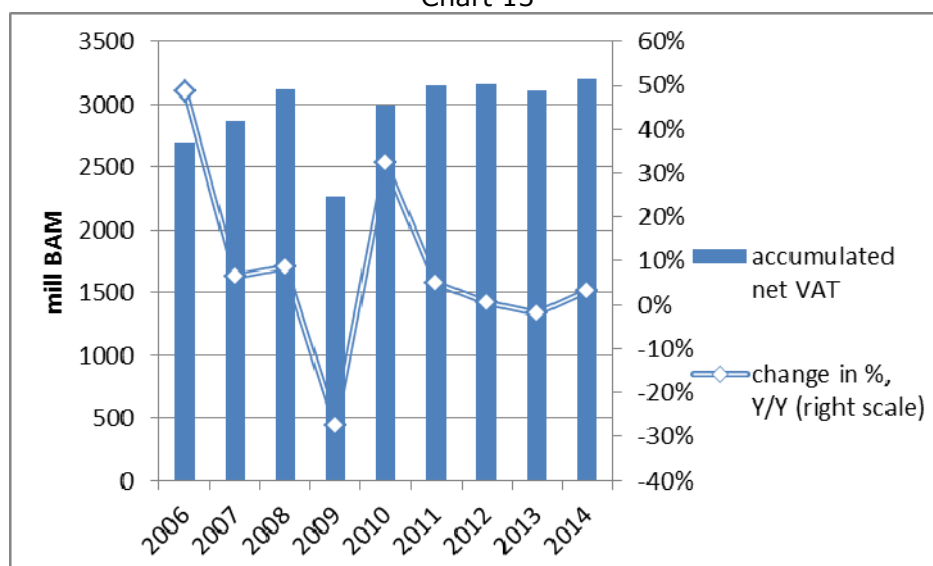


Chart 13

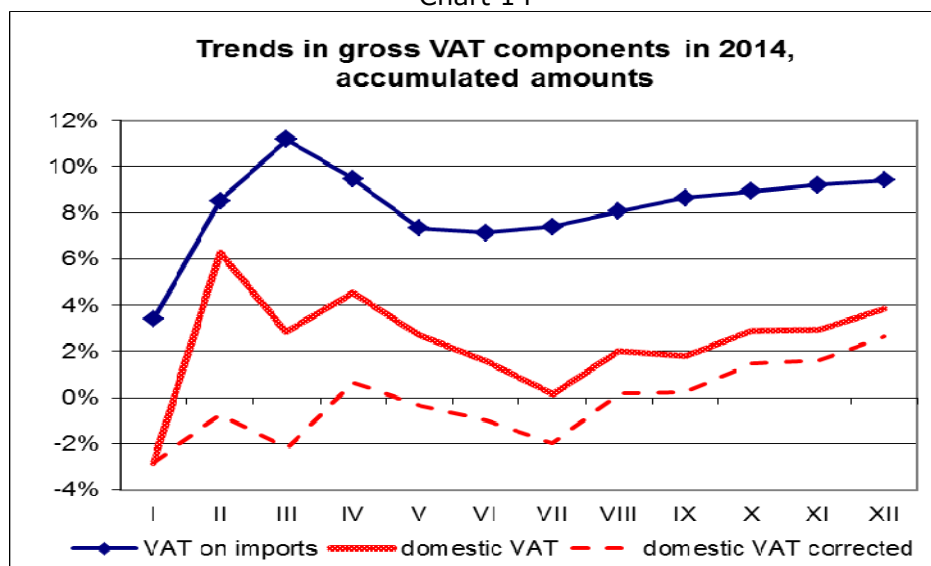


In terms of the structure of gross VAT collection December brought a continuation of the trend of high growth in VAT collection on imports of 11.1%. A stable trend in VAT collection by returns was maintained as well. On the whole, the growth of VAT on imports throughout the year was high and stable, and ultimately the growth rate of VAT on imports amounted to 9,4%, which is 3,1 p.p. over the import growth for 2014<sup>3</sup>. Such collection trends point to an increase of the base for VAT, which can be explained by imports of companies which changed the method of calculation of VAT in relation to the previous year. The discrepancy between the base for calculation of VAT in 2013 and 2014 brought 75 million BAM VAT revenues, which were largely offset by refund payments during 2014 and a smaller part would be implemented in January 2015.

<sup>3</sup> According to the ITA preliminary data imports in December increased by 9,5%, and for the period January – December 2014 the increase amounted to 6,3%.

VAT collection by returns in December was 15,5% higher than in the same month of 2013, which led to the growth in cumulative collection of domestic VAT by 3,9%. However, more realistic picture of the growth of domestic VAT can be obtained only by excluding the old debt collection. The effect of the old debt collection amounted to 1,3 p.p. of the growth of domestic VAT (Chart 14).

Chart 14



Last year was marked by the increasing trend of VAT refunds (Chart 15). The average annual allocation of refunds from the gross collection amounted to 26,5% which is by 2,4 p.p. over the share of refunds in 2013 (Table 3). The share of refunds to taxpayers was increased as well as the allocation for refunds on the basis of international projects.

Chart 15

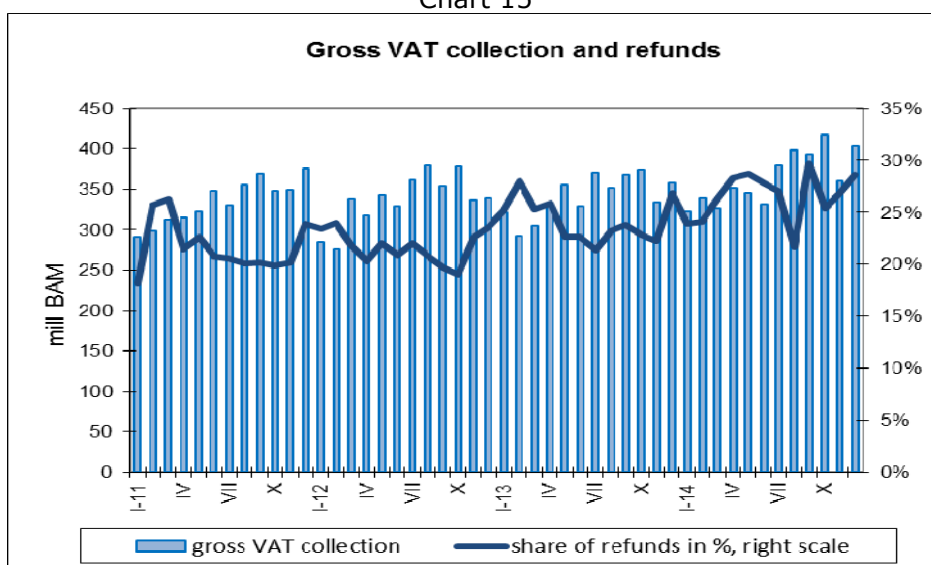


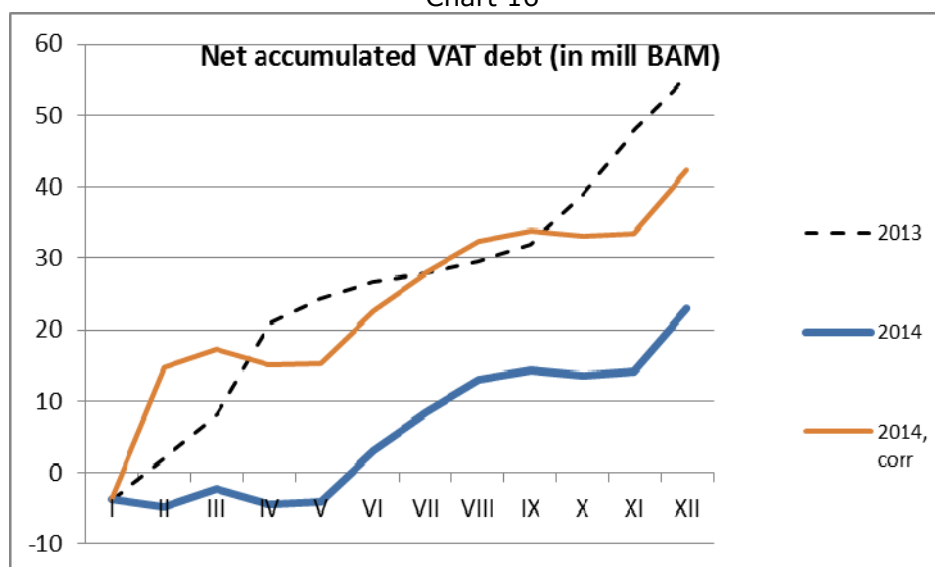
Table 3 Share of refunds in gross VAT revenues, in %

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	12,1%	17,7%	23,0%	24,5%	19,3%	21,6%	21,6%	24,1%	26,5%
To taxpayers	11,3%	16,6%	21,8%	22,1%	17,3%	19,2%	19,4%	21,5%	23,0%
To international projects	0,8%	1,1%	1,1%	2,2%	2,0%	2,4%	2,1%	2,7%	3,5%

VAT refunds to taxpayers increased by 130 million BAM or by 14,8% compared to 2013, while refunds to international projects increased by 41,3% or by 44,7 million BAM. Much of VAT refund growth to taxpayers refers to the shift of the companies engaged in internal processing to standard method of calculating VAT.

Cumulative state of debts on the basis of reported and unpaid VAT on the day 30 November 2014 amounted to 327,8 million BAM. Even when we exclude the collection of old debt from the analysis, cumulative new net debt in 2014 is significantly below the level of the new debt in 2013 (Chart 16, line 2014, corr.).

Chart 16



### Excise Duties

After five months of growth in revenues from excise duties, the collection in December 2014 was by 1,7% lower than the collection in the same month of 2013. However, this decline has not significantly affected the growth in cumulative collection of excise duties, which reached 3,2% (Chart 17).

The largest increase in revenues from excise duties in December was recorded in excise duties on beer, alcohol, alcoholic and non-alcoholic beverages and on domestic tobacco. High growth was also achieved in excise duties on oil products and road taxes. We assume that the increase in revenues is a result of consumption growth that is actuated by a drastic decline in retail prices. The fall in excise revenues was recorded in imported cigarettes and coffee (Table 4).

Chart 17

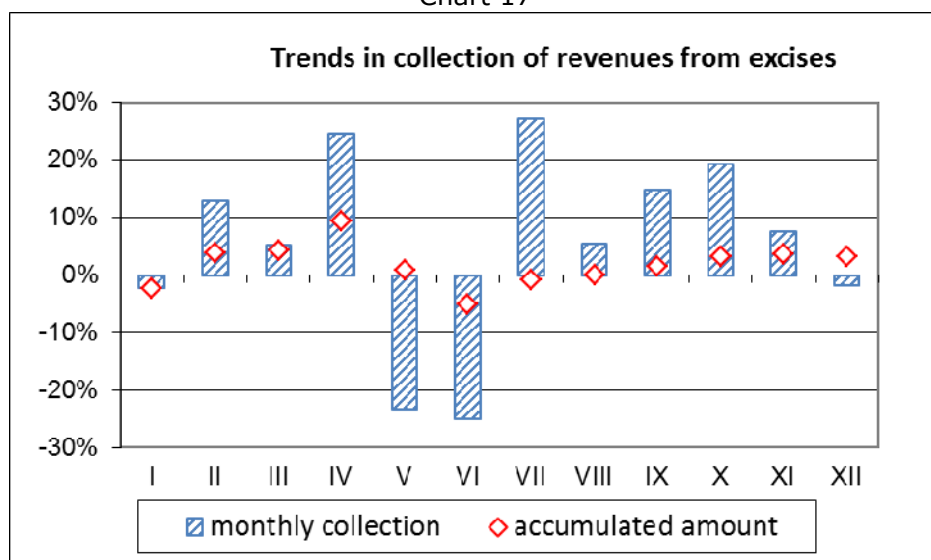


Table 4 Collection of excise duties

	XII 2014 / XII 2013	Cumulative 2014 / 2013	Cumulative with correction*)
Total tobacco	-12,8%	4,2%	
Tobacco import	-20,7%	6,8%	
Tobacco domestic	10,4%	-2,1%	
Oil products	9,3%	1,9%	
Imported	12,3%	4,2%	
Domestic	5,3%	-1,3%	
coffee	-20,6%	-5,9%	
alcohol, beer	31,8%	6,3%	1,1%
beer	36,8%	15,1%	3,8%
alcohol and alcoholic beverages	37,1%	-8,5%	
Non-alcoholic beverages	13,0%	5,2%	
Road tax	8,7%	3,4%	

\*) correction for old debts on the basis of excise duties on beer

Monthly and quarterly comparisons of excise revenue collection in 2014 point to strong fluctuations in most of the year (Chart 18). Basically, revenues from excise duties on tobacco dictate the growth in total revenues from excise duties and the dynamics of their collection. In the first quarter a modest growth was recorded, while the second quarter recorded the strong decrease in revenues from excise duties on tobacco by 20%. In addition to legal and illegal tax evasion, caused by the substitution of taxed cigarette consumption with the consumption of largely untaxed tobacco, an important factor of poor collection was high statistical basis for comparison, which included the effects of stockpiling cigarettes before Croatia's accession to the EU. The third quarter brought strong growth in revenues from excise duties on tobacco as a result of stockpiling cut tobacco before the increase in excise duties from 1 August 2014 and increase in cigarette consumption after cut tobacco became more expensive<sup>4</sup>. It is also influenced by the

<sup>4</sup> More on the effects of introducing the specific excise duty on cut tobacco: MAU Bulletin No. 114, January 2014., [www.oma.uino.gov.ba](http://www.oma.uino.gov.ba).

statistical basis from the third quarter of 2013, which was significantly below the normal movement of quarterly collection. The fourth quarter brought a more moderate increase in excise collection on tobacco due to stockpiling before the increase in excise duties as of 1 January 2015.

Chart 18

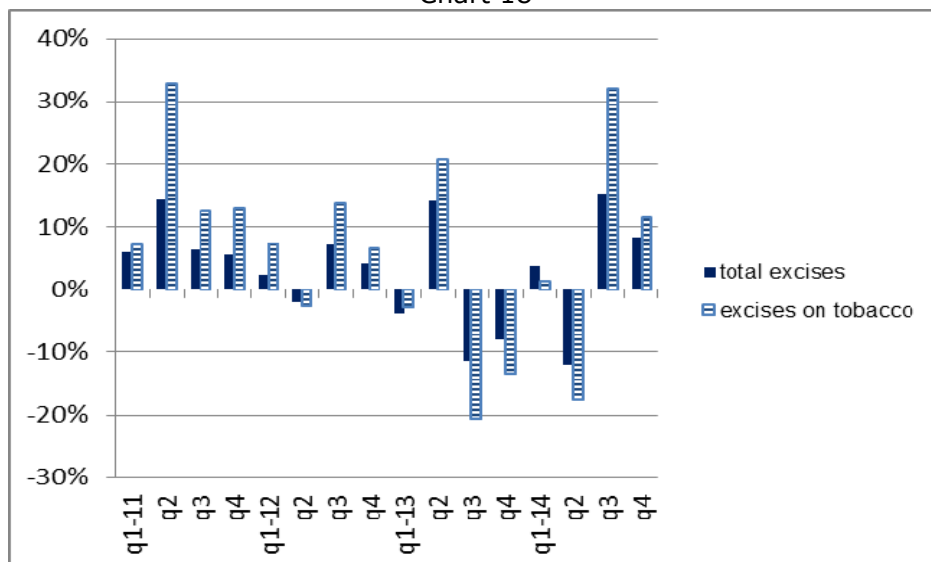
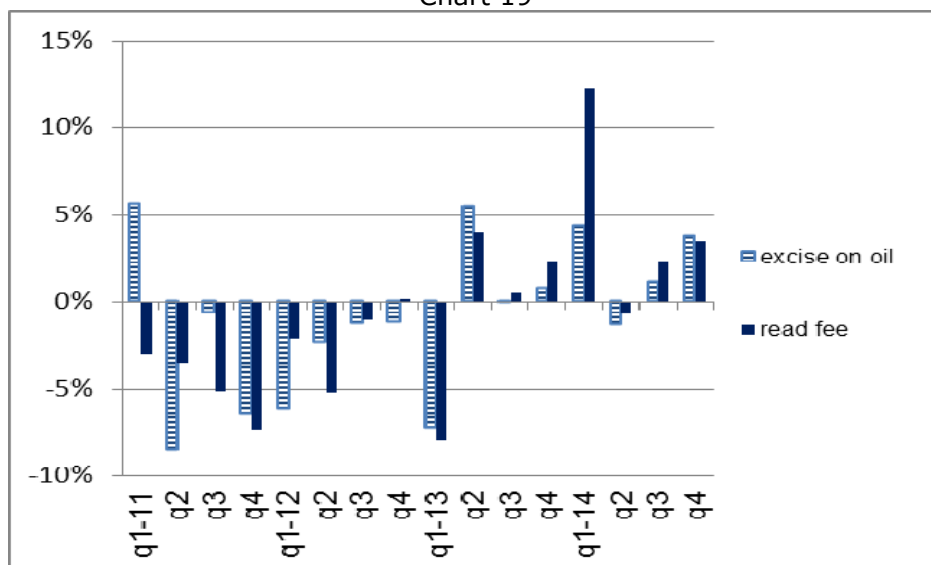


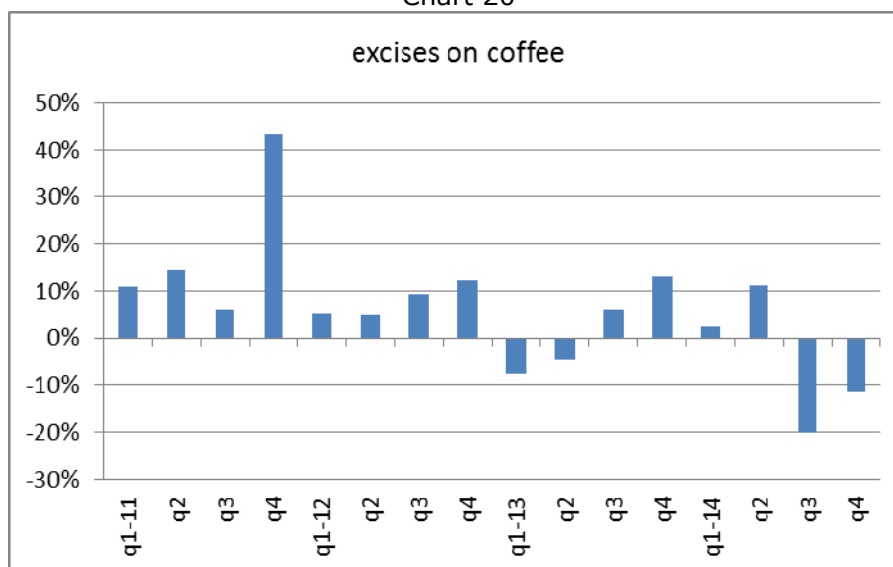
Chart 19



Quarterly comparisons of collection of excise duties on oil products and road taxes indicate positive trends in the entire year, with the exception of the second quarter when the overhaul of Refinery was executed and when the floods hit the country (Chart 19). Strong revenue growth in the third and fourth quarter can be explained by the growth in consumption and economy after the floods and by the effects of a reduction in retail prices of oil products due to movements of oil prices in the world market. Of all excise products positive excise collection in 2014 was recorded only in coffee. Although the first two quarters of 2014 recorded growth, negative trends in collection in the third and fourth quarter led to a cumulative decline of 5,9% (Chart 20).

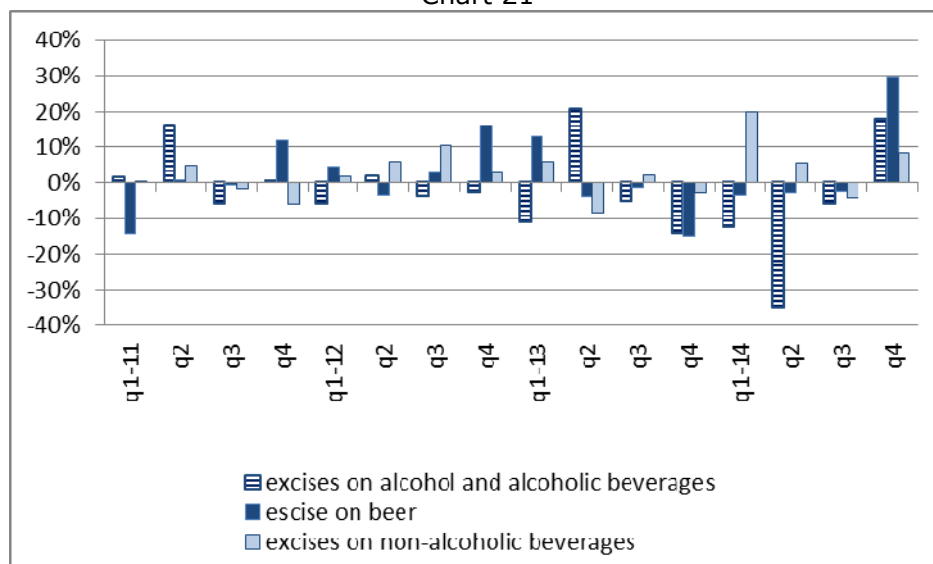


Chart 20



Collection of excise duties on alcohol, beer and alcoholic beverages during most of the year was below the collection registered in 2013. Positive trends in the collection were only recorded in excise duties on non-alcoholic beverages. Chart 21 shows quarterly trends in excise collection excluding the collection of old debts on the excise duty on beer. The fourth quarter brought a significant shift in the collection, so positive trends were recorded in all excise products from this group. However, it was not enough for cumulative revenue collection of excise duties on alcohol and alcoholic beverages to move to positive growth zone<sup>5</sup>.

Chart 21



<sup>5</sup> More on the effects of introducing differentiated excise rate on beer: MAU Bulletin No. 114, January 2014., [www.oma.uino.gov.ba](http://www.oma.uino.gov.ba).

**Consolidated reports**

(Author: Aleksandra Regoje)

**Table 1. (Consolidated report: SA, B&H Institutions and entities)**

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 resources 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 foreign project implementation units established by ministries)*

**Preliminary report: SA, B&H Institutions and entities, I-XII 2014**

<i>(in million BAM)</i>	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Revenue	441,3	457,7	544,0	582,4	470,7	507,3	581,1	516,6	522,1	582,7	499,4	537,9	6.243,1
Taxes	414,6	411,3	426,0	459,4	410,3	422,8	481,8	503,8	470,6	513,3	448,6	474,2	5.436,6
Direct taxes	23,5	27,5	56,6	42,8	25,0	25,9	30,6	24,4	26,4	27,3	24,8	35,6	370,3
Taxes on income, profits and capital gains	22,8	26,7	55,6	41,7	24,0	24,7	29,1	23,1	25,1	25,8	23,6	34,0	356,2
Taxes on property	0,7	0,8	1,0	1,1	1,0	1,2	1,5	1,3	1,3	1,5	1,2	1,6	14,1
Indirect taxes (net)	391,0	383,8	369,2	415,3	385,2	396,5	451,2	478,9	444,1	485,8	423,7	438,2	5.062,9
VAT	245,3	257,5	240,3	251,9	245,7	238,9	277,1	312,1	276,6	311,5	263,4	287,5	3.207,8
Excises	109,5	86,3	86,6	115,6	99,6	112,6	126,0	117,2	119,1	123,0	114,2	97,9	1.307,5
Road fee	22,2	20,6	20,2	27,1	20,9	24,3	26,7	29,1	25,7	26,6	24,7	26,3	294,3
Customs	12,8	18,3	20,7	19,3	17,4	18,8	19,8	18,9	21,2	23,2	20,0	25,0	235,4
Other indirect taxes	1,1	1,1	1,4	1,4	1,7	1,8	1,7	1,6	1,6	1,6	1,4	1,6	17,9
Other taxes	0,1	0,1	0,2	1,4	0,1	0,4	0,0	0,4	0,1	0,2	0,1	0,5	3,5
Social security contributions	0,0	0,0	0,0	0,0	0,0	0,7	8,0	6,3	6,4	8,1	6,0	7,3	42,7
Grants	1,7	0,4	7,9	0,2	0,5	12,8	0,9	5,8	6,8	1,2	5,7	2,5	46,4
Foreign grants	1,7	0,4	7,8	0,2	0,5	12,6	0,9	5,6	6,0	1,8	5,6	2,4	45,6
Transfers	0,0	0,0	0,1	0,0	0,0	0,1	0,0	0,2	0,8	-0,6	0,1	0,1	0,8
Other (non-tax) revenue	25,0	46,0	110,1	122,7	59,9	71,1	90,4	0,8	38,3	60,1	39,1	53,9	717,5

<i>(in million BAM)</i>	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Total
Expenditure	416,4	449,2	421,2	445,6	439,4	437,4	532,1	600,6	545,3	595,1	552,0	703,2	6.137,4
Expense	414,4	435,5	416,5	437,4	428,1	436,0	519,8	553,9	520,0	582,0	518,5	626,7	5.888,8
Compensation of employees	124,7	126,6	130,5	128,1	129,5	132,1	136,5	126,1	129,2	132,9	136,2	141,4	1.573,7
Use of goods and services	12,9	30,8	30,9	27,3	22,5	32,6	28,5	21,7	33,6	30,5	35,8	71,1	378,1
Social benefits	52,5	54,1	65,3	53,6	53,5	55,5	60,5	63,9	59,0	95,8	75,3	96,8	785,9
Interest	5,9	10,4	17,3	9,4	19,8	20,0	7,1	9,1	16,8	9,2	15,9	19,1	160,0
Interest payments to non-residents	2,4	8,0	10,1	5,9	12,5	9,2	4,4	5,7	10,6	5,5	11,0	12,4	97,5
Interest payments to residents	3,4	2,5	7,2	3,5	7,3	10,9	2,7	3,4	6,2	3,7	4,9	6,7	62,5
Subsidies	2,1	6,5	5,1	8,4	10,9	17,8	19,2	33,0	25,0	8,9	19,7	58,1	214,7
Grants, transfers (incl. transfers from SA**)	211,1	200,7	161,9	207,5	185,6	169,1	256,8	281,6	234,4	285,1	222,9	207,0	2.623,5
Other expense	5,2	6,5	5,6	3,1	6,3	8,9	11,3	18,7	21,9	19,6	12,7	33,2	152,9
Net acquisition of nonfinancial assets	2,0	13,6	4,6	8,2	11,4	1,5	12,3	46,6	25,4	13,1	33,5	76,4	248,6
Acquisition of nonfinancial assets	2,2	14,2	5,0	8,9	11,6	2,8	18,0	47,9	27,0	15,4	34,1	77,9	264,9
Disposal of nonfinancial assets	0,2	0,6	0,4	0,8	0,2	1,3	5,7	1,2	1,6	2,3	0,6	1,5	16,3
Gross/Net operating balance (revenue minus expense)	26,9	22,2	127,5	145,0	42,6	71,4	61,3	-37,4	2,1	0,7	-19,1	-88,8	354,3
Net lending /borrowing (revenue minus expenditures)	24,9	8,5	122,9	136,8	31,2	69,9	49,1	-84,0	-23,2	-12,4	-52,7	-165,3	105,7

\*\* transfers from SA include unconsolidated transfers to BD, cantons, municipalities and road funds

Table 1

## Preliminary report: B&amp;H Institutions, entities and BD, I-XII 2014

<i>(in million BAM)</i>	Q1	Q2	Q3	Q4	Total
<b>Revenue</b>	<b>1.044,2</b>	<b>1.183,1</b>	<b>1.087,1</b>	<b>1.154,7</b>	<b>4.469,1</b>
Taxes	842,2	919,0	919,7	966,7	3.647,6
Direct taxes	113,3	98,7	86,3	92,8	391,1
Taxes on income, profits and capital gains	108,8	92,9	79,8	85,8	367,2
Taxes on payroll and workforce	1,6	2,1	2,1	2,4	8,2
Taxes on property	2,9	3,7	4,4	4,6	15,6
Indirect taxes	728,1	818,2	832,6	872,8	3.251,7
Other taxes	0,7	2,2	0,8	1,0	4,8
Social security contributions	0,0	0,7	20,6	21,4	42,7
Grants	10,2	13,3	13,4	9,4	46,2
Foreign grants	9,9	13,3	12,5	9,8	45,6
Transfers	0,3	0,0	0,8	-0,5	0,6
Other (non-tax) revenue	191,8	250,1	133,4	157,4	732,7
<b>Expenditure</b>	<b>882,7</b>	<b>954,4</b>	<b>1.154,0</b>	<b>1.410,8</b>	<b>4.402,0</b>
Expense	858,8	929,4	1.065,0	1.281,4	4.134,6
Compensation of employees	398,2	406,3	408,0	426,5	1.639,1
Use of goods and services	79,1	87,6	101,7	150,2	418,6
Social benefits	179,4	168,9	190,3	289,4	827,9
Interest	33,7	49,4	33,1	44,3	160,4
Interest payments to non-residents	20,5	27,6	20,6	28,9	97,6
Interest payments to residents	13,2	21,7	12,5	15,5	62,9
Subsidies	16,0	45,0	79,1	98,1	238,2
Grants, transfers	135,2	153,2	195,3	203,0	686,7
Other expense	17,2	19,0	57,6	69,9	163,6
Net acquisition of nonfinancial assets	24,0	25,0	89,0	129,4	267,4
Acquisition of nonfinancial assets	25,1	27,3	97,5	133,8	283,7
Disposal of nonfinancial assets	1,1	2,3	8,5	4,4	16,3
<b>Gross/Net operating balance (revenue minus expense)</b>	<b>185,5</b>	<b>253,7</b>	<b>22,1</b>	<b>-126,7</b>	<b>334,6</b>
<b>Net lending /borrowing (revenue minus expenditures)</b>	<b>161,5</b>	<b>228,7</b>	<b>-66,9</b>	<b>-256,1</b>	<b>67,2</b>

Table 2