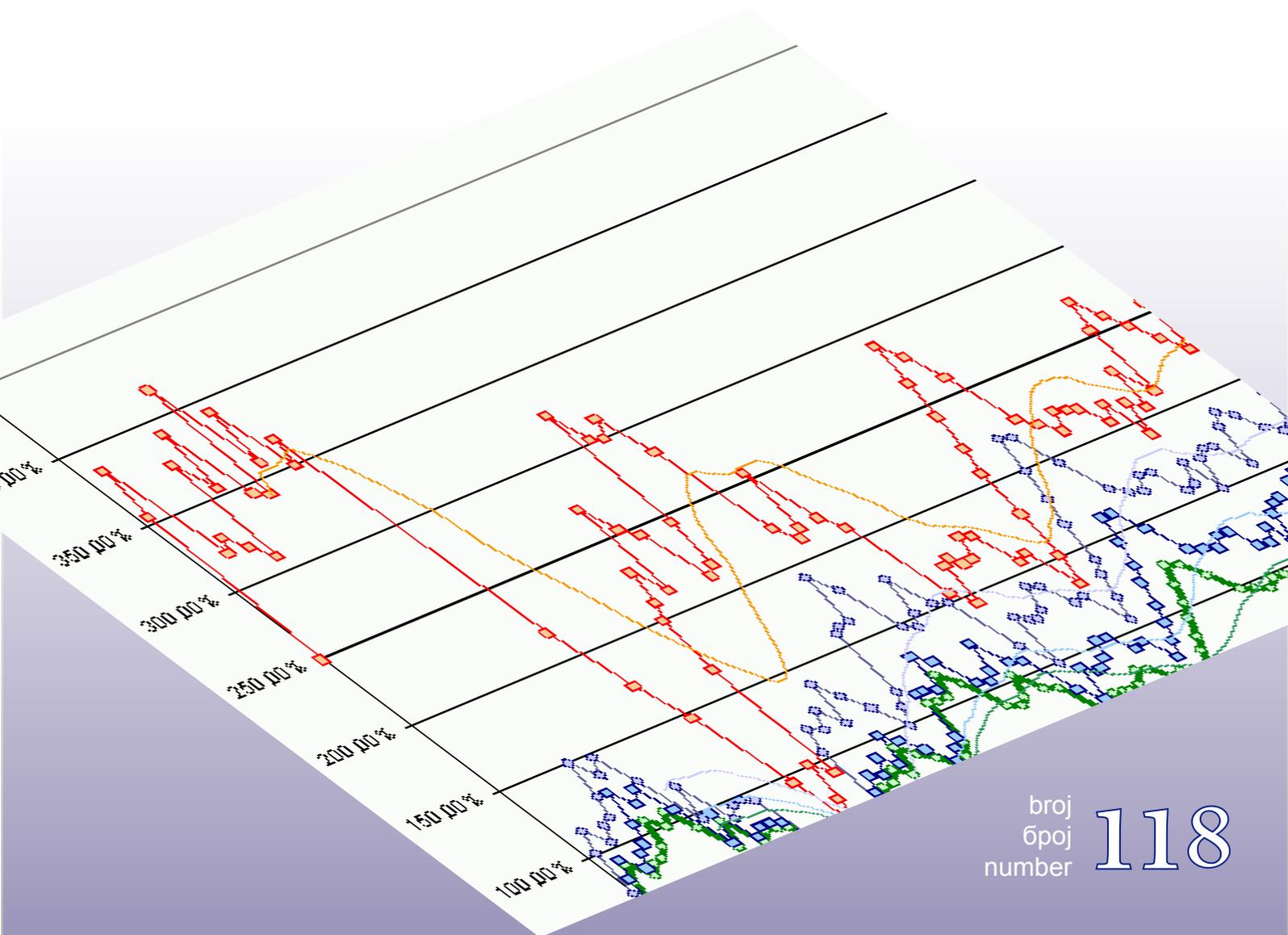




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

Bearing in mind the strong improvement in monthly revenue collection from indirect taxes in the first quarter of 2015, from -2,2% in January to 10,5% in March, the month of April brought a continuation of positive trends, but with some slowdown. According to the ITA preliminary report by type of revenue, the gross revenue collection in April increased by 0,4%. Since, at the same time, the payments of refunds decreased by 9,2%, the net revenue collection increased by 2,7% or by 11,1 million KM. The growth of cumulative of collected revenues in the period January - April 2015 amounted to 3% or 46,7 million KM in nominal terms. Chart 2 shows the strong monthly fluctuations in net collection and stable rise of cumulative collection, with stagnation in April 2015. In comparison with the latest projections of the Unit (see the Article in the Bulletin), the cumulative net collection was lower by 0,2 pp (Chart 1).

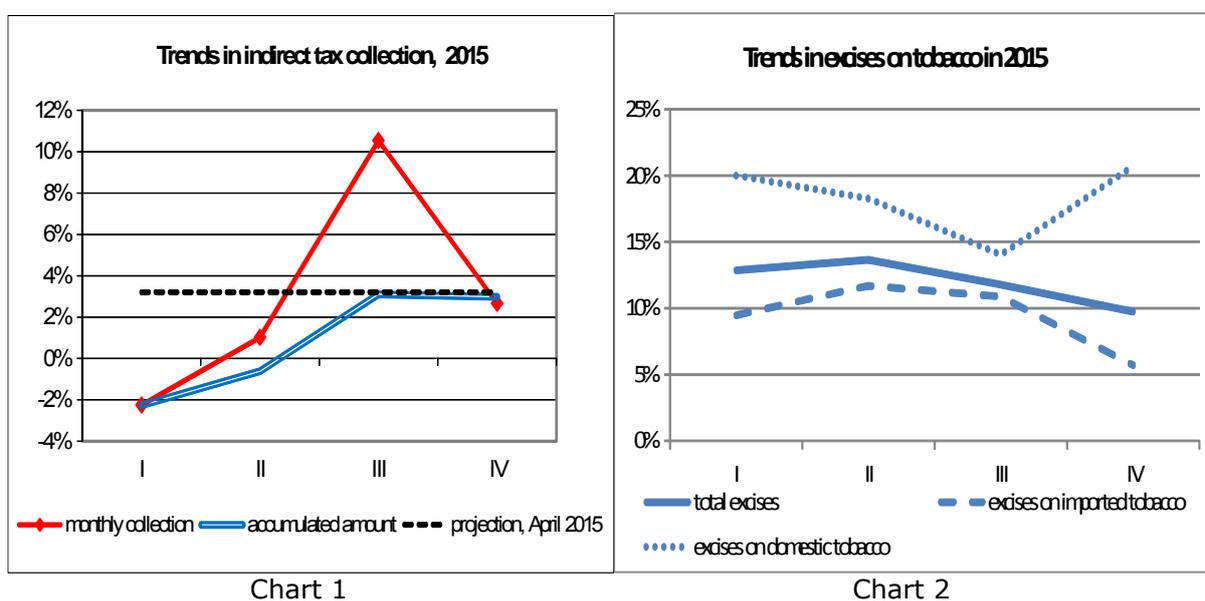


Chart 1

Chart 2

In nominal terms, the largest increase in collection in the first four months was recorded in excise taxes and road fees (32,1 mil in total). There is a continuation of positive trends in excises on tobacco, as a result of amendments to the Law on Excises. The growth rates of revenues from excises on domestic tobacco in the first four months were very high and ranged between 15% and 20%. The growth rates of revenues from excises on imported tobacco were lower (between 5% and 12%). The cumulative revenues from excises on tobacco in four months grew by a high 9,7% (Chart 2).

Dinka Antić, PhD
Head of Unit

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Indirect Tax Revenue Projections 2015-2018

I ASSUMPTIONS

The revised indirect tax revenue projections for the period from 2015 to 2018 are based on the following assumptions:

- Forecasts of macroeconomic indicators by Directorate of Economic Planning (DEP) for the above period, March 2015;
- Continuation of harmonization of excise duties on cigarettes with EU standards and the harmonization of excise duties on fine-cut tobacco with the increase in excise duties on cigarettes¹;
- The effects of the Free Trade Agreement² between Bosnia and Herzegovina and EFTA³;
- Current trends in indirect tax revenue collection.

The policy of excise tax on tobacco in the period 2015-2018 includes continuous annual increase in the specific excise duty on cigarettes of 0,15 KM per package, as well as harmonisation of the specific excise on cut tobacco with the increase of minimum excise duty on cigarettes. For the purpose of the preparation of projections, the following rates of specific excise on cut tobacco were applied:

- 2015: the excise of 80 KM/kg, in accordance with Decision of the ITA Governing Board⁴;
- From 2016 to 2018: 80% of minimum excise duty on cigarettes calculated according to the methodology prescribed by the Law, based on the assumption of shifting a new excise burden entirely on the customer.

II CURRENT TRENDS IN COLLECTION

2.1. Total collection

After strong growth in revenue collection in December 2014, which has significantly influenced the achievement of high surplus of 183 million KM and growth of 3,7% in comparison to the year 2013, the beginning of 2015 was characterized by poor performance, mainly due to the decline of VAT collection. This was expected because of shift of the part of refunds referring to the VAT payments which have been related to the investments and imports at the end of the last year. The recovery of revenue collection was recorded already in February, although it was not enough for the achievement of positive growth at the level of two months. Positive trends have also continued in March 2015 in the collection of all the main types of indirect tax revenues. Gross collection increased by 37,6 million KM, which represents an increase of 8,3% compared to March 2014. For the first time after a year of continued growth, the refunds of indirect taxes were reduced by 1,2%. All this resulted in an increase in net revenue collection of 38,7 million KM, or by 10,5%.

Thanks to the strong growth in revenue collection in March, the cumulative gross collection in the first quarter moved into the zone of positive growth of 3,4%. However, the increase of

¹ Changes of the Law on Excises, as of 1 August 2014 („Official Gazette of B&H“ No. 49/14)

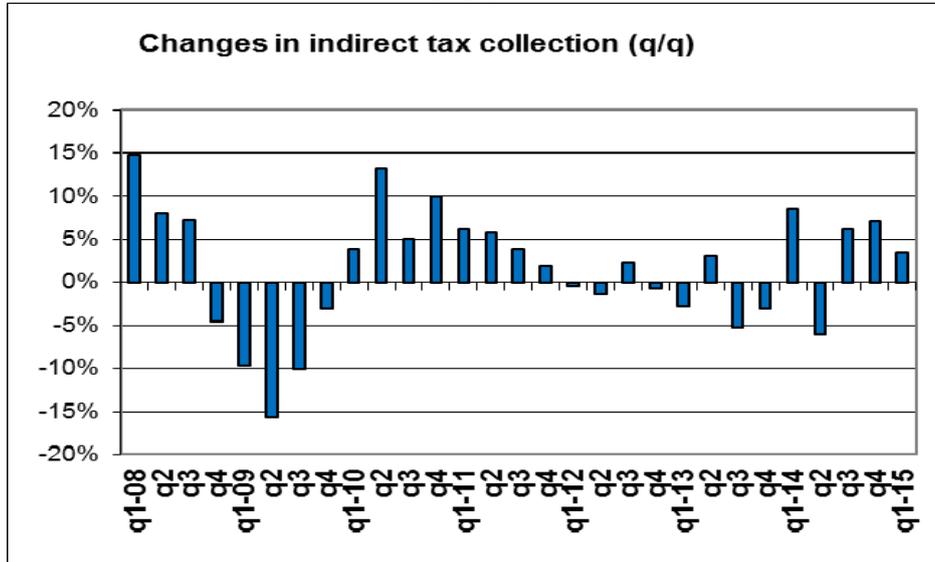
² „Official Gazette of B&H - International Agreements“ No. 18/14.

³ The Member States of EFTA are: Switzerland, Iceland, Norway and Liechtenstein.

⁴ Decision from 26 September 2014. („Official Gazette of B&H“ No. 80/14).

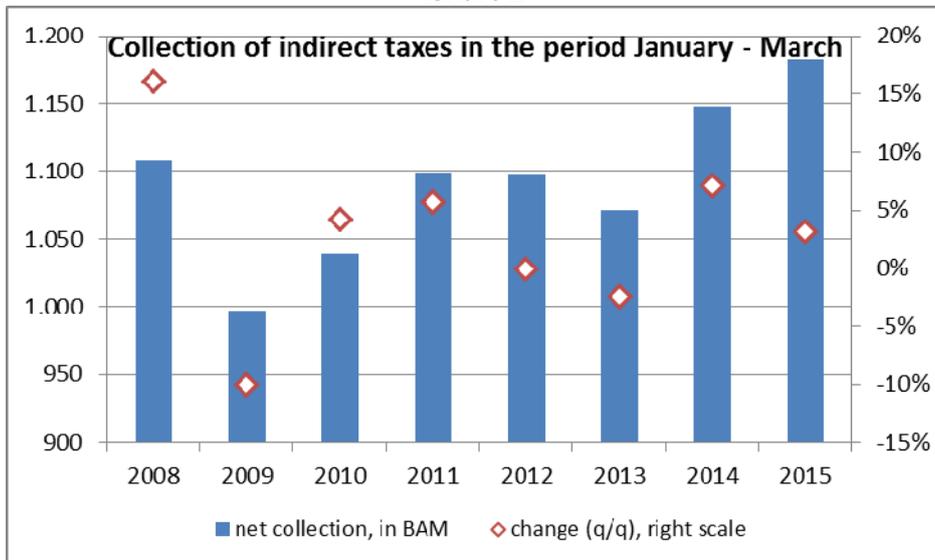
refund payments of 5% in the first quarter compared to the same quarter of 2014 contributed to a slightly lower growth in net collection of 3,1%. Quarterly trends of the total collection of indirect taxes indicate the growth of collection of indirect taxes in the first quarter, which also represents a continuation of positive trends from the second half of 2014 (Chart 1).

Chart 1



The comparison of collection of indirect taxes in the first quarter of 2015 with the first quarter of the previous year points to the conclusion that the collection of indirect taxes in nominal terms has been the most successful since the establishment of the ITA (Chart 2).

Chart 2



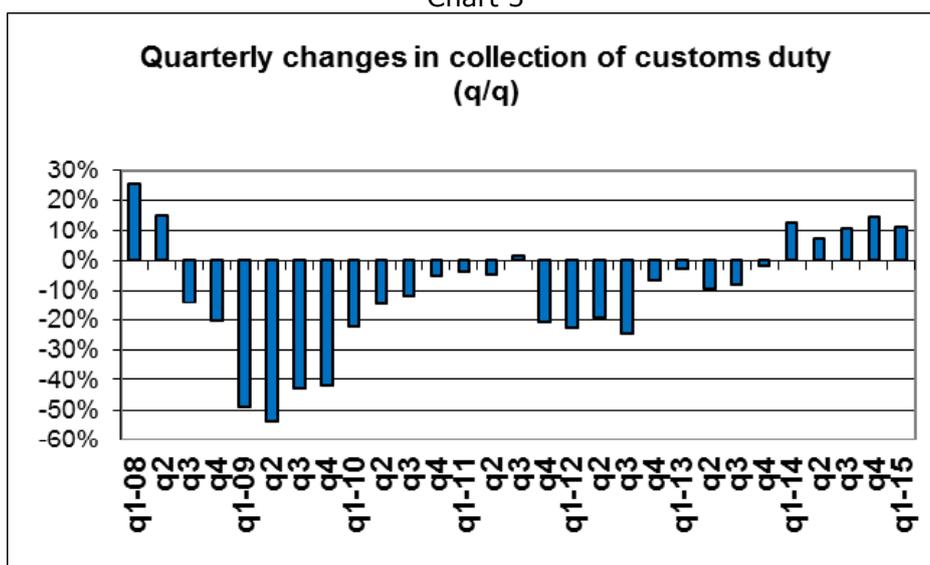
2.2. Collection by type of revenue

The strong growth in all main groups of revenues was recorded in March 2015, which, together with the positive developments in February, influenced the cumulative collection. The observation by types of revenues shows that the highest growth in the first quarter of 2015 is recorded in excise taxes and road taxes, a total of 31,1 million KM, and in customs revenues 5,8 KM, while VAT revenues declined by 22,3 million KM.⁵

Customs

Positive trends in revenue collection from customs marked the whole of fiscal 2014. The reason for this was strong growth in imports from China⁶, mainly for Thermal Power Plant Stanari. The first quarter of 2015 brought a continuation of positive trends from the last year. The minimum growth rate of customs in this period was around 8,4%, and a maximum of 13,8% was recorded in March 2015 thanks to the growth of imports from China⁷, but also from some other countries (e.g. USA). Quarterly comparisons show stability in customs revenues for the fifth consecutive quarter (Chart 3). Although the Free Trade Agreement with EFTA is in application as of 1 January 2015, due to the small weights of EFTA countries in total imports of Bosnia and Herzegovina, the customs reduction could not jeopardize to the greater extent the high collection of customs revenues.

Chart 3



VAT

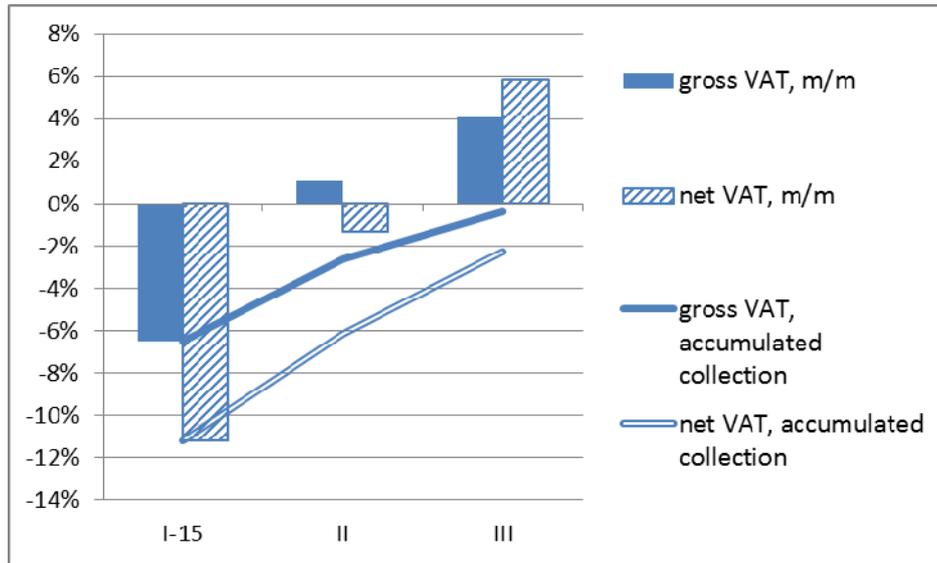
The beginning of year 2015 was marked by a strong decrease in net collection due to a cumulative effect of the fall in gross collection and growth in refunds. The recovery of revenues has already started in February and continued in March, although insufficiently to move away the net collection from the zone of negative growth (Chart 4).

⁵ According to preliminary ITA report it is recorded 23,7 million KM of revenues which could not be matched with the returns and declarations, and therefore, were not classified into certain types of revenue.

⁶ According to data of Agency for Statistics of B&H, the imports from China increased by 48,7% in 2014.

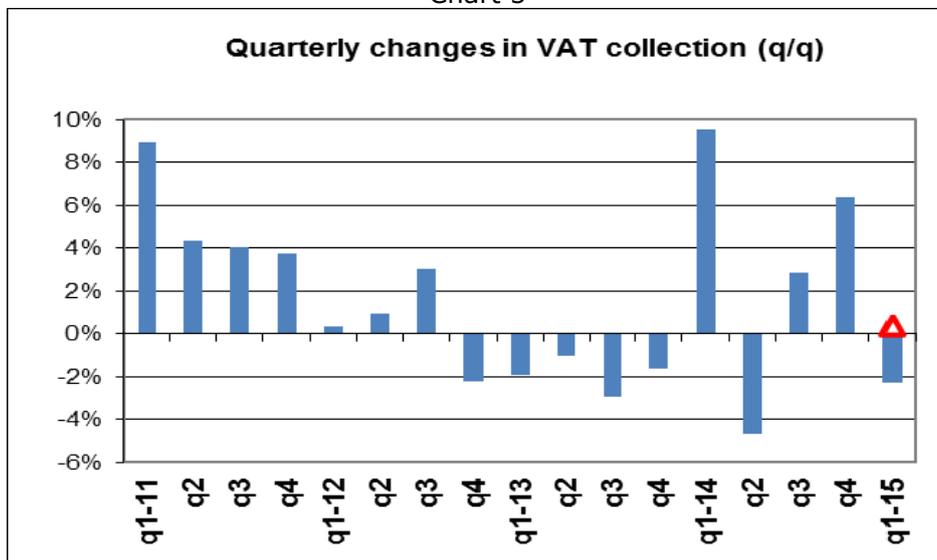
⁷ According to data of Agency for Statistics of B&H, the imports from China increased by 8,6% in the period January – February 2015

Chart 4



After the increase of VAT in the third and fourth quarter of 2014 of 2,8% and 6,3%, the first quarter of 2015 brought a decline of 3%. Given that this is based on a preliminary report, and that 23,7 million KM of unadjusted revenue was collected at the level of quarter, the most of which relates to VAT, after adjusting them with returns and declarations in final report for March it is realistic to expect for the cumulative net VAT collection in the first quarter of 2015 to reach the level of the same quarter of 2014 (Chart 5 – symbol „ Δ ”).

Chart 5

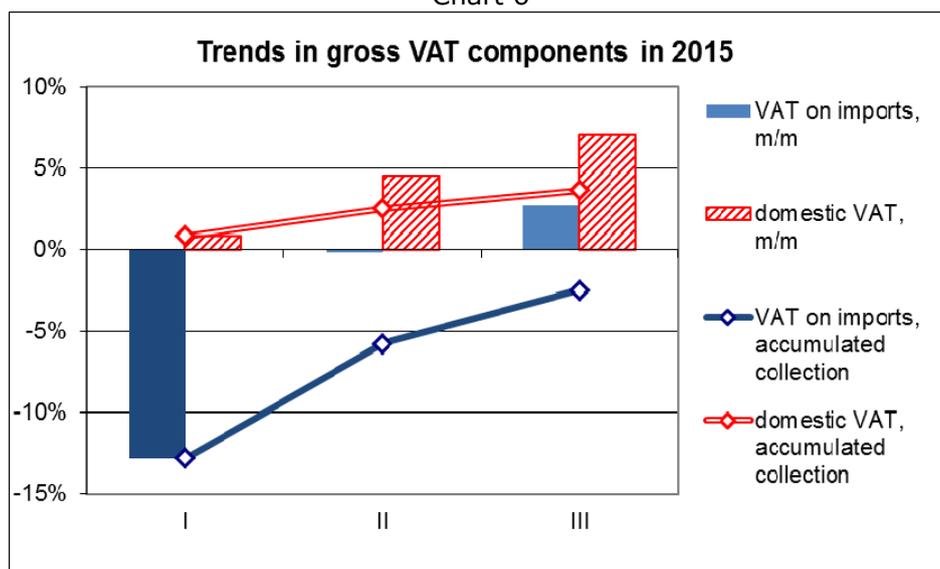


Unlike 2014, which was characterized by a high and stable growth of VAT on imports, the first quarter of 2015 began with a sharp fall in VAT on imports. The increase in imports in March of 1,37%⁸ could not largely improve the import at the level of the quarter, and therefore the VAT on imports, which was kept in the zone of negative growth (Chart 6).

⁸ Source: Preliminary data of the ITA.

After the growth of domestic VAT in the second half of 2014, it is recorded a stagnation in January 2015 due to the effects of implementation of sales in December 2014. Improving trends were recorded in February, and held in March as well. However, after inclusion of unadjusted VAT revenues the cumulative growth of domestic VAT exceeds 7%. High growth rate of domestic VAT points to the growth of the economy and private consumption, as well as to the efficiency of VAT collection. This is also indicated by the ITA data on reducing the VAT debt balance from declarations by 9 million KM in the first two months of 2015.

Chart 6



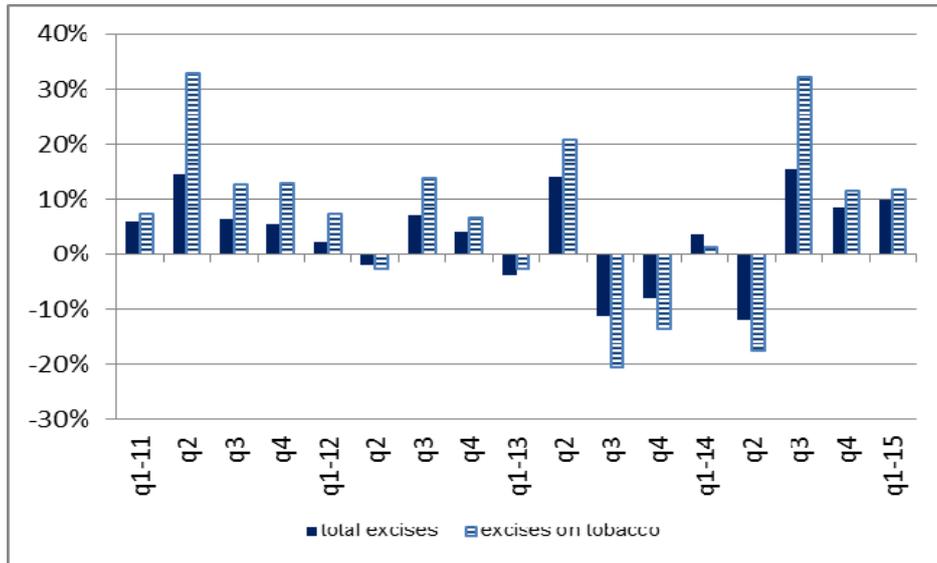
The average share of refunds in gross VAT revenues was 26,3% in the first quarter of 2015, which is on the same level of its dynamics in 2014, but significantly more than in previous years. Maximum share of refunds in the amount of 27,7% was recorded in January, which is the historical maximum in January since the establishment of the ITA.

Excises and road fees

In March 2015 the positive trends in the collection of excise revenues from the previous two months have continued. The collection of excises in March 2015 as a whole was positive, except for the excise taxes on soft drinks. The highest growth was recorded in excise taxes on alcohol and alcoholic beverages, and in excise taxes on domestic oil derivatives.

The comparison of quarterly collection shows a continuation of stable positive trend in collection in the last three quarters, with the upward trend in the growth of total excise taxes in the first quarter (Chart 7).

Chart 7



After four bad quarters (the second half of 2013 and first half of 2014), new measures in taxing of tobacco brought the strong growth in revenues from excises on cigarettes (Chart 7). The increase in excises on tobacco in the first quarter of 2015 was high and stable, at the level of growth in the fourth quarter of 2014. Due to the increase in excise duties on cut tobacco, the consumption of cut tobacco has been drastically reduced, while, on the other hand, the consumption of cigarettes, measured by the number of excise stamps, has increased. The increase in excises on tobacco was partly the result of the payments of excise tax differences on stocks of cut tobacco on the day 1 January 2015.

The continuous growth in the last three quarters was also recorded in excises on oil derivatives and road fees (Chart 8). The reasons may be economic growth and increase in consumption due to a significant drop in market prices. The first quarter of 2015 brought a recovery in revenue collection from excises on coffee, after two previous bad quarters.

Chart 8

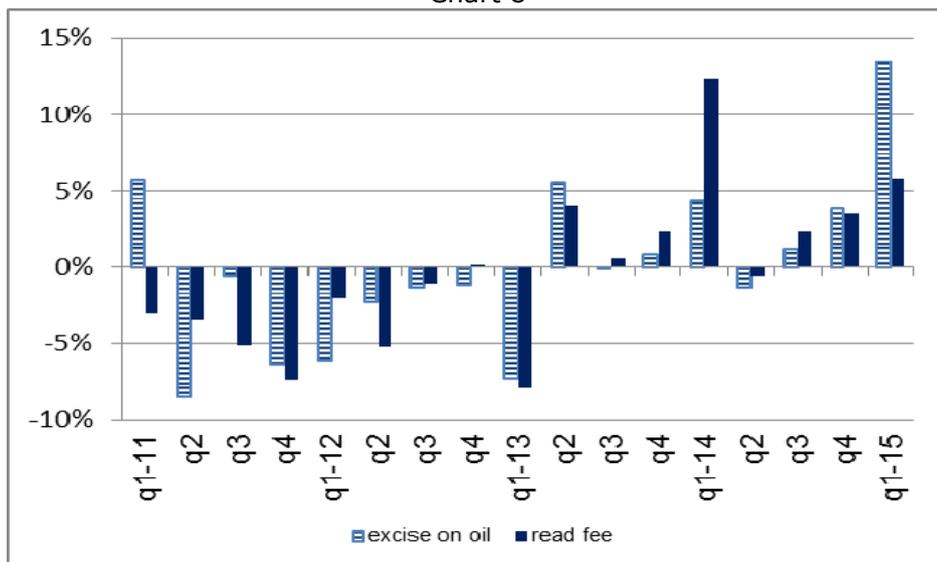
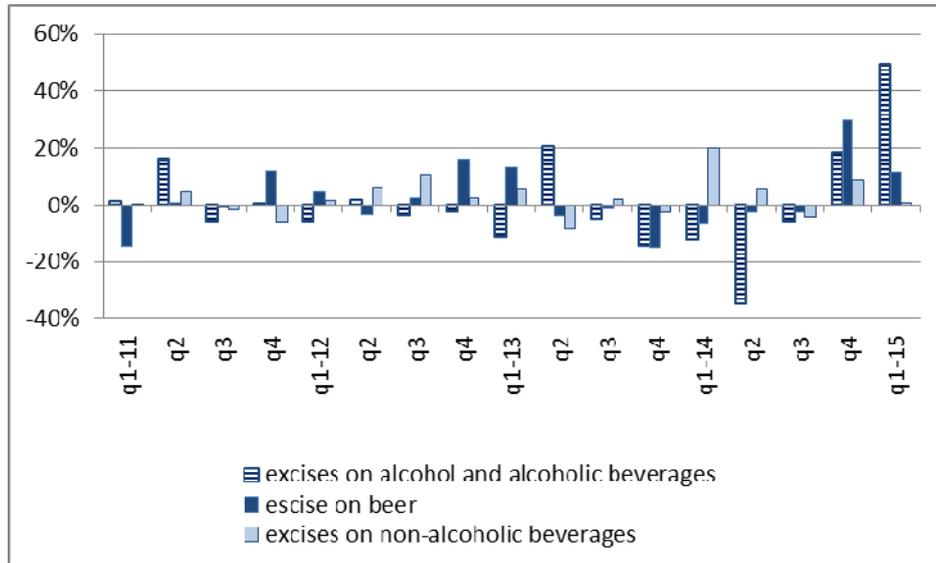


Chart 9



An analysis of the structure of excises on excisable products collected in the first quarter shows the enormous growth in excises on alcohol and alcoholic beverages, representing a continuation of positive trends from the fourth quarter of 2014. However, the collection of excise taxes on soft drinks decreased in the first quarter (Chart 9).

The actual data shows a drop in revenues from excises on beer in the first quarter of enormous 33,8%. Given that the comparison base from 2014 includes the collection of old debt from excises on beer, the more realistic picture of current trends in revenues from excises can be obtained by excluding the debt from the base. After adjusting the comparison base, at a level of the quarter the excise revenues record an increase of 10,4%.

The introduction of differentiated rates of excise duties on beer⁹ led to a growth in taxable consumption of domestic beer of 5% while the consumption of imported beer decreased by 8,8% in the first quarter of 2015 compared to the first quarter of 2014¹⁰. Total decrease in beer consumption in the first quarter amounted to 4,2%. However, reducing the amount of imported beer in the market was compensated by the substitution with domestic brands only in the amount of 29%. The reasons for this could be the purchasers' abandonment of the beer consumption, regardless of the brand, or, more likely, strengthening the black market of imported beer as a result of increases in excise taxes. In that case, not only the excise revenue is lost, but the corresponding VAT as well. Despite the reduction in the quantities due to the application of the higher rate of excise duty on imported beer, it is collected 14% more excise revenues than in the same period in 2014, while the revenues from excises on domestic beer decreased by 65%. A more realistic picture of developments in domestic excises on beer can be obtained by excluding from the basis of comparison the debt collection arising from the excise tax on beer. After adjusting the base, the calculation shows that the collection of excises on domestic beer in the first quarter of 2015 increased by 5%.

⁹ Changes of the Law on Excises, as of 1 September 2014 („Official Gazette of B&H“ No. 60/14)

¹⁰In the earlier projections of revenues from excises on beer the Unit assumed that the introduction of a differentiated rate on beer would produce an increase in domestic beer consumption of 10%, and decrease in the consumption of imported beer of 10% (percentage includes tax evasion)

III REVENUE PROJECTIONS

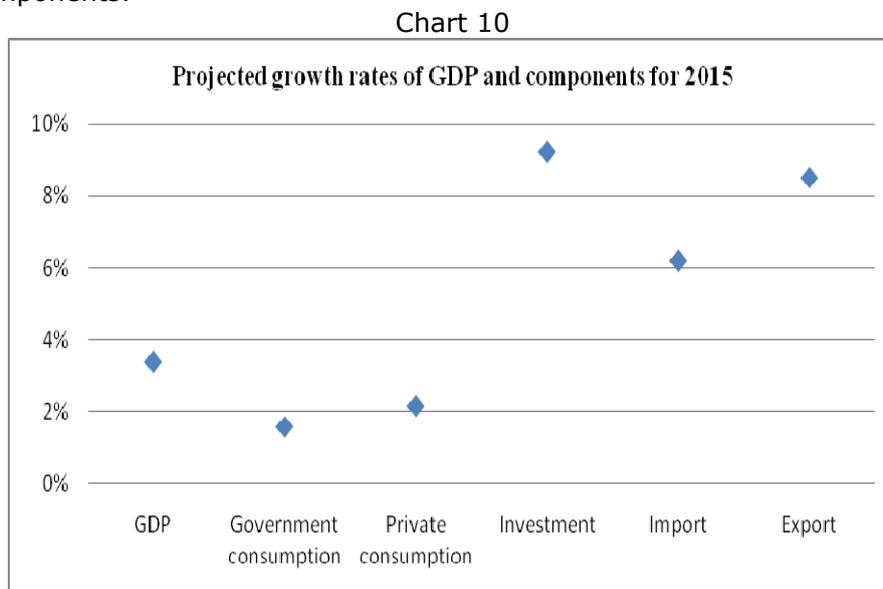
REVISED INDIRECT TAX REVENUE PROJECTIONS (2015-2018), APRIL 2015

Type of revenue (net)	in million KM						Projected growth rate			
	Execution	Projection					2015	2016	2017	2018
	2014	2015	2016	2017	2018					
VAT	3.207,8	3.268,1	3.348,2	3.457,0	3.570,1		1,9%	2,5%	3,2%	3,3%
Excise taxes	1.307,5	1.381,1	1.432,1	1.490,4	1.550,6		5,6%	3,7%	4,1%	4,0%
Customs	235,4	252,7	264,3	276,2	290,6		7,4%	4,6%	4,5%	5,2%
Road tax	294,3	303,9	313,6	324,9	339,2		3,3%	3,2%	3,6%	4,4%
Other	24,0	24,0	24,0	24,2	24,4		0,0%	0,0%	0,8%	0,8%
TOTAL	5.069,0	5.229,8	5.382,2	5.572,7	5.774,9		3,2%	2,9%	3,5%	3,6%
Road tax (0,10 BAM/l)	-117,7	-121,6	-125,5	-130,0	-135,7		3,3%	3,2%	3,6%	4,4%
FUNDS FOR DISTRIBUTION	4.951,3	5.108,2	5.256,7	5.442,8	5.639,2		3,2%	2,9%	3,5%	3,6%

Table 1

2015

The projected growth rate of nominal GDP for 2015 is 3,4%. Chart 10 shows the estimated growth rates of the components.



On the basis of trends in revenue collection, the annual macroeconomic projections and estimated effects of amendments to the Law on Excises and of application the Free Trade Agreement between Bosnia and Herzegovina and the EFTA countries, the projected net collection of indirect taxes for 2015 amounts to 5.229,8 million KM, which is by 3,2% higher than in 2014.

VAT

Collection of VAT in the first quarter of 2015 has been affected by the shift of part of the VAT refunds that were related to the payments of VAT at the end of the last year. It was concluded in the section on current trends in collection that, after the inclusion of part of unadjusted revenues, the collection of domestic VAT indicates, among other things, the growth in consumption at the beginning of the year. On the other hand, the collection of VAT on imports at the beginning of the year is less optimistic than the projected dynamics of macroeconomic indicators. Given the projected growth rates of imports at the level of the year (DEP), it is expected the increase in revenues from VAT on imports in the following period. The projected growth rate of total net revenues from VAT for 2015 amounts 1,9% and is slightly below the projected growth rate of consumption.

Customs

The Free Trade Agreement between B&H and EFTA involves the phase abolition of customs duties and other levies with the fiscal effect on imports from EFTA member states in the period from the date of entry into force until 2018. Imports from EFTA member states represented only 0,6% of total imports in B&H in 2014¹¹. However, bearing in mind that the duties are usually charged on imports from the third countries, the share of customs duties collected from EFTA member states in total customs revenues amounted to 3,3%. In accordance with the schedule envisaged by the provisions of the Agreement, the effects of the abolition of customs duties will be manifested to

¹¹ Source: Agency for Statistics of B&H, www.bhas.ba.

the reduction of customs revenues mostly in 2015, and the rest in the next two years. Nevertheless, based on current trends of collection and projections of imports, it is expected a strong growth rate of customs revenues for 2015 of 7,4%.

Excises and road fees

Amendments to the Law on Excises in the area of tobacco taxation have led to the accumulation of cut tobacco prior to their entry into force (01 August 2014). The amount of cut tobacco in the market declined in the months after the entry into force of amendments, primarily due to large stocks of cut tobacco and a drastic increase in excise duties on cut tobacco. As expected, reducing the gap between the taxation of cut tobacco and cigarettes triggered a migration of consumers from the market of cut tobacco to the cigarette market, which then resulted in an increase in the quantity and value of cigarettes in the market and to increased revenues. In the period up to August 2014 it had been collected 13 million KM of excises less than in the same period of 2013, while the collection of excises from August increased by 43 million KM over the same period of 2013. The positive trends in the tobacco market, in terms of the growing substitution of consumption of cut tobacco with the consumption of cigarettes, also continued in the first quarter of 2015, with the evident significant increase in the market value of cigarettes, much more than the substitution of cut tobacco. Assuming that the trends from the first quarter will maintain until the end of the year, the Unit expects the increase in revenues from excises on tobacco of 7% in 2015.

The effects of introducing the differentiated rates on beer should be manifested in the first eight months of 2015, given that the amendments to the Law came into force as of 1 September 2014. However, it is expected the negative revenue growth rate in 2015, due to the high base of comparison in 2014 which includes the collection of old debts, and gradual increase in next years, in line with the projections of consumption (Table 2).

Table 2

2015	2016	2017	2018
-3,5%	0,9%	1,9%	2,2%

The projections of other categories of excises are made on the basis of trends of collection and projections of real macroeconomic indicators (GDP, consumption). In addition to tobacco, a significant contribution to the growth of excises comes from the excises on oil derivatives. The decline in oil prices has brought the growth of consumption and the high growth rates of revenues from excises on derivatives at beginning of year. Given the situation on the world oil market, the Department expects a continuation of trends from the first quarter, but with some moderation. The strong growth rate is projected at revenues from excise taxes on alcohol, but because of the small weights of these revenues, it can not bring significant growth of indirect taxes.

The projection of revenues from road fees in the amount of 303,9 million KM is also based on the current trends of collection and estimates of real macroeconomic indicators.

2016-2018

Projections of revenues in the period from 2016 to 2018 are based on the projected macroeconomic indicators relevant for that period, historical seasonal pattern of collection and projections of certain revenue categories in 2015, as well as the effects of policy changes in the areas of customs and excise duties on tobacco.

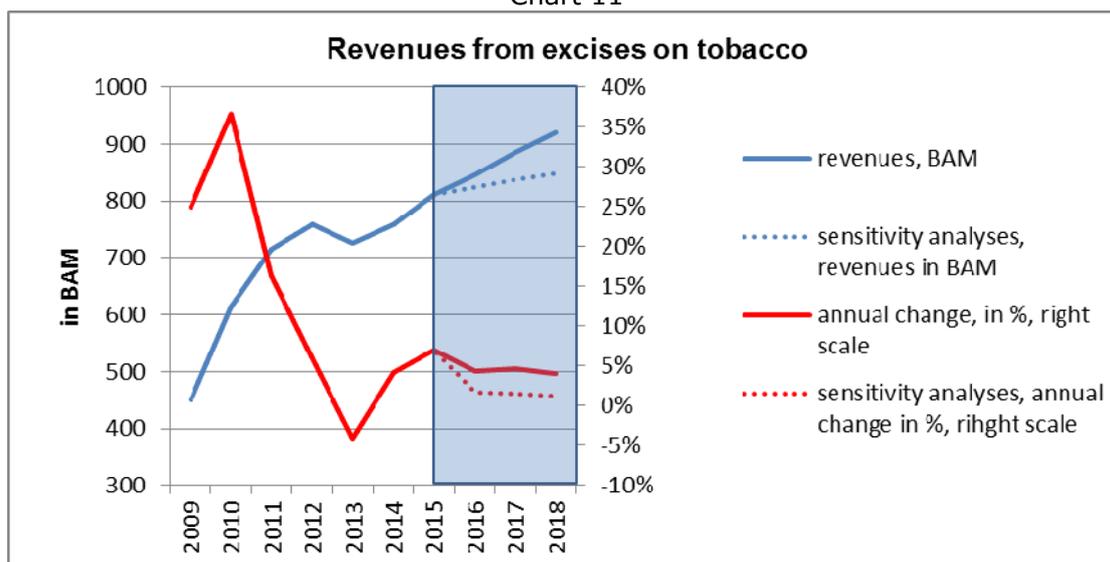
Projections of growth rates of VAT revenues from are slightly below the projected growth rates of consumption. Projections of excises on oil derivatives and of road fees follow the estimated real GDP growth rates.

Projections of excises on tobacco in the period 2016-2018 include the annual increase in the specific excise duty on cigarettes of 0,15 KM / pack, shifting the additional tax burden completely on the customer. The increase in the excise burden on cigarettes will lead to the growth of the average weighted price of cigarettes, and thus of the specific excise duty on cut tobacco. The projections are based on expectations that the market value of tobacco would follow DEP's projections of consumption in terms of disposable income for consumption, although not at the same pace, because the consumption could be expected to fall due to the increase in retail prices of tobacco products. Some will give up smoking, reduce consumption or shift to the cheaper brands or to cut tobacco, or will migrate to the black market. Regarding the mentioned assumptions, it is expected for the growth rates of revenues from excises in the period 2016-2018 to be more modest than in 2015, with a declining trend (Table 3).

Table 3

2015	2016	2017	2018
7,0%	4,3%	4,6%	4,1%

Chart 11



The reasons for slowdown in revenues are the following: (i) the initial effect of introducing the specific excise duty on cut tobacco which will be manifested only in the first seven months of 2015; (ii) the continuous reduction in the consumption of tobacco products in response to the continuous increase in excise duty and (iii) gradual widening of the gap between the tax burden on cigarettes and cut tobacco, as a result of the application of the methodology for the calculation of the minimum excise duty on cigarettes¹². Stronger growth in excises duties on cigarettes in comparison to cut tobacco will again encourage the substitution of cigarettes with cut tobacco. This will have negative consequences for the revenues, the effect of which depends on whether consumers will migrate to branded taxed cut tobacco (loss of the differences of excises and VAT in relation to the taxes on cheaper cigarettes) or to the black tobacco market (complete loss of excise and VAT). This pace of revenue growth may be more modest in the absence of more

¹² Reference period for the calculation of the weighted average price of cigarettes which includes two fiscal years instead of one as it is the case in the EU.

powerful control and operational measures against tax evasion and distortion of the tobacco market, and if the DEP's projections of consumption prove to be overestimated. In this case revenue growth would be minimal, in ranges of market value and the initial effects from 2015, and under the influence of the dynamics of the increase in the excise burden (Chart 11-line "sensitivity analysis").

IV DIFFERENCES FROM PREVIOUS PROJECTIONS

Differences of projections in relation to those made in October 2014 are shown in Table 4.

Table 4

The difference compared to the projections made in October 2014 (in million KM)	Execution	Projection		
	2014	2015	2016	2017
VAT	34,5	29,6	45,0	72,0
Excise taxes	14,4	63,8	95,2	130,3
Customs	6,3	16,1	21,3	25,0
Road tax	1,1	0,8	-1,6	-4,2
Other	3,5	3,3	3,1	3,1
TOTAL	59,8	113,6	162,9	226,2

Projections for 2015

After the strong revenue growth at the end of last year, revenue projections from October for the year 2014 were exceeded by almost 60 million KM. The biggest difference was at VAT revenues (+34,5 million KM), and then at the excises (+14,4 million KM).

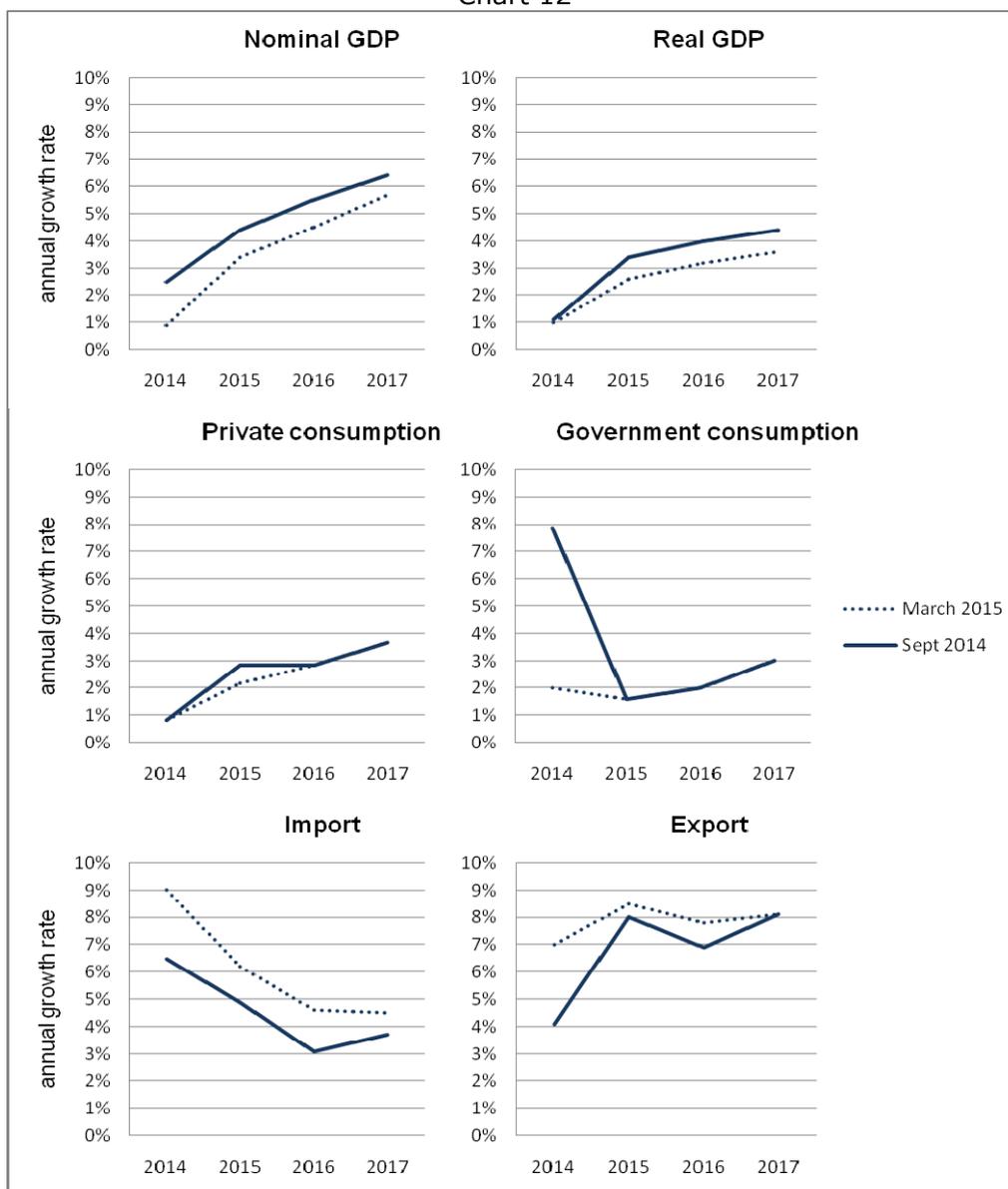
The adjusted basis (revenues in 2014) is one of the important reasons for the correction of projection for 2015. The correction of VAT revenues for 2015 amounted to +29,6 million KM, despite the slight decrease in the projected rate of consumption growth (Chart 12).

However, for the year 2015 the projections of revenues from the excises (+63.8 million KM) are mostly adjusted, especially the excises on tobacco. The primary objective of the amendments to the Law on Excises in the area of tobacco taxation was to stabilize the market of cigarettes, which for the first half of 2014 compared to the same period of 2013 fell by 14,4% in terms of value and by 21% in quantity. For this reason, the starting point for the projections of excises on tobacco in October 2014 for the following year 2015 was the recovery of the market value of cigarettes up to the level of 2013. However, new tax measures have brought the results already in December 2014, when the market value of cigarettes reached the level from the previous year, and when the decrease in quantities had been set to acceptable 8,4%. The first quarter of 2015 brought further improvement in trends in all aspects (value, quantity, revenue), so a serious correction of the starting assumptions, and thus of the projections, was necessary.

Except for tobacco, the significant corrections were made at the excise taxes on oil (+16,4 million KM). The corrections were made due to higher execution in 2014 than the projected (+3,2 million KM in comparison to the October projections), but primarily due to the strong growing trend of these revenues in the first quarter of 2015.

Projections of revenues from road fees for 2015 have not significantly been changed.

Chart 12



Projections for the period 2016-2017

The projections for 2016 and 2017 have been significantly revised upwards (Table 4). We see from the Chart 12 that there have not been the upward corrections of projected growth rates of GDP and consumption for those years. The growth rates of import and export have been mostly corrected. The correction of the projected amounts of revenues for that period was mostly a result of the correction of the projected amount for 2015, which is the basis for their preparation.

V RISKS TO PROJECTIONS

In view of the basic settings of the projections of indirect taxes and the overall economic conditions in B&H and in the world, the achievement of the projected level of indirect tax revenues during the period 2015-2018 is susceptible to the following risks:

- (i) Indirect tax revenue projections are closely linked to the projections of macroeconomic indicators by DEP. Each deviation from these parameters from the projected values represents a risk to revenue projections;
- (ii) Poorer economic recovery of the major export partners of B&H (EU, CEFTA countries) increases the level of risk for the achievement of the macroeconomic projections, and thereby also of the overall indirect tax revenue projections;
- (iii) Slower repair of the damage caused by floods and poorer inflow of financial aid compared to the expectations of DEP can slow down the recovery of the affected areas and revitalization of agricultural and industrial production, decrease the expected growth of consumption and economy, and jeopardize the execution of projections of revenue collection;
- (iv) The investments related to international projects lead to an increase in VAT refunds, while the use of projects financed from IPA funds ultimately results in the release of VAT. Both derogations of the Law on VAT cause the formation of discrepancy between the total and taxable consumption. The larger increase in international projects than expected and reintegration of Bosnia and Herzegovina in the IPA program, which provides much higher allocations for B&H than it has been so far, may in future years lead to an increase of the mentioned discrepancy, and thus to a lower execution of VAT revenues in comparison to the projected;
- (v) Expected effects of the application of amendments to the Law on Excise Taxes in the field of tobacco taxation can be reduced or neutralized by inefficient political and operational measures aimed at eradication of tax evasion, illegal import of tobacco and illegal production and sales of cigarettes and cut tobacco;
- (vi) Potential changes in policies in the field of indirect taxes, e.g. differentiated rates of VAT and excise taxes (beer) or increase of road tax which would result in expansion of the gap in taxation of substitutes (diesel and heating oil), in addition to fiscal losses and macroeconomic implications such as market distortions, can destabilize the existing VAT system and revenue collection, reduce efficiency of operation of the ITA, burden businesses, and significantly increase the risk of frauds.

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 foreign project implementation units established by ministries)*

Preliminary report: SA, B&H Institutions and entities, I-III 2015

<i>(in million KM)</i>	I	II	III	Total
Revenue	465,8	461,3	504,8	1.431,8
Taxes	422,5	422,5	443,1	1.288,1
Direct taxes	21,7	26,5	47,1	95,3
Taxes on income, profits and capital gains	20,8	25,4	45,6	91,8
Taxes on property	0,9	1,1	1,5	3,5
Indirect taxes (net)	373,6	395,9	395,9	1.165,4
VAT	217,9	254,1	254,3	726,3
Excises	118,6	97,7	94,5	310,8
Road fee	21,6	23,1	22,0	66,7
Customs	14,3	19,8	23,6	57,7
Other indirect taxes	1,2	1,3	1,5	4,0
Other taxes	27,2	0,1	0,1	27,4
Social security contributions	5,9	5,5	6,3	17,7
Grants	1,0	0,3	7,0	8,2
Foreign grants	0,8	0,3	7,0	8,0
Transfers	0,2	0,0	0,0	0,2
Other (non-tax) revenue	36,4	33,0	48,4	117,8
Expenditure	398,0	447,5	441,0	1.286,4
Expense	394,1	443,9	433,5	1.271,5
Compensation of employees	129,5	130,6	131,9	391,9
Use of goods and services	11,2	21,8	27,3	60,3
Social benefits	55,5	52,2	49,5	157,2
Interest	7,1	9,7	18,3	35,1
Interest payments to non-residents	3,8	6,7	13,3	23,7
Interest payments to residents	3,3	3,0	5,0	11,4
Subsidies	2,2	3,0	8,1	13,3
Grants, transfers (incl. transfers from SA**)	187,8	222,7	195,2	605,6
Other expense	0,9	4,0	3,2	8,0
Net acquisition of nonfinancial assets	3,9	3,6	7,5	15,0
Acquisition of nonfinancial assets	4,5	3,8	12,2	20,5
Disposal of nonfinancial assets	0,6	0,3	4,7	5,6
Gross/Net operating balance (revenue minus expense)	71,7	17,4	71,3	160,4
Net lending /borrowing (revenue minus expenditures)	67,8	13,8	63,8	145,4

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

Table 1

Preliminary report: B&H Institutions, entities and BD, Q1 2015

<i>(in million KM)</i>	Q1
Revenue	1.014,6
Taxes	867,1
Direct taxes	101,6
Taxes on income, profits and capital gains	96,4
Taxes on payroll and workforce	1,5
Taxes on property	3,7
Indirect taxes	737,9
Other taxes	27,7
Social security contributions	17,7
Grants	8,3
Foreign grants	8,0
Transfers	0,3
Other (non-tax) revenue	121,4
Expenditure	852,1
Expense	835,2
Compensation of employees	407,7
Use of goods and services	74,1
Social benefits	162,2
Interest	35,1
Interest payments to non-residents	23,7
Interest payments to residents	11,4
Subsidies	15,4
Grants, transfers	131,5
Other expense	9,1
Net acquisition of nonfinancial assets	16,9
Acquisition of nonfinancial assets	22,5
Disposal of nonfinancial assets	5,6
Gross/Net operating balance (revenue minus expense)	179,4
Net lending /borrowing (revenue minus expenditures)	162,4
Net financing = (Minus) Net lending /borrowing	-162,4

Table 2