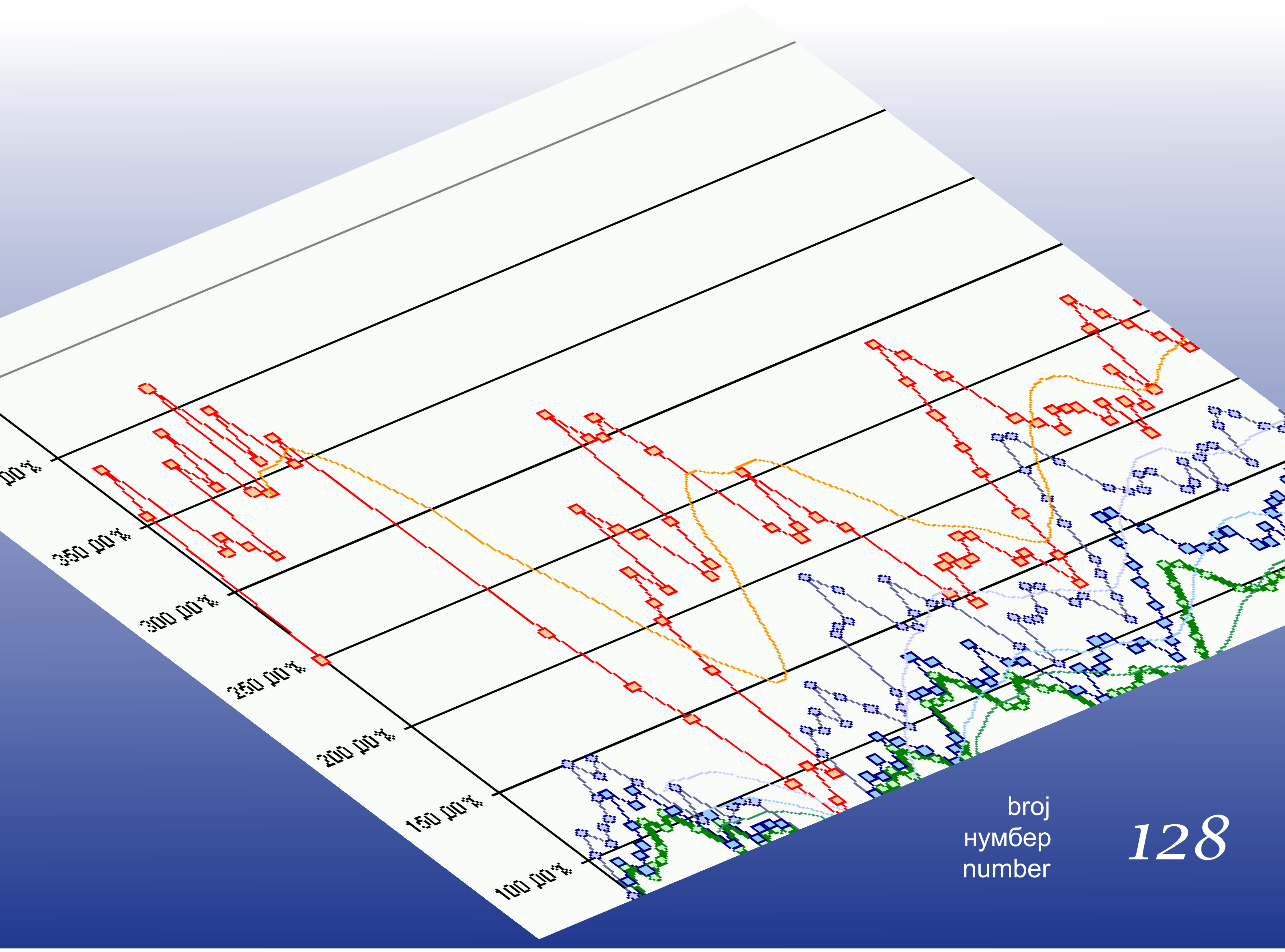
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-neizravno oporezivanje

Босна и Херцеговина
Одјељење за макроекономску анализу
Управног одбора Управе за индиректно-неизравно опорезивање

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

According to the preliminary report in February 2016 the ITA was collected 412,8 million KM of net revenues from indirect taxes, which is 4,3% more than in the same month of 2015. There was an increase in gross collection of indirect tax revenues of 2,1% at the level of the first two months. Due to reduction in refunds, the net cumulative collection ultimately rose by 30,5 million or 3,9% compared to the same period in 2015. The largest contribution to the effects in net collection came from VAT payments, in the amount of 22,9 million KM. After decline in both gross and net collection in December 2015, the beginning of 2016 has brought a strong growth in net revenues from VAT, as a result of the cumulative positive effect of decrease in VAT refunds and increase in gross collection. The positive effects of the reduction in refunds in February of 11,3% were reduced due to the decline in gross collection of 1,7%, so the net VAT collection in February grew by 1,7% (Chart 1).

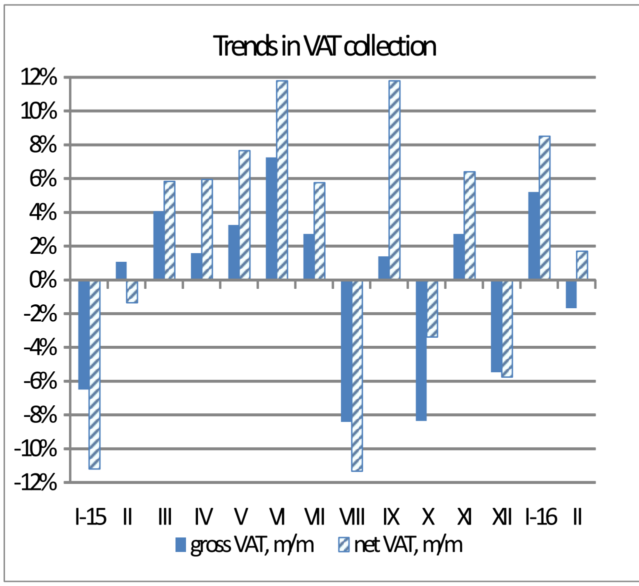

Chart 1

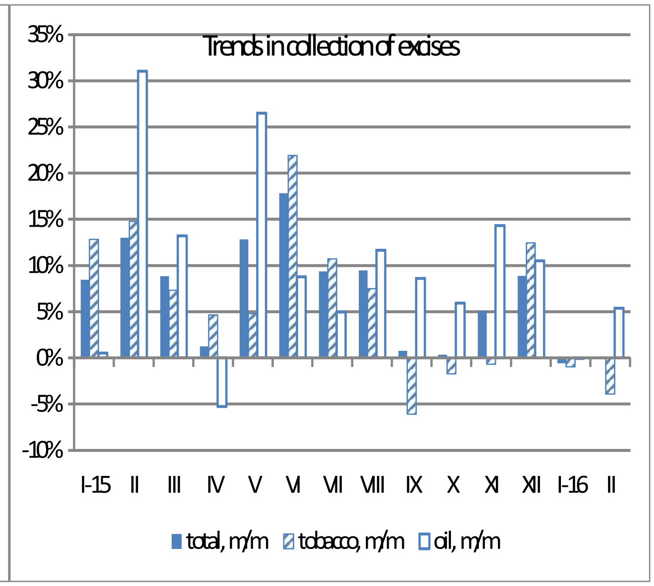

Chart 2

The collection of excises in the first two months of 2016 was at the level of the collection in the same period of the previous year (Chart 2). Increase in excise duties on cigarettes as of 1st January 2016 expectedly brought a decline in cigarette consumption. According to data of the ITA, the number of issued stamps on cigarettes was lower by 13,9% in January, and by even 21,1% in February. The increase in the specific excise tax has failed to compensate for the decline in consumption of cigarettes, so the collection of excise revenues in first two months decreased by 2,2% in comparison with the last year. Revenues from excises on derivatives grew at a moderate rate of 2,7%, as expected, due to the high statistical base for comparison and increase of oil prices. In the first two months of 2016 it was recorded a strong growth in revenues from excises on beer (+ 12,4%), while a decline in revenues was recorded in excises on alcohol and alcoholic beverages (-13,4%) and in excises on soft drinks (-5,2%).

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Tax reforms in function of changes in tax structures

(Prepared by: Dinka Antić, PhD)

INTRODUCTION

Academic studies have shown that the preferred national tax structure, which can stimulate growth, investments, savings and employment, implies a shift away from taxation of income and social security contributions towards taxation of consumption (VAT and excise taxes), property and environmental taxes[1], by neutralizing negative implications for fairness and redistribution. There are two concepts: tax shifting and fiscal devaluation. Basically, both concepts are shifting a tax focus from labor taxation to consumption taxation (EC, 2013b). In general, labor taxation is considered distortional for productivity and efficiency of the workforce in relation to consumption. Furthermore, the base for consumption taxation is less mobile than the base for labor taxation. Very often high taxes on income and profits caused migration of companies and employees to countries where tax rates are lower. In consumption large part of goods or services is of the local character with a low elasticity of demand, which provides a stable income even with an increase in rates. Taxation of real estate due to the static nature of tax base and environmental taxes, which affect products that have inelastic demand (oil derivatives, cigarette, and alcohol), can be used as the ideal candidates for the application of these two concepts. It can be concluded that both concepts ultimately lead to changes in the tax structure (vertical aspect) in terms of lowering the share of profit and income tax as well as social security contributions, at the expense of increasing the share of consumption tax. Although both concepts are often used interchangeably, there are important differences in the goals which they want to achieve.

TYPES OF TAX REFORMS

Tax shifting

The aim of the concept of tax shifting is the change of the tax structure in terms of achieving long-term goals – growth and employment. In the long term shifting taxation to consumption the tax system becomes more efficient due to the lower burden of workforce and increase in productivity, lower production costs, increase in sales and profits and the more competitive position in the global market. In addition, lower income taxes automatically mean higher disposable income for consumption, but also for investments and savings. Tax shifting in terms of reducing labor taxes, especially if they are progressive, stimulates savings and investments, i.e. it has the propulsive effect on the development of financial markets and the financial system as a whole.

Research of the European Commission on the need (Box 1) and scope (Box 2) of the reform which involves tax shifting in the Member States is based on the LAF[2] methodology to analyze the level of taxation (EC, 2014).

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[1] The greatest attention of the academic and professional community has been attracted by the studies of the Nobel Prize Winner Mirrlees („Reforming the tax system for the 21st century – Tax by Design", and "Dimensions of Tax Design", Institute for Fiscal Studies, London, UK, November 2010.

[2] LAF (Lisbon Assessment Framework) is a framework methodology for assessing the effects of tax policy. It is believed that a Member States faces difficulties in a particular area if the effects differ substantially from the EU average („LAF minus"), i.e. that it has remarkable effects if the effects are better than the average („LAF plus") and in the upper third of the total number of Member States.

Box 1: Indicators of the need for the tax shifting reform

It is believed that labor taxes are problematically high if they satisfy one of the following indicators:

- The overall tax burden on labor is high. Labor is highly taxed if the implicit rate is high – ITR on labor or the tax wedge at average earnings is significantly above the average;
- Total tax burden on certain categories (for example, a person with the lowest income or the following groups by income) is very high. High burden is established if the tax wedge on the lowest incomes is very high or if the inactivity trap/unemployment trap * is very high.

* Trap of inactivity/unemployment represents the implicit tax rate on the return to work for inactive/unemployed persons. Indicator measures the share of additional gross salary to be taxed when inactive/unemployed person is recruited, i.e. financial incentive for the persons to move from inactivity and social assistance to employment.
Source: European Commission

The scope of taxation that is at least distortive can be increased by increasing the rate, broadening the base or increasing the efficiency of tax collection. The scope of the effects of tax shifting is considered to be limited if an increase is possible only in environmental taxes or taxes on property, and if this increase produces small effects in terms of revenue with respect to consumption taxes.

Box 2.: Indicators of the scope of the tax shifting reform effects

1) The scope of the consumption tax may be increased:
   - if the share of the consumption tax measured in % of GDP is below the EU average or
   - if the implicit tax rate on consumption is significantly below the EU average, or
   - if the gap between ITR* on labor and ITR on consumption very high and ITR on consumption is not very high
2) The scope of property tax can be increased in the event that revenues from periodic property tax measured in % of GDP are very low, significantly below the EU average.
3) The scope of taxation of environmental taxes can be increased if revenues from environmental taxes measured in % of GDP or ITR on energy are significantly below the average.

*ITR= Implicit Tax Rate
Source: European Commission

Research has shown that in most Member States there is a need for tax shifting. Out of 28 Member States consumption taxes could be increased in 11 Members, the real estate tax could be introduced/increased in 19 Members and environmental taxes in 13 Members. However, the need for tax shifting does not automatically mean higher efficiency of the reform. In most of the Member States the scope of the reform would be narrow and thus the effects, especially if it is property taxation or environmental taxes. Finally, in only seven Member States tax reform that would involve tax shifting would be ultimately effective[3].

Fiscal devaluation

Fiscal devaluation is a substitution of labor tax with consumption tax in the direction of stimulation of competitiveness of the country in terms of foreign trade and reduction of the current account deficit. It is very often referred to as „internal devaluation" modeled on the currency devaluation.

[3] These are Belgium, Czech Republic, France, Italy, Latvia, Hungary and Romania. Source: Ibid.

Tax shifting is primarily done in order to correct macroeconomic imbalances and to bring local companies in a more competitive position in the global market. It is implemented in a way to reduce the burden on the workforce, especially the one that is passed on to employers (social security contributions) at the expense of an increase in the VAT rate. Lower labor costs mean lower sales prices, which for exporters resulted in a significant increase in investments in the foreign markets, and for other companies as an incentive to orient themselves on export as well, especially because the increased VAT rates have no effects on exports. The increase in exports will improve the trade balance and therefore the balance of payments. The measure can be very effective at least temporary until the other countries, especially countries that are competitive with one another, apply the same reform. Finally, if all countries implemented fiscal devaluation the situation regarding tax competitiveness would correspond to the situation before the reform. In that case possibilities for more competitive position could be only sought in the improvement of internal economy, application of technical and technological innovations.

Fiscal devaluations were implemented in 1987 in Denmark, when labor costs were reduced and price competition was increased by using tax shifting (reduction of labor tax and increase of VAT rate from 22% to 25%). The reform was launched in order to preserve the stability in the EMU. According to the OECD data the competitiveness of Denmark, measured by relative export prices, was increased by 5%. A similar reform was carried out by Germany in 2007 which has maintained budget balance by increasing the VAT rate from 16% to 19% and by reducing social security contributions for unemployment paid by the employer (Orsini et al., 2014). Similar reforms were undertaken by the Netherlands in 2001, when it reduced income tax rate and profit at the expense of expanding their base, while increasing indirect taxes. France has undertaken a reform which included the reduction of social contributions paid by employers by introducing a tax credit to companies on gross wages for employees with the lowest and median salaries. The effect of the reduction, estimated at 1% of GDP will be offset by an increase in the standard VAT rate from 19,6% to 20% and the reduced VAT rate from 7% to 10% (Koske, 2013).

Simulation of the OECD has shown that the transition from social security contributions to VAT can improve the trade balance, reducing the relative export prices and increasing import prices. A prerequisite for the success of the reform is the broad VAT base. However, the model shows a very modest effect on employment and economic growth, from which it can be concluded that the fiscal devaluation is only one of the instruments of economic policy which cannot replace structural economic reforms. The European Central Bank has analyzed the effects of fiscal devaluations on the case of Spain and Portugal. The analysis showed that the trade balance has been improved due to export growth which grew faster than imports. According to Gomes and Pisani (2014) investment growth and consequently employment have led to an increase in GDP. Evaluation of different scenarios involving individual Member States and the Euro Zone showed that the fiscal devaluation is the best option for countries that want to increase GDP, but if implemented unilaterally (EC, 2013a). If more Member States implemented the same reform much smaller effects would be achieved. The lack of the concept of reform is that trade exchange is the only factor contributing to the expansion of GDP. Broad fiscal devaluation throughout the Euro Zone would not be effective because the effects would be neutralized to trading partners of the zone. However, if the objective is stimulation of the EU economy as a whole, wide implementation of reforms is preferred. Although fiscal devaluation is considered as a temporary reform, since its success depends on the rigidity of exchange rate and the minimum wages, the positive effects can be increased by redesigning the VAT system. Researches of the efficiency of the VAT system in developed countries, conducted by de Mooij and Keen (2012) have shown that there is room for improving efficiency through redesign of the VAT system (abolition of zero and reduced rates, reducing exemptions, increasing the threshold for taxation) and in terms of collection efficiency.

EFFECTS OF REFORMS

IMF economists believe that the structural reforms that will have the long-term effects usually occur in "good" times, emphasizing the effects of reforms in the above EU Members States before the global economic crisis. However, the IMF (2013) finds that the timing of reforms in "good" times is not in itself guarantee of success of the reform if advocating inefficient tax arrangements. Tax reforms that focus on stronger consumption taxation and relaxation of labor taxation should reconcile two usually irreconcilable principles of taxation: efficiency and fairness.

Starting from the fact that tax systems based on labor taxation reduce economic growth, reforms that lead to the change in the tax structure in favor of consumption tax can be effective in terms of long-term growth. Economists have divided opinions on the effects of the reform on employment and growth. Most believe that the reduction of social security contributions has modest impact on aggregate employment (Orsini et al., 2014). Research of Thomas and Picos-Sánchez (2012) on the OECD Member States has shown that the results of the reform which involves the replacement of labor tax with consumption tax largely depend on the effects of the reduction of social security contributions to employees with low incomes which are more flexible related to the tax amount. In order for the reform to be stimulating for that group of employees in terms of incentives to work and increasing labor supply a phase reduction is proposed in a way that the greatest reduction in social security contributions should be granted for low incomes. If the reform focuses on reducing contributions paid by employers the effects in the form of growth in demand for labor will be manifested, which should lead to a reduction in unemployment. The OECD economists conclude that even cutting social security contributions paid by employers could lead to a greater supply of labor if in the meantime due to growth of the economy in terms of lower social security contributions it comes to the wage growth. In this case, the tax system would be much more effective than in the case of a reduction of social security contributions to employees and income tax rates. The main characteristic of the consumption tax, especially with a single rate, is the regressivity on the people with low incomes. In view of this tax reform based on the increase in VAT rates in any case increases the regressivity of taxation and jeopardizes the fairness of the tax system. The neutralization of the effects of higher VAT rate implies an increase in transfers from the budget to people with lower incomes. If the fairness of the reform is wanted to be achieved, economists advocate specific approaches in the design of reforms to persons with low income and other categories that would be affected by the higher VAT rate, including targeted indexing of social transfers.

TAX REFORMS IN THE EU

The EU initiated the incentives to change the focus in taxation from direct to indirect taxes in order to reduce the tax burden on labor, especially unskilled people and people with low incomes, about ten years ago when formulating the Lisbon strategy[4] and the same request repeated in regular annual reports and strategies of the EU. On each occasion it has been said that the tax reform, which would imply a reduction of direct taxes which burden the labor by indirect taxes, should be revenue neutral, not producing additional tax burden. By the expansion of the global crisis on the real sector the EU Member States are increasingly becoming aware of the depth of the crisis, so they started to formalize actions to mitigate the negative effects, adopting strategies and economic and fiscal programs. Depending on the fiscal situation the Member States were mainly focused on the restructuring programs of public spending and its reduction in the possible frameworks, but it became clear that without an active tax policy it will not be possible to achieve fiscal consolidation programs. The deepening of the crisis in some Euro Zone Members showed that the common strategy at the EU level is necessary. The main pillars of the EU tax strategy

[4] Lisbon European Council 23 and 24 March 2000, Presidency Conclusions.

2010-2020[5] are taxation quality, taxation for sustainable growth and good governance in the tax area, in order to change the tax structure so as to support economic growth and new employment. In 2011 several Member States have decided to follow the recommendations of the EU. Italy and Estonia have decided to replace the labor tax with the consumption tax and charges for the use of resources as the goal of tax reforms (Mathé et al., 2015). Other Member States have opted for different models of reforms, which do not necessarily follow the basic characteristics of the two basic concepts – tax shifting and fiscal devaluation (Box 3). However, despite the reforms carried out or commitment that the reforms will be carried out according to the reports of the European Commission Member States have, mainly guided by the pragmatic aim of fiscal consolidation, decided to increase the consumption tax without reducing the labor tax.

Box 3.: Tax reforms in the EU Member States

Belgium	Targeted reduction of the tax burden on income of employees in the category of low and medium incomes that should be compensated for budgetary instruments, an increase in taxes on income from capital, green taxes and taxes on banking sector.
France	Moving the focus of taxation from labor and companies to taxation based on environmental and health objectives, including an increase in the standard VAT rate and income tax on investments.
Germany	Reducing the tax burden on labor
Lithuania	Comprehensive tax reforms including tax shifting with taxes that are less distorting for economic growth and job creation.
Netherlands	Tax incentives for employees with low incomes
Italy	Reducing taxes on labor (reducing social security contribution rates and increasing the tax credit for persons with low incomes) with compensation in the form of an increase in the standard rate of VAT. Deduction for incentives for employees with low income
Latvia	Reduction of income tax and social security contributions with an increase in environmental taxes
Spain	Reduction of social security contribution rates while increasing the tax base
Austria	Reduction in rates of income tax and social security contributions paid by employers, while increasing property and environmental taxes

Izvor: Mathé i dr. (2015).

Fiscal consolidation was the primary imperative for tax policies of Member States. There were other objective reasons which have prevented the effective implementation of the recommendations of the Commission. In the Members where there is a strong correlation between social security contributions and funding social risks the reduction in social security contribution rates would be counterproductive for the sustainability of the fiscal and social system. All developed countries today are faced with a serious problem of financing social risks (health, old age, unemployment), especially under the pressure of the global process of ageing of population. Reducing payments to social funds would lead to social upheaval and the need for additional intervention from the budget.

Analysts (Mathé et al., 2015) highlight several important limiting factors for the implementation of fiscal reforms. In addition to the social aspect of tax reforms there is also an issue of redistribution and competitiveness. Switching the focus of labor taxation to consumption (VAT) enhances conceptual regressiveness of VAT, which in order to be mitigated, requires either the introduction of reduced rates or expanding their scope, which produces many distortions in the fiscal, micro- and macroeconomic system, or increased budgetary grant to categories of the population with lower income, which requires additional funding sources. Shifting the focus of taxation to

[5] The strategy was presented to the Council and the European Parliament on 28th of June 2010., www.europa.eu.

environmental taxes (for example, on energy-generating products or transport) due to their specific nature may weaken the competitiveness of the Member States. Furthermore, in addition to economic factors, political factors have considerable influence as well. Political elites are generally not willing to implement radical tax reforms, and they rather turn to gradual improvements in tax systems that are less dramatic and with less short-term consequences for voters.

TAX REFORMS IN COMPLEX STATES

Institutional factors, in terms of fiscal architecture and complexity of intergovernmental relations, can represent a significant limitation of reforms, especially in complex states. Mathé et al., (2015) gave the example of Belgium where the federal government and regions share the income tax, and while VAT belongs exclusively to the federal government, most environmental taxes is the responsibility of the region, and the property tax is divided between the region and local communities.

In countries which are unitary in fiscal terms, i.e. in which the powers for taxes are centralized, design and implementation of reforms are the responsibility of the central government and its ministries and agencies. However, in complex countries, with multiple levels of government complex fiscal relations, vertical and horizontal, can make the creation and implementation of reforms more complex and even impossible in relation to unitary countries. Vertical relationships between different governments involve different responsibilities for taxes and various tax arrangements (tax sharing, revenue sharing). Horizontal relationships are formed between governments of territorial-political units at the same level of government, and may include systems of subsidies and transfers of revenues from richer to poorer jurisdictions to implement fiscal equalization and horizontal fiscal relations. Finally, the complexity of the fiscal system of complex states is reflected in the existence of tax competition between jurisdictions at the same level of government unless the government coordination mechanism is established.

In terms of the implications of tax reforms that include tax shifting or fiscal devaluation several situations are possible, depending on allocation of fiscal jurisdictions between levels of government (Brys, 2011). If the competences for the most important tax forms are centralized (for income tax, profit tax, social security contributions, VAT, excise taxes) lower levels of government can be financed by surtax and/or revenue distribution, usually VAT. In such situations it will be necessary to revise the formula for revenue distribution between the central and lower levels of government. The increase in the VAT rate, in order to compensate for revenues from income tax or social security contributions, will inevitably lead to increased revenues. If the formula for distribution does not change, additional revenues will drain into the budgets of lower levels of government, while revenue deficit will appear in the budget of the central government. The formula will have to be revised even if the lower levels of government are partly financed from the income tax levied by the central government, because the reduction of these revenues will lead to the reduced inflow in their budgets. Also, if design of the reform involves the compensation of reducing labor tax by raising the property tax, which is mostly the revenue of the local government level, it will be necessary to revise the vertical system of distribution between the central, medium and local level of government. The reason for this is that increased revenues from property taxes will fill the local budgets while the budgets of central and medium levels of government will be in deficit. A particular problem arises if competences for direct and indirect taxes belong to different levels of government. In complex states the central level of government is usually responsible for indirect taxes and social security contributions. Tax reform will have a neutral revenue effect if implies reducing the rate of social security contributions for the benefit of VAT. However, if design of the reform includes cutting the income tax, budgets of medium government levels responsible for direct taxes will be in deficit. The solution in this case is that the compensation is made in favor of the property tax and special taxes (excise taxes, green taxes) that may be the responsibility of lower levels of government. There are countries in which the central level of government is responsible for the income tax, and lower levels of government for the sales tax/VAT and property tax. In this case the federal budget would suffer the consequences of tax shifting, while lower levels of government achieved surpluses. These cases require reconfiguration of jurisdiction or the introduction of new arrangements of distribution of revenue/taxes. A particular challenge is different jurisdiction approach to design of the reform. Bearing in mind that in complex countries development of the regions is not uniform, tax reform that is designed and implemented by the central government can produce different effects in each of them. In addition, governments may have different interests from which derive different views on the objectives and design of the reform. Tax reforms which are not coordinated and for which there is no consensus, can deepen inequalities between the regions and boost mutual tax competition. Economists suggest that in such cases mechanism for interregional compensation of the region should be created. (Brys, 2011).

LIMITATIONS OF TAX REFORMS IN B&H

In relation to the above scenarios B&H represents a specific case. Research on a sample made up of tax experts from RS has shown that in terms of desirable tax strategy experts argue for a shift in focus from the taxation of profits and income to (i) higher taxation of consumption, i.e. to (ii) the heavier taxation of property, provided that, in general, one should strive to reduce the tax burden (Antić, 2014). However, there are significant limitations producing deviations from the desired design of the reform and thus the expected results in the design of the reform.

Due to various macroeconomic systems of Entities and objectives of economic policies it is realistic to expect that the objectives of tax policy will also not coincide. Furthermore, differences in tax structures and interests and the importance of particular taxes for certain levels of government may make it difficult to negotiate a joint reform. Even in the case of matching the goals and effects of reforms the implementation of the reform which includes changes to the policy of indirect and direct taxes can be threatened by legal-technical issues of implementation. It is necessary to simultaneously make needed adjustments in tax policy at the level of B&H and in tax policies of both Entities, including changes of social security contribution systems as well. In addition, it is necessary to simultaneously amend the regulations in direct taxes and social security contributions in the District, to avoid disturbing its fiscal and economic position within B&H by changing the policy of indirect taxes and Entity social security contribution policies to which the District has no control. Specific fiscal position of the District includes also the application of the Entity regulations on pension insurance contributions, which significantly affect the cost of labor and the competitiveness of companies from the District. Implementation of the reform would require simultaneous changes to the regulations on the financing of extra-budgetary funds in the Entities and the District.

Another possible direction of reforms would imply only a change in the tax structure and policies within the competence of the Entities, i.e. reduction of the burden on labor on account of an increase in property taxes or taxes on vehicles (transport). In this case it would be necessary to redefine the allocation of indirect taxes within the Entities as the excess of revenues from property tax will belong to local communities. However, situation in which cantons in FB&H regulate the issue of taxation of property and allocation of revenues with the municipalities makes it additionally difficult to reach consensus at the level of FB&H, because it is not only the interests of the Entities and cantons but also the interests of local communities. Finally, in these circumstances it is very difficult to provide a revenue neutral reform. The introduction of the unique tax rate in RS after the adoption of the new Real Estate Tax Law at the end of October 2015 may facilitate balancing of gains and losses in tax reforms in RS relating to the Entities and local source taxes.

Given the very low rate of income tax of 10% in both Entities and the District the third possible direction of reforms for the relief of labor can be carried out, following the example of Spain, within the policies of social security contributions so that the reduction in the contribution rate compensates for broadening the tax base, with an increase in collection efficiency.

It can be concluded that the starting point for strategic thinking of reform directions in the tax system in B&H should be the fact that it is *de facto* a system of "connected vessels". One should bear in mind that radical changes of the tax system and tax policy, in the first place, requires a broad political consensus in B&H, in the first place, in the area of mutual making decisions on policy of indirect taxes at the level of B&H.

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Consolidated reports

(Author: Aleksandra Regoje)

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

The preliminary consolidated report includes

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

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

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

Preliminary report: B&H Institutions, entities and SA, I 2016

(in million BAM)	January
Revenue	493,3
Taxes	409,8
Direct taxes	20,7
Taxes on income, profits and capital gains	20,0
Taxes on property	0,7
Indirect taxes (net)	389,0
VAT	236,5
Excises	118,1
Road fee	21,3
Customs	12,1
Other indirect taxes	1,1
Other taxes	0,0
Social security contributions	49,3
Grants	1,3
Foreign grants	0,2
Transfers	1,1
Other (non-tax) revenue	32,9
Expenditure	487,4
Expense	481,3
Compensation of employees	136,2
Use of goods and services	14,7
Social benefits	132,5
Interest	5,5
Interest payments to non-residents	3,3
Interest payments to residents	2,2
Subsidies	0,1
Grants, transfers (incl. transfers from SA**)	188,6
Other expense	3,7
Net acquisition of nonfinancial assets	6,1
Acquisition of nonfinancial assets	6,5
Disposal of nonfinancial assets	0,4
Gross/Net operating balance (revenue minus expense)	12,0
Net lending /borrowing (revenue minus expenditures)	5,9

Table 1

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