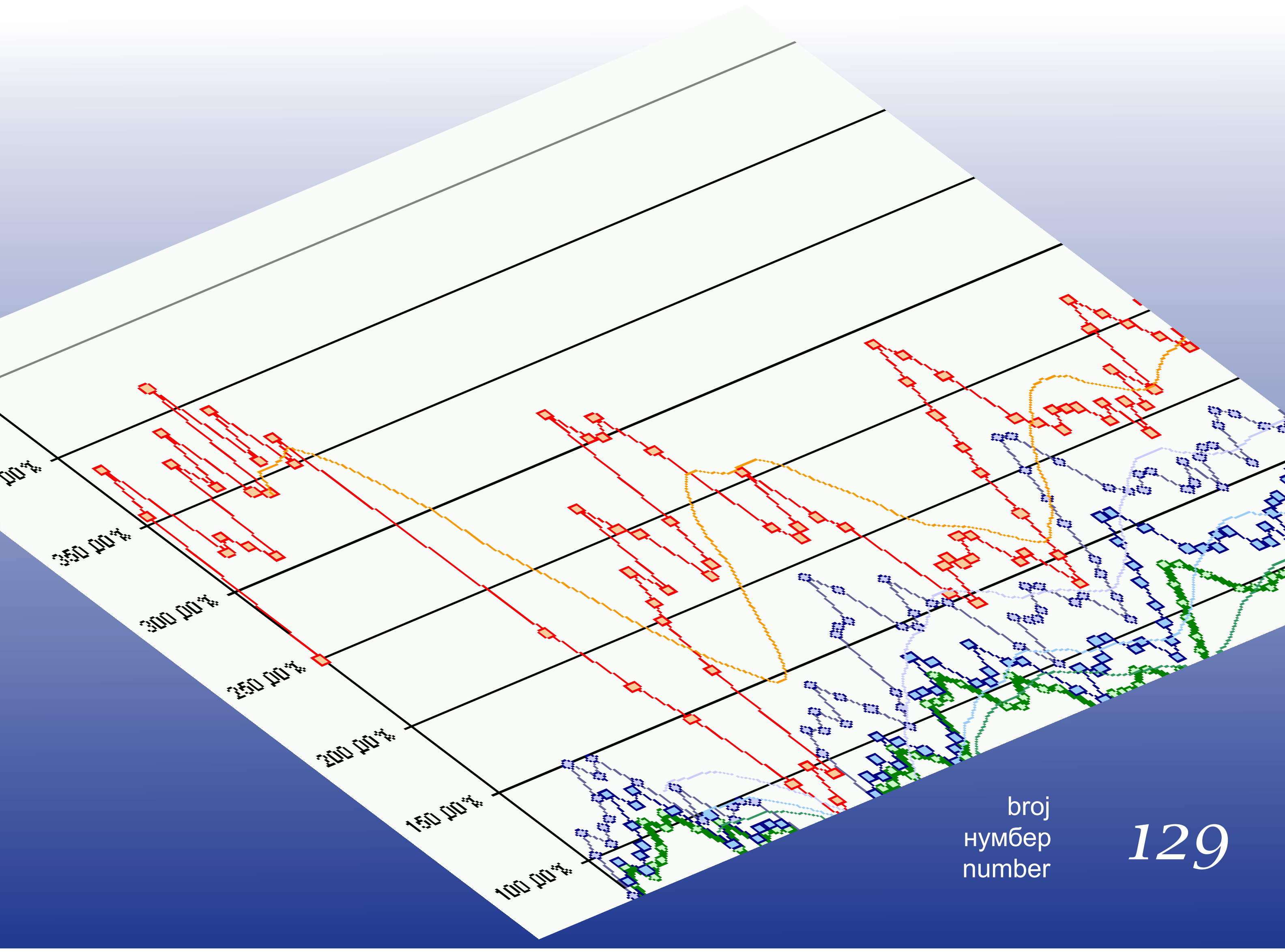
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-neizravno oporezivanje

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



broj
нумбер
number

129

April 2016 Travanj 2016 Април 2016 April 2016

With this issue

The positive trends have continued in March 2016. The net increase resulted from the growth of gross collection, while refunds remained at the same level as in March 2015. According to the ITA preliminary report the gross collection increased by 28,1 million KM or by 5,7% in comparison to March 2015, while the net collection increased by 6,9%. In general, the gross and net collections represent the maximum March collection since the establishment of the ITA (Chart 1). The cumulative gross collection grew at a rate of 3,3% in the first quarter of 2016 due to the maximum growth in revenue collection in March. Because of the reduction in refunds of 10,4 million KM, the net collection in the first quarter of 2016 was higher by 58,5 million KM or 4,9% compared to the same quarter of 2015.

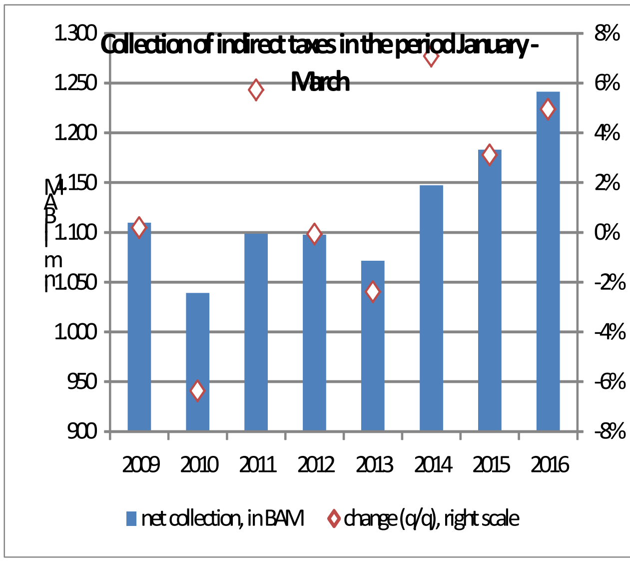


Chart 1

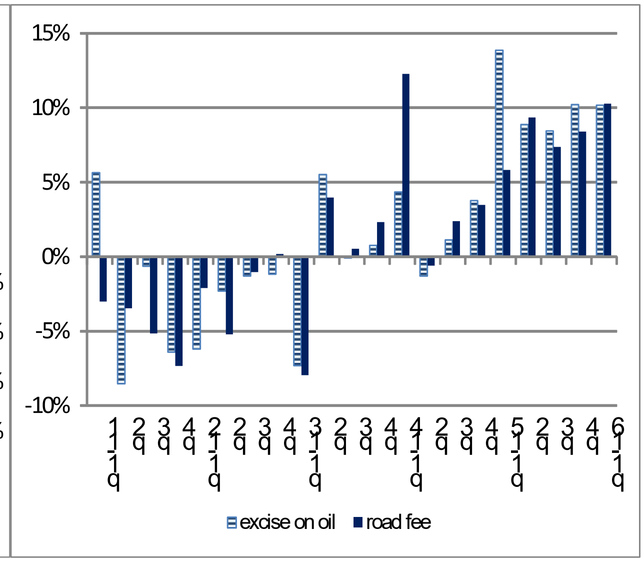


Chart 2

The greatest effects in the first quarter refer to VAT (+40,5 million KM), and on excises and road taxes (+21,6 million KM). Three quarters of the effects of increase in revenues from excises and road taxes relate to the taxation of oil derivatives. The reason for this is the enormous growth of excises on imported oil derivatives in March 2016 of 55,7%. It can be assumed that the cause of this is stockpiling of oil derivatives due to the announcement of rising prices on the world market in the coming months. Chart 2 shows a continuous positive trend in revenues from excises and road taxes since the second quarter of 2013, with the exception of the slight decrease in the second quarter of 2014. The effects of tax collection on derivatives in the first quarter of 2016 are even greater if the very high base for comparison in the first quarter of 2015 is taken into account. Two conclusions can be drawn from the changes in the structure of revenues from excises: that the effects of the new tax policy of cut tobacco (in force as of 01 August 2014) are almost completely exhausted, and that taxes on oil derivatives are becoming increasingly important for the collection of indirect taxes and financing the governments in B&H.

Dinka Antić, PhD
Head of Unit

Table of contents:

The tax burden measures of B&H economy	2
Consolidated reports	12

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

Banja Luka: Bana Lazarevića, 78 000 Banja Luka, Tel/fax: +387 51 335 350, E-mail: oma@uino.gov.ba
Sarajevo: Zmaja od Bosne 47b, 71 000 Sarajevo, Tel:+387 33 246 081, Fax:+387 33 246 080, Web: www.oma.uino.gov.ba

The tax burden measures of B&H economy

(Prepared by: Aleksandra Regoje)

This article is a continuation of the analysis of the tax burden on the economy of Bosnia and Herzegovina, which has been presented several times in the bulletin of the Unit. The paper analyzes the dynamics and structure of the tax burden in B&H measured by various indicators, and gives the comparison with the neighboring countries and the EU.

Introduction

The global economic crisis has recently imposed a number of countries to conduct measures to consolidate public finances. In order to provide additional budgetary resources, many were forced to increase the tax rates, and even for those types of taxes that are not growth friendly. After passing the wave of global economic downturn, countries should be more focused on the quality of measures of tax policies and their effects on employment, economic growth and development.

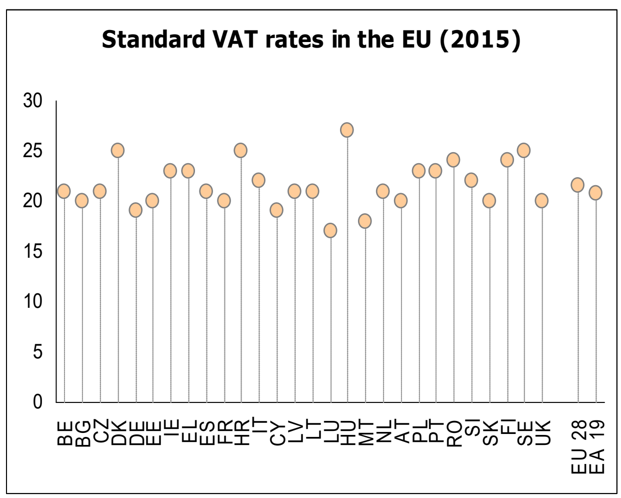
One of the questions recently often discussed is topics of fiscal burden. The level and structure of the tax burden of a country compared to others is of great importance not only for the fiscal authorities but for the taxpayers and investors as well. A well-organized system of taxation can bring a huge contribution to the stability of public finances, growth of economy, competitiveness and employment. There are several ways of measuring the fiscal burden. The most commonly used indicators are:

I. tax rates,
II. tax to GDP ratios,
III. implicit tax rates.

I. Tax rates

Tax rates are widely used in the international comparison of the tax burden, primarily because they are readily available information. The comparisons are easily performed because they do not require any calculations. On the other hand, these comparisons have many weaknesses. Tax rates provide only partial information about the tax system, since they do not provide the information about tax base (the exemptions, thresholds, etc.). It is also difficult to compare tax systems in the case of differentiated rates. The Charts 1-3 show the tax rates in the European Union, namely: a standard VAT rates, and the top statutory personal income tax rates and corporate income tax rates (including surcharges).[1]

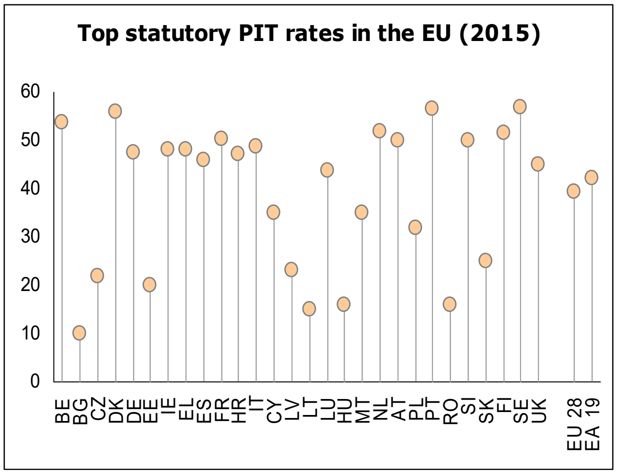
Chart 1



Source: EC (2015)

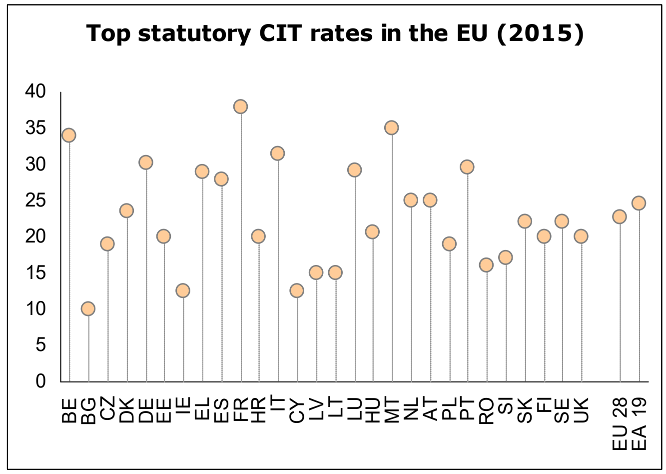
[1] Data for EU 28 and EA 19 in the Charts are arithmetic averages.

Chart 2



Source: EC (2015)

Chart 3



Source: EC (2015)[2]

If we observe only the indicators of tax rates, we see that B&H has a relatively low tax burden in comparison to the EU countries and the countries of the region. All EU countries have higher standard VAT rate, except for Luxembourg, which has the same. VAT rates in the EU in 2015 ranged between 17% and 27% (2015), while the arithmetic average of the EU-28 amounted to 21,6% (EC, 2015). Serbia, Macedonia and Montenegro also have higher standard rates (Table 1). The rates of taxation of income and profit in the Republic of Srpska (RS) and the Federation of Bosnia and Herzegovina (FB&H) are also stimulating compared to the region and the EU, and amount 10% (see Charts 2 and 3 and Table 1).

Table 1. Tax rates in B&H and the region

Rates	Republic of Srpska	FB&H	Serbia	Croatia	Montenegro	Macedonia
Personal income tax	10%	10%	10%	12%- 40%	9% i15%	10%
Corporate income tax	10%	10%	15%	20%	9%	10%
VAT	17%	17%	20% and 10%	25%,13% and 5 %	19%, 7 % and 0%	18 % and 5 %

Although the tax rates provide significant information about the tax system of a country, for the purpose of more serious analysis of the tax burden it is necessary to observe the other indicators which take into account the tax base. For example, a higher tax rates could bring the lower tax burden, if applicable to a narrower tax base with a number of exemptions, deductions or higher tax threshold. Therefore they should be interpreted with a high degree of caution when comparing tax burdens across countries. For more serious analysis of tax burden it is necessary to observe the indicators whose level is influenced not only by the tax rate but by the width of tax base as well.

II. Tax to GDP ratios

Tax to GDP ratio gives more important information about the tax burden in the economy, but it is also difficult to interpret because of the inappropriate tax base. This indicator approximates the total tax burden of a country.

[2] The source for Charts 1-3 is EC "Taxation trends in the European Union", edition 2015.

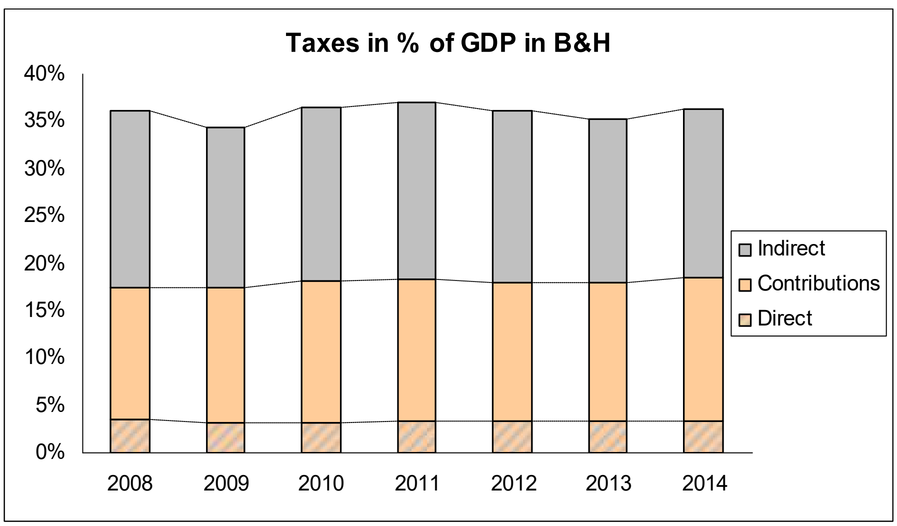
Tax burden is measured by the ratio of public revenues in total newly created value of some country within calendar year. In calculation of fiscal burden, we should take into consideration only public revenues of duties type. The share of such defined revenues in gross domestic product of a country provides international comparability of fiscal burden as well as comparability of burden in certain country in different time periods.

Basic reasons why public revenues are used for calculation of burden, and not public expenditures are the following:

- Total amount of public expenditures inter alia contains transfers through which the state gives back to the economy and population a share of what was collected through public revenues,
- Public expenditures are partially covered by public revenues that do not represent "burden" for population and economy. Public loans basically represent spending a part of future public revenues in advance and can not be related to GDP of current year. [3]

Chart 4 shows the dynamics of the tax to GDP ratio in B&H in the period 2008-2014. Sources of data are reports on government finances published by the Unit[4], provided that indirect taxes data is taken from the report on distribution from the ITA Single Account (to the Institutions of B&H, Entities and BD), since MAU reports do not include data for the directorates for roads / highways which are normally included in the distribution of indirect taxes. [5]
According to these data, the tax burden in the past seven years ranged between 34,4% (2009) and 37% of GDP (2011). Partial fiscal burdens show the lowest burden of direct taxes. Their share in GDP is around 3,3% (2014). This is followed by contributions with a share of 15,2% in 2014, which is therewithal the highest share in that period. The share of indirect taxes ranged between 17,1% (2009) and 18,8% (2008), and amounted to 17,9% in 2014.[6]

Chart 4

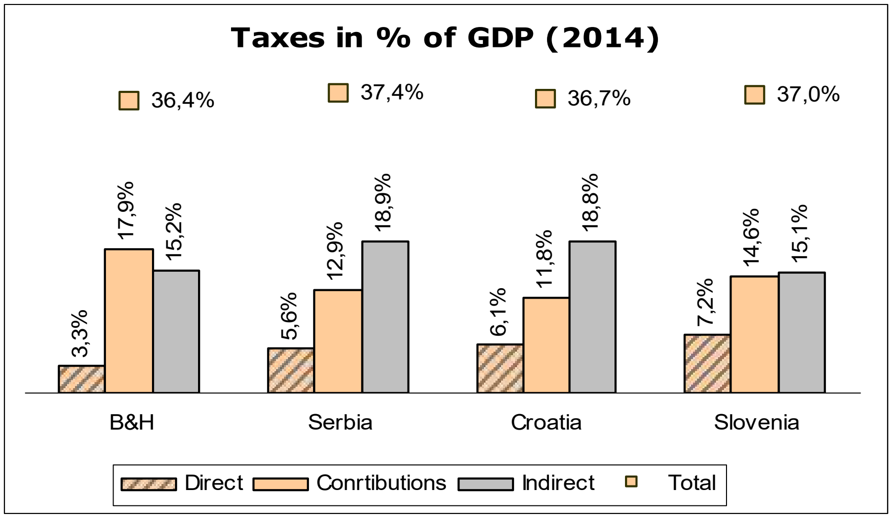


Source: Consolidated MAU reports and BHAS[7]

[3] More about tax burden can be found in Božidar Raičević, „Javne finansije" (*Public finance*), Beograd 2005
[4] www.oma.uino.gov.ba
[5] As of 2014 MAU reports include data for PC Republic of Srpska Roads and PC Republic of Srpska Motorways and for cantonal road directorates. It is planned in the future the inclusion of data for PC Roads of Federation of Bosnia and Herzegovina and PC Motorways of the Federation of Bosnia and Herzegovina.
[6] It was slightly higher share of collected than distributed revenues from SA in 2014, due to accumulation of reserves on the account for road tax for highways.
[7] Source for GDP data is BHAS (TB 01, 2016)

In comparison with the countries in the region (Serbia, Croatia and Slovenia) B&H has a similar level of tax burden measured by the total tax to GDP, while the partial burdens are little more different (Chart 5).

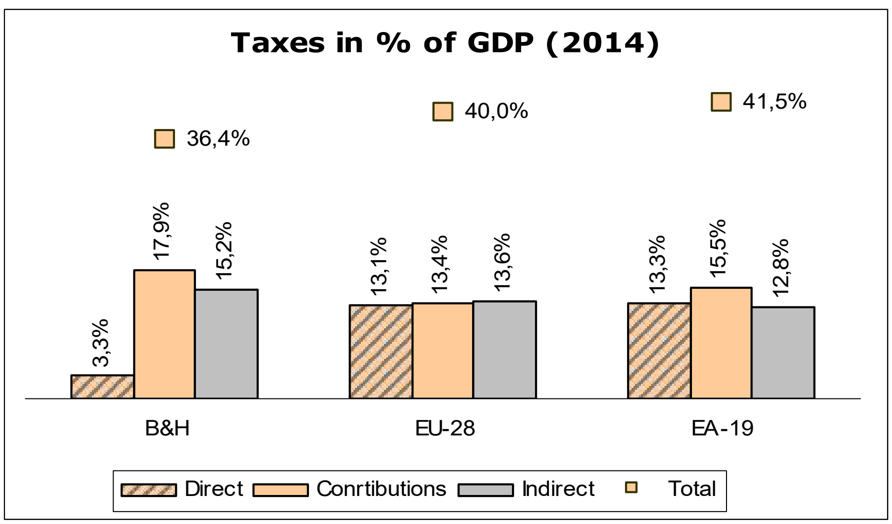
Chart 5



Source: Consolidated MAU reports and Eurostat

On the other hand, the tax burden is very different from the average of all Member States of the European Union (EU-28) and the euro area (EA-19), both in level and in the structure (Chart 6).

Chart 6



Source: Consolidated MAU reports and Eurostat[8]

The European Union generates much higher share of tax revenues from direct taxes compared to B&H (13,1% of GDP compared to 3,3% of GDP in B&H). The reasons are much lower rates of taxation of income and profit in B&H in comparison to the average indicators in the EU, as well as lower economic potential of B&H. On the other hand, B&H has a significantly higher share of indirect taxes in GDP (17,9% of GDP compared to 13,4% of GDP in the EU). Since the rates of

[8] Data source for the EU in Charts 6 and 7 is Eurostat (http://ec.europa.eu/eurostat/statistics-explained/index.php/Tax_revenue_statistics)

taxation are higher in the EU, it can be primarily explained by the structure of GDP, i.e. the share of consumption in GDP. In Bosnia and Herzegovina in 2014 final consumption expenditure of households and NPISH amounted even 82,7% of GDP, and together with the government's final consumption even 104,2% of GDP[9], while the trade balance was negative. The corresponding shares in the EU-28 amounted to 56,9% and 77,8% of GDP respectively. [10]

Kiss et al. (2009) list a number of weaknesses of country comparison of tax to GDP indicators. It primarily refers to the scope of tax revenues according to the ESA methodology, which is not fully in line with the economic concept of taxes (compulsory, unrequited payment imposed by the government). Furthermore, both numerator and denominator of the aforementioned indicator include a government component that distorts the true picture of the tax burden. This is primarily related to the taxes paid on government expenditure and taxes on government salaries. They do not represent "real" burden on economic activity. It is also questionable in the case of different tax treatment of government expenditures (for example taxation of pensions, etc.). Moreover, the shares of the government sector in GDP, which is included in denominator of this indicator, can vary over time and across countries and so distort comparison of the "real" tax burden. Furthermore, cyclical factors have different effects on the levels of GDP and tax revenues. These authors[11] came to the conclusion that the adjusted measure of the tax burden, which excludes all of these factors, may reveal different trends than the simple tax to GDP ratios.

III. Implicit tax rates

We have seen that a high proportion of indirect taxes does not have to come from the high rates of taxation, but may be related to differences in the structure of GDP (high share of consumption). Similarly high share of labor taxes in GDP can originate from high rates of income tax or social security contributions, but, on the other hand, may be caused by a high rate of employment in a country. Therefore, so-called implicit tax rates (ITR) are being calculated, which measure the effective tax burden. They are calculated as a share of certain type of revenue in the appropriate tax base. [12] They can be determined for the each type of tax categories:

1) consumption,
2) labor, and
3) capital.

1) The implicit tax rate on consumption is defined as the ratio of all taxes on consumption and final consumption expenditure of households (domestic concept). This formula is used by the European Commission since 2003, while before that consumption in the denominator had included the government spending without the expenditures for salaries.

2) The implicit tax rate on labor is defined as the ratio of the sum of all direct and indirect taxes and mandatory contributions paid by employees and employers on labor income (numerator) and all compensation of employees (denominator).

3) The implicit tax rate on capital is computed as the ratio between revenue from all capital taxes (numerator), and all potentially taxable capital and business income (denominator). [13]

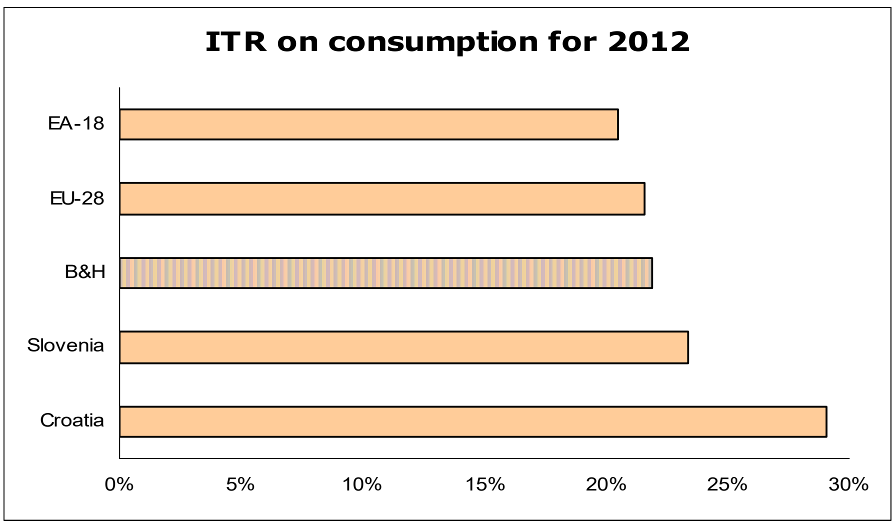
[9] BHAS, TB 01, 2016
[10] Eurostat, Expenditure components of GDP, EU-28, 2014 (% share of GDP), March 2016
[11] Kiss, Gabor P. and Jedrzejowicz, Tomasz and Jirsakova, Jana, How to Measure Tax Burden in an Internationally Comparable Way? (March 1, 2009). National Bank of Poland Working Paper No. 56
[12] More information on implicit tax rates in Bulletin No. 105
[13] More about the methodology of calculation of certain implicit tax rates can be found in EC, Taxation trends in the European Union, 2014 edition, p. 282-283

Implicit tax rate on consumption

Given the availability of data, we will observe in this paper the implicit tax rate on consumption. ITR on consumption can be considered as an overall measure of the burden of consumption, and can be divided into four basic categories: (1) VAT, (2) energy, (3), tobacco and alcohol, and (4) other. In doing so only the numerator is separated, while the denominator remains the same (private consumption). Therefore, care should be taken when interpreting the individual components of implicit tax rates, given that, except in the case of VAT component, the actual tax base makes only a small part of the denominator.

In comparison with the EU countries and the region (for which the data are presented), the ITR on consumption gives a different picture of the tax burden from the tax to GDP ratios. ITR on consumption in B&H in 2012 was at approximately the same level as in the EU-28 (arithmetic average), and under the corresponding indicators for Croatia and Slovenia (Chart 7). It should be noted that the category of consumption taxes in B&H is different from the scope of this type of revenues in the European Union, which should be taken into account when comparing the data. In the tax system of Bosnia and Herzegovina the consumption taxes include all indirect taxes i.e. VAT, excises, customs duties and road taxes. Taxes on consumption according to ESA 95 classification include most of the indirect taxes, but not all types. They also include some of the items that belong to direct taxes, since it is related to household expenditures for the provision of certain goods or services.[14]

Chart 7

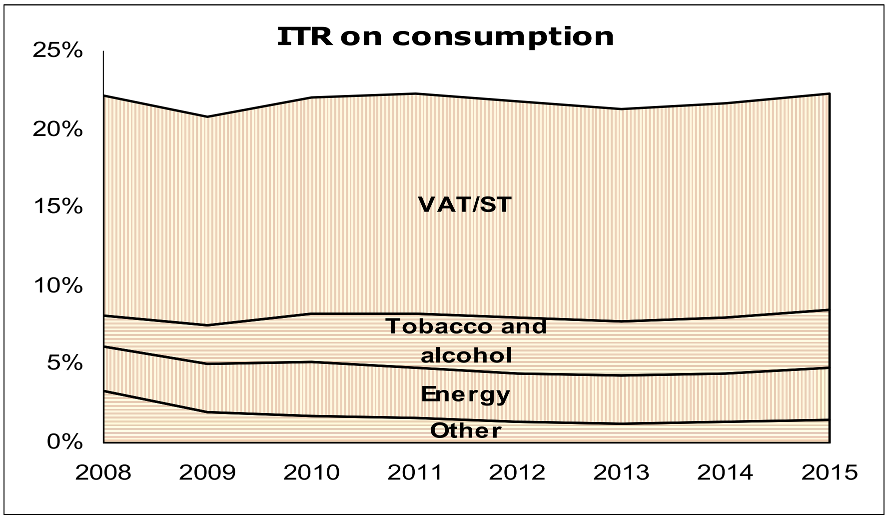


Source: EC (2014) p. 255 and author's calculation[15]

We see from Chart 8 that the ITR on consumption has not significantly varied since 2008, except for a decline in the crisis year 2009. In 2015 it amounted to 22,3%[16], the same as in 2011, which are the highest levels in the reporting period. On the other hand, the components of ITR on consumption have significantly changed. Energy component increased by 0,5 percentage points (pp) and component of tobacco and alcohol by as much as 1,8 pp. VAT component fell by 0,3 pp, and component of "Other" by 1,9 pp. We see that the greatest changes occurred in the components of tobacco and alcohol and "other".

[14] More about the methodology in OMA Bulletin No. 105
[15] Indicators for B&H are calculated on the basis of ITA and BHAS data for 2012
[16] The indicator for 2015 is a projection because it is calculated on the basis of projected consumption level for 2015 (DEP, March 2016)

Chart 8



Source: Author's calculation on the basis of ITA[17] and BHAS data

1) VAT component

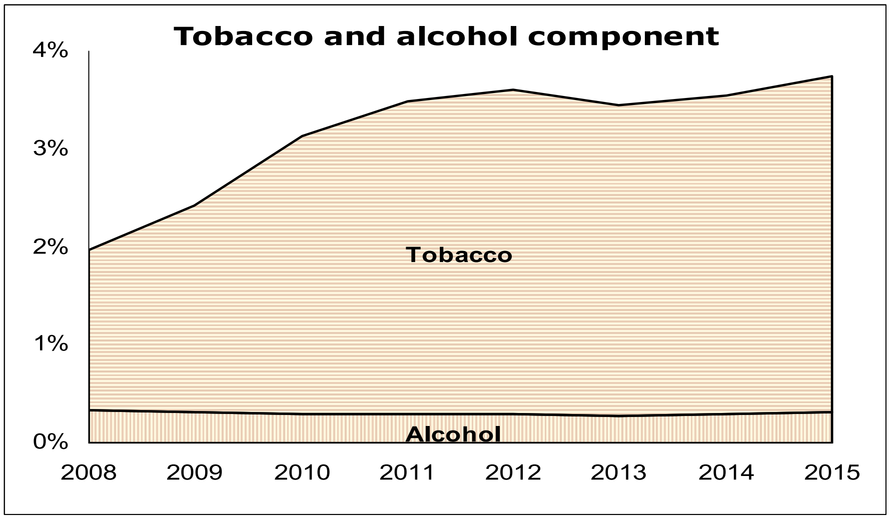
In the observed period 2008-2015 the VAT component in ITR on consumption ranged between 13,2% (2009) and 14,1% (2008, 2011). In the last two years (2014, 2015) it amounted to 13,8%. VAT component is the largest of four components of the ITR on consumption. Despite the decreasing trend of the share of VAT component in the overall ITR on consumption, the share of VAT component in the ITR on consumption was as high as 61,9% in 2015. In the European Union this component is also the largest, and ranges between 56% of the total ITR on consumption in Italy and 74% in Sweden.[18]

2) Tobacco and alcohol component

We see from the Chart 9 that the increase of tobacco and alcohol component comes from the revenues from excises on tobacco. The subcomponent of alcohol has not changed since 2008 and amounted 0,3% in every year. Due to the small share of the excises on alcohol in overall indirect taxes, it would require the enormous rate of change of this revenue in order to have an impact on the dynamics of the ITR on consumption. Regarding the revenues from excises on tobacco, their dynamics was greatly influenced by the changes of legislation in the past. The new law on Excises has been in force since mid-2009, and brought the rate changes. New ad valorem rate was changed to 42%, but the same is calculated on the tax base including VAT, and roughly corresponds to the rate previously applied. In order to harmonize legislation with EU standards it was introduced the specific excise of 0,15 KM per pack of cigarettes, which has been increasing for the same amount in each subsequent year after 2009, and in 2015 amounted to 1,05 KM per pack of cigarettes. The subcomponent of tobacco increased by 1,8 pp in the period 2008-2015.

[17] It doesn’t include lagging payments of indirect taxes on entity accounts
[18] EC (2014), p. 25

Chart 9

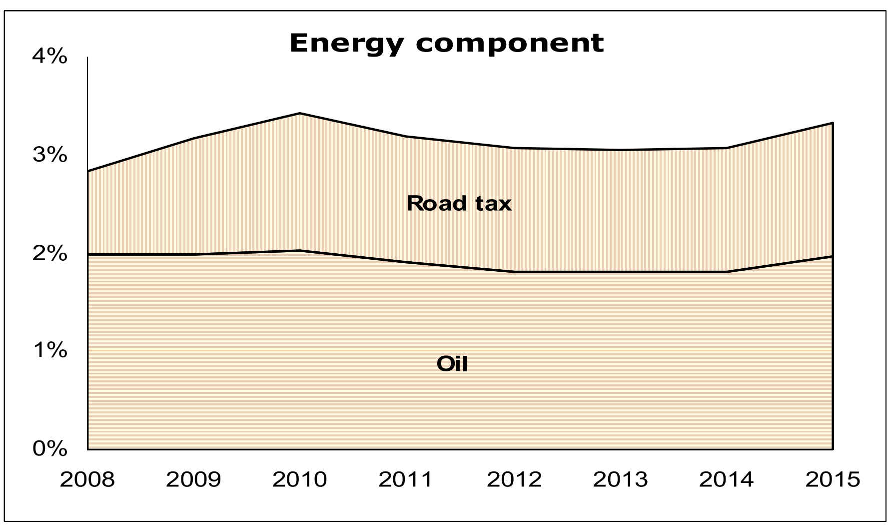


Source: Author's calculation on the basis of ITA and BHAS data

3) Energy component

The total growth of the energy component in the period 2008-2015 (0,5 percentage points) comes from road tax (Chart 10), primarily due to the effects of the new Law on Excise Duties, which entered into force on 1st July 2009 and brought higher rates of road tax. A subcomponent of oil declined slightly in 2011 and 2012 (by 0,1 pp in each year), while increased again in 2015 by 0,2 pp and reached the level from the year 2008 (2%).

Chart 10

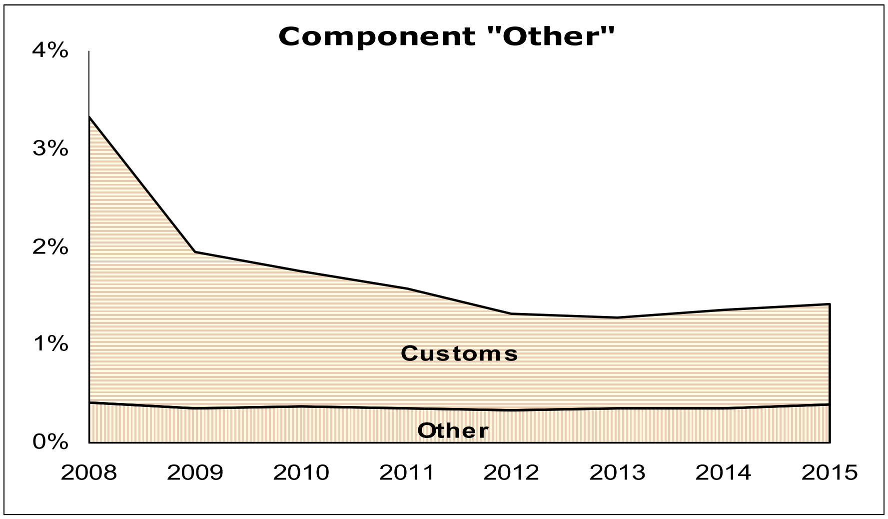


Source: Author's calculation on the basis of ITA and BHAS data

4) Component „Other"

Given that customs revenues have a huge share in the category of revenues that are included in calculation of the component "other" of ITR on consumption, their dynamics largely determined the movement of the component. The application of the provisions of the Stabilization and Association Agreement with the EU started in the mid-2008 and prescribed the gradual liberalization of imports from the EU. Revenues from customs almost halved in the following year (2009), and the negative trend of these revenues have continued until 2013, when the last phase of the transition period of the abolition of customs tariffs completed. Customs revenues increased in the next two years (2014-2015), but that growth has not significantly affected this component (+0,1 percentage points in the period 2013-2015).

Chart 11



Source: Author's calculation on the basis of ITA and BHAS data

Comparison of different measures of fiscal burden in B&H

There are a number of the tax burden measures of a country. The most commonly used are tax rates, tax to GDP ratios and implicit tax rates. We have seen from the example of Bosnia and Herzegovina that various measures of tax burden can give contradictory results. The standard VAT rate of 17% in B&H is among the lowest in Europe and far below the EU-28 (the arithmetic average of the rate of the EU-28 was 21,6% in 2015). Contrary, the shares of VAT and total indirect taxes in GDP are higher than the EU average.[19] We explained that by the absence of reduced rates of VAT in B&H and by a high proportion of consumption in GDP of B&H. On the other hand, the implicit tax rate on consumption in B&H is close to the EU level (Chart 7).

Likewise, the dynamics of the tax burden may have different tendencies when observed through various measures of tax burden. The share of indirect taxes in GDP in B&H dropped in 2015 compared to 2008 by 0,8 pp, while the ITR on consumption increased by 0,1 pp. It should be noted that it is the assessment, because DEP projections of GDP and private consumption for 2015 were used, since at the time of preparing this paper the official BHAS data for 2015 were not available. The reasons are changes in the structure of GDP at the expense of consumption. According to the Agency for Statistics data, the structure of GDP has significantly changed in 2014 compared to 2008. The share of private consumption was reduced by 1,8 pp, and it was estimated (DEP) for 2015 the further reduction of as much as 2,2 pp compared to 2014. The changes in the structure were in favor of exports, while the shares of imports and investments in GDP have also been reduced (Table 2).

[19] VAT ratio in GDP in BiH amounted to 11,5% in 2012 while the arithmetic average of the ratio in the EU-28 was 7,9% in the same year (EC, 2014). Comparison of the shares of indirect taxes in GDP is shown in Chart 6.

Table 2. GDP structure in B&H

	2008	2009	2010	2011	2012	2013	2014	2015 proj.
Final consumption expenditure of households and NPISH	84,4%	82,1%	83,4%	83,1%	82,8%	81,4%	82,7%	80,5%
Government final consumption expenditure	21,2%	22,1%	22,2%	22,2%	21,8%	21,2%	21,5%	21,1%
Gross capital formation	25,9%	18,4%	15,5%	17,9%	17,9%	16,9%	18,1%	17,2%
Export of goods and services	26,1%	23,8%	28,9%	31,2%	30,6%	31,9%	32,8%	33,5%
Import of goods and services	-57,6%	-46,5%	-49,9%	-54,4%	-53,1%	-51,4%	-55,1%	-52,3%
Gross domestic product	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: BHAS and DEP projections

Conclusion

We have seen that each of the three indicators of tax burden has its advantages and disadvantages. The benefits of using tax rates are in the easy availability of data, but country comparisons of this indicator has the largest number of disadvantages compared to other measures, since it does not touch the category of the wideness of the tax base. Tax to GDP indicator approximates the total tax burden of a country. It provides important information about the tax burden in the economy, but it is also difficult to interpret because it doesn’t take the appropriate tax base. The structure of the GDP of a country can significantly affect the partial fiscal burdens measured by this indicator. Neither a measure of implicit tax rates is without shortcomings. The most important disadvantages are difficulties in interpreting the trends when the effects of certain factors can not be clearly separated. Time lags between the period of payment of taxes and the dynamics of the tax base can also affect the dynamics of the ITR. It was also mentioned that in the case of components of ITR on consumption, the actual tax base is only a small part of the denominator except in the case of VAT component. However, the ITR is considered as the only measure which implicitly takes into account all elements of taxation: standard and reduced tax rates, exemptions, thresholds and all elements of the tax base.

Literature

- European Commission, “Tax Reforms in EU Member States 2015” September 2015
- European Commission, “Taxation trends in the European Union“, editions 2013, 2014 and2015
- Raičević B., „Javne finansije“ (Public Finance) , Beograd 2005
- Kiss, Gabor P. and Jedrzejowicz, Tomasz and Jirsakova, Jana, How to Measure Tax Burden in an Internationally Comparable Way? (March 1, 2009). National Bank of Poland Working Paper No. 56
- Wolff, Guntram B.”Measuring tax burdens in Europe”, ZEI working paper, No. B 09-2005
- BHAS, „Bruto domaći proizvod prema proizvodnom, dohodovnom i rashodnom pristupu“ (Gross domestic product by production, income and expenditure approach), 2015
- Eurostat, Expenditure components of GDP, EU-28, 2014 (% share of GDP) http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Expenditure_components_of_GDP,_EU-28,_2014_%28%25_share_of_GDP%29_YB15.png (March 2016)
- OMA Bulletins No. 39, 75 and 105
- Projections of Directorate for Economic Planning, “DOB, Makroekonomske projekcije 2016-2019”, (Budget Framework Paper, Macroeconomic Projections for 2016-2019), March 2016
- Indirect Tax Authority of B&H data and Macroeconomic Analysis Unit of the GB of ITA data basis

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: General Government)

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 Bosnia and Herzegovina, cantons, cantonal directorates for roads, municipalities and funds in FB&H,
- revenues and expenditures of the budget of the Republika Srpska*, directorates for roads/highways, municipalities and funds,
- revenues and expenditures of the budget of Brčko District and funds in BD

**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-II 2016

(in million BAM)	I	II	Total
Revenue	493,3	543,2	1.036,4
Taxes	409,8	440,1	849,9
Direct taxes	20,7	30,0	50,7
Taxes on income, profits and capital gains	20,0	29,0	49,0
Taxes on property	0,7	1,0	1,7
Indirect taxes (net)	389,0	410,1	799,1
VAT	236,5	265,9	502,4
Excises	118,1	98,2	216,3
Road fee	21,3	24,6	45,9
Customs	12,1	20,0	32,0
Other indirect taxes	1,1	1,4	2,5
Other taxes	0,0	0,0	0,0
Social security contributions	49,3	61,9	111,2
Grants	1,3	0,5	1,8
Foreign grants	0,2	0,3	0,5
Transfers	1,1	0,2	1,3
Other (non-tax) revenue	32,9	40,7	73,6
Expenditure	487,4	510,4	997,8
Expense	481,3	507,9	989,2
Compensation of employees	136,2	131,6	267,8
Use of goods and services	14,7	19,5	34,2
Social benefits	132,5	138,3	270,8
Interest	5,5	13,8	19,3
Interest payments to non-residents	3,3	9,9	13,2
Interest payments to residents	2,2	3,9	6,0
Subsidies	0,1	2,8	2,9
Grants, transfers (incl. transfers from SA**)	188,6	197,9	386,5
Other expense	3,7	4,0	7,6
Net acquisition of nonfinancial assets	6,1	2,6	8,6
Acquisition of nonfinancial assets	6,5	3,2	9,7
Disposal of nonfinancial assets	0,4	0,7	1,1
Gross/Net operating balance (revenue minus expense)	12,0	35,3	47,3
Net lending /borrowing (revenue minus expenditures)	5,9	32,7	38,7

Table 1.

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

Preliminary report: General Government, I-XII 2015

(in million BAM)	Q 1	Q 2	Q 3	Q 4	Total
Revenue	2.724,3	2.997,2	3.172,4	3.133,5	12.027,4
Taxes	1.420,0	1.553,9	1.618,9	1.587,5	6.180,3
Direct taxes	243,1	272,6	229,1	249,7	994,5
Taxes on income, profits and capital gains	209,9	236,7	198,6	214,6	859,7
Taxes on payroll and workforce	3,4	2,7	3,8	3,6	13,5
Taxes on property	29,8	33,3	26,7	31,6	121,3
Indirect taxes	1.148,0	1.276,9	1.387,6	1.335,9	5.148,4
Other taxes	28,9	4,5	2,2	1,9	37,4
Social security contributions	1.000,8	1.069,8	1.128,1	1.171,1	4.369,9
Grants	11,4	10,0	21,2	28,1	70,8
Foreign grants	11,3	7,4	17,5	27,8	63,9
Transfers	0,1	2,6	3,7	0,4	6,8
Other (non-tax) revenue	292,0	363,5	404,3	346,7	1.406,4
Expenditure	2.590,4	2.826,2	2.908,8	3.557,0	11.882,3
Expense	2.547,1	2.717,3	2.786,5	3.282,8	11.333,7
Compensation of employees	818,2	824,5	824,1	856,9	3.323,6
Use of goods and services	473,2	494,6	497,6	654,1	2.119,6
Social benefits	1.100,1	1.157,2	1.168,9	1.277,9	4.704,0
Interest	47,7	72,0	48,1	61,1	228,9
Interest payments to non-residents	25,3	31,4	26,5	29,8	112,9
Interest payments to residents	22,4	40,6	21,6	31,3	115,9
Subsidies	33,2	53,5	119,1	166,8	372,7
Grants, transfers	11,9	22,4	16,3	72,8	123,4
Other expense	62,8	93,2	112,4	193,2	461,6
Net acquisition of nonfinancial assets	43,3	108,9	122,3	274,2	548,6
Acquisition of nonfinancial assets	52,6	122,8	132,6	295,6	603,6
Disposal of nonfinancial assets	9,4	13,9	10,3	21,5	55,0
Gross/Net operating balance (revenue minus expense)	177,2	279,9	386,0	-149,4	693,7
Net lending /borrowing (revenue minus expenditures)	133,9	171,0	263,7	-423,5	145,1

Table 2.