

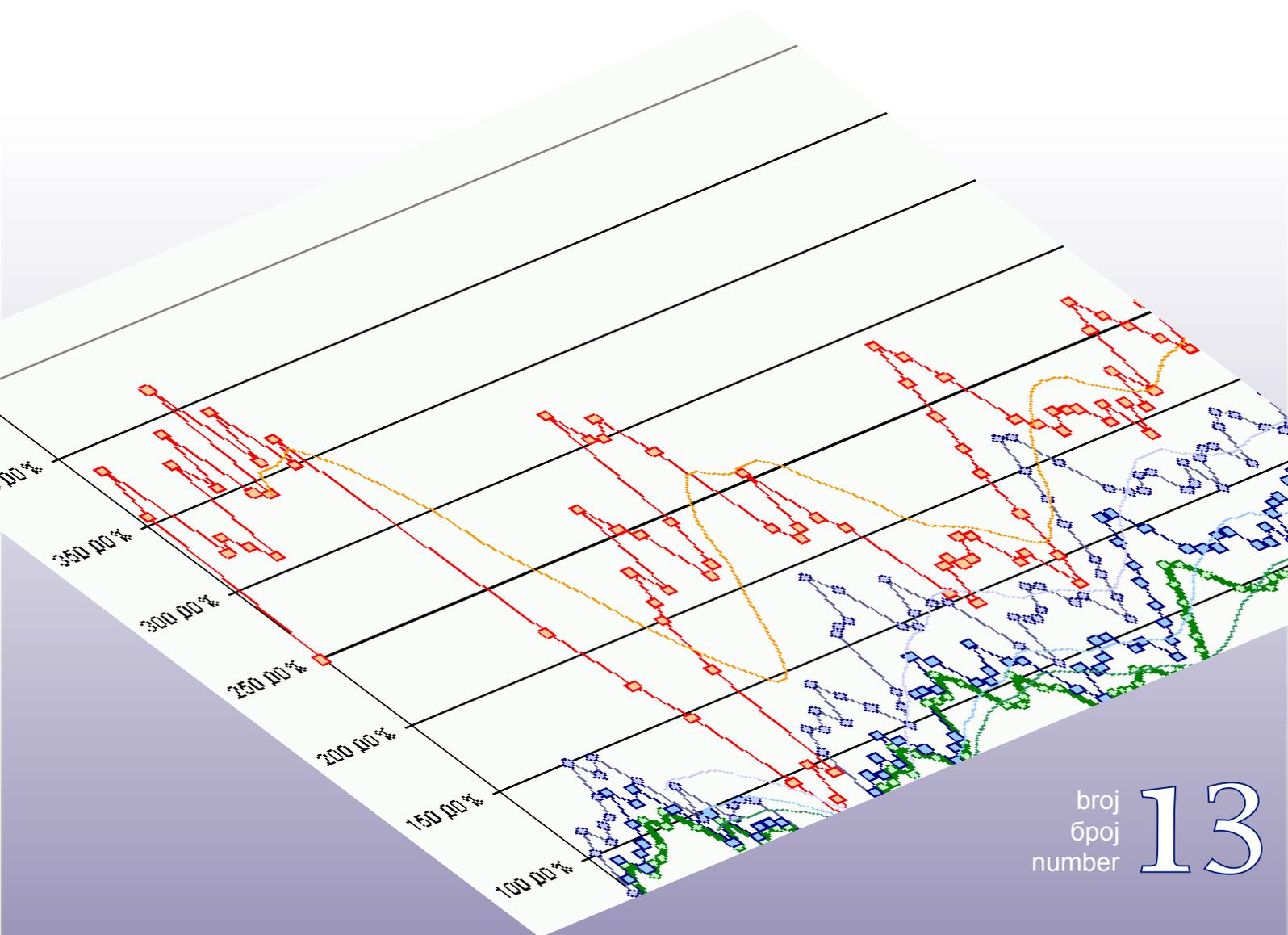
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-
neizravno oporezivanje



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

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue...

Huge problem of BiH economy is enormous current account deficit that may jeopardize all positive effects of political and economic reforms, such as introduction of value added tax. Bosnia and Herzegovina is an open country especially for imports and all trends in the most developed countries like USA and globalization "traps" have impact on macroeconomic stability in the country. With existence of a currency board and "tied hands" of Central bank to conduct credit-monetary policy, only instrument that can be used for managing current account deficit in BiH is a fiscal policy. In this issue, we are giving comment on global aspects of current account deficit in BiH and ways to reduce it, a role of fiscal policy and importance of having up to date data on revenues and expenditures for all levels of administration. These data are gathered and processed by Macroeconomic Analysis Unit and they are important for conducting fiscal policy.

As up to now, our regular column presents analysis on collection of indirect taxes in BiH for July 2006, with short comments about collection of indirect taxes in the first seven months.

Collection of data on revenues and expenditures from reporting units in August was more difficult because of holidays. However, for the first time, the Unit is able to publish monthly consolidated report for the Federation for the first quarter of 2006, including cantons and municipalities. Federation Ministry of Finance, cantonal ministries of finance and municipalities put hard efforts to include 75 out of 80 municipalities in the system of monthly reporting. There is only a small number of municipalities that have not delivered data. On basis of 2006 budgets of these municipalities, the Unit made an estimate of revenues and expenditures for the first quarter. We expect that these municipalities will send real data soon and corrected reports will be published in the next issues of the bulletin.

On basis of available, verified and processed data, we are publishing consolidated monthly reports for fiscal operations of the single account and entities for July and consolidated monthly reports for general government. We also present consolidated monthly reports for some cantons from which municipalities delivered monthly reports to the Unit.

Dinka Antić, MSc
Head of Unit – Supervisor

Table of contents:

Analysis of collection of indirect taxes – July 2006.	2
Current account deficit: economic imbalance?	4
Consolidated reports: General government	10
Consolidated reports: Federation of BiH	12
Consolidated reports: Cantons	13

Translated by: Edin Smailhodžić

Collection of indirect taxes – July 2006

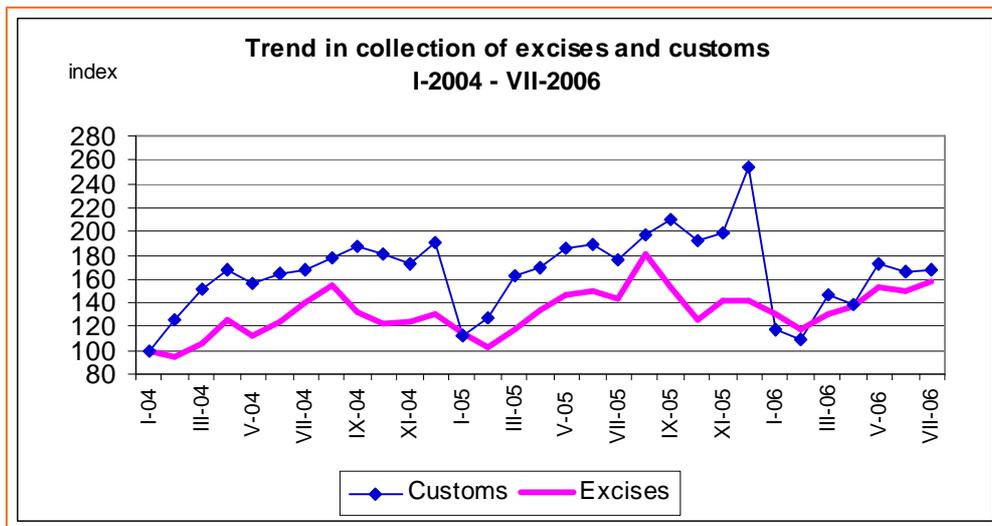
(Prepared by: Dinka Antić, MSc)

Analysis of collection of indirect taxes is based on the following data:

- net cash flow in the ITA Single Account¹
- total collection of indirect taxes regardless what level of government carried out collection (ITA or entity governments)²

In July 2006, 355³ million KM of net indirect taxes was collected in the single account, which is slightly higher than in June 2006. For seven months of 2006, total amount of net indirect taxes collected in BiH was 2,4 billion KM or 31% more than in the same period of 2005. ITA collected 2,230 billion KM of net revenues (including unadjusted revenues) or 93%, and entity administrations collected approximately 170 million KM.

Shortfall in collection of customs and customs duties stopped in July. In comparison with June, it was collected more customs revenues. However, amount of collected customs revenues in the period January-July was 9,38% lower than in the same period of 2005. Trend of increase in collection of excise continues and increase for observed period was 7,4% higher than in the same period of 2005. There was increase of excise on oil and oil derivatives and imported beer in July. Trend of excise collection in the last two and half years is shown in the graph 1:



Graph 1.

It can be seen from the graph that excise collection in the first seven months of 2006 follows the pattern from the last two years. For customs, there was shortfall in the end of 2005 and beginning of 2006 and slight increase that is lower than the collection in previous year.

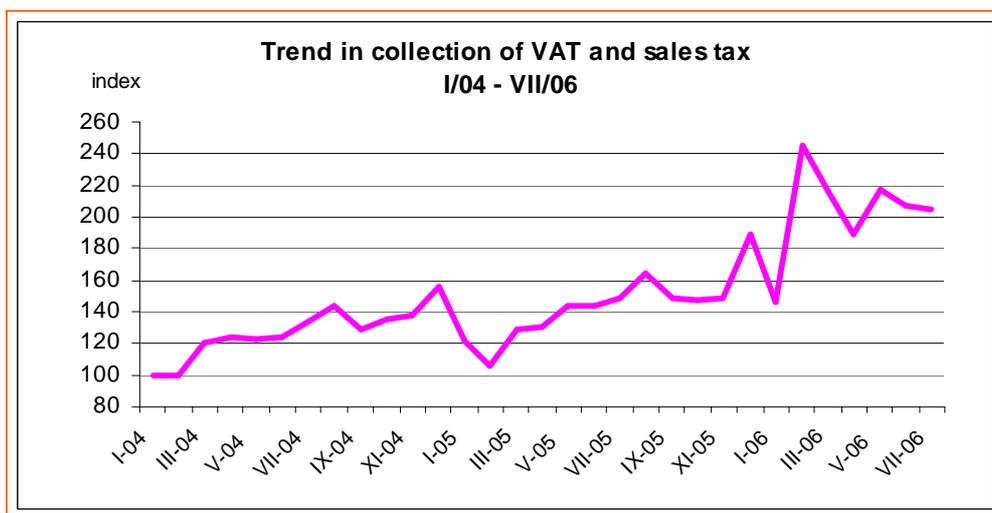
¹ Gross VAT collection is: collection of VAT on imports, collection of VAT per declarations and other cases of single or enforced collection of VAT. Net VAT collections is obtained after deducting gross collection by the amount of refunds. Revenues from other indirect taxes are reduced for the amounts of refunds from the single account.

² more information about problems in reporting on collection of indirect taxes in the first year of VAT can be found in the bulletin no. 7

³ ITA collected additional 42,8 million KM of revenues that remained unadjusted after compilation of payments breakdown (single account) and records in modules of ITA IT system (VAT, customs, excise) on July 31st, 2006. Amount of unadjusted revenues is not included in analysis of collection of indirect taxes per type of taxes.

Introduction of VAT did not have impact on import of excise products and revenues because VAT rate is lower than the sales tax rate on excise products. When it comes to customs, there was lots of imports and piling up goods in stock prior to introduction of VAT. Actually, imports that were supposed to be made in 2006 were made in 2005. This move had some effect on customs revenues in the beginning of 2006.

Comparison of collection of VAT and sales tax is possible only at the total level regardless what level of government collected tax. In order to compare collection of VAT in 2006 with the collection of sales tax in 2005, it's necessary to add lagging sales tax from entity accounts in 2006 to amount of VAT.⁴ In July 2006, VAT revenues stagnated but comparison of 2005 with 2006 shows increase of 54% in 2006 for VAT and sales tax. Trend of collection for these groups of revenues is shown in the graph 2.



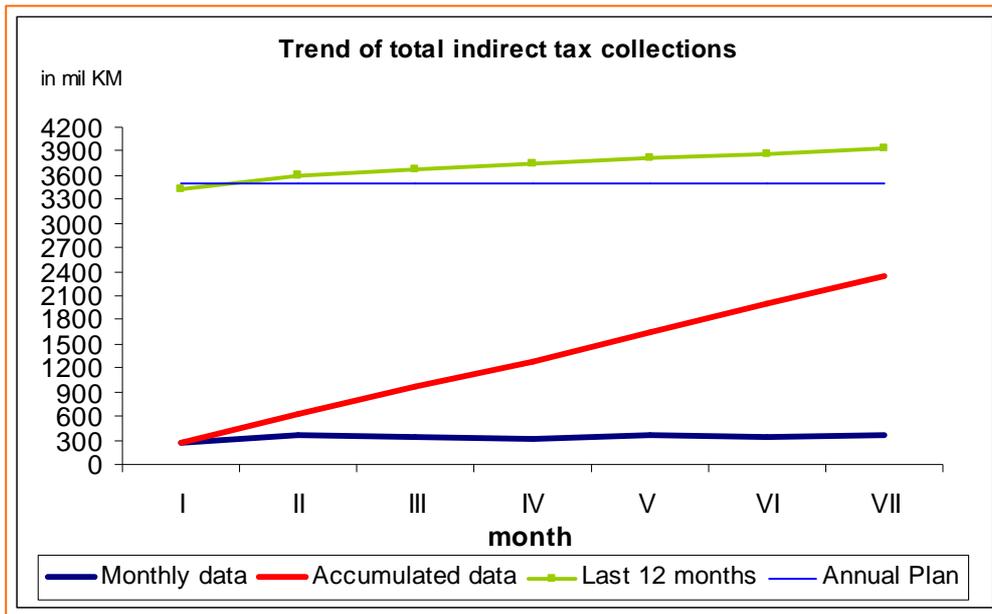
Graph 2.

In July, VAT debts increased and now amount to 35,287 million KM⁵. VAT refund to exporters and other persons is constant and amounts to approximately 24,5 million KM. In July, provision on suspension of VAT refunds who are not regular importers was still in force. As of August 10, 2006, ITA started to pay out accumulated tax credits, so increase of refunds is expected in the following months. Payments of accumulated tax credits will be made from reserves in the ITA single account.

⁴ More information about methodology for comparative reporting on collection of indirect taxes in 2006 can be found in the bulletin no. 7

⁵ 4,089 debtors was registered out of which 247 debtors owe 79% of the total debt.

Total collection of indirect taxes and especially VAT is above projected collection. This can be seen in the graph 3:



Graph 3.

For seven months of 2006, 66% of planned amount of indirect taxes was collected.⁶ If this trend continues till the end of the year, we can expect collection to be 10% higher than planned and 17% or 18% higher than the collection in 2005. Plan for collection of indirect taxes in 2006 is 7,4% higher than real collection of sales tax in 2006.

Current account deficit: economic imbalance?

(By Ognjen Đukić, Macroeconomist in the Unit)

USA current account deficit and world paradox

One of the most discussed issues in world's economic relations is high deficit of USA current account, which was 7% of GDP in the end of 2005.

Deficit of current account suggests that a country consumes more than it produces⁷. Most important element of current account is trade balance, which got worse in USA with large number of countries but especially with China. In other words, USA constantly increases demand for imported products, which is reflected through increase of trade deficit. Today's economic forums are full of debates about main reasons for worsening external position of USA. Opinions and attitudes about this problem are far from consensus. Basically, these views can be divided into two groups:

⁶ Plan of collection of indirect taxes in 2006 amounts 3,653 billion KM out of which 3,503 billion KM was collected to the ITA single account. Collection plan was adopted by BiH Fiscal Council in October 2005.

⁷ Current account can be expressed in more ways: 1) Current account = export of goods and services + net current transfers from abroad + net income from abroad – import of goods and services, 2) Current account = GDP + net current transfers from abroad + net income from abroad – private and public spending – investments.

1. The first group focuses on problems of imbalance within American economy, pointing to low levels of private savings and constant increase of consumption. High prices of real estate and favorable conditions of financing enabled American households to increase amounts of credits for financing consumption. There are lots of discussions about significant increase of budget deficit, which is partly caused by increase of military spending and its contribution to increase of current deficit. So, focus is on too high consumer's "appetite" of both private and public sector, which directs borrowing of American society in direction that is not sustainable in long term.

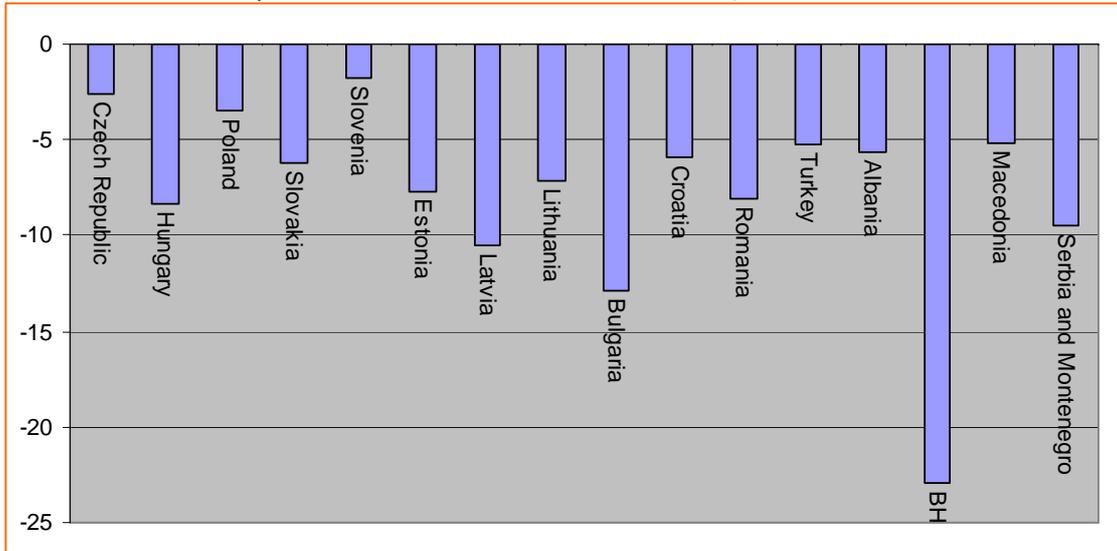
2. Other group is looking for reasons in imbalance of global economy. Constant reduction of growth in consumption in other countries forced companies from those countries to focus on exports to American market. This situation made (especially Asian) many economies quite "dependent" of American market, stimulating them to accumulate high volume of securities in dollars. In this way, dollar depreciation is prevented and it also enables American consumers to get new credits under relatively favorable conditions. This is a paradox of modern economy where American consumers are financed by rest of the world (including even Africa). In other words, by purchasing American securities, rest of the world is enabling USA to finance its deficit.

We should note that one group of opinions does not exclude the other one, so many economists think that combination of the above mentioned factors caused current situation. Additional disagreements between economic analysts are related to future trend of this imbalance in terms of its size and duration as well as returning to sustainable level. Additional disagreements of economic analysts are related to future trend of this imbalance in terms of size and duration as well as returning to sustainable level. Subject of economic discussions often is whether this return will be gradual or followed by economic shocks in the United States and rest of the world. Some analysts today consider American consumers as "engine of world's economic growth" that many export economies depend on. It is to be seen when will domestic consumption in other countries recover and how consumption will change in the United States. Recession forecasts for 2007 in the United States are often mentioned. Oil price increase, inflation pressure, high budget deficit and relatively low interest rates in the United States limit actions of ant cyclic monetary and fiscal policy and point out to such warnings. Future development is of great importance for Bosnia and Herzegovina because slowing of world economy growth would have impact on reducing demand for BiH export products. Economic shocks and crisis of financial systems in other countries through chain reaction might jeopardize macroeconomic stability in BiH.

BiH current account deficit: danger for BiH economy?

BiH current deficit in 2005 was 22,9% of GPD, which represents extremely high amount in international terms. (Graph 4). One of reasons for this is of course underestimated GDP used in official statistics, which does not properly include grey economy. If we use an estimate of Central bank on size of grey economy, current deficit is 17,2%, which is still very high. In 2005, current deficit got worse compared to previous year. (Graph 5). Significant part of this is due to introduction of value added tax that stimulated accumulation of goods in stock in the end of 2005 (transfer of one part of imports from 2006 to 2005). IMF gives an estimate of this effect in amount of 1,5% of GDP.

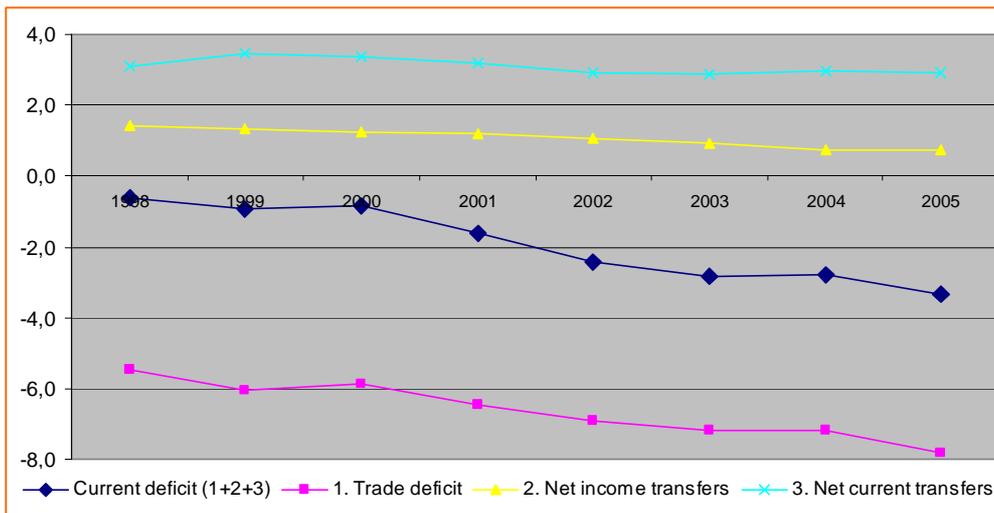
Graph 4. Current account deficit in 2005, as % of GDP



Source: National bank of Croatia and Central bank of BiH

What does current account deficit mean? It tells us that a country spends⁸ more than national income that is achieved. BiH current account deficit is direct consequence of its trade deficit and all other items of the current account are positive⁹. According to foreign trade statistics, trade deficit in 2005 was 51,6% of GDP (approx. 7,5 billion KM). This shows us undeveloped BiH economy and its weak competitiveness to other trading partners. Although BiH exports increase faster than imports, trade deficit itself (difference between imports and exports) is still increasing due to relatively low starting export base.

Graph 5. BiH current deficit and its elements, in billion KM



Source: BiH Central Bank

⁸ This includes private spending, public spending and investments.

⁹ Bosnia and Herzegovina has surplus in trade of services, net income and current transfers from abroad..

It should be noted that conventional economy does not consider trade deficit as necessarily bad, especially when it's temporary and when country has development needs. Logic behind it is that the current deficit allows financing investments above the level of domestic savings and enables faster economic development. Graph 1 shows that all European developing countries have lower or higher current deficit. However, a question is raised if this (BiH) extremely high current deficit is sustainable in conditions with fixed currency exchange that we have in BiH. A question is if currency board and trust in KM is sustainable or in potential danger. IMF published a study¹⁰ last year on international experiences of countries with high deficit and conclusion was that these countries are often related with sudden changes of foreign currency exchange. In other hand, monetary indicators suggest that trust in KM is still increasing. Sustainable level of foreign debt and progress of BiH in accession to EU that will bring introduction of EURO as final consequence might be some of factors that support stability of KM.

Next question is how can we influence trade deficit and change it. Every government has a number of available options and directions that can be roughly categorized in four groups:

1. **„Protection“ of domestic production** through limiting imports in terms of introduction of various trade barriers (customs, import quotas etc.). Besides the fact that this approach is discredited in economic theory and practices, it is realistically hard to achieve for Bosnia and Herzegovina today. BiH is currently in process of joining regional agreement on free trade and membership in world trade organization and this foresees reduction of trade barriers. So, we can say that BiH companies can expect more competition in domestic market.

2. **Use of monetary policy:** a) in aim of domestic currency devaluation that makes domestic products cheaper for foreign consumers and foreign products more expensive for domestic consumers, b) in aim to reduce growth of credits and control domestic spending. Option a) is not possible because of currency board regime (KM fixed to EURO) and option b) is possible through application of obligatory reserves but not through influence on interest rates. It should be noted that range of required reserves policy is limited and it was already used as rate of required reserves for banks was increased from 10 to 15% in December 2005.

3. **Conducting economic reforms aimed at strengthening of domestic economy and exports.** All economic reforms that aim to strengthen business atmosphere, regulate market, harmonize and apply laws, increase participation of private sector, represent measures for more successful growth of exports in long term. These objectives cover wide range of reforms such as privatization, corporative governance reform, labor market liberalization, reforms of direct and indirect taxation, which are of great importance for harmonization and establishment of single market. VAT introduction had great stimulation effect that almost eliminates tax burden on exporters, which was not case in the sales tax system.

4. **Fiscal policy.** Fiscal policy in the most simple form means making decisions on level and structure of public revenues and expenditures with the aim to influence economic growth and other macroeconomic parameters. In this context, the Fiscal Council is of key importance as it is the body that defines framework of BiH fiscal policy. So, a decision of the Fiscal Council to have certain level of budget surplus or deficit at BiH level directly reflects on level of spending in public sector. Why is this important? It's known that BiH private sector **tends to spend a lot.** Banking sector development and rapid growth of credits¹¹

¹⁰ Bosnia and Herzegovina: Selected Economic Issues, June 2005

¹¹ Total credits in May 2006 amounted to 8,1 billion KM, which represents increase of 75,7% for the period of three years or 24,7% for one year..

enabled BiH households to increase its spending, which also causes increase of imports. As already mentioned, worsening of trade deficit in conditions of fixed foreign currency exchange represents potential danger to macroeconomic stability in BiH. This is where the Fiscal Council "comes into the game" and regulate its influence on current account deficit through control of total spending in public sector and aiming at consolidated budget surplus. **In order to have responsible fiscal policy and to know if public sector has surplus or deficit, it's necessary to have updated data on levels and trends of public revenues and expenditures. One of tasks of the Macroeconomic Analysis Unit is to collect and publish data on budget execution for all levels of government in BiH.** Importance of conducting precise and informative fiscal policy in BiH is even more important for BiH because currency board of the Central Bank does not allow discretion on main elements of monetary policy. Different interests and opinions are present in conducting fiscal policy. So, control of public spending and aiming to have budget surplus is consistent with policy of reducing current deficit, but this policy means losing part of spending that could be used for productive objectives (infrastructure development, capital investments etc.). Complexity of conducting fiscal policy is also reflected through the following current factors, out of which some are confronting and they have to be considered such as: resolving settlement of internal debt, EU integration process and establishment of new institutions, tax reform effects, increasing social transfers, burden on economy and share of public sector in GDP etc. Complexity of conducting fiscal policy is also reflected through the following factors where some of them are conflicting and have to be taken into consideration:

Conclusion

Solution of unsustainable imbalances in the world economy, if it's followed by slower growth and economic turbulences, will have impact on growth of BiH economy and exports it also might jeopardize macroeconomic stability. These threats should be kept in mind in conducting fiscal policy because negative development of events will have impact on fiscal position of BiH. In this context, any obligatory planning of expenditures based on current filling of the budget, which does not leave room for potential fiscal "maneuvers", might be harmful.

Out of four directions for preventing increase of current deficit, BiH can use two: structural reforms and fiscal policy. Application of fiscal policy for this purpose can be considered as "second best solution", that is a therapy that compensates problems occurred in other places. Faster implementation of structural economic reforms (out of which many are either ongoing or planned) would establish basis for development of more competitive BiH economy capable to gradually decrease high gap between imports and exports.

Consolidated reports

Notes to Table 1:

1. The consolidated report includes:
 - revenues from indirect taxes collected by the Indirect Tax Authority on the Single Account,
 - transfers from the ITA Single Account for external debt servicing,
 - transfers from the ITA Single Account for financing Brčko District, cantons, municipalities and Road Directorates,
 - revenues of the budget of Bosnia and Herzegovina from the ITA Single Account,
 - revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
 - revenues and expenditures of the budget of the Republika Srpska.
2. Figures on revenues and expenditures of the Federation of Bosnia and Herzegovina and the Republika Srpska are not fully reconciled due to different accounting methods.

Notes to Table 2:

1. The consolidated report includes:
 - revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
 - revenues and expenditures of the cantonal budgets in the Federation,
 - revenues and expenditures of the budgets of municipalities in the Federation of B&H.
2. Data which are not received are estimated. Those data are for the following cantons/municipalities: Canton Herceg-Bosna, municipalities Busovaca, Gornji Vakuf, Vitez and Drvar.
3. Data from Ravno municipality are not included because of the lack of required documentation.

Notes to Table 3 i 4:

1. Expenditure item of the cantonal budgets "Grants to other levels of government" and "Capital grants to other levels of government" is reconciled with revenue items of municipalities "Grants from other levels of government" and "Capital support from other levels of government";
2. Since the **expenditure item "Grants to individuals" contains grants directed through municipal budgets**, in cases where the amount of grants to other levels of government on expenditure side of cantons is lower than received grants on municipal items, the Unit proceeded in the following way: Remaining difference on items of municipalities "Grants from other levels of government" and "Capital support from other levels of governments" is reconciled with expenditure item of the cantonal budget "Grants to individuals".

Monthly Consolidated Report General government I – VII 2006

prepared by: Aleksandra Regoje

mill KM

	I	II	III	IV	V	VI	VII	Q1	Q2	Q3	Total
Current Revenues	218,1	360,4	384,9	342,7	401,7	385,4	494,3	963,4	1129,9	494,3	2587,6
<i>Taxes</i>	206,0	343,9	355,1	330,5	382,5	368,1	375,6	904,9	1081,1	375,6	2361,6
<i>Indirect taxes</i>	190,7	322,6	323,6	315,9	366,4	351,2	357,0	836,9	1033,4	357,0	2227,3
VAT	57,3	212,7	203,7	194,4	224,3	215,4	215,6	473,7	634,1	215,6	1323,5
VAT on imports	56,5	102,6	136,7	134,2	165,7	159,2	161,1	295,8	459,2	161,1	916,1
VAT from VAT returns	0,8	100,7	75,9	76,6	75,4	80,2	78,0	177,4	232,2	78,0	487,6
VAT from automatic assessment done by ITA			0,1	0,7	0,1	0,3	0,1	0,1	1,0	0,1	1,2
One-off VAT payments	0,1	9,4	2,1	0,3	0,1	0,2	0,2	11,6	0,6	0,2	12,4
Other			0,1	0,1	0,2	0,3	0,8	0,1	0,5	0,8	1,3
VAT refunds			-11,2	-17,5	-17,2	-24,7	-24,5	-11,2	-59,5	-24,5	-95,1
Customs duties	33,3	30,8	41,5	39,3	49,1	47,0	47,4	105,6	135,4	47,4	288,3
Sales tax	25,0	10,6	4,4	3,0	3,2	2,2	1,9	40,0	8,3	1,9	50,2
Imported excisable products	7,8	0,2	0,0	0,0	0,2	0,0	0,0	8,0	0,2	0,0	8,3
Domestic excisable products	1,1	2,0	0,2	0,1	0,1	0,1	0,0	3,3	0,4	0,0	3,7
Other products	9,4	4,1	2,3	1,2	1,2	0,9	0,8	15,8	3,4	0,8	19,9
On services	6,5	4,0	1,7	0,9	0,7	0,4	0,4	12,2	2,0	0,4	14,7
Others	0,2	0,3	0,2	0,7	0,9	0,7	0,6	0,7	2,3	0,6	3,6
Excises	62,8	56,9	63,1	66,4	74,0	72,2	76,1	182,8	212,6	76,1	471,4
on imports	50,5	45,7	48,4	54,1	58,0	57,5	61,9	144,6	169,6	61,9	376,1
on domestic production	12,3	11,2	14,7	12,3	16,0	14,7	14,2	38,2	43,0	14,2	95,3
Railroad tax	11,9	11,2	12,1	14,3	15,9	14,3	15,8	35,1	44,5	15,8	95,4
Other	0,4	0,5	0,7	0,7	0,9	0,9	0,9	1,6	2,5	0,9	4,9
Other refunds			-1,9	-2,2	-1,0	-0,7	-0,6	-1,9	-3,9	-0,6	-6,5
Direct taxes	15,3	21,3	31,5	14,7	16,1	17,0	18,6	68,0	47,7	18,6	134,3
Income taxes	6,9	10,3	20,0	3,6	3,4	5,5	5,6	37,3	12,4	5,6	55,3
<i>Other tax revenues</i>	8,4	10,9	11,4	11,0	12,7	11,5	13,0	30,7	35,3	13,0	79,0
<i>Non-tax income</i>	11,6	16,1	29,7	12,0	19,0	16,9	118,6	57,3	47,9	118,6	223,9
<i>Others revenues</i>	0,0	0,0	0,0	0,1	0,1	0,1	0,0	0,0	0,3	0,0	0,3
<i>Grants, gifts</i>	0,0	0,3	0,1	0,0	0,0	0,2		0,4	0,3		0,6
<i>Transfers from higher level of gvmt</i>	0,5	0,1	0,1	0,1	0,1	0,1	0,1	0,7	0,3	0,1	1,2

mill KM

	I	II	III	IV	V	VI	VII	Q1	Q2	Q3	Total
Current expenditures	203,4	298,8	221,3	339,6	402,0	370,4	354,7	723,5	1112,0	354,7	2190,2
<i>Consumption expenditures</i>	28,5	43,5	46,7	48,2	49,1	62,5	43,7	118,8	159,8	43,7	322,3
<i>Wages and compensations</i>	25,8	37,4	39,6	40,5	41,7	53,1	35,0	102,8	135,4	35,0	273,2
Wages	24,9	34,7	36,5	37,2	38,4	47,7	30,0	96,0	123,3	30,0	249,4
Compensations	0,9	2,8	3,1	3,3	3,3	5,4	4,9	6,8	12,1	4,9	23,8
<i>Purchases of goods and services</i>	2,8	6,0	7,1	7,6	7,4	9,3	8,7	16,0	24,4	8,7	49,1
<i>Grants</i>	37,5	10,3	51,3	60,5	90,1	70,6	67,5	99,1	221,2	67,5	387,8
Transfers to households	32,5	3,6	45,2	38,3	68,7	53,7	41,8	81,2	160,7	41,8	283,8
Transfers to institutions/organizations	0,8	0,8	2,3	6,0	4,7	3,2	5,2	3,9	13,8	5,2	22,9
Subsidies	4,2	5,9	3,9	16,2	16,7	13,7	20,5	14,0	46,6	20,5	81,1
<i>Interest payments</i>	0,0	0,5	0,4	-0,3	0,1	0,4	0,0	0,9	0,2	0,0	1,1
<i>Other outlays</i>	0,8	2,3	1,7	6,7	3,6	3,7	3,5	4,8	14,0	3,5	22,4
<i>Transfers from Single Account</i>	126,4	209,7	95,3	174,6	198,2	194,3	208,7	431,4	567,1	208,7	1207,1
BiH Budget	41,1	39,2	43,1	59,4	48,5	48,5	46,2	123,4	156,3	46,2	325,9
FBiH / Cantons, Road Fund	67,6	145,7	23,7	94,3	113,9	115,9	124,7	237,0	324,1	124,7	685,8
RS / Cities, Municipalities, Road Fund	13,1	15,6	18,7	11,6	24,3	19,7	28,8	47,4	55,6	28,8	131,8
Brcko Distrikt	4,5	9,3	9,8	9,2	11,6	10,2	9,0	23,6	31,0	9,0	63,5
<i>Amortization of debt</i>	8,0	27,4	21,8	17,4	34,8	20,3	10,2	57,2	72,5	10,2	140,0
Transfers to lower levels of government	3,1	4,8	4,7	37,7	25,0	18,8	21,7	12,5	81,5	21,7	115,8
<i>Net domestic lending*</i>	-0,9	0,4	-0,6	-5,2	1,1	-0,2	-0,7	-1,1	-4,3	-0,7	-6,1
Net acquisition of nonfinancial assets	-22,9	0,4	0,5	0,4	1,5	3,9	22,1	-22,0	5,8	22,1	5,9
Government surplus(+)/deficit (-)	37,6	61,2	163,1	2,7	-1,8	11,2	117,5	261,9	12,1	117,5	391,5
o/w: Reserves from ITA Single Account	16,2	31,6	20,6	13,7	20,8	12,5	14,1	68,4	47,0	14,1	129,5
Net domestic financing**		19,1	-0,6	-1,4	-1,3	-1,2	-1,6	18,5	-3,9	-1,6	13,0

*Net domestic lending = lending-repayment of borrowing

**Net domestic financing = Credits received – repayment of debts (doesn't include foreign debt)

Table 1. Monthly Consolidated Report General government I-VII 2006

Consolidated Report FBiH
prepared by: Aleksandra Regoje

Federation BiH, 2006	Consolidated			Budget FBiH			Cantons			Municipalities		
	I	II	III	I	II	III	I	II	III	I	II	III
Current Revenues	127.689.071	96.576.863	361.234.845	17.907.281	11.909.586	154.818.932	86.141.218	55.739.747	174.894.272	26.171.489	33.385.306	39.174.174
Taxes	103.046.338	61.613.878	313.038.429	12.455.518	6.921.536	139.493.619	76.012.850	41.296.116	154.264.859	14.577.970	13.396.225	19.279.952
Income & profit tax	10.921.889	13.213.665	14.362.595	6.114.146	6.699.726	6.374.986	3.902.133	4.988.129	6.576.342	905.610	1.525.810	1.411.267
Taxes on personal income and self-employment	12.607.334	11.639.311	14.097.787	0	0	0	10.416.112	9.438.580	11.767.885	2.191.222	2.200.731	2.329.901
Property tax	5.515.004	6.559.347	5.164.713	0	0	0	992.336	2.029.481	609.280	4.522.668	4.529.867	4.555.433
Sales tax (incl.excises) (according to Regulations until 31,12,2005)	56.405.256	26.633.309	13.884.968	24.112	11.863	36.493	50.508.949	22.390.775	11.199.267	5.872.195	4.230.671	2.649.208
Transfers from Single Ac.	16.639.324	2.427.859	262.178.515	6.123.688	0	132.868.479	10.025.300	2.206.668	122.122.816	490.336	221.191	7.187.220
Other taxes	957.531	1.140.387	3.349.851	193.571	209.948	213.662	168.020	242.483	1.989.268	595.939	687.956	1.146.922
Non-tax revenues	24.425.107	33.532.594	47.526.723	5.451.764	4.959.251	15.325.313	9.829.420	12.634.827	16.933.645	9.143.923	15.938.516	15.267.765
Grants	166.067	997.475	352.193	0	0	0	298.948	1.808.804	3.695.768	2.398.036	3.646.447	4.308.957
of which: Grants from abroad	166.067	997.475	352.193	0	0	0	34.532	813.391	162.010	131.535	184.084	190.183
of which: Grants from other levels of government	0	0	0	0	0	0	264.415	995.412	3.533.758	2.266.502	3.462.363	4.118.774
Other revenues	51.560	432.916	317.501	0	28.799	0	0	0	0	51.560	404.117	317.501
Total expenditures	132.472.192	147.205.661	181.876.815	27.175.945	15.754.671	43.712.747	89.108.413	108.809.878	113.309.075	18.718.750	27.098.888	32.507.526
Current expenditures	132.544.022	147.237.112	185.119.484	27.175.945	15.754.671	43.712.747	89.277.898	108.918.046	116.534.441	18.621.096	27.022.171	32.524.829
Wages and compensations	62.306.351	74.448.735	78.746.863	134.932	9.402.532	9.425.374	53.955.172	54.763.104	57.847.621	8.216.246	10.283.100	11.473.867
of which: Gross wages	51.975.097	60.653.481	63.324.890	0	7.365.574	7.185.828	45.760.698	45.626.943	47.655.584	6.214.400	7.660.964	8.483.479
of which: Compensations	10.331.253	13.795.255	15.421.972	134.932	2.036.958	2.239.547	8.194.474	9.136.161	10.192.037	2.001.846	2.622.136	2.990.388
Other taxes and contributions	6.220.714	7.539.803	7.642.932	0	921.558	891.016	5.537.233	5.483.304	5.742.499	683.482	1.134.941	1.009.418
Purchases of goods and services	13.166.440	21.922.699	23.716.917	759.550	2.210.081	3.425.288	8.842.366	14.028.954	13.691.874	3.564.524	5.683.664	6.599.755
Grants	49.837.321	41.401.249	72.576.723	26.233.822	2.781.194	29.735.272	20.858.699	34.592.890	39.029.575	5.275.718	8.484.941	11.464.408
of which: Grants to other levels of government	3.467.992	4.549.749	3.813.232	1.258.504	2.328.979	2.301.498	3.757.393	4.741.744	5.515.035	983.012	1.936.801	3.649.231
Interest	324.370	740.880	721.310	47.642	439.306	235.797	84.428	49.793	222.871	192.300	251.780	262.643
Transfers to lower spending units	688.827	1.183.746	1.714.738	0	0	0	0	0	0	688.827	1.183.746	1.714.738
Net lending*	-71.830	-31.451	-3.242.669	0	0	0	-169.484	-108.168	-3.225.366	97.654	76.717	-17.303
Net acquisition of nonfinancial assets	2.149.379	1.130.792	5.173.816	0	1.170	197.790	1.342.290	1.132.424	2.043.565	807.089	-2.802	2.932.460
Government surplus(+)/deficit(-)	-6.932.499	-51.759.590	174.184.214	-9.268.664	-3.846.254	110.908.395	-4.309.485	-54.202.556	59.541.632	6.645.650	6.289.220	3.734.188
Net financing**	-25.599	12.401.218	-567.601	0	12.598.096	-388.888	-36.052	-24.998	-25.072	10.453	-171.880	-153.641

Data which are not received are estimated. Those data are for the following cantons/ municipalities: Canton Hercegovina, municipalities Busovaca, Gornji Vakuf, Vitez and Drvar
Data from municipality are not included because of the lack of required documentation.

Table 2. Consolidated Report FBiH

Monthly Consolidated Report, Zenica-Doboj Canton, I – VI 2006

prepared by: Aleksandra Regoje

	I	II	III	IV	V	VI	Q1	Q2	Total
Total revenues	14.298.847	7.613.052	37.168.513	18.659.127	20.835.779	22.867.285	59.080.412	62.362.191	121.442.604
Tax revenues	11.474.926	4.695.665	32.619.768	15.637.471	17.870.614	19.331.294	48.790.359	52.839.379	101.629.738
Income & profit tax	597.651	578.673	379.738	445.291	1.184.729	594.352	1.556.063	2.224.372	3.780.434
Taxes on personal income and self-employment	1.644.457	297.266	2.104.171	2.011.875	2.284.532	1.912.552	4.045.894	6.208.959	10.254.852
Property tax	372.990	1.564.078	727.961	630.257	423.130	515.746	2.665.030	1.569.132	4.234.162
Sales tax (incl.excises)(according to Regulations until 31,12,2005)	7.370.780	2.148.140	2.305.680	817.063	919.597	2.015.799	11.824.600	3.752.458	15.577.058
Transfers from Single Account	1.448.218	40.808	26.992.150	11.687.781	12.994.875	14.236.122	28.481.175	38.918.778	67.399.954
Other taxes	40.830	66.700	110.067	45.204	63.752	56.724	217.598	165.680	383.278
Non-tax revenues	2.817.076	2.866.430	4.509.626	3.021.657	2.956.747	3.189.067	10.193.132	9.167.470	19.360.602
Grants	0	50.957	39.119	0	8.418	34.937	90.076	43.355	133.431
of which: Grants from abroad	0	46.674	37.369	0	0	31.937	84.043	31.937	115.980
of which: Grants from other levels of government	0	4.283	1.750	0	8.418	3.000	6.033	11.418	17.451
Capital Grants	6.845	0	0	0	0	311.987	6.845	311.987	318.832
Other revenues	0								
Total expenditures	13.111.540	15.025.602	16.509.275	16.798.492	16.240.772	17.582.932	44.646.417	50.622.195	95.268.612
Current expenditures	13.116.540	15.025.602	16.509.275	16.798.492	16.240.772	17.582.932	44.651.417	50.622.195	95.273.612
Wages and compensations	7.519.840	8.191.324	8.312.479	8.210.224	8.290.918	8.347.599	24.023.643	24.848.741	48.872.383
of which: Gross wages	6.308.354	6.775.642	6.713.910	6.830.023	6.835.822	6.772.108	19.797.907	20.437.953	40.235.859
of which: Compensations	1.211.485	1.415.682	1.598.568	1.380.201	1.455.096	1.575.490	4.225.736	4.410.788	8.636.524
Other taxes and contributions	751.679	805.822	813.840	826.219	810.511	821.258	2.371.340	2.457.989	4.829.329
Purchases of goods and services	2.377.377	3.315.587	3.170.286	3.070.810	2.981.777	3.197.797	8.863.250	9.250.385	18.113.634
Current transfers	2.008.800	2.308.270	3.415.898	3.087.018	3.328.275	3.880.124	7.732.967	10.295.417	18.028.385
of which: Transfers to other levels of government	32.908	72.146	90.057	122.937	70.488	85.127	195.111	278.552	473.663
of which: Transfers to households	1.091.202	1.563.486	2.058.527	1.524.097	1.462.144	1.889.347	4.713.215	4.875.588	9.588.803
Capital grants	173.542	201.984	333.631	1.138.907	543.435	758.807	709.156	2.441.149	3.150.306
of which: Capital grants to other levels of government	900	55.789	4.400	8.972	89.395	34.758	61.089	133.125	194.214
Interest	75.916	5.842	3.605	19.310	7.192	3.601	85.363	30.103	115.466
Transfers to lower levels	209.387	196.774	459.536	446.003	278.664	573.745	865.697	1.298.412	2.164.109
Net lending*	-5.000	0	0	0	0	0	-5.000	0	-5.000
Net acquisition of nonfinancial assets	466.307	-241.976	612.155	168.650	1.672.300	2.766.889	836.486	4.607.839	5.444.325
Government surplus/deficit	721.000	-7.170.574	20.047.084	1.691.985	2.922.708	2.517.465	13.597.509	7.132.158	20.729.667
Net financing**	-25.281	-12.498	-12.498	0	-24.996	-12.498	-50.276	-37.493	-87.770

*Net domestic lending=Lending-Repaxment of borrowing

**Net domestic finansing = Credits received – repayment of debts

Table 3. Monthly Consolidated Report, Zenica- Doboj Canton, I-VI 2006

Monthly Consolidated Report, Tuzla Canton, I-VI 2006

prepared by: Aleksandra Regoje

	I	II	III	IV	V	VI	Q1	Q2	Total
Total revenues	15.178.261	12.321.061	11.819.635	53.892.776	44.650.877	34.337.180	39.318.957	132.880.833	172.199.790
Tax revenues	12.508.362	8.562.735	6.572.383	47.002.464	39.455.445	28.462.098	27.643.480	114.920.007	142.563.487
Income & profit tax	435.859	554.525	669.732	717.821	679.984	985.130	1.660.116	2.382.934	4.043.051
Taxes on personal income and self-employment	2.237.678	2.257.538	2.413.105	2.528.782	2.636.834	2.680.117	6.908.320	7.845.732	14.754.053
Property tax	733.417	600.188	736.950	829.376	827.462	842.838	2.070.555	2.499.676	4.570.231
Sales tax (incl.excises)(according to Regulations until 31,12,2005)	7.447.212	5.111.557	2.655.847	2.606.310	3.158.602	3.167.716	15.214.616	8.932.628	24.147.244
Transfers from Single Account	1.629.766	0	22.833	39.916.128	32.101.228	20.736.459	1.652.599	92.753.814	94.406.413
Other taxes	24.430	38.928	73.916	404.048	51.335	49.838	137.274	505.221	642.495
Non-tax revenues	2.669.861	3.747.891	5.225.827	6.888.956	5.211.199	5.857.179	11.643.580	17.957.334	29.600.913
Grants	37	10.435	21.425	407	-15.768	2.372	31.897	-12.988	18.909
of which: Grants from abroad	0	3.435	21.425	407	-15.768	2.372	24.860	-12.988	11.872
of which: Grants from other levels of government	37	7.000	0	0	0	0	7.037	0	7.037
Capital Grants	0	0	0	0	0	3.360	0	3.360	3.360
Other revenues	0	0	0	949	0	12.171	0	13.120	13.121
Total expenditures	19.051.202	20.368.884	22.112.384	23.565.687	24.999.506	31.625.309	61.532.471	80.190.502	141.722.973
Current expenditures	19.093.280	20.420.294	22.127.575	23.672.767	25.023.553	31.324.014	61.641.149	80.020.333	141.661.482
Wages and compensations	12.679.162	12.608.910	14.048.209	13.492.221	13.870.205	16.745.740	39.336.280	44.108.166	83.444.446
of which: Gross wages	10.677.775	10.414.128	11.660.446	11.115.881	11.315.167	11.361.376	32.752.349	33.792.425	66.544.773
of which: Compensations	2.001.386	2.194.782	2.387.763	2.376.340	2.555.038	5.384.364	6.583.931	10.315.742	16.899.673
Other taxes and contributions	1.278.052	1.246.232	1.390.041	1.320.191	1.347.034	1.358.806	3.914.326	4.026.031	7.940.357
Purchases of goods and services	2.115.247	3.738.563	3.662.782	3.915.804	4.580.489	5.516.890	9.516.592	14.013.182	23.529.774
Current transfers	2.847.496	2.417.507	2.515.945	4.226.669	4.279.271	6.378.589	7.780.948	14.884.529	22.665.477
of which: Transfers to other levels of government	45.110	348.764	38.329	137.978	155.740	145.150	432.203	438.867	871.071
of which: Transfers to households	2.050.589	1.152.987	1.158.681	1.306.053	801.063	2.903.130	4.362.257	5.010.246	9.372.504
Capital grants	55.662	152.610	280.813	314.971	515.653	903.765	489.086	1.734.389	2.223.475
of which: Capital grants to other levels of government	40.662	99.342	248.272	151.428	283.260	564.796	388.277	999.483	1.387.760
Interest	7.063	22.570	24.576	33.022	120.278	35.598	54.208	188.898	243.106
Transfers to lower levels	110.597	233.902	205.209	369.889	310.624	384.626	549.708	1.065.139	1.614.847
Net lending*	-42.077	-51.410	-15.190	-107.079	-24.047	301.295	-108.677	170.169	61.491
Net acquisition of nonfinancial assets	278.235	428.359	866.163	876.397	1.194.119	1.547.949	1.572.757	3.618.465	5.191.223
Government surplus/deficit	-4.151.177	-8.476.182	-11.158.913	29.450.692	18.457.252	1.163.922	-23.786.271	49.071.866	25.285.594
Net financing**	-46.544	-76.027	-57.743	-147.555	-113.808	-116.819	-180.314	-378.182	-558.496

*Net domestic lending=Lending-Repaxment of borrowing

**Net domestic financing = Credits received – repayment of debts

Table 4. Monthly Consolidated Report, Tuzla Canton, I-VI 2006