

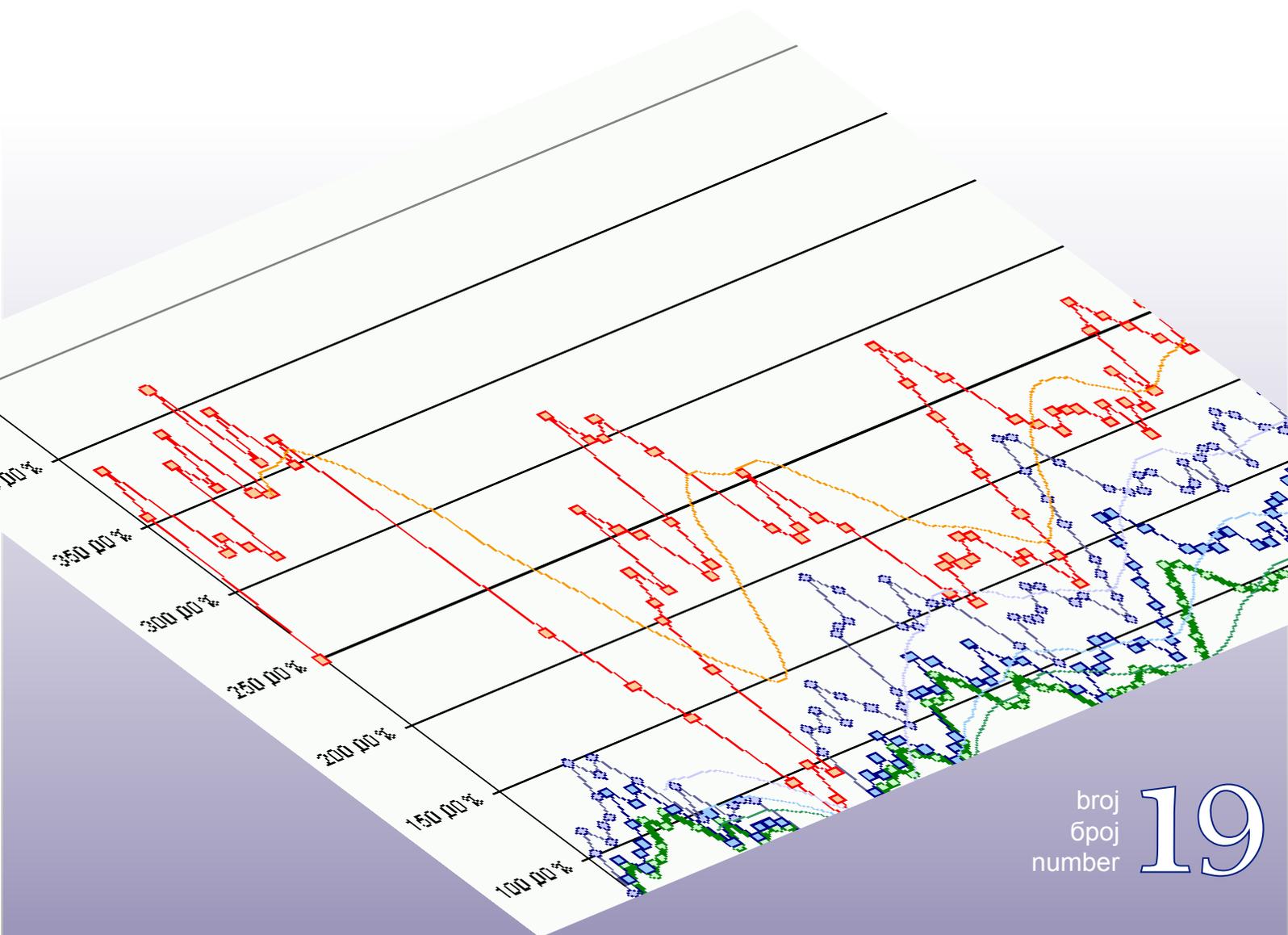
Bosna i Hercegovina
Odjeljenje za makroekonomsku analizu
Upravnog odbora Uprave za indirektno-
neizravno oporezivanje



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

Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



broj
број
number

19

• Februar 2007 • Veljača 2007 • Фебруар 2007 • February 2007 •

With this issue ...

As we are entering the second year of VAT implementation new questions arise and their solution is significant for fiscal and macroeconomic stability of the country and business atmosphere. Final consumption shown on VAT returns, which also represents criteria for allocation of indirect taxes between entities and Brcko District has been subject of public discussions for long time. In its special article of this issue, the Unit does not look at the final consumption in the view of criteria for allocation of indirect taxes, but rather from macroeconomic aspect to see how much is the consumption really taxed in BiH.

Second issue that deserves attention is establishing reserves in the Single Account of the Indirect Taxation Authority (ITA). Purpose of the reserves is legally defined only for refunds of VAT and other indirect taxes to taxpayers. High rate for allocation of reserves in 2006 had its economic and fiscal rationale because it served as protection in case of instable inflow from VAT. In other hand, it represented "enforced savings" for lower levels of the administration. Abolishment of suspension for VAT refunds to taxpayers who are not predominant exporters will probably have an impact on increase of refund requests. In other hand, it will motivate taxpayers to commit more frauds in this field. The question arises over the way how to optimize amount of reserves to be sufficient for liabilities to taxpayers and not to keep funds that belong to all levels of the administration in BiH except for the state.

We are still facing with the problem in more difficult collection of December reports for all levels of the administration due to the obligation to file annual financial reports. Due to this reason and in accordance with available data, we are publishing reports for the general government for nine months that fiscal operations of central governments (budgets of BiH, entities, Brcko District, cantonal budgets), and for the first time they include all municipal budgets performance, as well as consolidated reports for few cantons.

Dinka Antić, MSc
Head of Unit – Supervisor

Table of contents:	
Collection of indirect taxes: January 2006	2
VAT and final consumption in BiH	3
Importance of managing reserves in the ITA Single Account	6
Consolidated reports: General government - all levels, consolidated budget execution, 2006	13
Consolidated reports: Cantons	14
From the work of the Governing Board	17

Technical design : Sulejman Hasanović
Translation : Edin Smailhodžić, Project of EU Fiscal Policy Support to BiH

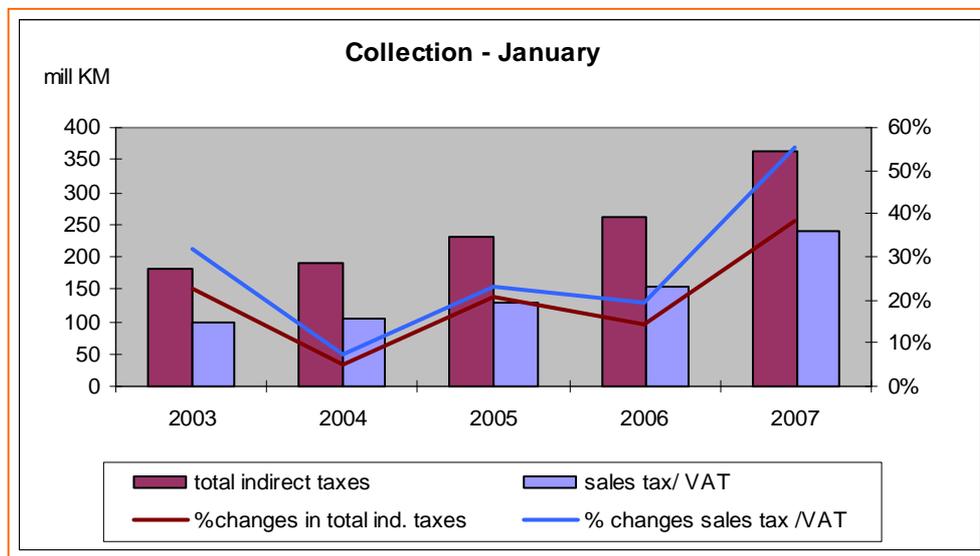
Collection of indirect taxes – January 2007

(Prepared by: Dinka Antić, MSc)

In January 2007, 320,31¹ million KM was collected to the single account for indirect taxes in net amount after deducting tax VAT refunds and other refunds of indirect taxes. Collection of indirect taxes was higher by 23,93% compared to January 2006. We should bear in mind that data for January 2006:

- include collection of significant share of lagging sales tax collected by entities,
- includes only VAT on imports (first payments of VAT on basis of tax returns for January reflected the collection in February 2006).

In January 2007, collection of VAT was 31,6% higher than VAT and lagging sales tax in January 2006. High collection of indirect taxes in January is surprising because January has been traditionally poorest month mainly due to lower imports and lower volume of economic activities (see comparison of January collections in the last five years in the Graph 1).



Graph 1.

However, there is certain impact on change of standard collection pattern due to different approach to calculation and payment of sales tax in comparison with multistage VAT system. In the system of sales tax, taxation of increased December sales of non excise goods mainly reflected on collection in December (due to obligation to pay tax every 7 days), while in the system of VAT, tax on domestic sales from December is filed and paid in January. When we observe structure of VAT, share of import VAT decreased to 53% in January, which represents lowest percentage in the last year. This is the result of:

- significantly lower imports in January compared to December (collected 30% less than VAT in December),
- increase of 71% in collection of domestic VAT from returns for December mainly due to VAT payment scheme in domestic sales.

It is obvious that introduction of VAT also had an impact on change of standard pattern in collection of indirect taxes.

There were less VAT refunds in January than in previous months. Rate of refunds compared to gross revenues from VAT was 15,4% and the rate went up to 24% in the last quarter. However, on January 31, 2007, 229,66 mil KM of unused tax credits was

¹ In the same period, ITA collected additional 4,652 million KM of indirect taxes that on January 31, 2007, after compilation of IT system of ITA (payment to the single account and module of customs, excise and VAT) remained as unadjusted.

registered and it will be used to offset future liabilities on basis of VAT and tax credit from 2006 has to be used until April 2007 at the latest. Total amount of 86,391 million KM of debts was registered for unpaid VAT liabilities, but only 19% (or 16,623 million KM) relates to debts on basis of unpaid but declared VAT. The rest relates to the debt automatically assessed in IT system of ITA for taxpayers who failed to file tax return.

In terms of other indirect taxes, collection of customs and excise is higher than in January 2006 by 4,6% and 8,75% respectively.

VAT and final consumption in BiH

(Prepared by: Ognjen Đukić, Macroeconomist in the Unit)

How accurate are coefficients for allocation from the Single Account?

Coefficients for allocation of revenues from the single account are obtained from VAT returns on basis of data on share of entities and Brcko District in final consumption. So, it is about shares in the stage of final consumption that is taxed with VAT. These data are obtained as taxpayers in their VAT return have to register output VAT calculated to persons who are not taxpayers (final consumers)² and divide for sales made in Federation, RS and Brcko District in fields 32, 33 and 34 in VAT return (see picture 1).

III. PODACI O KRAJNJOJ POTROŠNJI			
PDV na isporuke licima koja nisu registrovani PDV obveznici u:			
Federaciji BiH	32	<input type="text"/>	,00
Republici Srpskoj	33	<input type="text"/>	,00
Brčko Distriktu	34	<input type="text"/>	,00

Picture 1. Fields for completing data on final consumption from VAT return

So, if we look at all VAT taxpayers together, final sum of VAT on final consumption registered in the fields 32, 33 and 34 should correspond to total VAT on final consumption obtained as difference between total output VAT (field 51) and input VAT from other VAT taxpayers used as deduction (field 41). If show this relation in the form of equation then we have:

$$32 + 33 + 34 = 51 - 41$$

meaning:

fields 32, 33 and 34 - data on VAT calculated to persons who are not registered VAT taxpayers in Federation, Republika Srpska and Brcko District respectively.

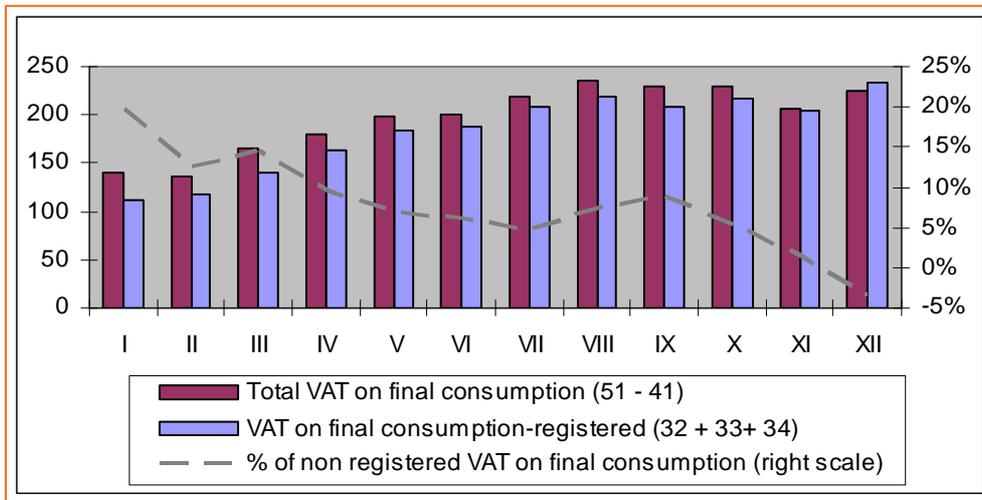
field 51 - VAT on outputs and

field 41 - VAT on inputs from VAT taxpayers (excluding VAT on import and lump sum fee for farmers).

However, if we test this equation on real data from 12 monthly VAT returns for the period January-December 2006³, we will see that equality actually does not exist (see Graph 2).

² Person filing VAT is obliged to register the amount of his input VAT for which he is not entitled to deduction as VAT on final consumption. This is because input VAT practically represents final consumption and supplier who made sale could not report it as input VAT on final consumption because buyer was VAT taxpayer.

³ Situation on January 22, 2006.



Graph 2. VAT on final consumption, in KM millions
Source of data: BiH Indirect Taxation Authority

We can see that taxpayers made mistakes in fulfilling data on final consumption (fields 32, 33 and 34). More precisely, in some cases sales to final consumers were not recorded in aforementioned fields. Amount of this mistake was highest in January and it was close to 20%, which means that coefficients for allocation of revenues for January calculated on basis of these data do not contain 20% of information on shares in final consumption. Size of the mistake decreases in continuation of the year (dotted line in the Graph 1), which can be attributed to process of taxpayer's "learning" or some other factor and it finally achieved 1% in November. **Observing it at annual level, total amount of VAT on final consumption unregistered in fields for allocation of revenues amounts to 168 million KM or 7% of total VAT on final consumption.**

It's interesting to observe that amount of non-registered final consumption gets negative value (-3%) in December, which means that taxpayers registered higher amount of final consumption than the real one.

It's hard to say what impact this mistake had on coefficients on allocation of revenues. If we assume that taxpayers in the Federation, Republika Srpska and Brcko District made mistakes proportionally, then their mistakes did not change amounts of coefficients. Otherwise, higher disproportion in wrong reporting leads to higher deviation of allocation coefficients from accurate values. Basic problem is that the above mentioned relation ($32 + 33 + 34 = 51 - 41$) only applies to the level of economy in whole, but not at the level of individual taxpayers. So, in order to identify mistakes of individual taxpayers would require control to check taxpayers VAT return with outgoing invoices.

Final consumption and VAT base significantly differ

As we said, data on final consumption from fields 32, 33 and 34 relate only to the share of final consumption that is taxed with VAT. So, it is about VAT tax base that differs from total final consumption. Difference between these two exists due to basic reasons:

- 1) one part of consumption relates to activities exempt from the VAT system such as activities of public interest, financial services etc.⁴
- 2) persons with annual turnover lower than 50.000 KM are not obliged to register and calculated VAT on their sales,
- 3) one part of sales to final consumers remains evaded and not taxed,

⁴ This of course does not mean that the mentioned activities are exempt from VAT for own purchases and it means non calculating VAT on their outputs. In this way, only added value created in these activities remain VAT exempt..

4) part of consumption takes place outside market such as subsistence farming. So, relation between VAT base and final consumption directly depends on size of mentioned factors. Tax base will be higher if the number of exempt activities is lower, lower trashhold of turnover for mandatory registration, lower size of grey economy etc..

If we look VAT system in BiH, we can say it is designed with the objective to provide relatively wide tax base. It is provided by limited number of activities exempt from VAT system and single rate. Also, at the time when the amount of KM 50,000 of annual turnover was set as trashhold for mandatory registration it was projected that this amount would cover about 90% of total turnover.

There are no official estimates on total final consumption in BiH. Last year, directorate for economic planning projected the value of total consumption (private plus government) for 2006 at the level that was a bit higher than 21 billion KM, which does not include grey economy. If we add values of grey economy to this amount, which is estimated between 30% and 50% of gross domestic product we get value of consumption (total private and government) at the level between 27,4 and 31,6 billion KM. In other hand, value of VAT base from 2006 plus expected VAT revenues from that base amount to 16,3 billion, which means that according to mentioned circumstances value of total consumption taxed with VAT compared to total final consumption (which includes grey economy) amounts between 51,6% and 59,5%. As we said, we should bear in mind that total final consumption is not taxable with VAT because some activities are exempt in accordance with the Law on VAT. Some parts of government consumption that do not refer to goods and services are not subject to VAT such as expenditures for employees in government sector and paid interest. In other hand, VAT tax base contains part of investment consumption of exempt activities.. **So, we can see that there are significant differences between total final consumption and VAT base.** To calculate one using the other, it is necessary to estimate values of mentioned differences. For some of these, there are no adequate data in BiH and estimates would have to be done randomly. Macroeconomic analysis unit has a plan for one of future bulletins to include estimate of total final consumption as well as theoretical VAT base once relevant macroeconomic data for 2006 are available.

Importance of managing reserves in the ITA Single Account

(Prepared by: Dinka Antić, MSc)

Legal framework for establishing reserves in the ITA Single Account

ITA Single Account (SA) that has been operational since the January 2005 is a complex system that connects authorized commercial banks to which taxpayers pay their indirect taxes, to the BiH Central Bank and accounts held by allocation beneficiaries – BiH state, Republika Srpska, Federation of BiH and Brcko District⁵. As of January 1, 2006, when the VAT was introduced, ITA is authorized to collect all revenues from indirect taxes in BiH: customs, excise, VAT and road tolls from price of oil derivatives. In accordance with legal provisions, funds collected to the single account are allocated on daily basis. Policy of establishing and using reserves in the ITA Single Account are integral part of the policy for allocation of revenues from indirect taxes in BiH. Policy and principles for allocation of revenues from indirect taxes are established and implemented by ITA Governing Board⁶.

Priority in allocation of revenues from indirect taxes are refunds to taxpayers.

ITA has a duty to secure enough reserves as an insurance for payments of VAT refunds to taxpayers within legally determined deadline. In case of breaking deadline for payment of refunds, the state has to pay daily penalty interest to taxpayer requesting refund⁷. According to the Law on VAT, the refund is paid to:

- (i) exporters whose exports represent more than 30% of annual turnover within 30 days after filing the return, a
- (ii) other taxpayers within 60 days after filing the return.

This provision has been partially suspended in the first year of VAT introduction and refund is granted only to exporters from category (i). Other taxpayers are entitled to tax credit, which is transferred to next tax period to settle their tax liabilities to ITA. Taxpayers who do not use their tax credits within six months will receive payment from ITA in the form of refund that represents unused tax credit. Payment of unused tax credits from 2006 will be finalized in April 2007.

Relation of reserves and VAT refunds

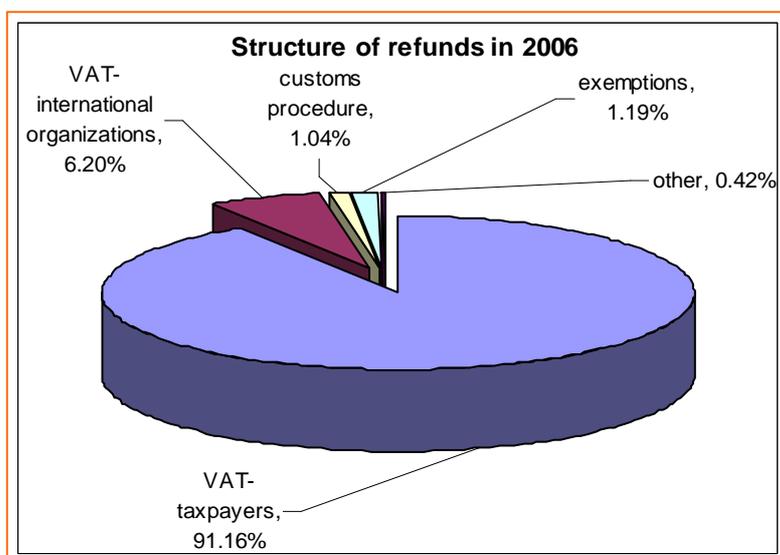
Refunds were sporadic in the sales tax system, which resulted from overpayment, mistakes in payment of tax or corrections in favor of taxpayer. However, in the VAT system, refunds of surplus of input VAT in relation to VAT liability have great significance.

Total amount of 346,709 mil KM of refunds was paid during 2006, which is 7,87% of total collection of indirect taxes to ITA SA. In the structure of refunds, VAT has the highest share in the amount of 338 mil KM, out of which 93,63% relates to VAT refunds made to taxpayers while the rest relates to VAT refunds to diplomatic offices and international organizations. Total amount of VAT refunds represent 12,13% of the total gross indirect taxes collected to ITA SA (Graph 3).

⁵ more information on establishment and functioning of the ITA Single Account in the Bulletin no. 7

⁶ legal framework for allocation of indirect taxes is defined by the Law on System of Indirect Taxation and the Law on Payments to Single Account and Allocation of Revenues..

⁷ In accordance with provisions of the Law on procedure for indirect taxation, for every day of delay in making refund, the state is obliged to pay 0,06% of interest to taxpayers. The same amount of interest is calculated to taxpayers for delays in payment of indirect taxes.



Graph 3.

Dynamics in payment of refunds in 2006 (Table 1) is very specific due to the following reasons:

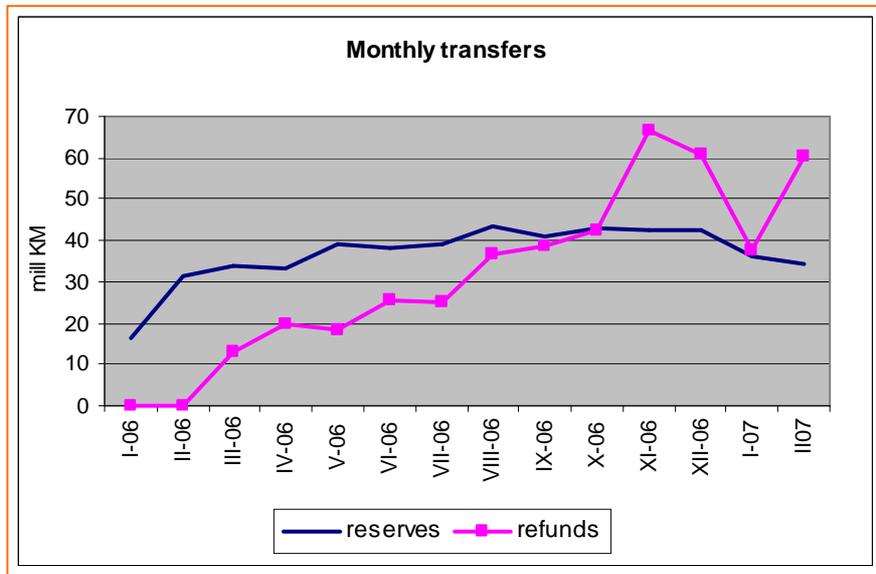
- first refunds were made in March 2006, so we have only 10 months of refunds,
- up to August 2006 tax credits were not paid, but only refunds to exporters and international organizations,
- faster payment of tax credits started in August.

Period – 2006	% refund	
	from gross collection of indirect taxes	from gross VAT collection
Up to August	3-6 %	5-10 %
August – October	9-10 %	10-14 %
November - December	15-16%	23-24%

Table 1.

Since the VAT was introduced, establishing reserves in the SA for the purpose of making refunds was integral part of ITA Governing Board decisions on allocation of revenues from indirect taxes. For the entire 2006, 10% of total collection of indirect taxes was allocated on daily basis and the amount allocated for reserves was 444 mil KM. After payment of all refunds in 2006, balance of reserves account in the Central Bank was 97,621 mil KM on December 31, 2006.

As it can be observed from the Graph 4 up to the August 2006, transfer to the account of reserves were far higher than needed i.e. than VAT refunds. After payment of refunds started faster in August, the amount of monthly refunds was much higher than established monthly reserves. In January 2007, allocated reserves were made in the right amount to make refunds for that month:



Graph 4.

It is obvious that allocation of reserves in the amount of 10% of collected revenues to SA had certain negative effects. Negative effects of this policy in establishing reserves are reflected in *de facto* interest free freezing of high amount of funds at the Central Bank account. Otherwise, in accordance with the system for allocation of revenues from indirect taxes at the state and entity level, these funds would have been allocated to all levels of administration except the state as follows: budgets of entities and Brcko District, cantons, municipalities and road funds. Negative effects were more intensive in the first half of the year when there was lower collection of indirect taxes. However, increased allocation for reserves were amortized by extremely good collection of indirect taxes in 2006 and budget revenues of all levels of administration except for the state significantly exceeded planned revenues.

According to the first projections of the Macroeconomic Analysis Unit from October 2006, 2007 will bring much slower growth in collection of indirect taxes by few percents only⁸. In other hand, it is expected to have higher refunds due to the cancellation of refund suspension for taxpayers who are not predominantly exporters.

From this time distance, we can conclude that the policy of establishing high rate of reserves 10% in 2006 was economically and politically wise move. Established reserves that were above the refunds represent one way of "enforced surplus" of lower levels of administration. These savings will be useful in 2007 in order to amortize increasing refunds in conditions when this growth can not be followed by the same speed in growth of gross collection. In case the rate of reserves was lower, accumulated surplus of 100 mil KM would have been turned into consumption in 2006 and we would have had fiscal pressure on budgets in 2007 in the form of reduced inflow into budgets of entities and lower levels of government due to higher allocation for refunds. We should not forget that we had 187 mil KM of unused tax credits that have not been paid by December 31, 2006 and most of that will be paid from accumulated reserves and the rest will be paid from current inflow. If there were no reserves in the Central Bank, credits would have to be fully paid at the expense of current inflow in 2007.

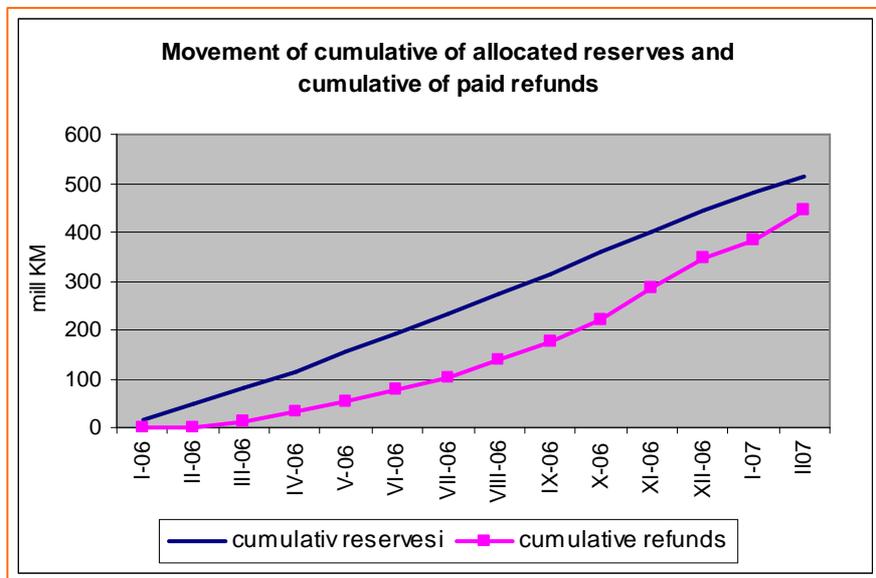
⁸ more information on projections in the Bulletin no. 15. Since these projections were prepared on basis of incomplete data in 2006, the Unit is planning to publish revised projections on basis of real data for 2006 and data for first months in 2007.

Policy for establishing and managing reserves in SA during 2007

Trends of gross collection of VAT and other indirect taxes in 2007 will depend on growth of economic activities in BiH and growth of consumption. It is logical that growth of economic activities lead to growth of refunds especially in case of higher investments, starting new companies or increased exports. In other hand, increase of VAT frauds had dual negative effects on revenues: it affects reduction of gross collection (e.g. evasions of output tax in retail, non-registering cash sales) and growth of refunds (export frauds, showing higher input tax) As opposed to 2006, 2007 will have 12 monthly returns, which means full year of refunds and refund suspension from 2006 will be finalized in April 2007. April 2007 will be the month in which three types of refunds will be paid:

- regular refunds to exporters on basis of VAT returns from February;
- first refunds to other taxpayers on basis of VAT return from January (refund deadline is 60 days)⁹;
- refunds on basis of unpaid tax credits from December 2006.

The following graph shows trend of cumulative allocation of reserves and total payments of refunds from January 1, 2006 to the end of February 2007 (preliminary data). Faster payment of tax credits made amount of refunds close to allocation of reserves.

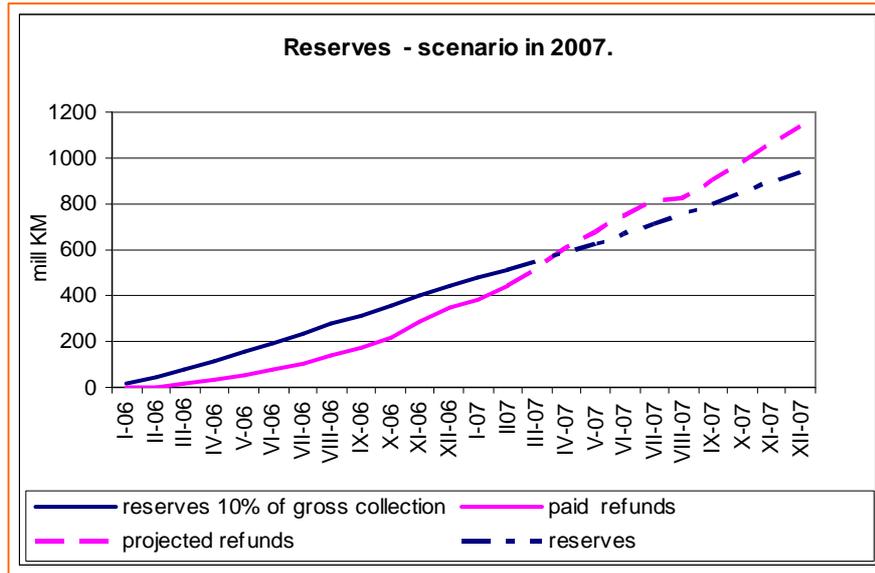


Graph 5.

Macroeconomic Analysis Unit envisaged in its first projections that the amount of 4,970 billion of gross indirect taxes (4,110 billion KM net) would be collected in 2007. The difference is VAT refunds, out of which about 800 mil to taxpayers and the rest of 60 mil to international organizations. Projections of the Unit are based of projections of the Directorate for economic planning of the Council of Ministers. It is still early to make a reliable conclusion on trends in 2007, but simple calculation shows that 10% of gross collection for reserves will not be enough. For example, 600 mill KM of refunds with 10% of allocation for reserves requires gross collection in the amount of 5 billion KM (we bear in mind that balance of reserves in the end of 2006 is about 100 million KM)). Of course, balance of reserves in the end of 2007 would be zero in this example. Any increase of refunds above 600 mill KM (which is very likely) with keeping the same rate of reserves will require either higher gross collection (which is less likely taking into consideration

⁹ For January 2007, taxpayers who are not predominantly exporters applied for approximately 30 mil KM of refunds. Of course, this is maximum amount that will be paid to this category of taxpayers in April, but the amount can be lower if there mistakes and frauds identified in controls or if some taxpayers ask for tax credit instead of cash.

projected economic growth) or changes in fiscal policy (e.g. reducing trashhold for registration and expansion of tax base, which in other hand has bad consequences for budget of BiH due to increase of costs for administering additional number of taxpayers). Keeping 10% of reserves with growth of refunds would lead to lack of funds in the reserves account and problems in fulfilling duties towards taxpayers (in lower graph.....it would be space between lines of reserves of 10% and line of projected refunds).



Graph 6.

It is hard to provide forecast in this moment on what will happen to gross collection and refunds after the cancellation of refunds suspension. Experiences of other countries show shortfall in collection and increase of refunds, which is a result of increased frauds in the second year of VAT. According to conservative projections of the Unit, rate for allocation of reserves should be between 15% and 17% of the gross collection.

Problem with optimization of reserves for refunds

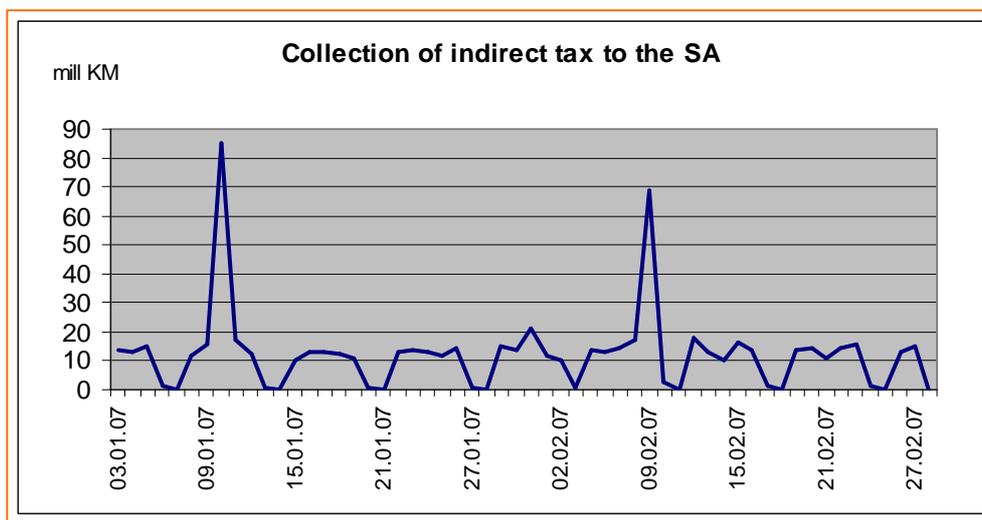
In the end, question arises on how to optimize amount of reserves for refunds. Keeping excessive reserves has consequences in terms of opportunity costs¹⁰ and/or additional borrowing of lower levels of administration in order to cover deficits in inflow and ensure required servicing needs of citizens. Insufficient allocation of reserves questions servicing liabilities to taxpayers, which sends a bad message to current and potential investors on business ambient and legal security in BiH. Inability to timely pay liabilities to taxpayers on basis of refunds undermines confidence in VAT system and fiscal stability of the country. Apart from those "invisible effects", failure to fulfill obligations for refunds carries "visible" burden in terms of obligation to pay interest to taxpayers, which represents unplanned outflow from BiH budget.

Objective of managing reserves in SA is having optimal reserves that will enable to pay all liabilities to taxpayers within deadline without keeping too much funds in the account of reserves, which belong to budgets of allocation beneficiaries. In order to meet this objective, operational management of reserves should be efficient and flexible. Having in mind uncertainty of trends in collection of indirect taxes and amount of refunds in 2007, one of possible recommendations on how to optimize amount of reserves is **proactive approach to planning of reserves**, which means distancing from policy for

¹⁰ failure to gain return on (e.g. interest) and some public benefit (better meeting of citizens needs, productive investment of the state in development projects etc.) from kept funds

establishing reserves and redirecting focus on operational management of reserves. Current policy for establishing reserves, which was based on fixed percentage can be very inflexible in this year. Besides, since the amount of reserves is regulated by the Governing Board decisions on allocation of indirect taxes, policy for establishing reserves was depending on political agreement on allocation of remaining amount to entities and Brcko District. Legal provisions on establishing reserves are very flexible and do not exclusively include the Governing Board in making decision on amount of reserves but "ITA makes sure that balance in the SA contains minimum required to enable payment of all liabilities that refer to collected indirect taxes".

So, one of recommendations to improve management of reserves in the SA would be to treat management of reserves from technical aspect. **Turn in managing reserves would include agreement on minimum amount of reserves, which can ensure continuity in payment of refunds and letting ITA to operationally plan and manage reserves above minimum.**



Graph 7.

Technical aspect includes balancing dynamics of payment of liabilities on basis of requests for refund¹¹ with oscillations in daily collection. As it can be observed from the graph above, highest collection of indirect taxes is in October when deadline for filing VAT returns expire. In addition to adjusting with inflows it is necessary adjust dynamics in payment of refunds with dynamics in payment of foreign debt.

¹¹ for example: requests of exporters for refunds filed on March 10th would be paid by April 10th, and to other taxpayers by May 10th.

Consolidated reports

(prepared by Aleksandra Regoje, Macroeconomist in the Unit)

Notes to table 2

1. The consolidated report includes:

- revenues and expenditures of the budget of Bosnia and Herzegovina,
- revenues and expenditures of the budget of Brčko District,
- revenues and expenditures of the budget of the Republika Srpska, and budgets of RS municipalities
- revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina, cantonal and municipal budgets in Federation,

2. Report doesn't include amortization of foreign debt

3. Monthly reports of RS municipalities which haven't provide reports to the Unit are estimated on the basis of quarterly reports delivered to the RS Ministry of finance.

*Includes indirect tax revenue according to regulations until 31.12.2005

** Net domestic lending = lending-repayment of borrowing

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

Notes to table 3,4 i 5

Consolidated report includes:

- revenues and expenditures of the cantonal budgets,
- revenues and expenditures of the budgets of related municipalities.

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";

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".

* Net domestic lending = lending-repayment of borrowing

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

General government - all levels, consolidated budget execution, 2006

BiH, FBiH (Budget FBiH, Cantons, Municipalities), RS (Budget RS, Municipalities), Brčko														of which:				
	1	2	3	4	5	6	7	8	9	Q1	Q2	Q3	Total	BIH	RS	FBiH	BRČKO	
1	Current Revenues (11+12+13+14)	269.945.667	268.766.493	556.976.329	450.980.395	491.662.594	449.203.438	561.750.376	496.186.895	505.445.489	1.095.688.489	1.391.846.427	1.563.382.761	4.050.917.677	503.333.427	1.106.620.985	2.299.522.531	141.440.735
11	Taxes	218.400.414	202.301.917	475.112.647	371.362.545	423.658.777	382.832.497	382.480.406	419.677.094	425.061.872	895.814.979	1.177.853.819	1.227.219.371	3.300.888.169	422.848.127	894.957.259	1.874.629.534	108.453.249
	Income & profit tax	11.934.435	17.116.885	28.400.525	10.325.457	9.831.025	11.553.490	12.708.415	11.644.431	12.950.689	57.451.846	31.709.972	37.303.535	126.465.353	0	30.712.424	93.235.294	2.517.635
	Social security contributions	1.159.755	1.159.755	1.159.755	1.451.037	1.434.156	1.509.195	1.557.845	1.422.817	1.450.410	3.479.264	4.394.388	4.431.072	12.304.724	0	977	0	12.303.747
	Taxes on personal income and self-employment	22.859.202	24.200.992	26.491.258	28.966.074	29.947.577	28.554.228	30.700.901	31.270.968	44.656.483	73.551.452	87.467.878	106.628.351	267.647.682	0	128.328.579	135.662.622	3.656.481
	Property tax	8.299.183	9.503.109	8.940.588	7.681.475	7.866.867	7.929.505	9.083.205	8.490.591	9.193.564	26.742.879	23.477.847	26.767.361	76.988.087	0	30.344.354	46.106.748	536.985
	Indirect taxes*	172.507.064	148.321.332	406.088.327	319.832.410	371.829.710	330.636.393	325.292.389	363.605.228	353.973.765	726.916.723	1.022.298.514	1.042.871.382	2.792.086.619	422.848.127	693.516.212	1.586.283.879	89.438.401
	Other taxes	1.640.776	1.999.845	4.032.195	3.106.092	2.749.441	2.649.687	3.137.650	3.243.059	2.836.961	7.672.815	8.505.219	9.217.670	25.395.704	0	12.054.713	13.340.992	0
12	Non-tax revenues	50.320.856	64.639.526	80.902.054	78.859.013	66.698.426	64.850.368	167.312.690	75.194.268	79.081.839	195.862.436	210.407.807	321.588.797	727.859.041	68.696.408	207.352.970	419.397.955	32.411.708
13	Grants	1.171.525	1.583.425	843.014	461.989	969.932	1.074.758	11.771.627	678.900	833.493	3.597.965	2.506.680	13.284.021	19.388.665	11.788.892	3.060.984	3.963.011	575.778
	of which: Grants from abroad	672.546	1.459.148	735.644	382.156	894.159	946.533	11.524.547	493.645	593.035	2.867.339	2.222.849	12.611.228	17.701.415	11.679.462	1.503.224	3.963.011	555.718
14	Other revenues	52.872	241.625	118.612	296.847	335.460	445.814	185.653	636.633	468.285	413.110	1.078.122	1.290.571	2.781.802	0	1.249.772	1.532.030	0
2	Total expenditures (21+22+23)	243.734.510	261.490.539	312.917.672	366.129.014	394.864.003	400.879.660	379.294.407	376.590.096	477.128.394	818.142.721	1.161.872.677	1.233.012.897	3.213.028.295	372.163.882	926.429.149	1.801.119.102	113.316.162
21	Current expenditures	244.216.325	260.692.399	316.303.503	370.679.457	394.792.254	402.743.940	379.342.721	366.318.120	477.693.615	821.212.228	1.168.215.651	1.223.354.455	3.212.782.335	372.163.882	930.678.289	1.796.624.002	113.316.162
	Wages and compensations	131.802.605	144.992.805	153.617.247	155.797.419	157.646.356	177.963.422	159.337.271	159.039.274	152.468.342	430.412.657	491.407.198	470.844.887	1.392.664.742	300.114.709	330.409.561	714.713.851	47.426.622
	of which: Gross wages	113.346.793	122.852.203	129.365.469	132.249.098	131.857.959	140.418.408	120.155.297	130.274.374	126.937.391	365.564.464	404.525.466	377.367.062	1.147.456.992	231.165.910	300.891.254	568.928.991	46.470.838
	of which: Compensations	18.455.812	22.140.603	24.251.779	23.548.321	25.788.397	37.545.014	39.181.974	28.764.900	25.530.951	64.848.193	86.881.732	93.477.825	245.207.750	68.948.800	29.518.307	145.784.860	955.784
	Other taxes and contributions	6.651.075	7.672.968	8.028.408	8.363.558	8.334.312	9.487.513	9.017.431	8.648.405	9.536.535	22.352.450	26.185.383	27.202.371	75.740.204	0	7.768.340	67.971.864	0
	Purchases of goods and services	31.731.622	42.526.945	43.799.324	49.378.109	52.678.042	54.993.334	49.240.736	51.888.939	62.751.454	118.057.891	157.049.485	163.881.128	438.988.504	64.263.581	137.224.305	193.642.221	43.858.397
	Grants	71.577.454	60.582.386	105.699.075	151.152.444	170.887.568	153.656.393	156.839.597	140.214.407	196.844.471	237.858.916	475.696.405	493.898.474	1.207.453.795	5.543.603	382.484.433	797.394.616	22.031.143
	of which: Grants to other levels of government	5.287.869	6.768.710	6.172.306	39.715.031	25.786.411	22.423.662	24.227.134	11.907.498	40.666.666	18.228.885	87.925.104	76.801.298	182.955.288	50.000	133.201.655	49.703.633	0
	Interest	550.063	962.715	1.066.723	190.722	588.250	865.632	579.885	2.332.851	672.980	2.579.501	1.644.603	3.585.715	7.809.819	0	1.896.554	5.913.265	0
	Other expenditures	1.903.506	3.954.580	4.092.727	5.797.204	4.657.727	5.777.646	4.327.802	4.194.244	55.419.833	9.950.813	16.232.577	63.941.879	90.125.270	2.241.988	70.895.096	16.988.185	0
22	Net lending**	-481.815	798.140	-3.385.832	-4.550.443	71.749	-1.864.280	-48.314	10.271.977	-565.221	-3.069.507	-6.342.974	9.658.442	245.961	0	-4.249.140	4.495.101	0
3	Net acquisition of nonfinancial assets	-16.309.034	4.589.107	9.014.411	11.393.327	13.669.669	21.782.156	45.868.127	35.504.771	34.876.766	-2.705.516	46.845.152	116.249.664	160.389.300	15.714.420	43.698.740	94.203.342	6.772.798
4	Government surplus/deficit (1-2-3)	42.520.191	2.686.847	235.044.246	73.458.055	83.128.921	26.541.622	136.587.842	84.092.028	-6.559.670	280.251.284	183.128.598	214.120.200	677.500.082	115.455.125	136.493.096	404.200.086	21.351.775
5	Net financing ***	-156.518	18.722.787	-1.010.217	278.633	437.380	546.381	2.012.362	-1.817.454	-33.910.550	17.556.053	1.262.394	-33.715.641	-14.897.193	0	-11.007.631	-3.889.562	0

Table 2. Consolidated Report

Herceg-Bosnia Canton, I – X 2006

		I	II	III	IV	V	VI	VII	VIII	IX	X	Q1	Q2	Q3	Q4	Total
1	Total revenues (11+12+13+14)	2.617.226	2.357.529	6.260.041	2.381.985	5.144.052	3.824.466	5.239.093	5.701.279	5.071.157	5.069.821	11.234.795	11.350.504	16.011.530	5.069.821	43.666.650
11	Tax revenues	1.773.676	1.351.289	5.226.613	1.681.120	4.404.297	2.967.643	3.644.966	3.706.569	3.848.788	3.626.326	8.351.578	9.053.060	11.200.323	3.626.326	32.231.287
	Income & profit tax	26.883	118.935	243.680	36.120	30.446	78.994	325.124	39.758	18.125	28.598	389.498	145.560	383.006	28.598	946.662
	Taxes on personal income and self-employment	238.667	215.808	215.450	240.213	223.859	246.952	254.695	297.565	588.243	304.873	669.925	711.024	1.140.503	304.873	2.826.325
	Property tax	46.199	42.429	62.561	79.295	70.516	59.372	46.830	73.846	48.021	61.997	151.189	209.183	168.697	61.997	591.067
	Sales tax (incl.excises)(according to Regulations until 31,12,2005)	1.170.437	912.017	690.395	162.689	257.503	178.892	91.699	133.044	113.310	70.445	2.772.850	599.083	338.053	70.445	3.780.431
	Transfers from Single Account	275.790	3.685	3.977.105	1.104.300	3.780.277	2.381.646	2.901.270	3.144.835	3.039.071	3.146.008	4.256.579	7.266.223	9.085.177	3.146.008	23.753.987
	Other taxes	15.699	58.415	37.423	58.503	41.696	21.786	25.347	17.521	42.019	14.406	111.537	121.985	84.887	14.406	332.816
12	Non-tax revenues	724.463	671.697	843.092	508.440	726.366	626.298	1.136.768	664.122	1.050.678	810.784	2.239.252	1.861.104	2.851.568	810.784	7.762.708
13	Grants	119.087	212.989	173.173	186.366	4.497	222.115	442.904	1.308.985	128.169	630.053	505.249	412.978	1.880.059	630.053	3.428.339
	of which: Grants from other levels of government	0	112.102	50.985	166.682	0	163.767	390.734	1.308.985	80.000	615.000	163.087	330.449	1.779.719	615.000	2.888.255
14	Other revenues	0	121.554	17.162	6.059	8.893	8.409	14.455	21.603	43.522	2.658	138.716	23.361	79.580	2.658	244.315
2	Total expenditures (21+22)	2.947.773	2.970.876	3.312.300	3.856.327	4.321.356	3.960.716	3.503.434	4.797.363	4.707.394	4.823.598	9.230.950	12.138.399	13.008.192	4.823.598	39.201.139
21	Current expenditures	2.947.773	2.970.876	3.312.300	3.856.327	4.321.356	3.960.716	3.503.434	4.797.363	4.707.394	4.823.598	9.230.950	12.138.399	13.008.192	4.823.598	39.201.139
	Wages and compensations	1.957.527	1.932.312	1.996.755	2.044.063	2.501.597	2.327.240	2.197.738	3.019.111	2.916.960	3.336.657	5.886.594	6.872.900	8.133.809	3.336.657	24.229.960
	of which: Gross wages	1.615.443	1.878.503	1.613.896	1.988.938	2.395.148	2.262.839	1.306.632	2.519.486	2.094.724	2.600.218	5.107.841	6.646.925	5.920.842	2.600.218	20.275.825
	of which: Compensations	342.085	53.810	382.859	55.125	106.449	64.401	891.107	499.625	822.236	736.439	778.753	225.975	2.212.968	736.439	3.954.135
	Other taxes and contributions	173.707	159.113	175.353	178.892	207.308	204.168	212.442	215.800	222.618	243.414	508.172	590.368	650.861	243.414	1.992.815
	Purchases of goods and services	439.268	583.636	571.622	337.402	494.506	491.284	486.351	378.361	473.873	435.707	1.594.525	1.323.191	1.338.584	435.707	4.692.008
	Grants	289.525	187.500	410.940	1.136.854	875.401	774.693	550.707	996.680	900.740	697.542	887.965	2.786.949	2.448.127	697.542	6.820.583
	of which: Grants to other levels of government	0	2.000	335.687	1.900	401.825	0	9.537	72.706	158.722	196.076	337.687	403.725	240.965	196.076	1.178.453
	Interest	31.051	6.792	16.741	6.617	6.591	6.520	6.491	6.441	15.895	6.341	54.584	19.728	28.827	6.341	109.480
	Transfer to lower levels	56.696	101.524	140.891	152.499	235.953	156.811	49.705	180.970	177.309	103.936	299.111	545.263	407.984	103.936	1.356.293
22	Net lending*	0	0	0	0	0										
3	Net acquisition of nonfinancial assets	109.806	261.548	342.384	260.736	294.449	164.597	119.031	275.646	121.606	205.529	713.738	719.782	516.283	205.529	2.155.332
4	Government surplus/deficit (1-2-3)	-440.354	-874.896	2.605.356	1.735.078	528.247	-300.847	1.616.628	628.270	242.157	40.694	1.290.107	-1.507.677	2.487.055	40.694	2.310.179
5	Net financing **	0	0	-12.000	-5.475	-7.935	-3.734	-37.439	-12.441	-85.775	0	-12.000	-17.144	-135.655	0	-164.799

Table 3. Monthly Consolidated Report

Herzegovina-Neretva Canton, I – X 2006

		I	II	III	IV	V	VI	VII	VIII	IX	X	Q1	Q2	Q3	Q4	Total
1	Total revenues (11+12+13+14)	12.713.391	10.121.095	8.133.289	28.966.125	25.205.202	18.241.870	18.054.892	18.473.539	19.250.592	19.841.074	30.967.775	72.413.196	55.779.023	19.841.074	179.001.069
11	Tax revenues	10.036.664	5.862.791	4.697.876	25.664.192	20.676.850	14.456.798	14.257.022	14.752.834	16.125.068	16.147.396	20.597.331	60.797.840	45.134.924	16.147.396	142.677.490
	Income & profit tax	465.327	503.397	818.944	572.248	465.534	343.056	516.475	412.673	1.114.464	638.158	1.787.668	1.380.838	2.043.611	638.158	5.850.275
	Taxes on personal income and self-employment	1.594.792	1.326.919	1.311.777	1.914.626	1.604.040	1.600.808	1.580.104	1.572.146	1.659.896	1.714.753	4.233.487	5.119.474	4.812.146	1.714.753	15.879.860
	Property tax	688.918	463.716	509.520	625.194	656.784	710.212	485.575	383.620	701.636	1.155.424	1.662.154	1.992.190	1.570.831	1.155.424	6.380.599
	Sales tax (incl.excises)(according to Regulations until 31,12,2005)	6.316.850	3.420.695	1.889.850	950.063	1.042.981	1.129.165	874.572	397.161	1.160.905	792.556	11.627.395	3.122.209	2.432.638	792.556	17.974.798
	Transfers from Single Account	834.816	0	22.871	21.446.836	16.746.459	10.490.641	10.664.797	11.858.420	11.355.910	11.730.415	857.687	48.683.935	33.879.127	11.730.415	95.151.164
	Other taxes	135.960	148.064	144.915	155.226	161.052	182.916	135.500	128.815	132.257	116.090	428.939	499.194	396.572	116.090	1.440.794
12	Non-tax revenues	2.571.606	4.143.634	3.415.009	3.298.805	4.494.454	3.756.319	3.195.873	3.704.646	2.791.641	3.677.366	10.130.250	11.549.578	9.692.160	3.677.366	35.049.354
13	Grants	105.121	111.046	16.681	0	0	3.748	588.158	863	335.777	1	232.848	3.748	924.798	1	1.161.395
	of which: Grants from other levels of government	0	0	0	0	0	0	579.150	0	300.000	0	0	0	879.150	0	879.150
14	Other revenues	0	3.623	3.723	3.129	33.898	25.004	13.840	15.196	-1.894	16.311	7.346	62.031	27.142	16.311	112.829
2	Total expenditures (21+22)	11.480.010	12.092.935	13.681.772	10.906.724	13.445.890	21.504.947	16.164.248	15.760.211	17.457.061	15.392.876	37.254.718	45.857.562	49.381.520	15.392.876	147.886.676
21	Current expenditures	11.430.510	12.091.735	13.701.772	10.906.724	13.445.890	21.479.947	16.164.248	15.760.211	17.457.061	15.412.876	37.224.018	45.832.562	49.381.520	15.412.876	147.850.976
	Wages and compensations	6.872.137	6.443.370	6.742.443	7.926.988	7.404.336	9.523.776	7.411.075	7.337.670	7.486.114	7.605.717	20.057.950	24.855.101	22.234.859	7.605.717	74.753.627
	of which: Gross wages	6.009.258	5.459.690	5.712.418	6.335.533	6.402.234	6.177.437	6.420.092	6.396.738	6.321.781	6.300.543	17.181.365	18.915.204	19.138.611	6.300.543	61.535.723
	of which: Compensations	862.879	983.680	1.030.025	1.591.455	1.002.102	3.346.340	990.983	940.931	1.164.334	1.305.174	2.876.584	5.939.897	3.096.249	1.305.174	13.217.904
	Other taxes and contributions	715.135	646.729	702.310	717.987	791.142	750.762	699.804	777.403	753.757	744.115	2.064.173	2.259.891	2.230.964	744.115	7.299.143
	Purchases of goods and services	1.445.163	2.061.374	2.520.937	981.627	1.569.006	3.570.448	1.978.055	2.410.184	2.672.715	3.102.523	6.027.474	6.121.081	7.060.954	3.102.523	22.312.031
	Grants	2.260.466	2.640.996	3.441.137	456.678	3.518.124	6.353.564	5.444.309	4.788.308	5.508.398	3.618.186	8.342.599	10.328.366	15.741.016	3.618.186	38.030.167
	of which: Grants to other levels of government	1.026.280	1.064.764	1.649.778	-899.499	1.953.598	1.822.512	1.104.629	2.058.704	4.817.714	1.865.758	3.740.823	2.876.611	7.981.047	1.865.758	16.464.238
	Interest	16.936	19.246	22.451	33.298	40.200	25.016	37.600	18.546	35.547	31.675	58.633	98.513	91.693	31.675	280.514
	Transfer to lower levels	120.674	280.021	272.494	790.146	123.082	1.256.382	593.404	428.101	1.000.529	310.661	673.189	2.169.609	2.022.035	310.661	5.175.494
22	Net lending*	49.500	1.200	-20.000	0	0	25.000	0	0	0	-20.000	30.700	25.000	0	-20.000	35.700
3	Net acquisition of nonfinancial assets	240.388	303.206	275.610	298.772	305.786	2.370.840	962.430	2.043.710	833.781	1.345.614	819.205	2.975.398	3.839.921	1.345.614	8.980.139
4	Government surplus/deficit (1-2-3)	992.992	-2.275.047	-5.824.093	17.760.628	11.453.526	-5.633.918	928.215	669.617	959.750	3.102.585	-7.106.148	23.580.236	2.557.582	3.102.585	22.134.255
5	Net financing **	-8.969	-54.650	-91.252	-10.065	-9.003	33.628	-9.510	-10.690	-10.492	-64.740	-154.871	14.560	-30.692	-64.740	-235.743

Tab 4. Monthly Consolidated Report

Tuzlai Canton, I – X 2006

		I	II	III	IV	V	VI	VII	VIII	IX	X	Q1	Q2	Q3	Q4	Total
1	Total revenues (11+12+13+14)	15.178.531	12.438.436	11.819.635	53.892.756	45.130.920	34.337.180	35.253.020	38.593.644	43.634.856	38.874.891	39.436.602	133.360.857	117.481.519	38.874.891	329.153.869
11	Tax revenues	12.508.362	8.562.735	6.572.383	47.002.464	39.455.445	28.462.098	29.289.704	30.669.592	36.299.944	32.288.270	27.643.480	114.920.007	96.259.240	32.288.270	271.110.997
	Income & profit tax	435.859	554.525	669.732	717.821	679.984	985.130	621.680	626.867	758.799	690.512	1.660.116	2.382.934	2.007.347	690.512	6.740.909
	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	2.825.199	2.779.309	5.659.256	2.971.884	6.908.320	7.845.732	11.263.763	2.971.884	28.989.700
	Property tax	733.417	600.188	736.950	829.376	827.462	842.838	1.309.091	1.121.661	1.103.172	1.173.285	2.070.555	2.499.676	3.533.924	1.173.285	9.277.440
	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	2.294.683	1.910.577	4.914.419	2.232.493	15.214.616	8.932.628	9.119.679	2.232.493	35.499.416
	Transfers from Single Account	1.629.766	0	22.833	39.916.128	32.101.228	20.736.459	22.177.950	24.062.650	23.720.306	25.131.357	1.652.599	92.753.814	69.960.906	25.131.357	189.498.675
	Other taxes	24.430	38.928	73.916	404.048	51.335	49.838	61.101	168.527	143.993	88.740	137.274	505.221	373.621	88.740	1.104.856
12	Non-tax revenues	2.669.861	3.867.331	5.225.827	6.888.936	5.691.243	5.857.179	5.940.099	7.902.780	6.657.252	6.407.972	11.763.020	18.437.358	20.500.130	6.407.972	57.108.479
13	Grants	37	3.435	21.425	407	-15.768	5.732	1.014	2.822	653.608	165.324	24.897	-9.628	657.443	165.324	838.036
	of which: Grants from other levels of government	37	0	0	0	0	0	0	1.100	653.126	139.486	37	0	654.226	139.486	793.749
14	Other revenues	270	4.935	0	949	0	12.171	22.204	18.450	24.052	13.325	5.205	13.120	64.706	13.325	96.357
2	Total expenditures (21+22)	19.051.202	20.487.593	22.112.385	23.565.687	25.560.192	31.625.309	27.757.257	27.499.438	31.353.505	32.603.636	61.651.180	80.751.188	86.610.200	32.603.636	261.616.204
21	Current expenditures	19.093.280	20.539.734	22.127.575	23.672.767	25.584.239	31.324.014	27.650.902	27.515.480	31.395.077	32.446.169	61.760.589	80.581.020	86.561.458	32.446.169	261.349.236
	Wages and compensations	12.679.162	12.608.910	14.048.209	13.492.221	13.870.229	16.745.740	15.762.216	13.737.173	15.827.606	15.706.643	39.336.280	44.108.190	45.326.996	15.706.643	144.478.109
	of which: Gross wages	10.677.775	10.414.128	11.660.446	11.115.881	11.315.167	11.361.376	12.162.481	11.914.135	13.125.154	13.038.927	32.752.349	33.792.425	37.201.770	13.038.927	116.785.471
	of which: Compensations	2.001.386	2.194.782	2.387.763	2.376.340	2.555.062	5.384.364	3.599.735	1.823.038	2.702.452	2.667.716	6.583.931	10.315.766	8.125.226	2.667.716	27.692.638
	Other taxes and contributions	1.278.052	1.246.232	1.390.041	1.320.191	1.347.034	1.358.806	1.446.264	1.421.139	1.557.869	2.191.281	3.914.326	4.026.031	4.425.272	2.191.281	14.556.910
	Purchases of goods and services	2.115.247	3.738.563	3.662.782	3.915.804	4.592.846	5.516.890	3.468.178	3.706.122	4.995.234	5.510.638	9.516.592	14.025.540	12.169.533	5.510.638	41.222.302
	Grants	2.903.158	2.689.558	2.796.759	4.541.640	5.343.228	7.282.354	6.492.263	8.133.327	8.460.976	8.441.314	8.389.475	17.167.222	23.086.566	8.441.314	57.084.577
	of which: Grants to other levels of government	85.773	567.546	285.093	241.384	434.167	565.551	926.193	1.472.359	1.942.442	1.906.066	938.413	1.241.102	4.340.994	1.906.066	8.426.575
	Interest	7.063	22.570	24.576	33.022	120.278	35.598	54.951	41.851	44.785	53.880	54.208	188.898	141.587	53.880	438.573
	Transfer to lower levels	110.597	233.902	205.209	369.889	310.624	384.626	427.030	475.868	508.607	542.412	549.708	1.065.139	1.411.505	542.412	3.568.764
22	Net lending*	-42.077	-52.141	-15.190	-107.079	-24.047	301.295	106.355	-16.041	-41.572	157.467	-109.409	170.169	48.742	157.467	266.969
3	Net acquisition of nonfinancial assets	278.505	433.294	866.163	876.397	1.201.005	1.547.949	1.096.075	1.692.694	2.401.777	2.401.658	1.577.962	3.625.352	5.190.546	2.401.658	12.795.519
4	Government surplus/deficit (1-2-3)	-4.151.177	-8.482.451	11.158.913	29.450.672	18.369.723	1.163.922	6.399.688	9.401.511	9.879.574	3.869.597	23.792.540	48.984.317	25.680.773	3.869.597	54.742.146
5	Net financing **	-46.544	-76.027	-57.744	-147.555	-113.808	-116.819	-133.126	-161.256	-150.475	-162.195	-180.315	-378.182	-444.858	-162.195	-1.165.550

Table 5. Monthly Consolidated Report

From the work of the ITA Governing Board

(Prepared by: Šerifa Mujčić, Milan Kuridža)

1) 75th session of the Governing Board that took place on February 9th, 2007, in Sarajevo.

Session of the Governing Board had the following agenda:

- Adoption of the minutes from 71st, 72nd and 73rd session
- Decision on procedure for accessing right to be exempt from customs duties on import of equipment that will be used for carrying out production activities in free zone
- External audit of collection and allocation of revenues from indirect taxes:
 - Review of audit in 2005.
 - Procedure for selection audit company for 2006
- Report of the Working Group on fees for customs terminals
- Opening sub-office of ITA in Brcko District
- Rulebook on single register for taxpayers of indirect taxes
- Alternative methods for allocation of revenues
- Request from the mayor of Sarajevo for inclusion of Sarajevo City in allocation of revenues from the ITA Single Account
- Financing construction of Border Crossing Point Gradiska
- Study trip to Germany in regards to the system for allocation of revenues
- Considering request of the Ministry of Republika Srpska for refund of costs for printing old tax stamps

Governing Board postponed making a decision on procedure for accessing right to be exempt from customs duties on import of equipment that will be used for carrying out production activities in free zone for next session. It was decided for members of the Governing Board to be present at the presentation of report on independent external audit and it was also decided to start procedure for selection of independent audit company for independent audit in 2006. The conclusion was reached to invite all owners of terminals who do not have contracts on use of terminals and the Governing Board should be informed about results of negotiations. Information on opening ITA sub-office in Brcko District was accepted. The rulebook on single register for taxpayers of indirect taxes was adopted. In regards to alternative methods for allocation, it was concluded that the proposal from the chairman represents good basis for further work. It was concluded that the proposal of Sarajevo City does not have legal ground. The Governing Board supports investment in border crossing point Gradiska and it will do everything to correct the budget of BiH institutions for the amount of capital investments in this border crossing point. It was concluded that the delegation of the Governing Board will visit German Ministry of Finance in March.

2) Presentation of preliminary audit report on collection of indirect taxes to the ITA Single Account in 2005 and its allocation

On February 13th, 2007 in Sarajevo, members of the Governing Board saw the presentation of preliminary report of independent audit company "Deloitte" DOO Banja Luka on audit for 2005. The conclusion was reached that objections on the reports can be sent by end of February.