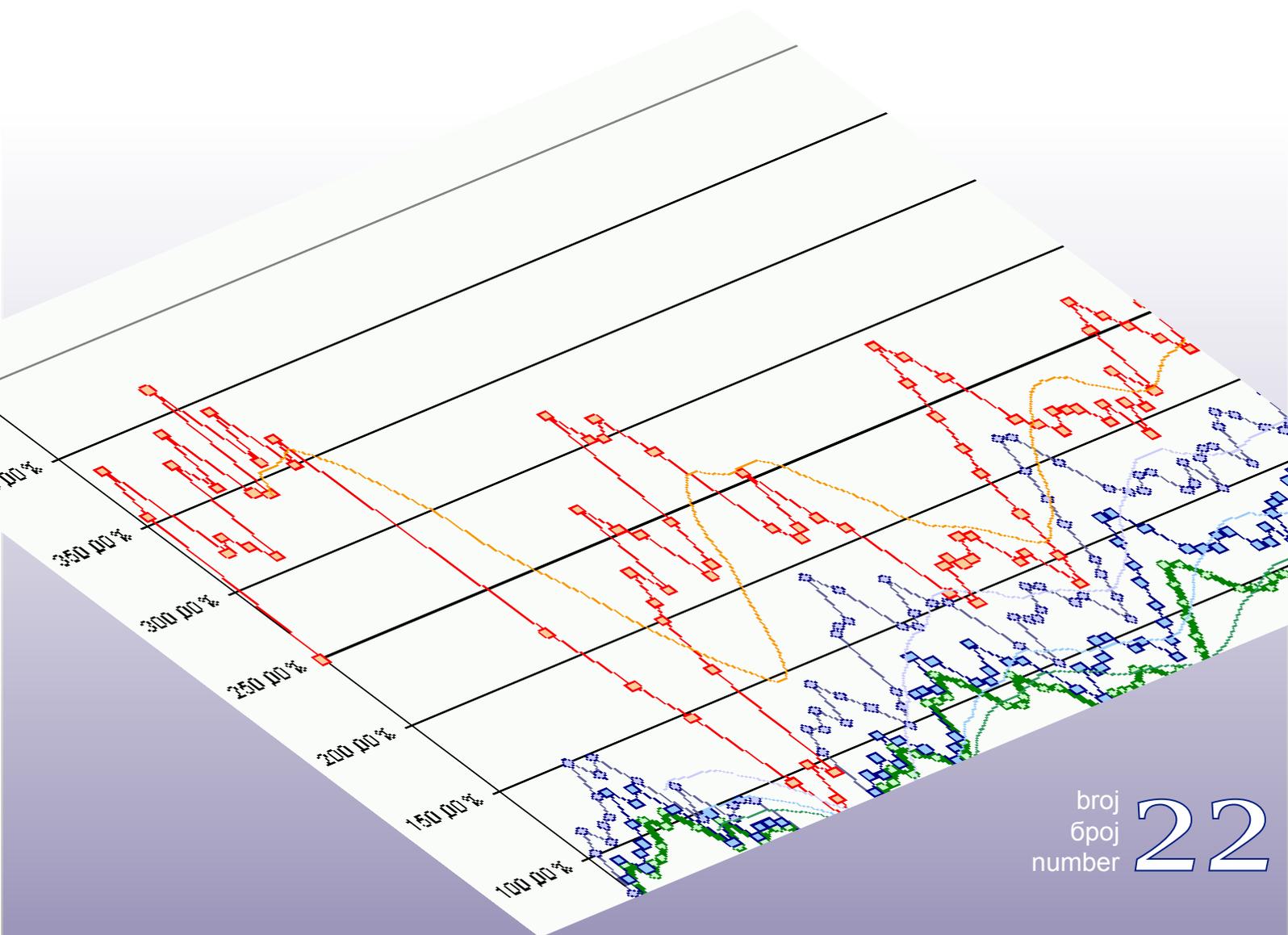




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue....

Month of May was marked by the visit of International Monetary Fund to Bosnia and Herzegovina. The mission concluded that Bosnia and Herzegovina made positive progress in economy during 2006, thanks to successful implementation of Value Added Tax (VAT). The mission warns that positive effects in BiH economy will soon disappear under the burden of accepted or announced obligations of governments in BiH if there is no strong budget control of public spending and establishment of BiH Fiscal Council. Similar as IMF mission, the Unit warned on few occasions that excellent results in collection of indirect taxes in 2006 are one time event and slow growth of revenues is expected in future years. In the last issue, the Unit published projections of indirect taxes until 2010 and we are publishing broad analysis of macroeconomic context and its implications on the collection of indirect taxes in BiH.

During their visit, the IMF mission underlined that reliable and good fiscal statistics is needed for efficient fiscal management and coordination between levels of administration in complex country such as Bosnia and Herzegovina. This is also important technical condition for functioning of the Fiscal Council. In lack of reliable and timely indicators, it's not possible to follow execution of agreed fiscal objectives and it's not possible to create good fiscal projections. However, in order to ensure good data on consolidated general government in BiH, it's necessary to prepare reports on revenues and expenditures of all levels of administration on basis of common accounting rules and standards. In order to have internationally comparable statistics of BiH, it's necessary to ensure consistency of accounting rules with standards of government financial statistics applied by IMF and also ensure consistency with the EU system of national accounts (ESA). In this sense, the Unit is continuing with upgrading the system of monthly reporting and we are inviting all reporting units to timely deliver monthly budget performance as they did in 2006.

Macroeconomic Analysis Unit continued with the collection of monthly reports on revenues and expenditures of all levels of administration in 2007. We are able to publish preliminary consolidated report for general government of BiH for 2006, which includes institutions of BiH, BiH Federation, Republika Srpska, District and all cantons, and all municipalities in BiH. We are also publishing consolidated report for April 2007, which includes data from the ITA Single Account and budget performance for that month.

Dinka Antić, Msc
Head of Unit – Supervisor

Contents:

New: Visit of the IMF mission	2
Macroeconomic trends in BiH: impact on indirect taxes	3
Collection of indirect taxes: April 2007	8
Consolidated reports: general government, April 2007	12
Preliminary consolidated reports: general government, cantons, municipalities, 2006	13
Consolidated reports: cantons, 2006	14
From the work of the ITA Governing Board	15

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Visit of International Monetary Fund to Bosnia and Herzegovina

(prepared by: Dinka Antić)

As part of regular consultations in accordance with Article IV, IMF mission visited Bosnia and Herzegovina from May 9th to May 21st, 2007. In its preliminary report¹, the mission underlined that BiH economy achieved very good results in 2006. Introduction of VAT brought surplus of 3% of consolidated general BiH government, including foreign financed projects. IMF underlines that expected rise of prices and inflation, caused by introduction of VAT, has been almost neutralized in the beginning of 2007. IMF warns that positive effects from 2006 will disappear soon due to sudden increase of imports in the beginning of 2007, which will generate growth of consumption and investments. Due to pressure of obligations towards some categories of population, IMF estimates that general government of BiH will end the year with significant deficit of 1,5% of GDP.

Recommendations of IMF to BiH fiscal authorities focus on three main segments: put order in public finances, strengthening of financial stability and creation of single economic space.

In circumstances of existing Currency Board and "tight hands" of the Central Bank in view of conducting credit-monetary policy, the only instrument that can be used to manage deficit of current account in BiH is fiscal policy. Fiscal position of BiH may be jeopardized from two sides: by increasing expenditure above agreed budget ceilings and faster payment of internal debt, and from revenue side it can be done by possible shortfall of VAT revenues, that have dominant share in the structure of public revenues in BiH. BiH fiscal policy measures should go in direction of keeping expenditures of all levels of administration under strong control in 2007. In long run, the governments should balance deadlines for payment of internal debt in order not to worsen fiscal position of governments.

In terms of fiscal management, passing of the Law on Fiscal Council in BiH represents a key moment for creating fiscal sustainability of BiH. Mandatory mechanisms of fiscal coordination, strong fiscal rules and sanction mechanisms in case of breaking rules represent foundations for future framework of fiscal coordination in BiH, which will be institutionalized in the form of BiH Fiscal Council.

IMF underlined importance of reliable statistics in BiH and especially statistics of government finances. Recommendation of IMF in this sense is to include extra-budgetary funds and agencies in statistics of general government of BiH in order to ensure transparency in the work and strengthening of government towards citizens.

¹ Press statement / report can be downloaded from <http://www.imf.org/external/np/sec/pr/2007/pr07114.htm>, <http://www.imf.org/external/np/ms/2007/052207.htm>

Macroeconomic trends in BiH: impact on indirect taxes

(prepared by: Ognjen Đukić, macroeconomist in the Unit)

High expectations from VAT revenues

In 2006, VAT revenues increased by 34,4% compared to former sales tax. In the last issue of the bulletin, Macroeconomic Analysis Unit published projection of revenues from indirect taxes with projection of relatively low growth rates VAT revenues for the period from 2007-2010. In other hand, we are witnesses of the fact that the public and one part of budget beneficiaries have expectations for growth of revenues like the from the last year. Such expectations can be very dangerous as they support requests for additional budget expenditures that would not have cover. Due to that, we are providing wider explanation of macroeconomic assumptions and concept that was used in above mentioned projections. We are also giving comment on basic risks that are related to projections of VAT and other indirect taxes.

Structural trends in BiH economy

It may be stated that basic drivers of domestic economy growth in the current period were high consumption of private sector, financed through loans of banking sector and state consumption supported by significant amounts of foreign aid. Value of private sector consumption was 98% of GDP in 2005 and total consumption that includes the state one was at the level of 122% of GDP. This high consumption trend of the society along with insufficiently developed economy created huge values of imports and current deficit in BiH during entire period.

Growth of real GDP in 2006 was estimated at the level of 5,5%², which represents continuation of strong growth from previous years. Medium term projections also envisage that the growth will continue above 5% annually. However, according to the projections of Directorate for Economic Planning and International Monetary Fund, structure of growth should look a bit different in future. First of all, it is expected to have **slowdown of consumption growth**, both private and state, compared to GDP. In 2006, there was already significant reduction of private consumption compared to GDP as its share decreased from 98% of GDP in 2005 to 90% in 2006. One of basic factors that caused this reduction was introduction of VAT, which had an impact on consumption through higher tax burden and increase of retail prices.

In other hand, it's expected to have **continued and fast export growth** as primary generator of economy growth in future. Rise of exports in 2006 was 25,3% and projected growth for 2007 is 17%. This scenario of slower consumption and faster growth of exports would create preconditions for gradual **reduction of high trade deficit**, which threatens to potentially jeopardize macroeconomic stability. It should be mentioned that deficit of the current account decreased from 21,3% of GDP in 2005 to 11,6% in 2006 under the impact of VAT. This reduction is only partially consequence of real economic activities and it is also consequence of moving imports from 2006 to 2005 in order to avoid VAT and motivation of VAT payers to show underestimated values of imports and higher value of exports.

What do data show?

Data on imports and structure of imports in BiH show trends in accordance with assumption that there were structural oscillations in economy in terms of reducing share of consumption in GDP. If we have a look of data from BiH Statistics Agency (table 1), we

² Data on macroeconomic parameters used in this text were taken over from the Directorate for economic planning unless differently stated.

can see that share of final consumption goods in total imports during the first three months of 2007 was 23,9%, which is 4,1% less than in the first three months of 2006.

Table 1. Structure of imports in BiH

	I-III 2006	2005	2006	I-III 2007
Intermediary and capital products	50,3%	55,7%	53,5%	56,7%
Consumption products	27,9%	25,7%	26,4%	23,9%
Other (energy and unsorted)	21,8%	18,6%	20,1%	19,4%
TOTAL	100,0%	100,0%	100,0%	100,0%

Source of data: BiH Statistics Agency

In other hand, share of intermediary and capital products increased from 50,3% to 56,7%, which suggests that there was **better linking of BiH economy with environment and there was increase of investments in working and capital assets (investments)**. In order to be fully objective, it's important to mention that use of data in imports from the beginning of 2006 is not recommended because there were postponed imports of certain groups of products from 2006 to 2005 in order to avoid VAT, which was already mentioned. However, if we look the structure of imports for entire 2005 and 2006, we will see that structure of imports in 2007 is better.

Data from VAT declarations now confirm above mentioned macroeconomic scenario. In the period from January to April 2007, declared VAT on imports increased by 42% compared to the same period last year, but VAT for payment (domestic VAT) decreased by 21% in the same period (see chart 1). This leads to conclusion that proportionally higher share imports in 2007 was used as input of VAT payers, which reduced their tax liability. In accordance with this, request for refunds in cash and tax credits increased, both in absolute and relative values (see charts 2 and 3).

So, it may be said that available data confirm thesis that there were positive trends in BiH in terms of decreasing share of consumption in one hand, and strengthening of economic activities and investment in other hand.

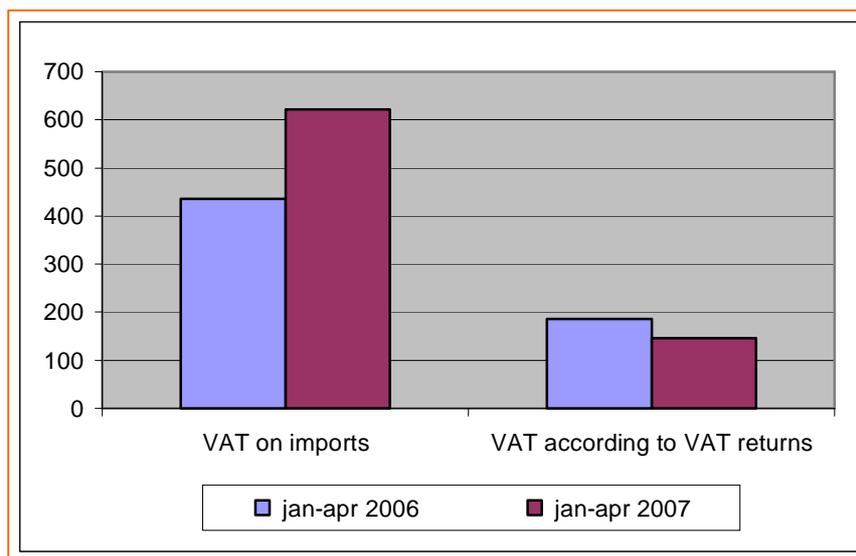


Chart 1. Data by tax declarations at level of BiH, in million KM
Source: ITA

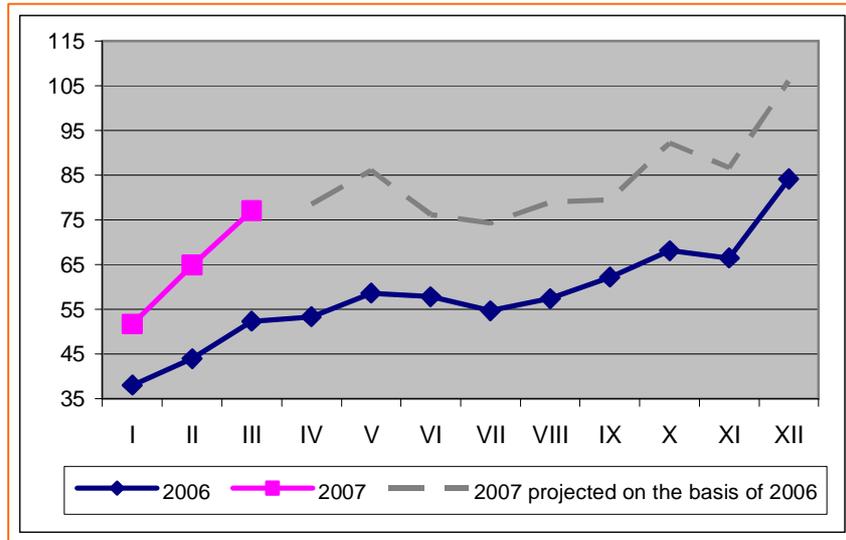


Chart 2. Requests for refund and tax credits, in million KM
Source: ITA

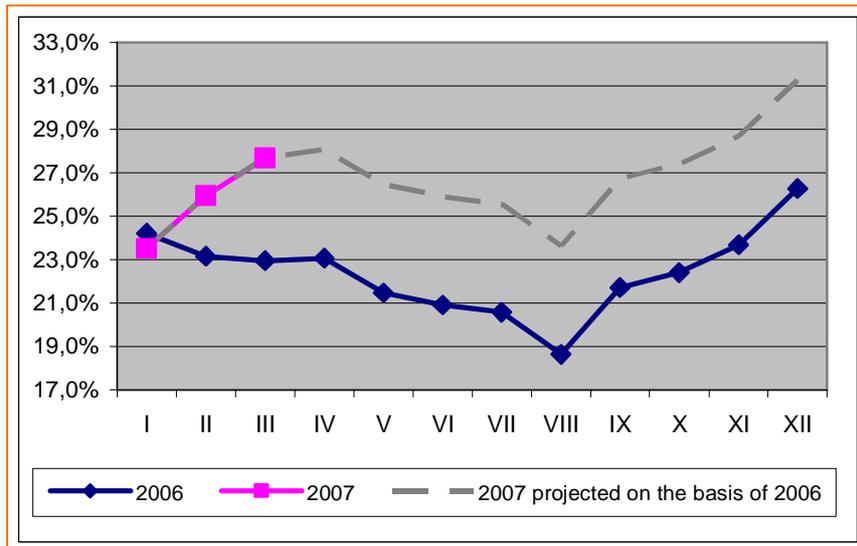


Chart 3. Requests for refunds and tax credits, in % of gross revenues
Source: ITA

Effects on revenues

It's necessary to know that VAT, similarly as ex sales tax, basically represents tax on final consumption. However, this is just partially correct because there is a difference between final consumption in terms of tax base for VAT and in pure economic terms. Main differences are derived from activities that are exempt from VAT, non-registered persons with turnover less than 50,000 KM and informal economy.³

Basic cause of increased VAT revenues in 2006 compared to sales tax from the last year is capturing higher part of final consumption than what was expected in the time when the rate of 16% was estimated as revenue neutral. So, it may be said that 2006 was the

³ More information about difference between TAX base and final consumption may be found in the Bulletin 19.
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special year in terms of being transit from one tax system to the other one, and VAT included higher tax base than the expected one.⁴

One of the assumptions that the Macroeconomic Analysis Unit used in making projections for future period was that the VAT base will move along with final consumption i.e. growth or shortfall of VAT base will have proportional growth or shortfall as total consumption. According to projections of the Directorate for Economic Planning, growth of consumption in future will be under GDP growth, so, share of final consumption in GDP will gradually reduce (see chart 4).

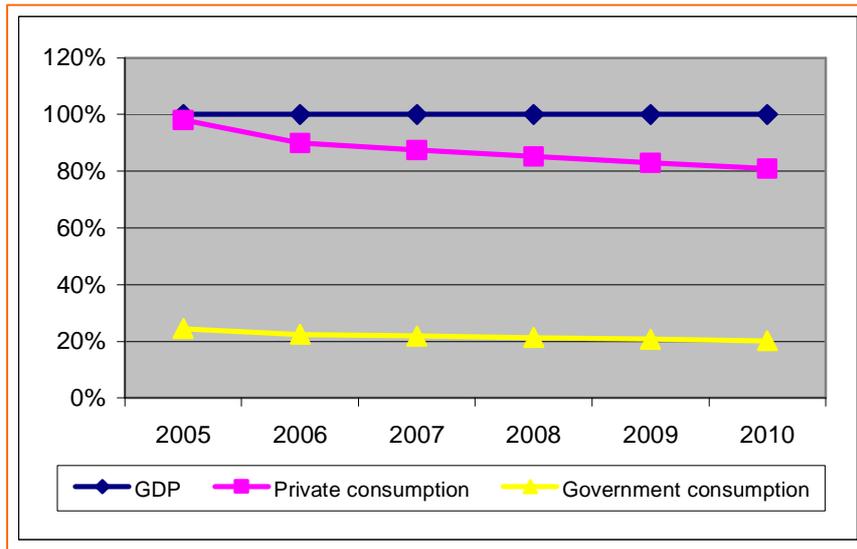


Chart 4. Share of private and government consumption in GDP, data from DEP projections

This is the reason why low growth of VAT revenues was projected in future period. Difference between trends of revenues and trends of tax base derives from time lag of VAT revenues inflow compared to the moment when final consumption takes place. As we know, liabilities of taxpayers from their tax declarations from month T are paid in month T +1. In other hand, this time lag does not exist for payments of VAT on imports. For refunds that are paid to taxpayers, time lag is t +2 months (60 days) from the moment when request is made for nonexporters and this deadline for exporters is t+1 (30 days). When it comes to tax credits, there is no rules as tax credits are used for reducing future liabilities when they occur. All this leads us to a conclusion that there are huge differences in revenue trends on cash basis and real economic activity that these revenues should reflect..

Due to this, large number of countries use revenue projections based on accrual basis for needs of budgeting. Similar approach would be of importance for BiH. If we exclude example of VAT from 2006, we will see that the revenues are on accrual basis i.e. real total claims of ITA from VAT taxpayers amounted to KM 2.363,3 million⁵, which is about KM 72 million less than VAT revenues on cash basis paid into the single account in the same year that amounted to KM 2435,5 million (net, after paid refunds). So, **revenues on cash basis were by 3% higher than accrual revenues in 2006. These revenues were realized at the expense of higher liabilities for refunds in 2007. Danger derives from this in terms of budget planning on cash data.** If this current increase of revenues that does not reflect real economic activity cause proportional budgetary increase of current revenues there will be additional budget burden because such expenditure increases are hard to return to starting position after temporary cash flow revenues disappear **Ukoliko ovakva trenutna povećanja prihoda, koja ne**

⁴ More information about VAT efficiency compared to the sales tax system may be found in the Bulletin 17.

⁵ According to data from March 26th, 2007.

odražavaju stvarnu ekonomsku aktivnost, izazovu proporcionalno budžetsko povećanje tekućih rashoda onda dolazi do dodatnog opterećenja budžeta jer je po pravilu ovakva rashodovna povećanja teško vratiti na početnu poziciju nakon što privremeni *cash-flow* prihodi nestanu.

Revenue risks

Basic revenue risks from indirect taxation in future period are as follows:

VAT

VAT revenues in medium and long term will depend on trends of final consumption. As we said, slowdown of final consumption growth is expected and this will have negative impact on revenues. In other hand, it's very difficult to project trends of final consumption in the long run and estimate impact of future capital flows from privatization (RS Telecom, Oil Raffinerry from Brod etc.). Purpose and dynamics in using these funds will also have impact.

Other group of risks refers to ability of VAT system to keep its current level of efficiency (or to improve it through capturing additional part of grey economy). Process of "learning" by VAT taxpayers might potentially end up with more attempts to cheat the tax system and increased number of refund requests in 2007 must be viewed in this context too.

Other risks can be clasified in the group of potential legal changes in terms of introducing lower VAT rates for some groups of products or exempting certain activities.

Excise

Revenues from oil excise will depend on world market oil prices and we can expect lowere final consumption in case the price goes up⁶. Oil excise represents tax on quantity and any reduction in quantity of consumption will have negative impact on this tax. In other hand, increase of oil prices has positive impact on VAT revenues (*ad valorem* tax). When it comes to potential impact from the work of Oil refinery in Brod to oil excise revenues, the refinery will not have direct impact on these revenues. This is because oil consumption in BiH is defined by domestic demand and price level, so the impact of refinery on quantity will exist only if the refinery offers lower prices. In other words, effects of the refinery work will have impact on trade balance through lower oil imports, but also on decrease of revenues on these imports (with respective increase of taxation for domestic production with more and less neutral effect on indirect taxes). Positive effects will be mainly shown in the field of direct taxes through the income that refinery generates.

Risks for revenues from oil on alcohol, coffee and soft drinks will be present in terms that these revenues might increase only in case of higher consumption (it's tax on quantity). International experiences have shown that shares of consumption of these procutts in consumers basket usually decrease with the growth of consumption and income of private sector. In other words, it's realistic to expect bad quantity elasticity in consumption of these products compared to total consumption in medium and long term. Potential measures in further increase of excise rates will have limited effects as additional tax burden decreases tax base. This result is sometimes desired in case when there is a real decrease of consumption (e.g. alcohol drinks) and not increase of tax evasions.

⁶ More on impact of oil price on public revenues and price elasticity may be found in the bulletin 10.

Excise on tobacco represents tax on value and revenues will really depend on trends of quantity and price of tobacco products..

Customs

More information about numerous impacts on customs revenues were presented in the last issue and they are mainly effects of integration processes (CEFTA, WTO, EU) and we expect decrease of these revenues in future.

Collection of indirect taxes: April 2007

(Prepared by: Dinka Antić, Msc)

In April 2007, total net⁷ amount of 355 million KM was collected to the ITA single account, which is about 13% higher than in the same month last year, if we exclude 3,2 million KM that were collected and not adjusted⁸. For the level of four months, collection is higher by 30 million KM than in the same period 2006.

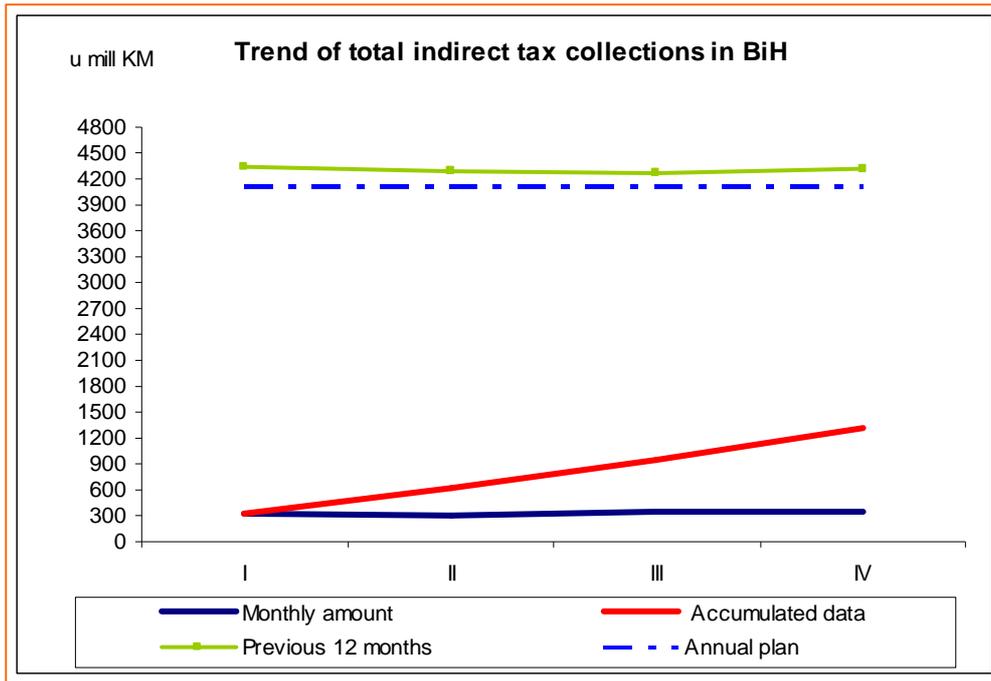


Chart 5.

Reason for slightly higher collection in April 2007 than in March 2007 is growth in collection of excise, especially excise on oil, tobacco and tobacco products. Collection of excise increased by 16% compared to March 2007 and almost 19% compared to April 2006. For the entire period, collection was 9% higher than in the first four months last year. According to standard collection pattern, excise growth in this period was expected, but not in such high amount. There was slight increase in collection of customs. However, the collection is 34% higher than in the first four months of 2006 (Chart 6). Collection of road tolls on oil derivatives was 18% higher than in March and 13% higher for the entire period of this year 2007. Growth of excise and road tolls show increased quantity in imports of oil derivatives.

⁷ Gross collection of VAT includes gross collection of VAT on imports, collection of VAT per declarations and other cases of one time or enforced collection of VAT. Net VAT collection is obtained after deducting refunds from gross collection. Revenues from other indirect taxes are reduced by amounts of other refunds from the single account.

⁸ Unadjusted revenues include revenues for which relation can not be made between analytics of payment (single account) and analytical records of taxpayers in modules of ITA IT system (VAT, customs, excise)

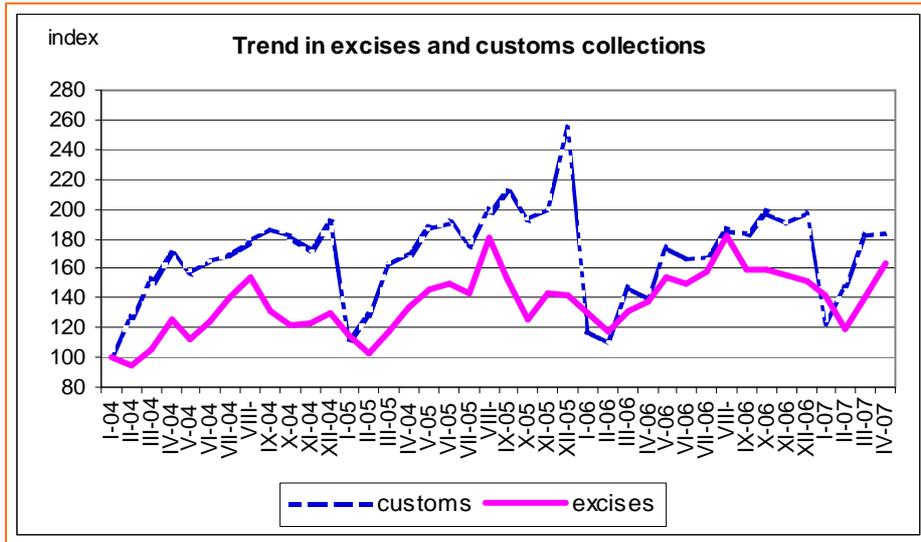


Chart 6.

Although VAT gross collection in April increased by about 5% compared to March, net effect is only 1,6% compared to March due to high amount of refunds. Due to sudden growth of excise, VAT share in total indirect taxes is still slowly decreasing and it's about 58%. As it can be seen from the chart 7 there were sharp oscillations in VAT gross collection during the first four months. Oscillations in VAT net collection are lower due to higher refunds. There was about 70 million KM of refunds in April. Rate of refunds in ratio to VAT gross collection still increases and it reached 25% in April, which represents the highest rate since VAT was introduced. (Chart 8). However, this rate is relatively low in comparison with statistics of EU member states.

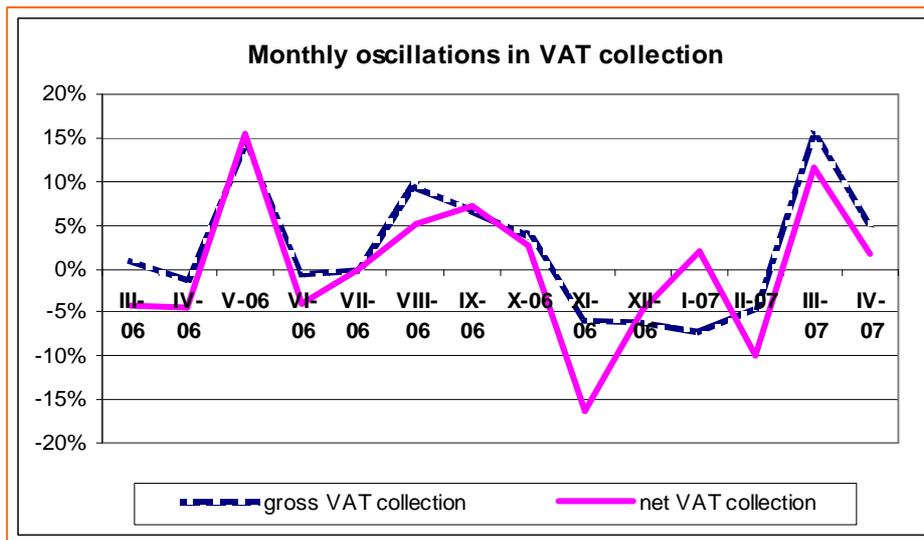


Chart 7.

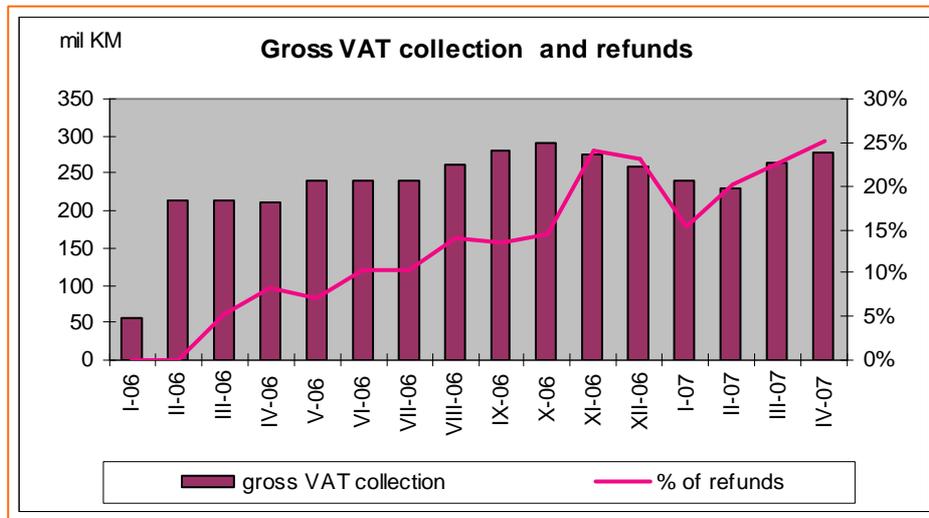


Chart 8.

As we announced in previous bulletins, growth of refunds in April was expected due to payment of unused tax credits for December 2006, regular refunds to exporters and other taxpayers who were entitled to this for their sales from January 2007. Level of refunds is still below the level that the Unit expected because taxpayers choose tax credits instead of cash. Since this is not with economic thinking, especially in today's circumstances, when most of companies face with problems of keeping liquidity, credit lines and loans being expensive, the reasons are the following:

- some taxpayers are not informed that they can request cash refunds,
- refund procedures are more complex than filing the request for tax credits (by marking special box in VAT declaration), and bookkeeping agencies choose tax credits in behalf of companies,
- requests for refunds are under special monitoring of ITA and some taxpayers choose tax credits in order to avoid frequent controls.

On April 30th, 2007, there was 81 million KM of tax credits that will be used for compensation of future VAT liabilities. In regards to cash flow, effects of tax credits reflect on lower future cash inflow to the ITA single account and refunds represent outflow from the single account. Indirect effect of aggregated tax credits reflect in worse financial position of companies, illiquidity, increase of requests for loans and postponing payments to suppliers, which can seriously jeopardize planned investments and regular economic activities. In long run, aggregated tax credits can be a boomerang to private sector and state as they can lead to slowing down of economic activities and lower indirect taxes.

VAT debt of taxpayers are slightly higher than in March and it amounts to 17,8 million KM. However, amount of debt that is automatically assessed in ITA IT system for those who failed to file declaration has been reduced. After ITA interventions, the amount of automatically assessed debt was reduced to 49 million KM.

Consolidated Reports

(prepared by Aleksandra Regoje, macroeconomist in the Unit)

Notes to table 2

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.

Notes to table 3

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 includes 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

Notes to table 4

Consolidated report includes:

- 1 revenues and expenditures of the cantonal budgets,
- 2 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 lending = lending-repayment of borrowing

** Net financing = Credits received – repayment of debts

Consolidated reports: general government, April 2007

mill KM

		I	II	III	IV	Q1	Q2	Total
1	Current revenues	348,5	337,5	403,3	392,9	1089,3	392,9	1482,2
11	Taxes	338,3	318,9	378,0	372,8	1035,2	372,8	1408,0
111	Indirect taxes	321,0	296,5	339,4	356,4	957,0	356,4	1313,4
	VAT	202,5	182,6	203,8	207,2	588,9	207,2	796,1
	VAT on imports	126,6	144,9	180,5	184,9	452,0	184,9	636,9
	VAT from VAT returns	111,6	82,4	81,4	90,9	275,4	90,9	366,4
	VAT from automatic assessment done by ITA	0,1	0,1	0,0	0,0	0,1	0,0	0,2
	One-off VAT payments	0,2	0,4	0,1	0,1	0,8	0,1	0,9
	Other	0,9	0,9	1,3	1,1	3,1	1,1	4,2
	VAT refunds	-36,9	-46,1	-59,6	-69,8	-142,6	-69,8	-212,4
	Custom duties	35,2	41,5	52,1	52,9	128,9	52,9	181,7
	Sales tax	0,7	1,5	0,8	1,1	2,9	1,1	4,0
	Excises	68,3	57,4	68,0	78,8	193,7	78,8	272,5
	on imports	53,7	47,5	54,2	64,7	155,4	64,7	220,1
	on domestic production	14,6	9,9	13,8	14,1	38,3	14,1	52,4
	Railroad tax	13,7	11,9	13,8	16,3	39,5	16,3	55,8
	Other	1,0	2,0	1,4	1,1	4,4	1,1	5,5
	Other refunds	-0,5	-0,4	-0,5	-1,0	-1,3	-1,0	-2,2
112	Direct taxes	17,2	22,4	38,6	16,4	78,2	16,4	94,6
	Income taxes	6,2	12,6	27,5	5,3	46,3	5,3	51,6
	Other tax revenues	11,0	9,8	11,1	11,1	31,9	11,1	43,0
12	Non-tax income	10,0	18,4	25,1	19,6	53,5	19,6	73,1
13	Other revenues	0,0	0,0	0,1	0,1	0,1	0,1	0,2
14	Grants	0,0		0,0	0,0	0,0	0,0	0,0
15	Transfers from other level of government	0,2	0,1	0,1	0,4	0,5	0,4	0,8
2	Current expenditures	256,1	316,7	353,6	362,3	926,4	362,3	1288,7
21	Consumption expenditures	34,5	50,2	54,7	47,7	139,4	47,7	187,1
211	Wages and compensations	30,4	45,1	46,0	38,2	121,5	38,2	159,7
212	Purchases of goods and services	4,1	5,1	8,8	9,5	17,9	9,5	27,4
22	Grants	14,3	46,3	51,9	53,6	112,4	53,6	166,0
	Transfers to households	10,7	38,0	40,2	40,1	88,9	40,1	128,9
	Transfers to institutions / organizations	0,9	1,8	1,0	1,7	3,7	1,7	5,4
	Subsidies	2,7	6,5	10,6	11,8	19,9	11,8	31,7
23	Interest payments	0,3	19,6	3,5	4,8	23,5	4,8	28,3
24	Other outlays	2,5	10,8	7,6	16,3	21,0	16,3	37,3
25	Transfers from Single Account	201,8	173,8	207,3	233,2	582,8	233,2	816,0
	o/w : BiH Budget	46,2	44,0	46,2	67,6	136,5	67,6	204,1
	o/w: FBiH / Cantons, Municipalities, Road Fund	119,2	97,0	128,3	127,2	344,4	127,2	471,7
	o/w: RS / Municipalities, Road Fund	25,8	23,7	22,2	27,7	71,7	27,7	99,4
	o/w: Brcko	10,6	9,1	10,6	10,7	30,2	10,7	40,9
27	Transfers to lower levels of government	2,7	16,1	28,5	8,0	47,3	8,0	55,3
28	Net lending*			0,0	-1,3	0,0	-1,3	-1,3
3	Net acquisition of nonfinancial assets	0,1	-1,0	1,0	0,8	0,2	0,8	0,9
4	Government surplus (+)/ deficit(-) (1-2-3)	92,3	21,8	48,7	29,8	162,7	29,8	192,5
	o/w: SA	-11,9	-15,1	-20,4	-28,0	-47,4	-28,0	-75,4
5	Net financing**	-24,80	-11,3	-10,3	-14,1	-46,4	-14,1	-60,5

Table 2. Monthly Consolidated Report

Preliminary consolidated reports: general government, cantons, municipalities, 2006

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Q1	Q2	Q3	Q4	Total
1	Current Revenues (11+12+13+14)	278.079.442	296.216.191	578.904.726	473.792.908	526.814.108	470.380.040	572.163.475	525.798.962	529.279.737	524.102.504	537.213.773	607.976.041	1.153.200.360	1.470.987.055	1.627.242.174	1.669.292.318	5.920.721.907
11	Taxes	226.481.169	229.710.672	497.000.101	388.848.601	458.530.233	403.188.954	392.770.361	449.694.549	448.870.327	447.452.107	454.023.304	480.709.374	953.191.942	1.250.567.787	1.291.335.237	1.382.184.785	4.877.279.752
	Income & profit tax	11.934.569	17.117.019	28.400.658	10.325.593	9.831.240	11.553.624	12.708.549	11.644.565	12.950.824	11.056.134	14.669.517	19.380.357	57.452.247	31.710.457	37.303.937	45.106.008	171.572.649
	Social security contributions (Brcko)	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	1.675.243	1.579.699	2.580.529	3.479.264	4.394.388	4.431.072	5.835.471	18.140.195
	Taxes on personal income and self-employment	22.868.285	24.210.075	26.500.341	28.975.157	29.956.580	28.563.311	30.709.984	31.280.051	44.665.567	33.832.325	32.888.800	45.732.136	73.578.702	87.495.048	106.655.601	112.453.260	380.182.612
	Property tax	8.301.085	9.505.011	8.942.490	7.684.432	7.868.770	7.931.408	9.085.108	8.492.494	9.195.466	9.363.366	10.189.256	10.587.937	26.748.587	23.484.609	26.773.068	30.140.559	107.146.823
	Transfers from Single Account*	180.580.796	175.716.312	427.962.006	337.304.690	406.687.391	350.979.074	335.568.569	393.608.908	377.768.444	391.377.411	394.493.480	404.842.072	784.259.114	1.094.971.155	1.106.945.921	1.190.712.963	4.176.889.153
	Other taxes	1.636.679	2.002.500	4.034.850	3.107.692	2.752.096	2.652.342	3.140.306	3.245.714	2.839.616	147.629	202.552	-2.413.657	7.674.029	8.512.131	9.225.637	-2.063.476	23.348.321
12	Non-tax revenues	50.347.388	64.680.470	80.942.998	78.899.937	66.978.482	65.670.514	167.435.834	75.235.212	79.107.631	74.883.308	81.087.426	120.359.664	195.970.856	211.548.933	321.778.677	276.330.398	1.005.628.864
13	Grants	1.199.679	1.585.092	844.681	478.656	986.599	1.091.425	11.795.589	702.862	857.455	1.265.790	1.540.487	6.242.581	3.629.452	2.556.680	13.355.906	9.048.858	28.590.895
14	Other revenues	51.206	239.958	116.946	5.565.715	318.793	429.147	161.691	166.340	444.324	501.298	562.557	664.423	408.110	6.313.656	772.354	1.728.277	9.222.397
2	Total expenditures (21+22+23)	244.967.696	273.103.026	317.506.971	380.496.281	405.495.369	426.345.127	380.641.652	387.751.121	493.756.230	420.305.033	438.014.960	801.824.042	835.577.694	1.212.336.776	1.262.149.003	1.660.144.035	4.970.207.508
21	Current expenditures	242.681.092	268.350.305	313.563.849	376.097.715	399.813.979	422.053.539	375.439.440	373.264.509	435.426.559	413.710.943	432.757.352	753.021.582	824.595.247	1.197.965.233	1.184.130.508	1.599.489.877	4.806.180.865
	Wages and compensations	131.851.419	145.041.620	153.666.061	155.846.233	157.575.171	178.012.236	159.386.085	159.067.788	152.516.951	177.848.321	164.487.092	220.905.434	430.559.100	491.433.641	470.970.825	563.240.846	1.956.204.412
	of which: Gross wages	113.381.569	122.886.979	129.400.244	132.283.874	131.772.736	140.453.184	120.190.073	130.288.952	126.972.167	144.365.330	129.680.953	174.797.626	365.668.792	404.509.794	377.451.192	448.843.910	1.596.473.689
	of which: Compensations	18.469.850	22.154.641	24.265.817	23.562.359	25.802.435	37.559.052	39.196.012	28.778.836	25.544.784	33.482.991	34.806.139	46.107.807	64.890.308	86.923.846	93.519.632	114.396.937	359.730.723
	Other taxes and contributions	6.654.428	7.676.321	8.031.761	8.366.911	8.337.666	9.490.867	9.020.784	8.651.667	9.539.704	9.917.799	9.417.969	11.119.553	22.362.510	26.195.444	27.212.154	30.455.321	106.225.430
	Purchases of goods and services	31.756.762	42.552.084	43.824.463	49.403.249	52.703.181	55.018.473	49.265.876	51.914.079	62.773.064	63.180.026	75.642.419	142.620.923	118.133.309	157.124.904	163.953.019	281.443.368	720.654.600
	Grants	71.622.131	60.627.064	105.743.752	151.197.121	170.932.244	153.701.070	156.875.608	139.809.895	196.889.147	158.401.418	170.485.736	354.183.396	237.992.947	475.830.434	493.574.650	683.070.550	1.890.468.581
	Interest	796.352	12.453.216	2.297.813	11.284.200	10.265.717	25.830.893	891.087	13.821.081	13.707.693	4.363.380	12.724.136	24.192.276	15.547.381	47.380.810	28.419.861	41.279.791	132.627.843
22	Other expenditures	1.903.540	3.954.580	4.092.727	5.797.204	4.777.727	5.777.646	4.327.802	4.214.637	55.420.223	2.383.548	5.044.975	41.469.491	9.950.847	16.352.577	63.962.662	48.898.014	139.164.100
23	Net lending*	383.065	798.140	-149.605	-1.398.638	903.663	-1.486.059	874.409	10.271.976	2.909.447	4.210.543	212.633	7.332.969	1.031.600	-1.981.034	14.055.833	11.756.145	24.862.543
3	Net acquisition of nonfinancial assets	-16.231.827	4.666.314	9.091.619	11.470.534	13.985.989	22.638.565	46.027.534	35.581.978	34.953.973	48.265.022	53.302.141	104.766.109	-2.473.894	48.095.088	116.563.484	206.333.272	368.517.950
4	Government surplus/deficit (1-2-3)	49.343.573	18.446.852	252.306.136	81.826.094	107.332.750	21.396.348	145.494.289	102.465.863	569.535	55.532.448	45.896.673	-298.614.110	320.096.560	210.555.191	248.529.687	-197.184.989	581.996.449
5	Net financing **	-156.518	16.814.032	-4.531.644	-22.411.569	-2.570.457	-29.883.463	2.012.362	-4.807.450	-63.853.735	2.627.509	-11.247.227	-82.199.206	12.125.871	-54.865.489	-66.648.822	-90.818.924	-200.207.363

Table 3. Monthly Consolidated Report

Bosnia Podrinje Canton, 2006.

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Q1	Q2	Q3	Q4	Ukupno
1 Total revenues (11+12+13+14)	885.030	1.424.191	425.366	4.154.977	3.483.091	3.055.074	3.600.769	2.747.887	3.956.399	3.329.248	2.820.220	3.117.993	2.734.587	10.693.141	10.305.055	9.267.461	33.000.244
11 Tax revenues	732.888	352.737	253.035	2.636.171	2.003.433	1.626.364	2.026.238	2.381.540	2.263.060	2.426.778	2.370.423	2.392.489	1.338.661	6.265.968	6.670.837	7.189.690	21.465.156
Income & profit tax	11.920	19.566	23.594	17.246	46.803	15.979	22.415	20.328	14.883	34.713	17.181	26.272	55.079	80.027	57.626	78.166	270.898
Taxes on personal income and self-employment	113.982	128.554	149.402	240.906	186.803	197.778	178.161	234.865	192.344	246.512	227.245	251.926	391.938	625.486	605.369	725.682	2.348.476
Property tax	32.724	13.938	14.906	9.464	15.300	8.565	21.778	16.857	28.950	36.634	16.996	11.795	61.568	33.329	67.585	65.426	227.907
Sales tax (incl.excises)(according to Regulations until 31,12,2005)	442.911	182.359	46.938	182.277	45.197	60.720	47.711	38.287	17.961	40.290	42.660	43.224	672.208	288.194	103.959	126.173	1.190.533
Transfers from Single Account	126.931	3.739	8.386	2.175.782	1.702.059	1.335.299	1.750.122	2.062.273	2.001.800	2.058.026	2.057.682	2.046.221	139.056	5.213.140	5.814.194	6.161.929	17.328.319
Other taxes	4.420	4.582	9.809	10.496	7.272	8.024	6.051	8.931	7.122	10.603	8.659	13.052	18.811	25.792	22.105	32.314	99.022
12 Non-tax revenues	150.649	438.094	170.823	266.838	202.433	787.439	818.182	360.716	409.954	249.600	288.633	526.828	759.565	1.256.710	1.588.851	1.065.061	4.670.187
13 Grants	0	625.000	0	1.250.000	1.275.000	636.741	753.716	0	1.275.000	649.200	158.205	158.205	625.000	3.161.741	2.028.716	965.610	6.781.067
of which: Grants from other levels of government	0	625.000	0	1.250.000	1.275.000	625.000	753.716	0	1.275.000	649.200	158.197	158.197	625.000	3.150.000	2.028.716	965.594	6.769.310
14 Other revenues	1.494	8.360	1.508	1.968	2.224	4.530	2.633	5.632	8.386	3.669	2.960	40.470	11.361	8.723	16.650	47.099	83.833
2 Total expenditures (21+22)	1.430.267	1.878.406	1.824.004	1.847.515	1.822.673	2.212.041	1.832.062	2.651.134	3.032.884	1.789.150	4.345.983	4.788.899	5.132.677	5.882.228	7.516.080	10.924.031	29.455.015
21 Current expenditures	1.430.267	1.878.626	1.824.223	1.847.734	1.822.884	2.212.193	1.832.215	2.651.286	3.022.884	1.714.150	4.296.135	4.739.204	5.133.116	5.882.812	7.506.385	10.749.488	29.271.800
Wages and compensations	604.064	933.624	956.080	930.022	910.819	1.381.206	816.666	917.340	947.973	856.542	1.193.997	1.236.712	2.493.769	3.222.047	2.681.978	3.287.252	11.685.046
of which: Gross wages	462.436	770.547	781.264	781.722	733.460	843.955	703.801	758.159	786.815	685.609	1.040.055	1.041.044	2.014.247	2.359.137	2.248.775	2.766.708	9.388.867
of which: Compensations	141.629	163.077	174.816	148.300	177.359	537.251	112.865	159.181	161.158	170.933	153.943	195.668	479.521	862.910	433.204	520.544	2.296.179
Other taxes and contributions	91.823	93.816	94.214	94.381	87.661	102.167	84.899	91.007	94.226	61.550	115.999	116.119	279.853	284.209	270.132	293.668	1.127.861
Purchases of goods and services	394.958	447.869	390.015	313.246	304.562	390.981	175.858	455.989	696.314	239.949	1.427.338	1.530.097	1.232.842	1.008.790	1.328.161	3.197.384	6.767.177
Grants	336.345	400.567	380.933	507.571	517.075	335.362	749.931	1.184.595	1.282.029	553.802	1.557.573	1.855.320	1.117.845	1.360.008	3.216.556	3.966.694	9.661.103
of which: Grants to other levels of government	10.106	56.596	37.543	7.908	71.554	84.693	151.187	309.325	525.556	54.124	357.594	379.345	104.245	164.155	986.068	791.064	2.045.532
Interest	3.077	2.750	2.980	2.515	2.766	2.477	4.861	2.355	2.342	2.307	1.227	956	8.807	7.758	9.558	4.490	30.613
22 Net lending*	0	-220	-220	-220	-212	-153	-153	-153	10.000	75.000	49.848	49.695	-439	-584	9.695	174.543	183.215
3 Net acquisition of nonfinancial assets	111.572	23.692	21.257	82.071	57.138	25.831	66.017	25.368	91.981	77.080	78.533	62.699	156.521	165.040	183.366	218.312	723.240
4 Government surplus/deficit (1-2-3)	-656.809	-477.907	-1.419.894	2.225.391	1.603.280	817.202	1.702.689	71.386	831.534	1.463.018	-1.604.296	-1.733.604	-2.554.610	4.645.872	2.605.609	-1.874.882	2.821.989
5 Net financing **	-15.184	-14.625	-15.273	-13.895	-14.559	-14.055	-78.051	-13.826	-163.988	-14.024	-6.545	-6.545	-45.083	-42.509	-255.865	-27.113	-370.570

Table 4. Monthly Consolidated Report

From the work of ITA Governing Board

(prepared by: Šerifa Mujčić, Milan Kuridža)

79th session of the Governing Board takes place

79th session of the Governing Board took place in two parts. First part of the Governing Board meeting took place in Sarajevo on May 15th, 2007, and the second part also took place in Sarajevo on June 5th, 2007. Amongst other issues, final auditor's report for 2005, ITA training strategy and rulebook on official uniform were discussed.

Governing Board received the report from independent auditor "Deloitte" Banja Luka on conducted audit of allocation of revenues from indirect taxes from the single account for 2005. Making decision on reconciliation of revenues from indirect taxes from 2005 was postponed for continuation of 79th session. Governing Board decided to pass project task of independent audit in the next session and to limit on audit of allocation of revenues from the single account. The rulebook on official uniform was adopted. Government Board also made a conclusion that ITA should deliver proposal on joining to International Organization of Tax Administrations (I.O.T.A.).

In the continuation of 79th session, Governing Board made the decision on temporary allocation of revenues from indirect taxes collected by ITA, in accordance with recent decision of High Representative, which Brcko District gets 3,55% of remaining part of indirect taxes in 2007, which is used for allocation for entities and District or minimum of 124 million during the year. On basis of the decision of the Governing Board, indirect taxes in June will be allocated according to the following shares:

BiH Federation	64,88 %
Republika Srpska	31,57 %
District Brcko	3,55 %

The Governing Board adopted the project task for independent audit of allocation of revenues from indirect taxes for 2006 and 2007 and concluded that a call to auditing companies marked in project task should be made as soon as possible. The Governing Board appointed commission for tender and concluded that opening of received offers should be finalized by June 27th, 2007.